Choice

IPO Report

"Subscribe For Long Term" to

Inventurus Knowledge Solutions Ltd.

Highly priced issue.

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12th Dec. 2024

Salient features of the IPO:

- **Inventurus Knowledge Solutions Ltd.** (IKSL), is a technology-enabled healthcare solutions provider and offer a care enablement platform assisting physician enterprises in the US, Canada and Australia, with a focus on the US markets, is coming up with an IPO to raise around Rs. 2,377.6 - 2,497.9cr, which opens on 12th Dec. and closes on 16th Dec. 2024. The price band is Rs. 1,265 - 1,329 per share.
- This public issue is fully OFS, thus the company will not receive any proceeds from this public issue
- The promoter & promoter group (P&PG) entities are participating in the OFS and offloading 0.67cr equity shares. Individual public shareholders are also participating and offloading 1.2cr shares. Post-IPO, the P&PG and public shareholders will have 65.79% and 31.47% stake in the company, respectively.

Key competitive strengths:

- Comprehensive one-stop platform with diversified offerings across the outpatient and inpatient care value chain serving key stakeholders such as patients, physicians, nurses and healthcare organizations
- Leveraging digital evolution, transformation and automation technologies to create sustained value based on outcomes delivered
- Strong brand driven by clinical thought leadership through IKS Advisory Board, a healthcare industry leadership forum, and partnerships with industry players
- Marquee large enterprise clientele that include academic medical centres and healthcare systems, multispecialty and single-specialty medical groups, ancillary healthcare organizations
- Sustainable and scalable business model offering clients flexibility and cost-savings and high-touch engagement through access to project executive sponsors and leadership teams creating cross-selling opportunities
- Healthy financial performance with growth and improving margins

Risk and concerns:

- General slowdown in the global economic activities
- Revenue depends heavily on U.S. healthcare organizations, posing sector and geographic concentration risks
- Non-compliance with healthcare laws and regulations can lead to financial penalties and operational disruptions, harming the business
- Foreign currency exchange rate fluctuations may affect the company's operational results
- High attrition rate

Below are the key highlights of the company:

- The U.S. healthcare system is rapidly evolving, with Inpatient Care and Outpatient Services playing a critical role in its transformation. Healthcare organizations, including hospitals, are increasingly investing in these segments to enhance patient access, streamline operations, and reduce costs through financial consolidation.
- Between 2019 and 2023, hospital expenditures grew at an average annual rate of 5.7%. Looking ahead, this growth is expected to moderate slightly, with a projected CAGR of 5.1% through 2028. Overall health expenditure in the U.S. is estimated to rise from USD 4,799 bn in 2023 to USD 6,216 bn by 2028, reflecting a CAGR of 5.3%. Key drivers of this growth include an aging population and the increasing prevalence of chronic diseases. Additionally, the market for provider enablement technology solutions in the U.S. is poised for substantial growth, with the total addressable market projected to reach USD 323 bn by 2028.
- Incorporated on September 5, 2006, IKSL is a technology-driven healthcare solutions provider. The company offers a care enablement platform that supports physician groups in the US, Canada, and Australia, with a primary focus on the US.

Issue details	
Price band	Rs. 1,265 - 1,329 per share
Face value	Rs. 1
Shares for fresh issue	Nil
Shares for OFS	1.879cr shares
Fresh issue size	Nil
OFS issue size	Rs. 2,377.6 - 2,497.9cr
Total issue size	1.879cr shares (Rs. 2,377.6 - 2,497.9cr)
Bidding date	12th Dec. - 16th Dec. 2024
Implied MCAP at higher price band	Rs. 22,802cr
Implied enterprise value at higher price band	Rs. 23,872cr
Book running lead manager	ICICI Securities Ltd., Jefferies India Pvt Ltd., JM Financial Ltd J.P. Morgan India Pvt Ltd., Nomura Financial Advisory and Securities pvt. Ltd.
Registrar	Link Intime India Pvt Ltd.
Sector	IT Enabled Services
Promoters	Sachin Gupta, Rekha Jhunjhunwala, Aryaman Jhunjhunwala Discretionary Trust, Aryavir Jhunjhunwala Discretionary Trust And Nishtha Jhunjhunwala Discretionary Trust

Category	Percent of issue (%)	Number of shares
QIB portion	75%	1.410cr shares
Non institutional portion (Big)	10%	0.188cr shares
Non institutional portion (Small)	5%	0.094cr shares
Retail portion	10%	0.188cr shares

Indicative IPO process time line	
Finalization of basis of allotment	17th Dec. 2024
Unblocking of ASBA account	18th Dec. 2024
Credit to demat accounts	18th Dec. 2024
Commencement of trading	19th Dec. 2024

Pre and post - issue shareholding pattern	Pre-issue	Post-issue
Promoter & promoter group	69.73%	65.79%
Public	27.53%	31.47%
Shares held by Employee trust	2.74%	2.74%
Total	**100.00%**	**100.00%**

Retail application money at higher cut-off price per lot	
Number of shares per lot	11
Application money	Rs. 14,619 per lot

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Key highlights of the company (Contd…):

- IKSL partners with outpatient and inpatient care organizations to help them deliver high-quality clinical care, improve population health outcomes, and transition to the "fee-for-value" model. The platform also helps healthcare providers increase revenue efficiency and lower operating expenses. By combining innovative technology with global human expertise, IKSL empowers healthcare organizations to deliver safer, better, and more cost-effective care.
- In the U.S., outpatient care accounts for approximately 46% of total healthcare spending and is projected to grow faster than the overall healthcare industry. Outpatient care refers to medical services provided without the need for hospital admission. This includes services such as observation, consultations, diagnoses, rehabilitation, interventions, and treatments. In contrast, inpatient care, which represents about 54% of healthcare spending, involves medical treatment for patients admitted to a hospital or medical facility. This type of care typically requires an overnight stay or a longer duration and includes continuous, round-the-clock attention from healthcare professionals, including doctors, nurses, and support staff.
- As of September 30, 2024, IKSL serves 778 healthcare organizations, including health systems, academic medical centers, multi-specialty and single-specialty medical groups, ancillary healthcare providers, and both outpatient and inpatient care organizations. Some of its clients include Mass General Brigham Inc., Texas Health Care PLLC, and The GI Alliance Management. The company supports its clients with a global workforce of over 13,528 employees, including 2,612 clinically trained professionals and a consultative sales team strategically located in key regions across the U.S., Canada, and Australia.
- IKSL stands out with its comprehensive suite of healthcare solutions covering the entire value chain. It focuses on five key areas to enhance its technology-enabled healthcare solutions: Revenue Cycle Management, Clinical Services, Value-Based Care, Scribe and Medical Transcription, and Coding. These services are designed to improve efficiency, streamline administration, and support better patient outcomes across the healthcare system.
- These segments demonstrate strong growth potential, with a projected CAGR of 11.7% from 2023 to 2028. Revenue Cycle Management leads with a total addressable market (TAM) of USD 18 bn, while Scribe and Coding Services have already achieved high market penetration. IKSL currently holds less than 1% of the provider-enabled technology solutions market, presenting a significant growth opportunity. As a premier healthcare enablement provider, the company is well-positioned to expand its market share and capitalize on the industry's growing potential.
- In October 2023, IKSL took a major step forward by acquiring Aquity Holdings which is engaged in technology-enabled clinical documentation, medical coding and revenue integrity solutions for healthcare. This strategic acquisition not only strengthened IKSL capabilities but also firmly established its presence in both inpatient and outpatient care sectors. Operating under the IKSL name, this merger has created a leading force in healthcare technology.
- The merger has significantly enhanced the company's care enablement platform by integrating Aquity's extensive datasets. This allows the company to offer Aquity's specialized solutions in clinical documentation, coding, and medico-legal documentation, tailored for inpatient care. The company has also leveraged this partnership to cross-sell to Aquity's existing customer base of over 804 clients as of March 31, 2024. As a result, IKS Health's total client base grew from 45 in FY22 to 853 in FY24 and stood at 778 as of September 30, 2024.
- The company aims to help clients focus on core operations by managing administrative tasks through its IKSL platform. This platform enhances productivity, efficiency, and physician wellness by providing digital support for structured administrative processes. Key features include clinical documentation, patient scheduling, automated prescription refills, document management, data migration, pre-visit summaries, and discharge summaries. By handling these tasks, the IKSL platform allows physicians and nurses to concentrate on complex, patient-facing care.
- IKSL primarily serves U.S.-based healthcare organizations, with most of its revenue coming from the United States. In FY22 and FY23, 100% of the revenue was generated from the U.S. In FY24, the U.S. contributed 97.82% of the revenue, while Canada accounted for 1.50%, Australia for 0.61%, and the UK for 0.06%. As of September 2024, the U.S. generated 95.78% of the revenue, Canada 2.39%, and Australia 1.83%.
- The company's top 10 clients contributed revenue of Rs. 520.5cr, Rs. 691.9cr, Rs. 793.6cr, Rs. 412.1cr, and Rs. 441.2cr, accounting for 68.16%, 67.09%, 43.66%, 65.34%, and 34.39% of its total revenue in FY22, FY23, FY24, and the six months ending September 30, 2023, and 2024, respectively. As of September 30, 2024, the average relationship tenure with these top 10 clients was 4.92 years.

Peer comparison and valuation: IKSL is a technology-driven healthcare solutions provider offering a care enablement platform to support physician enterprises in the US, Canada, and Australia, with a primary focus on the US market. It offers a comprehensive platform that enables healthcare enterprises across outpatient and inpatient care. With the acquisition of Aquity Holdings, the company has seen its client increase which has positively impacted to both revenue and profitability.

There are no comparable peers having business model similar to IKSL. At higher price band, IKSL is demanding an EV/Sales of 9.7x, which appears to be aggressively priced. The company operates in a niche within the U.S. healthcare industry, positioning itself as a solutions provider. Management believes there is significant growth potential in this sector, as the U.S. healthcare market is vast. With consistent performance and strong relationships with major clients, IKSL appears well-positioned for long-term growth. However, the valuation raises concerns, and thus, we recommend a **"Subscribe For Long Term"** rating for this issue.

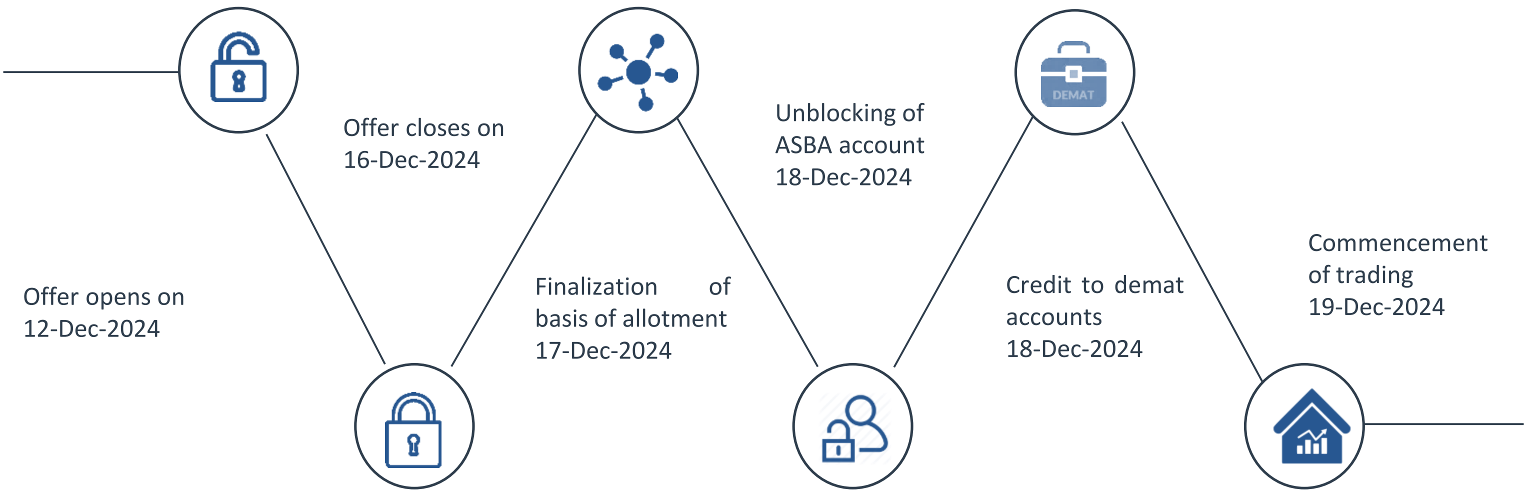
About the issue:

- IKSL is coming up with an IPO with 1.879cr shares (fresh issue: Nil ; OFS shares: 1.879cr) in offering. This offer represents 10.96% of the post-issue paid-up equity shares of the company. Total IPO size is Rs. 2,377.6 - 2,497.9cr.
- The issue is through book building process with a price band of Rs. 1,265 - 1,329 per share.
- Lot size comprises of 11 equity shares and in-multiple of 11 shares thereafter.
- The issue will open on 12th Dec. 2024 and close on 16th Dec. 2024.
- This public issue is fully OFS, thus the company will not receive any proceeds from this public issue
- The promoter & promoter group (P&PG) entities are participating in the OFS and offloading 0.67cr equity shares. Individual selling shareholders are also participating and offloading 1.2cr shares. Post-IPO, the P&PG and public shareholders will have 65.79% and 31.47% stake in the company, respectively.
- 75% of the net issue is reserved for qualified institutional buyers, while 15% and 10% of the net issue is reserved for non-institutional bidders and retail investors, respectively.

Pre and post-issue shareholding pattern (%)		
	Pre-issue	**Post-issue (at higher price band)**
Promoter & promoter group	69.73%	65.79%
Public	27.53%	31.47%
Non-promoter & Non-public	2.74%	2.74%

Source: Choice Equity Broking

Indicative IPO process time line:



Pre-issue financial performance:

Performance over FY22-24: During this period, IKSL, a technology-driven healthcare solutions provider, has delivered strong performance. This success is evident in its increased revenue and profitability, supported by sustainable results and solid customer relationships.

The company has experienced steady growth, with total operating revenue reaching Rs. 1,817.9cr, reflecting a CAGR of 54.29%. This growth was driven by an increased revenue from existing clients, the addition of new clients, and the inclusion of Aquity's revenue after its acquisition.

The company's employee costs and other expenses rose significantly as a percentage of revenue, causing the EBITDA margin to drop by 1,030 bps to 28.6% in FY24. However, in absolute terms, the consolidated EBITDA grew strongly, achieving a CAGR of 32.3% to reach Rs. 520.3cr in FY24.

During this period, the company experienced a rise in finance costs, along with higher operating expenses. These factors led to a significant drop of 1,013 bps in the PAT margin, which fell to 20.4% in FY24. Despite this, the reported PAT saw strong growth, reaching Rs. 370.5cr in FY24.

IKSL's borrowings have risen significantly due to the acquisition of Aquity, causing its financial liabilities to grow at a 349% CAGR. As a result, the company's debt-to-equity ratio has worsened, increasing to 1.2x in FY24 from 0.1x in FY22. Pre-issue RoIC and RoE stood at 50% and 32%, respectively, in FY24.

Performance during H1FY25: Continuing with the FY24 profitable growth momentum, IKSL reported a 103.3% Y-o-Y rise in consolidated revenue to Rs. 1,282.9cr. With further increase in the employee cost and finance expenses, EBITDA and PAT margin decline by 882bps and 1,630 bps, respectively, to 28% and 16.3% in H1FY25, compared to 36.8% and 32.6% during H1FY24.

On TTM basis, consolidated revenue stood at Rs. 2,469.9cr, with EBITDA and PAT margin of 26.2% and 15.1%, respectively.

Pre-issue financial snapshot (Rs. cr)	FY22	FY23	FY24	H1FY24	H1FY25	TTM	CAGR over FY22-24	Y-o-Y (FY24 annual)
Sale of product	*0.0*	*0.0*	*1.3*	*0.0*	*1.6*	*2.9*		
Service income	*756.2*	*1,018.1*	*1,798.0*	*629.3*	*1,257.9*	*2,426.5*	*54.2%*	*76.6%*
Softwear licence fees	*7.4*	*13.2*	*17.7*	*1.6*	*23.4*	*39.5*	*54.2%*	*33.9%*
other operating revenue	*0.0*	*0.0*	*1.0*	*0.0*	*0.0*	*1.0*		
Revenue from operations	763.6	1,031.3	1,817.9	630.9	1,282.9	2,469.9	54.3%	76.3%
Gross profit	763.6	1,031.3	1,817.2	630.9	1,282.1	2,468.5	54.3%	76.2%
EBITDA	297.2	391.3	520.3	232.2	359.1	647.2	32.3%	33.0%
Reported PAT	233.0	305.2	370.5	205.4	208.6	373.7	26.1%	21.4%
Restated adjusted EPS	13.6	17.8	21.6	12.0	12.2	21.8	26.1%	21.4%
Cash flow from operating activities	233.1	288.0	233.1	197.8	237.4	249.3	-5.1%	-19.1%
NOPLAT	240.1	315.9	387.3	190.6	237.2	432.2	27.0%	22.6%
FCF	252.6	132.3	885.5	(339.4)	763.9	487.1	-	569.4%
RoIC (%)	52.1%	49.1%	49.4%	26.7%	30.4%	55.4%	(276)bps	31bps
Revenue growth rate	-	35.1%	76.3%	-	103.3%	92.5%		
Gross profit growth rate	-	35.1%	76.2%	-	103.2%	92.5%		
Gross profit margin	100.0%	100.0%	100.0%	100.0%	99.9%	99.9%	(4)bps	(4)bps
EBITDA growth rate	-	31.7%	33.0%	-	54.6%	80.2%		
EBITDA margin	38.9%	37.9%	28.6%	36.8%	28.0%	26.2%	(1,030)bps	(932)bps
Restated PAT growth rate	-	31.0%	21.4%	-	1.6%	79.2%		
Restated PAT margin	30.5%	29.6%	20.4%	32.6%	16.3%	15.1%	(1,013)bps	(922)bps
Inventories days	0.0	0.0	0.1	0.0	0.0	0.0		
Trade receivables days	45.7	45.3	52.5	50.3	56.3	59.3	7.2%	15.7%
Trade payables days	(4.6)	(5.5)	(9.0)	(12.6)	(8.9)	(9.3)	39.5%	61.9%
Cash conversion cycle	41.1	39.8	43.6	37.8	47.5	50.0	3.0%	9.5%
Total asset turnover ratio	1.0	1.2	0.9	0.6	0.5	0.9	-3.4%	-22.0%
Current ratio	6.1	6.2	1.2	5.7	1.3	1.3	-56.4%	-81.3%
Total debt	67.9	61.3	1,401.4	51.4	1,010.1	1,010.1	354.3%	2187.6%
Net debt	(77.8)	(62.4)	1,257.6	(121.4)	766.1	766.1		-2116.6%
Debt to equity	0.1	0.1	1.2	0.1	0.7	0.7	239.6%	1537.2%
Net debt to EBITDA	(0.3)	(0.2)	2.4	(0.5)	2.1	1.2		-1616.6%
RoE	36.0%	36.8%	32.0%	23.3%	15.1%	27.1%	401bps	(484)bps
RoA	29.6%	34.4%	18.5%	19.3%	7.5%	13.4%	(1,113)bps	(1,592)bps
RoCE	49.0%	48.9%	23.8%	29.3%	16.5%	29.6%	(2,517)bps	(2,510)bps

Note: Pre-IPO financials; Source: Choice Equity Broking

Competitive strengths:

- Comprehensive one-stop platform with diversified offerings across the outpatient and inpatient care value chain serving key stakeholders such as patients, physicians, nurses and healthcare organizations
- Leveraging digital evolution, transformation and automation technologies to create sustained value based on outcomes delivered
- Strong brand driven by clinical thought leadership through IKS Advisory Board, a healthcare industry leadership forum, and partnerships with industry players
- Marquee large enterprise clientele that include academic medical centres and healthcare systems, multispecialty and single-specialty medical groups, ancillary healthcare organizations
- Sustainable and scalable business model offering clients flexibility and cost-savings and high-touch engagement through access to project executive sponsors and leadership teams creating cross-selling opportunities
- Healthy financial performance with growth and improving margins

Business strategy:

- Maximise revenue from existing clients through a “land and expand” approach
- Focus on large healthcare organizations
- Move from a “human-led tech-enabled” model to a “tech-led human-enabled” model
- Bundling its solutions for greater value-add
- Leverage automation and Generative Artificial Intelligence (AI) to aid its operations
- Partner with innovative clients for product development and innovation
- Develop solutions to address the needs of entities moving to “Value-Based Care”

Risk and concerns:

- General slowdown in the global economic activities
- Revenue depends heavily on U.S. healthcare organizations, posing sector and geographic concentration risks
- Non-compliance with healthcare laws and regulations can lead to financial penalties and operational disruptions, harming the business
- Foreign currency exchange rate fluctuations may affect the company's operational results
- High attrition rate

Financial statements:

Restated consolidated profit and loss statement (Rs. cr)	FY22	FY23	FY24	H1FY24	H1FY25	TTM	CAGR over FY22-24	Annual growth over FY23
Revenue from operations	**763.6**	**1,031.3**	**1,817.9**	**630.9**	**1,282.9**	**2,469.9**	**54.3%**	**76.3%**
Changes in inventories of work-in-progress	0.0	0.0	(0.7)	0.0	(0.7)	(1.5)	-	
Gross profit	**763.6**	**1,031.3**	**1,817.2**	**630.9**	**1,282.1**	**2,468.5**	**54.3%**	**76.2%**
Employee benefits expenses	(373.5)	(491.6)	(961.9)	(294.6)	(724.7)	(1,392.0)	60.5%	95.7%
Other expenses	(93.0)	(148.4)	(335.0)	(104.1)	(198.4)	(429.3)	89.8%	125.7%
EBITDA	**297.2**	**391.3**	**520.3**	**232.2**	**359.1**	**647.2**	**32.3%**	**33.0%**
Depreciation & amortization expenses	(23.3)	(24.6)	(58.5)	(12.2)	(56.6)	(102.9)	58.5%	138.5%
EBIT	**273.9**	**366.8**	**461.8**	**220.0**	**302.5**	**544.2**	**29.8%**	**25.9%**
Finance costs	(6.4)	(5.4)	(60.1)	(2.3)	(48.2)	(106.0)	205.3%	1020.5%
Other income	20.8	28.9	40.0	19.4	11.7	32.3	38.6%	38.6%
PBT	**288.3**	**390.3**	**441.7**	**237.1**	**266.0**	**470.6**	**23.8%**	**13.2%**
Exceptional item	(19.7)	(30.9)	0.0	0.0	0.0	0.0		
PBT after exceptional item	**268.5**	**359.3**	**441.7**	**237.1**	**266.0**	**470.6**	**28.3%**	**22.9%**
Tax expenses	(35.6)	(54.1)	(71.2)	(31.7)	(57.5)	(96.9)	41.5%	31.5%
Reported PAT	**233.0**	**305.2**	**370.5**	**205.4**	**208.6**	**373.7**	**26.1%**	**21.4%**

Restated consolidated balance sheet statement (Rs. cr)	FY22	FY23	FY24	H1FY24	H1FY25	TTM	CAGR over FY22-24	Annual growth over FY23
Equity share capital	16.8	16.8	16.9	16.9	16.9	16.9	0.3%	0.5%
Other Equity	630.3	811.8	1,140.9	865.0	1,360.2	1,360.2	34.5%	40.5%
Contract Liability	1.6	0.6	0.5	0.8	1.3	1.3	0.0%	0.0%
Non-current borrowings	-	-	812.3	-	599.3	599.3		
Non-current lease liabilities	51.2	39.3	94.5	35.4	84.4	84.4	35.8%	140.2%
Non-current provisions	4.8	4.8	17.3	5.3	18.4	18.4	89.6%	259.8%
other financial liability	-	-	7.1	-	-	-	0.0%	0.0%
Other non current liability	0.0	0.0	0.0	0.0	0.4	0.4	0.0%	0.0%
Deferred Tax Liability	-	-	147.9	-	118.7	118.7	0.0%	0.0%
Trade payables	9.7	21.7	67.7	44.0	63.2	63.2	164.9%	212.3%
Current borrowings	-	-	381.1	-	229.3	229.3		
Current lease liabilities	14.0	13.0	23.2	14.6	21.8	21.8	28.8%	78.1%
Other current financial liabilities	2.7	8.9	90.3	1.5	75.2	75.2	475.8%	913.0%
Other current liabilities	40.4	60.5	146.7	68.4	115.9	115.9	90.6%	142.6%
Contract Liability	0.9	0.6	1.9	0.9	1.3	1.3	0.0%	0.0%
Current provisions	8.5	8.5	67.9	11.0	54.9	54.9	182.2%	702.6%
Net current tax liability	6.7	1.8	11.2	-	29.3	29.3	0.0%	0.0%
Total liabilities	**787.5**	**988.3**	**3,027.5**	**1,063.7**	**2,790.5**	**2,790.5**	**96.1%**	**206.3%**
PP&E	26.5	20.3	52.1	19.4	49.1	49.1	40.3%	157.0%
Right-of-use assets	48.9	37.4	104.1	35.2	90.6	90.6	45.9%	178.6%
Capital work-in-progress	-	-	0.8	0.6	0.6	0.6		
Intangible assets	0.5	1.0	508.3	1.1	478.6	478.6	3005.6%	51450.0%
Intangible assets under development	-	0.4	1.9	1.1	11.4	11.4		438.7%
Other financial assets	137.1	99.0	21.5	30.5	13.1	13.1	-60.4%	-78.3%
Contract assets	0.4	0.2	0.0	-	-	-	-100.0%	-100.0%
Current tax assets (net)	1.0	1.3	37.6	1.2	30.9	30.9	502.5%	2900.8%
Goodwill	-	-	1,168.3	-	1,173.8	1,173.8		
investments	16.1	31.8	43.7	62.7	43.9	43.9	64.7%	37.4%
non-current trade receivables	-	3.0	0.6	1.9	-	-		-79.3%
Deferred tax assets	77.0	94.7	175.5	111.5	160.7	160.7	51.0%	85.2%
Other Non-current assets	19.3	1.2	15.4	1.4	15.1	15.1	-10.7%	1186.7%
Inventories	0.0	0.0	0.7	0.0	0.0	0.0		
Current Trade receivables	95.6	160.6	361.9	176.4	401.4	401.4	94.6%	125.3%
Cash & cash equivalents	145.7	123.6	143.8	172.8	243.9	243.9	-0.6%	16.3%
Other bank balances	201.3	399.3	188.0	405.3	27.1	27.1	-3.4%	-52.9%
Investments	0.0	-	151.7	20.2	-	-		
Other current financial assets	5.4	0.5	6.0	7.9	29.8	29.8	5.0%	1142.4%
Contract assets	0.4	0.3	0.2	0.3	0.0	0.0	-34.6%	-40.7%
Other current assets	12.3	13.9	45.5	14.3	20.5	20.5	92.1%	228.4%
Total assets	**787.5**	**988.3**	**3,027.5**	**1,063.7**	**2,790.5**	**2,790.5**	**96.1%**	**206.3%**

Source: Choice Equity Broking

Financial statements (Contd…):

Restated consolidated cash flow statement (Rs. cr)								
	FY22	FY23	FY24	H1FY24	H1FY25	TTM	CAGR over FY22-24	Annual growth over FY23
Cash flow before working capital changes	268.5	359.3	441.7	237.1	266.0	470.6	28%	23%
Working capital changes	8.7	3.7	(138.7)	12.0	19.6	(131.1)		-3863%
Cash flow from operating activities	**233.1**	**288.0**	**209.8**	**197.8**	**237.4**	**249.3**	**-5%**	**-19%**
Purchase of fixed assets & CWIP	(10.8)	(7.6)	(26.4)	(4.2)	(25.7)	(48.0)	56%	41%
Cash flow from investing activities	**(82.4)**	**(156.0)**	**(1,141.3)**	**24.4**	**283.7**	**(882.0)**	**272%**	**-47%**
Cash flow from financing activities	**(58.5)**	**(152.2)**	**780.4**	**(173.9)**	**(273.8)**	**680.4**	**0%**	**-62%**
Net cash flow	**92.1**	**(20.2)**	**(151.1)**	**48.3**	**247.2**	**47.8**	**0%**	**649%**
Opening balance of cash	53.4	145.7	123.6	123.6	(23.5)	172.8	52%	-15%
Effect of exchange difference	0.203	-1.891	4.033	0.837	2.197	5.393	346%	-313%
Closing balance of cash from continuing operations	**145.7**	**123.6**	**(23.5)**	**172.8**	**226.0**	**220.6**		**-119%**

Financial ratios						
Particulars	**FY22**	**FY23**	**FY24**	**H1FY24**	**H1FY25**	**TTM**
Profitability ratios						
Revenue growth rate	-	35.1%	76.3%	-	103.3%	92.5%
Gross profit growth rate	-	35.1%	76.2%	-	103.2%	92.5%
Gross profit margin	100.0%	100.0%	100.0%	100.0%	99.9%	99.9%
EBITDA growth rate	-	31.7%	33.0%	-	54.6%	80.2%
EBITDA margin	38.9%	37.9%	28.6%	36.8%	28.0%	26.2%
EBIT growth rate	-	33.9%	25.9%	-	37.5%	79.9%
EBIT margin	35.9%	35.6%	25.4%	34.9%	23.6%	22.0%
Restated PAT growth rate	-	31.0%	21.4%	-	1.6%	79.2%
Restated PAT margin	30.5%	29.6%	20.4%	32.6%	16.3%	15.1%
Turnover ratios						
Trade receivable turnover ratio	8.0	8.1	7.0	3.6	3.2	6.2
Accounts payable turnover ratio	79.1	65.8	40.7	14.3	20.3	39.1
Fixed asset turnover ratio	10.1	15.3	5.0	11.2	2.1	4.0
Total asset turnover ratio	1.0	1.2	0.9	0.6	0.5	0.9
Liquidity ratios						
Current ratio	6.1	6.2	1.2	5.7	1.3	1.3
Quick ratio	6.1	6.2	1.2	5.7	1.3	1.3
Total debt	67.9	61.3	1,401.4	51.4	1,010.1	1,010.1
Net debt	(77.8)	(62.4)	1,257.6	(121.4)	766.1	766.1
Debt to equity	0.1	0.1	1.2	0.1	0.7	0.7
Net debt to EBITDA	(0.3)	(0.2)	2.4	(0.5)	2.1	1.2
Cash flow ratios						
CFO to PAT	1.0	0.9	0.6	1.0	1.1	0.7
CFO to Capex	21.6	37.7	7.9	47.2	9.2	5.2
CFO to total debt	3.4	4.7	0.1	3.8	0.2	0.2
CFO to current liabilities	3.1	2.5	0.3	1.4	0.4	0.4
Return ratios						
RoIC (%)	52.1%	49.1%	49.4%	26.7%	30.4%	55.4%
RoE (%)	36.0%	36.8%	32.0%	23.3%	15.1%	27.1%
RoA (%)	29.6%	34.4%	18.5%	19.3%	7.5%	13.4%
RoCE (%)	49.0%	48.9%	23.8%	29.3%	16.5%	29.6%
Per share data						
Restated EPS (Rs.)	13.6	17.8	21.6	12.0	12.2	21.8
DPS (Rs.)	-	-	-	-	-	-
BVPS (Rs.)	37.7	48.3	67.5	51.4	80.3	80.3
Operating cash flow per share (Rs.)	13.6	16.8	12.2	11.5	13.8	14.5
Free cash flow per share (Rs.)	14.7	7.7	51.6	(19.8)	44.5	28.4

Source: Choice Equity Broking

IPO rating rationale

Subscribe: An IPO with strong growth prospects and valuation comfort.
Subscribe For Long Term: Relatively better growth prospects but with valuation discomfort.
Avoid: Concerns on both fundamentals and demanded valuation.

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