Dated: 04th Nov 2025

Niva Bupa Health Insurance (NIVABUPA) - ADD

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.74	**Rs.85**

Rationale:

- Niva Bupa reported strong GWP growth of 19% yoy (pre-1/n) and a 144-bps yoy improvement in the IFRS combined ratio.
- Multiple one-offs mar the IGAAP results.
- The company has passed on the impact of ITC loss on GST exemption to distributors.
- Share of employer-employee business may inch up to meet EoM norms and support growth in the near term, though leading to a higher claims ratio.
- Retain ADD with a Fair Value of Rs85.

Positives:

- Niva Bupa reported IGAAP loss of Rs35.3 cr in Q2FY26, lower than our estimate of Rs75.9 cr loss.
- GAAP combined ratio at 112% was 130 bps lower than our estimate of 113%.
- Reported an IFRS PAT of Rs61.6 cr in 2QFY26, up 157% yoy.
- Retail GWP was up 50% in October 2025, with 15% growth in average ticket size (ATS), according to management.
- Co. is well-placed to deliver high growth, with a focus on the affluent and mass-affluent segment and a fairly balanced distribution mix.

Negatives:

- Co. has a high contribution (~45%) of large distributors such as banks and PB Fintech in its GWP.
- Niva Bupa risks losing counter share with such large partners.

Holding Period: 12 months

Rating Scale (Private Client Group)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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