

Star Health now has a new owner

Our Special Correspondent | Aug 21, 2018 00:00 IST

DEAL PILL

■ **The buyers:** Consortium comprising Rakesh Jhunjhunwala and private equity firms WestBridge Capital and Madison Capital

■ **Deal value:** around \$1 bn (Rs 6,500 crore)

■ **About Star Health:** Largest private health insurance company in terms of premium

Mumbai: Well-known investor Rakesh Jhunjhunwala has teamed up with a consortium of private equity firms that include WestBridge Capital and Madison Capital to acquire private health insurer Star Health in a deal estimated at around Rs 6,500 crore.

Safecrop Holdings Pvt Ltd - the consortium - has signed definitive agreements with the shareholders of Star Health & Allied Insurance Company Ltd to acquire their shares in the insurer.

Existing shareholders of Star Health, which commenced operations in 2006, include Star Health Investments Pvt Ltd and funds managed or advised by ICICI Venture, Tata Capital and Apis Partners. The transaction is subject to regulatory and certain other approvals.

Kotak Investment Banking, Evercore and Mizuho Securities (Singapore) acted as the financial advisers to Star Health and its shareholders.

Nishith Desai Associates and Trilegal advised the purchasers.

While a company statement did not mention the consideration, it is estimated at around \$1 billion.

Star Health is the largest private health insurance company in terms of premium with a market share of 10.6 per cent as on March 31, 2018.

Based in Chennai, it provides health insurance, overseas mediclaim and personal accident policies. It employs around 11,000 people providing insurance cover to around one crore lives as on March 31, 2018. Star Health has a distribution platform comprising 434 branches or offices, around 2.4 lakh agents and tie-ups with around 8,500 network hospitals.

The company has a direct premium of Rs 4,161 crore for the year ended March 31, 2018, a growth of 41 per cent over the preceding year. During the year, it posted a net profit of Rs 171 crore and has a net worth of Rs 960 crore.

"We have started from a humble beginning and have come to this level with an excellent team work. We feel new investors, with their abundance experience and golden touch, will enable the company to scale further heights," V. Jagannathan, chairman and managing director of StarHealth, said.

"We are excited about Star Health, a dominant market leader in the retail health insurance industry. We believe the retail health insurance industry will continue to grow at a healthy pace in the coming decade, driven by increasing penetration. This aligns well with WestBridge's investing philosophy," Jagannathan said.