

STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED



Star Health and Allied Insurance Company Ltd

Issue Opens On
November 30, 2021

Issue Closes On
December 02, 2021

Price Band (INR)
870-900

Issue Size (INR Cr)
7,249

Rating
SUBSCRIBE

Star Health and Allied Insurance Company Ltd, established in 2006, is one of India's largest private health insurers, with a 15.8% market share in FY21. The company's primary focus is on the retail health and group health segments, which accounted for 89.3% and 10.7% of GWP, respectively, in FY21. With a Gross Written Premium (GWP) of INR 9,349 Cr in FY21, the company has emerged as the largest SAHI (Stand-Alone Health Insurer) company in India's overall health insurance market, continuously ranking #1 in the private health insurance market and retail health insurance market. Individual agents are the primary means by which the company distributes policies. Its portfolio, however, includes corporate agent, banks and other corporate agents. As of September 30, 2021, it had 779 health insurance branches spread over 25 states and five union territories in India. With over 11,778 hospitals, Star Health has built one of India's largest health insurance hospital networks.

OFFER STRUCTURE

Particulars	IPO Details
No. of shares under IPO (#)	8.05-8.13 Cr
Net offer (# shares)	7.94-8.02 Cr
Price band (INR)	870-900
Post issue MCAP (INR Cr.)	50,070-51,865

Source: IPO Prospectus

Indicative Timetable	
Offer Closing Date	December 02, 2021
Finalization of Basis of Allotment with Stock Exchange	On or about 07 th Dec' 2021
Initiation of Refunds	On or about 08 th Dec' 2021
Credit of Equity Shares to Demat accounts	On or about 09 th Dec' 2021
Commencement of Trading of Eq.shares on NSE	On or about 10 th Dec' 2021

Source: IPO Prospectus

Issue	# Shares	INR in Cr	%
QIB	6,01,22,414	5,437	75%
NIB	1,20,24,483	1,087	15%
Retail	80,16,322	725	10%
Net Offer	8,01,63,218	7,249	100%

Source: IPO Prospectus

Objects of the Offer: The net proceeds will be utilized for the following purpose		
Utilize the Net Proceeds from the Fresh Issue to augment its capital base to meet its future capital requirements.		
Aims to improve the solvency margins and consequently maintain its solvency ratio.		
The listing of the Equity Shares will enhance its visibility and brand name among existing and potential customers.		
Shareholding Pattern	Pre-Issue (%)	Post-Issue (%)
Promoters & Promoters Group	66.2%	58.4%
Others	33.8%	41.6%
Total	100.0%	100.0%

Source: IPO Prospectus

Particulars (In INR Cr)*	FY19	FY20	FY21
Gross Written Premium (GWP)	5,415	6,891	9,349
Total Income	3,714	4,885	5,283
Expense Ratio	30.1%	27.4%	27.8%
PAT	128	268	(826)
EPS (INR per share)	2.8	5.6	(16.5)
Net Worth	1,216	1,629	3,485
Solvency Ratio (x)	1.53	1.50	2.23

Source: IPO Prospectus, * Restated Statement

Star Health and Allied Insurance Company Ltd

Company Overview

Star Health and Allied Insurance Co. Ltd. commenced operations in 2006 as India's first Standalone Health Insurance provider (the company has widened its coverage to Health, Personal Accident and Overseas Travel Insurance). The company provides policies customized around the needs of individuals, families and companies. These services are provided through a distribution network comprising agents, brokers and the online format. Star Health is also prominently engaged in bancassurance based on its long-standing relationships with banks. Star Health enjoys a presence in 26 States and 4 Union Territories. 737 branch offices across the country support this presence. Star Health is respected for its sensitive and timely service. The company has one of India's largest health insurance hospital networks, comprising more than 10,870 hospitals as of 31st March 2021. The company's inconvenience-free in-house claims settlement (without the intervention of TPA) has been complemented by a service standard that comprises personalized doctor visits for customers getting hospitalized and a free second medical opinion. Star Health is India's largest private health insurer, with a market share of 16% in FY21. In FY21, the company had a total GWP of INR 9,349 Cr. The company is strategically focused on the retail health market segment with retail health GWP of INR 8,229 Cr in FY21.

Star Health distributes its health insurance policies primarily through individual agents, which accounted for 78.9% of its GWP in FY21. As of March 31, 2021, it had the largest number of individual agents among SAHI insurers, at approximately three times that of the SAHI company with the next highest number of agents. Star Health has led the non-public health insurance market in terms of number of new branch openings and its branch network was over two and a half times the number of the next largest non-public health insurance provider as of March 31, 2021.

Star Health offers a range of flexible and comprehensive coverage options primarily for retail health, group health, personal accident and overseas travel. It has launched 56 new products since FY18 till September 30, 2021.

Products

Star Health offers a range of flexible and comprehensive coverage options primarily for the following types of insurance:

- a) **Retail health insurance:** The retail health products target a variety of customer segments, including individuals, families, students, senior citizens and persons with pre-existing medical conditions across the broader middle market customer segment. Star Health's products includes family floater products, such as Family Health Optima, in which the single sum insured covers the family, following the payment of a premium (quarterly or annually); individual products such as Mediclassic and Accident Care can be tailored to the needs of the individual; specialized products like Senior Citizens Red Carpet Health Insurance Policy, Diabetes Safe, HIV Care and Star Cardiac Care Insurance Policy, address customers with pre-existing conditions. In FY21, the following four products accounted for nearly 90% of its retail health business: Family Health Optima Insurance Plan, Star Comprehensive, MediClassic and Senior Citizens Red Carpet Health Insurance Policy.
- b) **Group health insurance:** The group health insurance policies provide coverage to employees of corporates, including SMEs, through the company health insurance plans. Its group health policies are generally sold through corporate agents and brokers, while certain group health insurance products are sold in collaboration with corporate agent banks and online channel partners (web aggregators). The group health segment consists of policies purchased by corporates, including SMEs, as employee benefits, that may involve co-payments by employees.
- c) **Government health insurance:** Government health insurance constituted a large portion of its GWP at one time and provided with rich experience. In 2010, the company shifted from the government health business towards the attractive retail health insurance segment.
- d) **Personal Accident Insurance:** Personal accident insurance provides benefit-based coverage to policyholders for accidents. Star Health's GWP from personal accident insurance increased from INR 116 Cr in FY19 to INR 169 Cr in FY21.
- e) **Travel Insurance:** Star Health offers health insurance assistance cover for domestic and foreign travel through three plans. The plans are available to permanent residents in India, corporate executives abroad for business purposes between 18 and 70 years and students studying abroad.

The retail health, group health, personal accident and travel accounted for 87.9%, 10.5%, 1.6% and 0.01%, respectively, of its total GWP in FY21 and 85.6%, 13.1%, 1.3% and 0.0001%, respectively, of its total GWP in the six months ended September 30, 2021. The company also provided a small amount of insurance benefits through government initiatives for low-income households in FY20. From FY18 to September 30, 2021, the company introduced 56 new products (including all variations of policies).

Star Health and Allied Insurance Company Ltd

INVESTMENT RATIONALE

Largest private health insurance company with market leadership in retail health segment

Star Health is the largest private health insurance company and the largest retail health insurance company in India by health GWP, with a 15.8% overall health insurance market share and a 31.3% retail health insurance market share in FY21. The company's retail health GWP was over three times the GWP of the next highest retail health insurance market participant in FY21. Star Health is India's largest SAHI (Stand-Alone Health Insurer) insurer and the only SAHI company among the top five health insurance businesses in India in FY21. **The company is strategically focused on the retail health market segment with retail health GWP of INR 8,229 Cr in FY21. The company has been consistently ranked first in India's retail health insurance market based on its retail health GWP over the last three fiscal years.** From FY19 to FY21, Star Health's retail health GWP grew at a CAGR of 32.5%. Its size and established market share, position it well to capitalize on these ongoing market dynamics in the retail health insurance sector. **The company accounted for 40.5% of the total accretion in retail health GWP in the Indian retail health industry in FY21 compared to FY20.** The overall retail health insurance market share for Star Health by GWP increased from 28.6% in FY19 to 31.3% in FY21, resulting in a growth of 40.5% in FY21 compared to growth in the overall retail health insurance industry of only 28% in FY21. The company's position as the largest private health insurance company and the largest retail health insurance company in India by health GWP, positions it well to continue generating growth and increase its market share in the retail health insurance market.

Well spread distribution network with a strong integrated ecosystem

Star Health has one of the broadest and most widespread PAN-India distribution networks in the health insurance industry. As of September 30, 2021, the company's distribution network includes the largest branch network among non-public health insurance providers in India, with 779 health insurance branches scattered throughout 25 states and five union territories. Its branch network is supported by a vast network of over 562 SMS (Sales Manager Stations) and over 6,892 in-house sales managers. The branches serve as a hub for SMS and agents, allowing the company to reach a geographically and demographically diverse Indian consumer base, thereby enhancing its growth prospects.

Strong individual agency network

Health insurance is generally an aided product, with consumers frequently needing assistance in picking the policy most suited to their future medical needs, personal circumstances, and financial means, as well as in filing claims. Individual agents can provide this support directly and having a vast network of agents improves the breadth and depth of policy dispersion. As of March 31, 2021, Star Health had roughly three times the number of individual agents as the next highest SAHI insurer. As of March 31, 2021, the company's agents accounted for 59.9% of all agents in the SAHI industry in India. In addition, Star Health nurtures and promotes the growth of its agent network through internal systems and processes, which improves agent performance and retention as well as their professional development. **Its agency distribution channel also includes corporate agent banks such as Bank of Baroda, Punjab National Bank, and Karur Vysya Bank. The company is also working with other corporate agents, such as Pay TM and ICICI Securities, on API technology interfaces and PolicyBazaar, a broker, to enable Star Health to distribute policies and execute underwriting processes without the need for human participation.**

Diversified product suite with focus on innovative and specialized products

Star Health offers a range of flexible and comprehensive coverage options primarily for retail health, group health, personal accident and overseas travel. The company develops products through its innovation-driven product development process, which includes extensive market research in which the company analyze market demand and coverage gaps and profitability. **Star Health focuses primarily on the family and economic profile, the age profile, the disease profile, and customers' geographic profile.** The company's products include family floater products, such as Family Health Optima Insurance Plan, in which the sum insured covers the entire family on the payment of a single annual premium; individual products, such as Medi classic Insurance Policy (Individual) and Accident Care Individual Insurance Policy, which are tailored to the needs of the individual; and specialized products based on the age of its customers, such as Senior Citizens Red Carpet Health Insurance Policy and Young Star Insurance Policy, as well as on the disease-profile of its customers with pre-existing conditions, such as Diabetes Safe Insurance Policy, Star Net Plus and Star Cardiac Care Insurance Policy. The company's presence in the group health market provides it with the ability to penetrate the broader group market effectively in the future in response to improvements in underwriting and profitability.

A strong risk management focus combined with domain expertise generates a superior claims ratio and quality customer service:

Star Health's strong risk management focus and domain expertise enable it to deliver a superior claims ratio while providing quality customer service. The claims process is the most sensitive aspect of a customer's experience with health insurance. The company's approach to claims management is an essential component of its customer service proposition. The company has multiple supporting teams to assist with the claims management process. Those teams also identify claims where there is a high risk of fraud has happened. In addition, Star Health actively focuses on streamlining the claims process for its customers through the proprietary information systems that the company has developed in-house, enabling it to process specific claims in a cashless manner.

Star Health employs many medical professionals in several key business areas: product introduction and innovation, underwriting, hospital network administration, claims to process, and verification. The knowledge of its medical professionals, along with the financial acumen of its management team and the marketing research of its field staff, aids in the efficient performance of its business. Star Health has employed 590 in-house full-time medical professionals.

Star Health and Allied Insurance Company Ltd

INVESTMENT RATIONALE

Star Health hospital network includes 11,778 hospitals, 65.7% of which had agreed packages with it as of September 30, 2021. The company has successfully built one of India's largest health insurance hospital networks, which plays an important role in the company's loss ratio performance and efficient service delivery. In addition, the hospital network enables the company to monitor the quality of medical services delivered to its customers while also providing access to competitive pricing at attractive, pre-negotiated rates, lowering claims costs and increasing customer engagement.

Strong Digital Infrastructure

Investments in information technology in digital technologies, data platforms, and automation have been significant drivers in improving the company's effectiveness, efficiencies, and innovation. Star Health has invested in cutting-edge technology to create a flexible and integrated information technology platform covering all business processes. **The number of digitally issued policies as a percentage of the total number of policies issued in terms of GWP collected has increased from 36.2% in FY20 to 56.4% in FY21 and further increased to 63.2% in the six months ended September 30, 2021.** GWP acquired through online channels has increased from INR 213 Cr in FY19 to INR 378 Cr in FY21. In the six months ended September 30, 2021, GWP acquired through online channels was INR 213 Cr. The company actively focused on streamlining its customers' underwriting and claims processes through the proprietary information systems developed in-house. Star Health expects the technological capabilities to become increasingly important as new technologies evolve and traditional ways of selling insurance and servicing customers become less relevant. The company continues to improve and utilize new technologies to provide it with competitive advantages and serve as an important driver to achieve targeted performance goals.

Superior operating and financial performance barring Covid times

Star Health has undertaken investments to increase profitability and cost-cutting measures to create an efficient, scalable platform across its pan-India multi-channel distribution network, which helps position the company for profitable growth with limited additional investment. These initiatives have focused on lowering costs and exerting tight control over expenses to promote long-term profitable growth. In addition, the company is focused on investing in processes, technology, training and people to achieve higher GWP growth with limited additional net investment.

Star Health's investment strategy is driven by the regulatory investment guidelines, its liability profile, and its risk appetite. The company's investment assets are divided into long-term and short-term assets. The long-term assets are mainly held to maturity assets and are meant to enhance long-term returns, and short-term assets are for liquidity management. It has a diversified investment portfolio using internal exposure norms based on its risk appetite in order to improve investment yields while maintaining portfolio quality.

Highly experienced management with strong sponsorship

The company's senior management team includes the founder, Mr Venkatasamy Jagannathan, and Mr Subbarayan Prakash and Mr Anand Shankar Roy, who are associated since its first year after inception and played a critical role in achieving the strong business performance through their thought leadership and industry expertise. As of March 31, 2021, Star Health had the highest number of senior management personnel of any SAHI company based on the average years of total experience. The company is supported by its Promoters, which include Mr Rakesh Jhunjunwala, Safecrop Investments India LLP and WestBridge AIF-I.

Star Health and Allied Insurance Company Ltd

Future Growth Strategies

Leverage and strengthen its position as a market leader in retail health insurance

The Indian health insurance market is still in its early stages and is one of the world's most underpenetrated health insurance market. Star Health plans to exploit its market-leading position in the retail health insurance segment to expand its customer base with India's favorable demographics while increasing profitability and operating leverage. The company aims to:

1. Use health analytics, customer patterns, and behaviors from its large customer base for better customer selection and product development.
2. Leverage its strong brand in the retail health insurance sector to attract quality agents and build its agency distribution network.
3. Expand its use of alternate distribution channels, such as its corporate agent banks channel and other channels complementing its agency network.
4. Expand its offering of innovative products.

Continue to improve existing distribution channels and build new ones

Star Health plans to extend and diversify its distribution network to increase customer reach and drive the selling of its products to its large customer base, in line with its profitability goals. The company intends to accomplish this by increasing its agency network and diversifying its distribution channels.

It plans to encourage the growth of its agency network by extending its branch network, particularly in underpenetrated semi-urban and rural areas of India, to extend to its customer base and grow its GWP. Furthermore, Star Health aims to deepen its existing corporate agent bank relationships while also entering new corporate agent bank arrangements to broaden its geographic and customer reach and generate new business. In addition, it will continue to assess strategic opportunities with new corporate agent banks and pursue collaborations with existing corporate agents like LIC Housing Finance and ICICI Securities.

Star Health will continue to focus on digital sales and web aggregators to grow its business. As consumer purchasing patterns continue to transform, aided by the increased use of mobile and digital devices, digital sales will grow as a percentage of total sales. The company will make its digital sales more accessible to customers, especially in local languages, to help with this. In addition, Star Health aims to work with fintech and insurance companies to develop disruptive technology to help it differentiate itself from competitors and improve customer experience.

Continue product innovation and provide value added services

The company's product strategy aims to provide health insurance solutions tailored to the requirements of its Indian customer base through each of its distribution channels and across a variety of geographic markets. In addition, Star Health will continue to align its products by building health-needs-based solutions supported by research, its extensive in-house medical expertise, and its product development process focused on innovation and creativity. Its products have a history of innovation and industry firsts. The company intends to continue innovating to produce new products and solutions that will meet the various needs of its existing and potential customers.

Utilize business digitization to increase operational efficiencies and customer service

Star Health will continue building on its investments in business digitization, and any additional investments it makes in the future will improve operational efficiencies and customer service. Its digitalization strategy focuses on eight key areas: intelligent automation, hyper-personalization, advanced analytics, omnichannel, microservices, cloud, business process optimization, and software development process optimization. In addition, the company will seek to integrate these technologies across its business.

Improve the profitability by leveraging scale and strengthening its financial performance

Star Health will grow its agreed-upon hospital network based on claims traffic, particularly in semi-urban and rural markets, to benefit from profitable negotiated price arrangements and improve loss ratios and claim for its customers. The company will continue eliminating, standardizing, and automating internal procedures to minimize its net expense ratio. It will improve its end-to-end customer-centric service experience to boost GWP through targeted customer communications and with emphasis on customer engagement and retention levels and drive product up-selling to its large customer base. In addition, Star Health will leverage advanced analytics of data on consumer patterns and behaviors and claims to minimize claims costs and improve customer selection, all while better tailoring its products to the needs of its customers. It will continue to target underpenetrated rural markets with growing infrastructure and rising discretionary spending. The company will continue to invest in technologies to increase productivity and use its scale to generate margins and profitability.

Identify and adapt to post-COVID-19 challenges

Star Health will continue building and launching new applications and technologies to ensure quality customer service. Following IRDAI recommendations, the company has created Corona Kavach and Corona Rakshak Policies, which cover the expense of treating coronavirus disease and closely monitor COVID-19 claims.

Star Health and Allied Insurance Company Ltd

Key Strengths

- Star Health is one of the largest standalone private health insurance company in India with focus on retail health insurance.
- It has a wide distribution network with integrated ecosystem in health insurance sector.
- It focuses on investment in technology and innovative business processes.
- Star Health has a well-diversified, innovative and specialized stream of product suite.
- It has a highly experienced management.
- The company has a strong risk management system with superior claim ratio and high-quality customer services.
- The company has demonstrated a consistent track record of operational and financial performance.

Key Risks

- The extent to which the Coronavirus disease (COVID-19) may affect the business and operations in the future is uncertain and cannot be predicted.
- The brand, business reputation and market perception is critical to maintaining market share and growing its business and any negative publicity could have a material adverse effect on its business, financial condition and results of operations.
- The company depends on the accuracy and completeness of information provided by or on behalf of its customers and counterparties for pricing and underwriting its insurance policies, handling claims and maximizing automation, the unavailability or inaccuracy of which could limit the functionality of its products.
- The company may incur significant expenses in connection with any expansion, strategic acquisition or investment. Accordingly, it will need to increase its revenues at a rate greater than its expenses to achieve and maintain profitability.
- The loss reserves are based on estimates as to future claims liabilities and if they prove inadequate, it could lead to further reserve additions and could adversely affect the profitability of the company.
- Pandemics and other catastrophic events, such as natural disasters could materially increase the company's liabilities for claims by policyholders which will result in losses in its investment portfolios.
- As a significant portion of its business is generated from the retail health insurance sector, Star Health is susceptible to any adverse trends and other developments that may affect the sale of retail health and other insurance products.

Star Health and Allied Insurance Company Ltd

Outlook and Valuation

Star Health reported a GWP growth of 35.7% YoY in FY21 and 27.8% YoY in H1FY22. The Profit after tax for H1FY22 for the company stood at INR 380 Cr. Star Health incurred exceptional expenses in the discontinuance of a voluntary quota share treaty ("VQST") for health on a clean-cut basis with effect from April 1, 2021. Their withdrawal from the treaty resulted in an impact of reinsurance portfolio entry on their revenue account of INR 483 Cr in FY21. In addition, due to the COVID-19 crisis, they have seen an increase in COVID-19-related claims across their network in Fiscal 2021 and the six months ended September 30, 2021. The company's objective of the offer is a) utilizing the proceeds towards augmentation of its capital base; b) maintain the solvency level well above the regulatory requirement, and c) receive benefits of listing the equity shares on stock exchanges which will enhance its visibility and brand image as well as provide a public market for the equity shares.

Star Health IPO size is INR 7,249 Cr. The price band of the issue is INR 870-900. On the upper price band of INR 900 and Book Value of INR 63.6 for FY21, the P/B ratio works out to be 14.2x for FY21. We believe that the company's long-term prospects are promising. Retail health insurance will be a key growth driver for the Indian health insurance business in the near term. Health insurance penetration in India is among the lowest globally, with only 10% of the population having insurance policies outside of government schemes. Furthermore, rising healthcare expenses will compel consumers to purchase health insurance in the future. Thus, growing awareness of health insurance products, increasing penetration, and, most importantly, retail insurance will be the next trigger for growth for Star Health Insurance in future. We expect the company to maintain its strong growth momentum by increasing its market share and focusing more on underwriting quality. **Given the growth prospects for the retail health insurance sector and the company's position as the market leader in the SAHI sector, the company's current valuation looks reasonable. As a result, we recommend that the Star Health and Allied Insurance Company Ltd IPO be rated 'SUBSCRIBE.'**

Peer Comparison:

The following table sets forth the relevant SAHI companies, the public health insurers and the private health insurers as of March 31, 2021:

SAHI	Public Health Insurers	Private Health Insurers
Star Health Insurance & Allied Insurance	The New India Assurance	Bajaj Allianz General Insurance
CARE Health Insurance	National Insurance	HDFC Ergo General Insurance
Max Bupa Health Insurance	The Oriental Insurance	ICICI Lombard General Insurance
HDFC Ergo Health Insurance	United India Insurance	SBI General Insurance
Aditya Birla Health Insurance		TATA AIG General Insurance
ManipalCigna Health Insurance		Cholamandalam MS General Insurance
		Reliance General Insurance

Source: IPO Prospectus

New India Assurance is the largest company in the health insurance sector, accounting for approximately 18% of the gross direct premium collected by the industry in FY21. Star Health Insurance, the largest private company in health insurance, had a market share of approximately 16% during this period. The top 5 companies put together had a market share of 63%. Star Health Insurance is the only SAHI company among top five health insurance companies considering both health insurance premium of general insurance companies and gross written premium of SAHI companies.

Among the listed insurers, ICICI Lombard trades at 9.6x its FY21 book value while New India Assurance at 1.3x. Its industry P/B stands at 7.5x FY21 Book Value. The valuation for Star Health is at a premium to its peers. Its peer i.e., ICICI Lombard General Insurance Company Ltd. & New India Assurance Company Ltd are not strictly comparable with the company as they operate under general insurance with health insurance not forming a significant component, whereas the Star Health is a standalone health insurance provider. Star Health is the only standalone insurer listing on the exchanges.

As per the company's prospectus, comparison of accounting ratios with listed industry peers:

Name of the company	Face Value (INR per share)	Market Cap (INR Cr)	Net Profit for FY21 (INR in Cr)	Net Worth for FY21 (INR in Cr)	Basic EPS for FY21 (INR)	Diluted EPS for FY21 (INR)	P/E for FY21 (x)	RoNW for FY21 (%)	P/B for FY21 (x)
Star Health & Allied Insurance Co. Ltd	10.0	51,865	-826	3,485	-16.5	-16.5	NA	-23.7	14.2
Peer Group									
ICICI Lombard General Insurance Co. Ltd	10.0	71,492	1,473	7,435	32.4	32.3	45.0	19.8	9.6
New India Assurance Co. Ltd	5.0	24,473	1,628	18,485	9.9	9.9	14.9	8.8	1.3

Source: IPO Prospectus

Note: *Considering the upper price band

Star Health and Allied Insurance Company Ltd

Financials

Income Statement (INR Cr)	FY19	FY20	FY21
Net Premium Earned	3,580	4,693	5,023
Total income	3,714	4,885	5,283
Commission	264	341	584
Total expenses	3,549	4,525	6,355
Underwriting Profit/Loss	31	168	-1,332
Operating profit	165	361	-1,071
EBIT	65	67	70
PBT	182	413	-1,046
PAT	128	268	-826
EPS (INR)	2.81	5.59	-16.54

Source: IPO Prospectus, KRChoksey Research

Balance Sheet (INR Cr)	FY19	FY20	FY21
Sources of Funds			
Share capital	456	491	548
Share Application Money	350	0	0
Employee Stock Option Outstanding	0	0	0
Reserves and Surplus	587	1,153	3,676
Fair Value Change Account- Shareholder	0	1	-3
Fair Value Change Account- Shareholder	0	2	-5
Borrowings	250	250	250
Deferred Tax Liability	0	0	0
Total	1,643	1,897	4,467
Application of Funds			
Investments- Shareholder	952	1,478	2,632
Investments- Policyholders	2,078	2,812	4,205
Loans	0	0	0
Fixed Assets	98	102	99
Deferred Tax Assets	142	147	421
Cash & Bank Balances	893	611	1,879
Advances & Other Assets	709	977	1,265
Sub- Total	1,602	1,588	3,144
Current Liabilities	902	1,179	1,564
Provisions	2,492	3,051	5,195
Sub-Total	3,394	4,230	6,759
Net Current Assets	-1,792	-2,642	-3,615
Debit Balance in P&L Account	164	0	725
Total	1,643	1,897	4,467

Source: IPO Prospectus, KRChoksey Research

Star Health and Allied Insurance Company Ltd

ANALYST CERTIFICATION:

I, Vikrant Kashyap PGDBM (Finance & IT), Research Analyst, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my views about the subject issuer(s) or securities. I also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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