

# Star Health

|                 |   |
|-----------------|---|
| Estimate change | ↓ |
| TP change       | ↓ |
| Rating change   | ↔ |

|                       |             |
|-----------------------|-------------|
| Bloomberg             | STARHEAL IN |
| Equity Shares (m)     | 588         |
| M.Cap.(INRb)/(USD\$b) | 257.8 / 3   |
| 52-Week Range (INR)   | 648 / 426   |
| 1, 6, 12 Rel. Per (%) | -5/-22/-28  |
| 12M Avg Val (INR M)   | 573         |

## Financials & Valuations (INR b)

| Y/E March  | 2025E | 2026E | 2027E |
|------------|-------|-------|-------|
| NEP        | 148.8 | 169.6 | 197.9 |
| U/W Profit | -3.2  | -1.0  | 2.3   |
| PBT        | 10.3  | 14.4  | 19.9  |
| PAT        | 7.7   | 10.8  | 14.9  |

## Ratios (%)

|                |       |      |      |
|----------------|-------|------|------|
| Claims         | 70.0  | 69.0 | 68.0 |
| Commission     | 13.9  | 13.8 | 13.8 |
| Expense        | 16.6  | 16.1 | 15.4 |
| Combined       | 100.5 | 98.9 | 97.2 |
| RoE            | 11.0  | 13.6 | 16.2 |
| EPS (INR)      | 13.1  | 18.4 | 25.4 |
| EPS Growth (%) | -9.0  | 40.0 | 38.3 |

## Valuations

|          |      |      |      |
|----------|------|------|------|
| P/E (x)  | 33.4 | 23.9 | 17.3 |
| P/BV (x) | 3.5  | 3.0  | 2.6  |

## Shareholding pattern (%)

| As On    | Dec-24 | Sep-24 | Dec-23 |
|----------|--------|--------|--------|
| Promoter | 57.7   | 57.7   | 57.9   |
| DII      | 16.5   | 17.1   | 6.1    |
| FII      | 17.5   | 17.7   | 31.0   |
| Others   | 8.3    | 7.6    | 5.0    |

FII Includes depository receipts

**CMP: INR439**

**TP: INR560 (+28%)**

**Buy**

## Performance broadly in line; claims ratio remains elevated

- Star Health (STARHEAL)'s net earned premium grew 15% YoY to INR38b (in line). For 9MFY25, the net earned premium grew 16% YoY.
- The claims ratio at 71.4% (vs. our est. of 71.0%) rose 370bp YoY, led by a 22% YoY rise in net claims incurred to INR27b (in line). Operating expenses were in line, with the expense ratio (incl. commission ratio) at 31.9%.
- Elevated loss ratio and commission ratio led to a 550bp YoY surge in the combined ratio to 103.3% (vs. our est. of 102.4%) in 3QFY25. Adjusted for 1/n implementation, however, the ratios were in line.
- PAT was INR2.2b (in line; -26% YoY). For 9MFY25, PAT dipped 8% YoY.
- Management maintains its guidance of doubling the FY24 revenue by FY28. Additionally, the focus is on adapting to the multiple regulatory & accounting changes and achieving a robust growth trajectory for IFRS PAT.
- Considering the rising medical inflation and the impact of the 1/n framework, we cut our earnings by 6% for FY25E. However, we maintain our earnings for FY26/FY27E. **We reiterate our BUY rating with a TP of INR560 (based on 26x Sep'26E EPS).**

## Combined ratio remains above 100%, with a slight impact of 1/n

- Gross written premium (GWP) at INR37.9b grew 5% YoY (6% miss) driven by a 7% YoY rise in retail health premium to INR35.3b. However, the group health premium dipped 15% YoY to INR2.2b. For 9MFY25, GWP grew 13% YoY. Without considering the impact of 1/n framework, GWP rose 16% YoY for 9MFY25.
- The underwriting loss for 3Q came in at INR490m vs. the underwriting profit of INR1.1b. Total investment income stood at INR3.5b (3% lower than our estimate), growing 22% YoY.
- New business contributed ~24% of the overall premiums in 9MFY25, with fresh GWP rising 27% YoY.
- The commission ratio at 14.1% (vs. our est. of 13.8%) rose 300bp YoY, while net commission grew 44% YoY to INR5b (in line). The expense ratio at 17.7% (vs. our est. of 17.6%) declined 130bp YoY because of a 4%/6% YoY increase in other expenses/employee expenses.
- For 9MFY25, without considering the impact of the 1/n framework, the expense ratio was 30.6%, and the combined ratio came in at 101.3%, reflecting a like-to-like YoY increase of 20bp/300bp.
- The agency channel contributed 82% of STARHEAL's business, followed by Banca (7%), Digital (7%) and Corporate (4%). 70% of the premiums were collected digitally, and the company witnessed a 22% YoY growth for fresh digital business.
- Investment assets stood at INR167b by the end of 3QFY25, reflecting an investment leverage of 2.3x. Investment yield for 9MFY25 was 8.3% (vs. 7.6% in 9MFY24).

Prayesh Jain - Research Analyst (Prayesh.Jain@MotilalOswal.com) | Nitin Aggarwal (Nitin.Aggarwal@MotilalOswal.com)

Research Analyst: Kartikeya Mohata (Kartikeya.Mohata@MotilalOswal.com) | Muskan Chopra (Muskan.Chopra@MotilalOswal.com)

**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Key takeaways from the management commentary**

- STARHEAL has completed repricing of 65% of the retail health portfolio, the impact of which will be witnessed over the next few quarters. The price hike is driven by medical inflation. The FHO price hike was done two years back, and another was done this quarter. The impact of the same will be seen over the next 18-24 months.
- Recently launched product – Super Star, offers unparalleled flexibility and customization. The product has become the top-selling product on Star Health's digital platform as well as on leading web aggregators & digital partners.
- STARHEAL is already following the 1/365 method for URR, and hence, no significant impact of the new 1/n accounting framework is expected.

**Valuation and view**

The new 1/n accounting framework will likely impact premium growth as well as the expense ratio, but we expect trends to remain stable on a like-to-like basis. The claims ratio continues to remain elevated owing to higher claims and rising medical inflation. Recent pricing actions may provide some relief to the claims ratio over the next few quarters. Scale benefits will help reduce the expense ratio, while the commission ratio is expected to remain in the current range. Considering the rising medical inflation and the impact of the 1/n framework, we cut our earnings by 6% for FY25 and kept it largely similar for FY26/27. **We reiterate our BUY rating with a TP of INR560 (based on 26x Sep'26E EPS).**

**Quarterly Performance**

(INR b)

| Y/E March                      | FY24        |             |             |             | FY25E       |             |             |             | FY24         | FY25E        | 3Q FY25E    | Act v/s Est. (%) | YoY    | QoQ    |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|------------------|--------|--------|
|                                | 1Q          | 2Q          | 3Q          | 4Q          | 1Q          | 2Q          | 3Q          | 4QE         |              |              |             |                  |        |        |
| Gross premium                  | 29.5        | 37.3        | 36.1        | 49.7        | 34.8        | 43.7        | 38.0        | 53.3        | 152.5        | 169.7        | 40.4        | -6.0             | 5%     | -13%   |
| Net written premium            | 28.0        | 35.4        | 31.5        | 45.7        | 31.7        | 39.8        | 35.6        | 50.0        | 140.7        | 157.0        | 36.8        | -3.3             | 13%    | -10%   |
| Net earned premium             | 30.4        | 32.1        | 32.9        | 34.0        | 35.2        | 37.0        | 38.0        | 38.6        | 129.4        | 148.8        | 37.9        | 0.2              | 15%    | 3%     |
| Investment Income              | 1.5         | 1.5         | 1.6         | 1.8         | 1.7         | 2.1         | 2.0         | 2.3         | 6.4          | 8.2          | 2.1         | -4.1             | 24%    | -4%    |
| <b>Total Income</b>            | <b>31.9</b> | <b>33.6</b> | <b>34.6</b> | <b>35.8</b> | <b>36.9</b> | <b>39.1</b> | <b>40.0</b> | <b>41.0</b> | <b>135.8</b> | <b>157.0</b> | <b>40.0</b> | <b>-0.1</b>      | 16%    | 2%     |
| Change YoY (%)                 | -99.9       | -99.9       | -99.9       | -99.9       | 15.7        | 16.6        | 15.8        | 14.5        | 15.4         | 15.6         | 15.8        |                  |        |        |
| Incurred claims                | 19.9        | 22.0        | 22.3        | 21.8        | 23.8        | 27.0        | 27.1        | 26.3        | 86.0         | 104.2        | 26.9        | 0.8              | 22%    | 1%     |
| Net commission                 | 3.7         | 4.9         | 3.5         | 6.5         | 4.3         | 5.5         | 5.0         | 7.0         | 18.5         | 21.8         | 5.1         | -1.0             | 44%    | -8%    |
| Employee expense               | 3.6         | 4.0         | 3.9         | 4.7         | 3.7         | 4.5         | 4.1         | 5.1         | 16.1         | 17.4         | 4.3         | -5.9             | 6%     | -10%   |
| Other expenses                 | 1.8         | 2.0         | 2.1         | 1.8         | 2.0         | 2.0         | 2.2         | 2.4         | 7.8          | 8.6          | 2.1         | 3.9              | 4%     | 10%    |
| Total Operating Expenses       | 29.0        | 32.8        | 31.8        | 34.9        | 33.8        | 39.0        | 38.5        | 40.8        | 128.5        | 152.1        | 38.5        | -0.0             | 21%    | -1%    |
| Change YoY (%)                 | -99.9       | -99.9       | -99.9       | -99.9       | 16.6        | 18.7        | 21.1        | 17.0        | 16.2         | 18.4         | 0.0         |                  |        |        |
| <b>Underwriting profit</b>     | 1.5         | -0.8        | 1.1         | -0.9        | 1.4         | -1.9        | -0.5        | -2.2        | 0.9          | -3.2         | -0.6        |                  | -143%  | -75%   |
| Operating profit               | 2.9         | 0.7         | 2.8         | 0.9         | 3.1         | 0.2         | 1.5         | 0.2         | 7.3          | 5.0          | 1.5         | -0.7             | -45%   | 875%   |
| <b>Shareholder's P/L</b>       |             |             |             |             |             |             |             |             |              |              |             |                  |        |        |
| Transfer from Policyholder's   | 2.9         | 0.7         | 2.8         | 0.9         | 3.1         | 0.2         | 1.5         | 0.2         | 7.3          | 5.0          | 1.5         | -0.7             | -45%   | 875%   |
| Investment income              | 1.0         | 1.1         | 1.2         | 1.1         | 1.3         | 1.5         | 1.5         | 1.6         | 4.5          | 5.8          | 1.5         | -2.4             | 20%    | 0%     |
| <b>Total Income</b>            | 4.0         | 1.8         | 4.0         | 2.0         | 4.4         | 1.6         | 3.0         | 1.8         | 11.8         | 10.8         | 3.0         |                  | -25%   | 84%    |
| Provisions other than taxation | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | -           | -           | 0.0          | 0.0          | -           |                  |        |        |
| Other expenses                 | 0.1         | 0.1         | 0.1         | 0.1         | 0.1         | 0.1         | 0.1         | 0.1         | 0.5          | 0.5          | 0.1         | -9.5             | 5%     | -10%   |
| <b>Total Expenses</b>          | 0.1         | 0.1         | 0.1         | 0.1         | 0.1         | 0.1         | 0.1         | 0.1         | 0.5          | 0.5          | 0.1         | -9.5             | 4%     | -10%   |
| <b>PBT</b>                     | <b>3.8</b>  | <b>1.7</b>  | <b>3.9</b>  | <b>1.9</b>  | <b>4.3</b>  | <b>1.5</b>  | <b>2.9</b>  | <b>1.7</b>  | <b>11.3</b>  | <b>10.3</b>  | <b>2.9</b>  | <b>-1.2</b>      | -26%   | 93%    |
| Change YoY (%)                 | -99.9       | -99.9       | -99.9       | -99.9       | 10.9        | -11.0       | -26.0       | .           | 36.6         | -9.0         | -25.1       |                  |        |        |
| Tax Provisions                 | 1.0         | 0.4         | 1.0         | 0.5         | 1.1         | 0.4         | 0.7         | 0.4         | 2.8          | 2.6          | 0.7         | -1.1             | -27%   | 91%    |
| <b>Net Profit</b>              | <b>2.9</b>  | <b>1.3</b>  | <b>2.9</b>  | <b>1.4</b>  | <b>3.2</b>  | <b>1.1</b>  | <b>2.2</b>  | <b>1.3</b>  | <b>8.5</b>   | <b>7.7</b>   | <b>2.2</b>  | <b>-1.2</b>      | -26%   | 93%    |
| Change YoY (%)                 | -99.9       | -99.9       | -99.9       | -99.9       | 10.8        | -11.2       | -25.7       | -11.6       |              |              | -24.8       |                  |        |        |
| <b>Key Parameters (%)</b>      |             |             |             |             |             |             |             |             |              |              |             |                  |        |        |
| Claims ratio                   | 65.4        | 68.7        | 67.7        | 64.1        | 67.6        | 72.8        | 71.4        | 68.1        | 66.5         | 70.0         | 71.0        | 44bp             | 375bp  | -135bp |
| Commission ratio               | 13.1        | 13.7        | 11.1        | 14.3        | 13.5        | 13.8        | 14.1        | 14.0        | 13.2         | 13.9         | 13.8        | 33bp             | 303bp  | 33bp   |
| Expense ratio                  | 19.3        | 16.8        | 19.0        | 14.4        | 18.1        | 16.4        | 17.7        | 15.0        | 17.0         | 16.6         | 17.6        | 12bp             | -132bp | 127bp  |
| Combined ratio                 | 97.8        | 99.2        | 97.8        | 92.8        | 99.2        | 103.0       | 103.3       | 97.1        | 96.7         | 100.5        | 102.4       | 89bp             | 547bp  | 25bp   |



## Key takeaways from the management commentary

### 9MFY25 performance

- STARHEAL continues to dominate the retail health industry with a market share of 32.2% in 9MFY25.
- Excluding 1/n accounting impact, GWP grew 16% YoY and fresh GWP grew by 27% YoY. Fresh retail policies witnessed growth of 13% YoY.
- Excluding 1/n accounting impact, the expense ratio was at 30.6% while the combined ratio was at 101.3% (101.8% including 1/n impact).
- The retail health claims ratio was at 69.2% and the Group health claims ratio was at 90.4% for 9MFY25.
- The average sum insured grew 10% YoY to INR1.06m.

### Operational Highlights

- For 3QFY25, claims retention rate was at 10.22%.
- Star Health has completed repricing of 65% of the retail health portfolio, the impact of which will be witnessed over the next few quarters.
- The price hike is driven by medical inflation. FHO price hike was done two years back and another was done this quarter. The impact of the same will be seen over the next 18-24 months.
- Group health constitutes only 4% of the overall portfolio focusing largely on SMEs and big corporates. The company is taking corrective measures to tackle the depleting claims ratio in this segment.
- 7% of growth was contributed by volume growth and 7% from value growth.
- Most of the regulatory and accounting changes have been done in 3QFY25 and Jan'25 has witnessed the impact of the same. However, no change has been witnessed in policies.

### Distribution

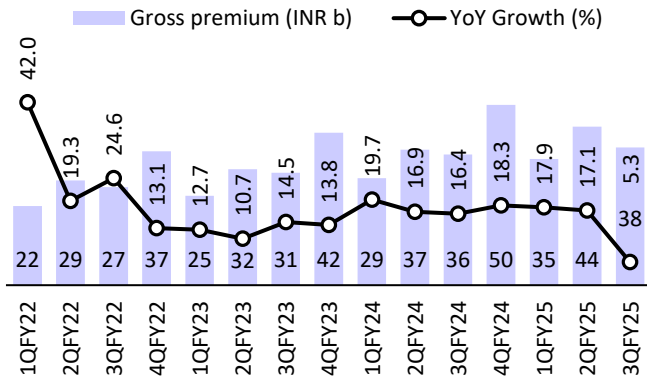
- Agency strength increased to 761,000 agents with 19,000 agents added during the quarter. Agency activation has grown 13% YoY.
- Banca has been facing challenges on the PSU side. Banca contributed 8% to total business growing by 20% YoY. Star Health currently has 69 bancassurance partners.
- Digital channels contributed 8% of the business in 9MFY25.

### Regulatory changes

- STARHEAL is already following the 1/365 method for URR, and thus, no significant impact of the new 1/n accounting framework is expected.
- Net acquisition cost will be deferred in line with policy tenure post-IFRS implementation. 1/n method is a partial move towards IFRS accounting.
- Star Health is operating below the requirement of EoM regulations, enabling the company to strategically focus on retail business expansion.

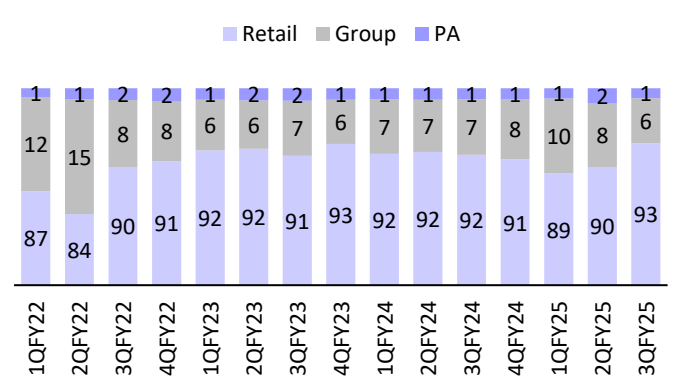
Key exhibits

Exhibit 1: Trend in gross premium



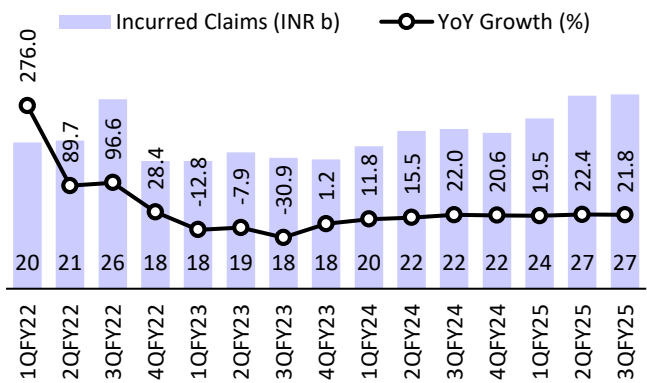
Source: MOFSL, Company

Exhibit 2: Share of retail health stood at 93%



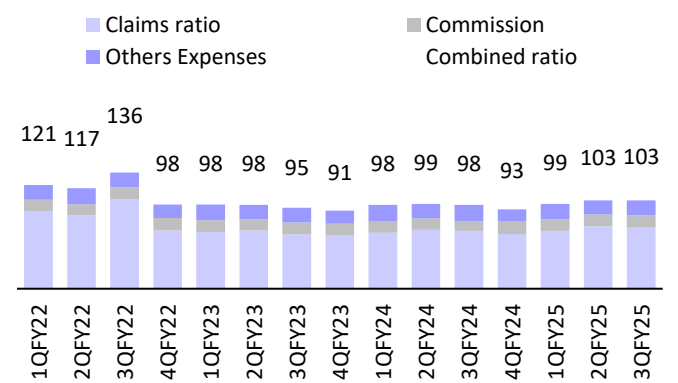
Source: MOFSL, Company

Exhibit 3: Incurred claims of INR27b in 3QFY25



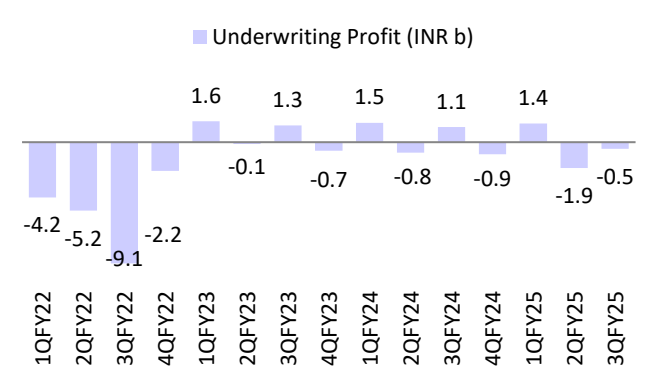
Source: MOFSL, Company

Exhibit 4: Combined ratio on the rise



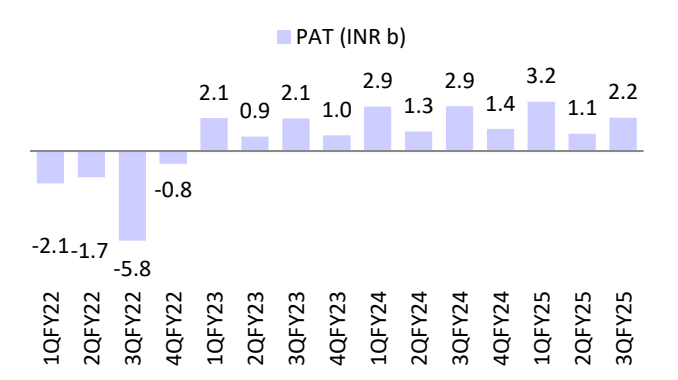
Source: MOFSL, Company

Exhibit 5: Underwriting loss at INR0.5b in 3QFY25



Source: MOFSL, Company

Exhibit 6: Trend in PAT



Source: MOFSL, Company

## Financials and valuations

| Income Statement                  |               |                |                 |                 |                 |                 |                 | (INR m)         |
|-----------------------------------|---------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E March                         | 2020          | 2021           | 2022            | 2023            | 2024            | 2025E           | 2026E           | 2027E           |
| Retail Health                     | 58,252        | 82,075         | 1,00,870        | 1,19,475        | 1,39,512        | 1,54,858        | 1,76,538        | 2,04,785        |
| Group Health                      | 8,897         | 9,963          | 12,066          | 8,076           | 10,824          | 12,448          | 14,688          | 18,361          |
| PA                                | 1,337         | 1,489          | 1,685           | 1,939           | 2,117           | 2,435           | 2,800           | 3,220           |
| <b>Total GDPI</b>                 | <b>68,651</b> | <b>93,885</b>  | <b>1,14,635</b> | <b>1,29,525</b> | <b>1,52,545</b> | <b>1,69,741</b> | <b>1,94,027</b> | <b>2,26,365</b> |
| Change (%)                        | 27.1          | 36.8           | 22.1            | 13.0            | 17.8            | 11.3            | 14.3            | 16.7            |
| NWP                               | 52,395        | 71,794         | 1,08,096        | 1,23,196        | 1,40,674        | 1,57,010        | 1,79,475        | 2,09,388        |
| <b>NEP</b>                        | <b>46,841</b> | <b>46,266</b>  | <b>98,092</b>   | <b>1,12,616</b> | <b>1,29,383</b> | <b>1,48,846</b> | <b>1,69,604</b> | <b>1,97,872</b> |
| Change (%)                        | 27.9          | -1.2           | 112.0           | 14.8            | 14.9            | 15.0            | 13.9            | 16.7            |
| Net claims                        | 30,874        | 43,695         | 85,400          | 73,204          | 85,999          | 1,04,192        | 1,17,027        | 1,34,553        |
| Net commission                    | 3,404         | 14,922         | 16,828          | 16,828          | 18,537          | 21,824          | 24,768          | 28,896          |
| Expenses                          | 11,013        | 14,031         | 18,443          | 20,538          | 23,944          | 26,047          | 28,844          | 32,165          |
| Employee expenses                 | 8,526         | 11,765         | 13,436          | 14,537          | 16,122          | 17,411          | 19,153          | 21,068          |
| Other expenses                    | 2,487         | 2,266          | 5,007           | 6,001           | 7,823           | 8,636           | 9,692           | 11,098          |
| <b>Underwriting Profit/(Loss)</b> | <b>1,550</b>  | <b>-17,316</b> | <b>-20,673</b>  | <b>2,046</b>    | <b>903</b>      | <b>-3,218</b>   | <b>-1,035</b>   | <b>2,258</b>    |
| Investment income (PH)            | 1,639         | 2,505          | 4,796           | 5,014           | 6,407           | 8,178           | 9,423           | 10,638          |
| Operating profit                  | 3,303         | -14,811        | -15,877         | 7,060           | 7,309           | 4,961           | 8,389           | 12,896          |
| Investment income (SH)            | 1,212         | 1,718          | 3,214           | 3,287           | 4,089           | 5,792           | 6,468           | 7,456           |
| <b>PBT</b>                        | <b>4,062</b>  | <b>-14,458</b> | <b>-14,024</b>  | <b>8,264</b>    | <b>11,289</b>   | <b>10,258</b>   | <b>14,362</b>   | <b>19,858</b>   |
| Tax                               | 1,389         | -3,601         | -3,559          | 2,078           | 2,838           | 2,565           | 3,591           | 4,964           |
| Tax rate (%)                      | 34.2          | 24.9           | 25.4            | 25.1            | 25.1            | 25.0            | 25.0            | 25.0            |
| <b>PAT</b>                        | <b>2,633</b>  | <b>-10,857</b> | <b>-10,464</b>  | <b>6,186</b>    | <b>8,450</b>    | <b>7,694</b>    | <b>10,772</b>   | <b>14,893</b>   |

| Balance sheet            |               |                 |                 |                 |                 |                 |                 | (INR m)         |
|--------------------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E March                | 2020          | 2021            | 2022            | 2023            | 2024            | 2025E           | 2026E           | 2027E           |
| Equity Share Capital     | 4,906         | 5,481           | 5,755           | 5,817           | 5,853           | 5,853           | 5,853           | 5,853           |
| Reserves & Surplus       | 14,132        | 29,516          | 40,285          | 59,839          | 60,429          | 68,123          | 78,895          | 93,788          |
| <b>Net Worth</b>         | <b>19,038</b> | <b>34,996</b>   | <b>46,040</b>   | <b>65,656</b>   | <b>66,282</b>   | <b>73,976</b>   | <b>84,748</b>   | <b>99,641</b>   |
| FV change                | 31            | -76             | 267             | 234             | 1,036           | 1,139           | 1,253           | 1,379           |
| Borrowings               | 2,500         | 2,500           | 7,200           | 4,700           | 4,700           | 4,700           | 4,700           | 4,700           |
| Other liabilities        | 38,361        | 67,589          | 81,629          | 92,988          | 1,08,525        | 1,19,070        | 1,32,827        | 1,49,517        |
| <b>Total Liabilities</b> | <b>59,930</b> | <b>1,05,010</b> | <b>1,35,136</b> | <b>1,63,577</b> | <b>1,80,543</b> | <b>1,98,885</b> | <b>2,23,528</b> | <b>2,55,237</b> |
| Investments (SH)         | 18,110        | 27,941          | 44,939          | 53,459          | 63,361          | 74,254          | 86,236          | 99,416          |
| Investments (PH)         | 24,789        | 40,426          | 68,796          | 80,462          | 91,548          | 1,04,850        | 1,20,813        | 1,39,968        |
| Net Fixed Assets         | 1,019         | 990             | 1,171           | 1,113           | 1,751           | 1,801           | 1,851           | 1,901           |
| Def Tax Assets           | 70            | 4,213           | 7,767           | 5,689           | 3,582           | 3,582           | 3,582           | 3,582           |
| Current Assets           | 9,827         | 12,650          | 6,828           | 8,444           | 12,990          | 14,454          | 16,522          | 19,276          |
| Cash & Bank              | 6,114         | 18,790          | 5,635           | 14,410          | 7,312           | -56             | -5,476          | -8,906          |
| <b>Total Assets</b>      | <b>59,930</b> | <b>1,05,010</b> | <b>1,35,136</b> | <b>1,63,577</b> | <b>1,80,543</b> | <b>1,98,885</b> | <b>2,23,528</b> | <b>2,55,237</b> |

E: MOFSL Estimates

## Financials and valuations

### Ratios

| Y/E March             | 2020        | 2021         | 2022         | 2023        | 2024        | 2025E        | 2026E       | 2026E       |
|-----------------------|-------------|--------------|--------------|-------------|-------------|--------------|-------------|-------------|
| GWP growth            | 27.1        | 36.8         | 22.1         | 13.0        | 17.8        | 11.3         | 14.3        | 16.7        |
| NWP growth            | 26.9        | 37.0         | 50.6         | 14.0        | 14.2        | 11.6         | 14.3        | 16.7        |
| <b>NEP growth</b>     | <b>27.9</b> | <b>-1.2</b>  | <b>112.0</b> | <b>14.8</b> | <b>14.9</b> | <b>15.0</b>  | <b>13.9</b> | <b>16.7</b> |
| Claim ratio           | 65.9        | 94.4         | 87.1         | 65.0        | 66.5        | 70.0         | 69.0        | 68.0        |
| Commission ratio      | 6.5         | 20.8         | 15.6         | 13.7        | 13.2        | 13.9         | 13.8        | 13.8        |
| Expense ratio         | 21.0        | 19.5         | 17.1         | 16.7        | 17.0        | 16.6         | 16.1        | 15.4        |
| <b>Combined ratio</b> | <b>93.4</b> | <b>134.8</b> | <b>119.7</b> | <b>95.3</b> | <b>96.7</b> | <b>100.5</b> | <b>98.9</b> | <b>97.2</b> |

### Profitability Ratios (%)

|     |      |       |       |      |      |      |      |      |
|-----|------|-------|-------|------|------|------|------|------|
| RoE | 16.8 | -40.2 | -25.8 | 11.1 | 12.8 | 11.0 | 13.6 | 16.2 |
|-----|------|-------|-------|------|------|------|------|------|

### Valuations

| BVPS (INR)                 | 2020        | 2021       | 2022         | 2023        | 2024        | 2025E       | 2026E       | 2026E       |
|----------------------------|-------------|------------|--------------|-------------|-------------|-------------|-------------|-------------|
| Change (%)                 | 38.8        | 63.9       | 80.0         | 112.9       | 113.2       | 126.4       | 144.8       | 170.2       |
| <b>Price-BV (x)</b>        | 43.9        | 64.6       | 25.3         | 41.1        | 0.3         | 11.6        | 14.6        | 17.6        |
| EPS (INR)                  | <b>11.3</b> | <b>6.9</b> | <b>5.5</b>   | <b>3.9</b>  | <b>3.9</b>  | <b>3.5</b>  | <b>3.0</b>  | <b>2.6</b>  |
| Change (%)                 | 5.4         | -19.8      | -18.2        | 10.6        | 14.4        | 13.1        | 18.4        | 25.4        |
| <b>Price-Earnings (x)</b>  | 15.8        | -469.1     | -8.2         | -158.5      | 35.8        | -9.0        | 40.0        | 38.3        |
| <b>Market Cap/GDPI (x)</b> |             |            | <b>-24.1</b> | <b>41.3</b> | <b>30.4</b> | <b>33.4</b> | <b>23.9</b> | <b>17.3</b> |

E: MOFSL Estimates

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| Explanation of Investment Rating |  |
|----------------------------------|--|
| Investment Rating                | Expected return (over 12-month)  |
| BUY                              | >=15%  |
| SELL                             | < - 10%  |
| NEUTRAL                          | < - 10% to 15%   |
| UNDER REVIEW                     | Rating may undergo a change  |
| NOT RATED                        | We have forward looking estimates for the stock but we refrain from assigning recommendation |

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Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

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