

# Inventurus Knowledge Solutions Ltd.

## Subscribe

Nifty: 24,642 | Sensex: 81,526

IPO Note | 11<sup>th</sup> December 2024

Sector: Digital Healthcare Services

Price Range: ₹1,265 - ₹1,329

## A Digital Healthcare Solution Provider

Inventurus Knowledge Solutions Ltd. (IKSL), founded in 2006, is a tech-driven healthcare solutions provider focused on the US market. IKSL's care enablement platform supports healthcare enterprises in the US, Canada, and Australia by streamlining administrative, clinical, and operational tasks, enhancing clinical outcomes, optimizing revenue, reducing burnout, and enabling value-based care through digital health solutions. As of September 30, 2024, IKSL served 778 healthcare organization.

- ◆ The US health provider enablement technology market is projected to reach \$323 billion by 2028, driven by a growing supply-demand gap among healthcare professionals, shrinking margins, and rising healthcare consumerism.
- ◆ In October 2023, IKSL acquired Aquity Holdings, a provider of technology-driven clinical documentation, medical coding, and revenue integrity solutions. The acquisition enables IKSL to cross-sell to Aquity's 804+ customers (as of March 31, 2024) and expand its market reach.
- ◆ Prior to acquiring Aquity, IKSL operated exclusively in the United States and India. The acquisition expands IKSL's reach to Australia and Canada.
- ◆ IKSL's revenue model is based on i. a percentage of payments collected by clients, ii. transaction volume, and iii. monthly fees (e.g., per physician). IKSL benefits as clients grow by acquiring medical groups, opening clinics, hiring physicians, and increasing patient volumes.
- ◆ The company's scalable business model enables it to expand operations without proportionately increasing costs, enhancing profitability.
- ◆ IKSL's revenue grew from ₹764cr in FY22 to ₹1,818cr, at a CAGR of 54%, while PAT rose 26% CARG to ₹371cr. In FY24, EBITDA margin stood at 28% while PAT margin is 20.4%.
- ◆ IKSL's client base has grown from 45 clients, in FY22 to 49 clients in FY23. After the acquisition of Aquity Holdings, in FY24, they had 853 clients.
- ◆ At the upper price band of Rs.1329, IKSL is available at a P/E of 54.6x (on FY25 Annualised), which appears fairly priced. Considering its asset light and scalable model with high margin operations, diversified product offerings, significant expansion potential post acquiring Aquity Holdings, we recommend Subscribe rating to the issue on a medium to long term basis.

Issue Details	
Date of opening	December 12, 2024
Date of closing	December 16, 2024
Total No. of shares offered (cr.)	1.88
Post Issue No. of shares (cr)	17.2
Face Value	₹1
Bid Lot	11 Shares
Minimum application for retail (upper price band for 1 lot)	₹ 14,619
Maximum application for retail (upper price band for 13 lot)	₹ 1,90,047
Listing	BSE,NSE
Lead Managers	ICICI Securities Limited, Jefferies India Private Limited, Jm Financial Limited, J.P. Morgan India Private Limited and Nomura Financial Advisory And Securities (India) Pvt Ltd
Registrar	Link Intime India Private Ltd

Issue size (upper price)	Rs.cr
Fresh Issue	0.0
OFS	2,497.9.0
Total Issue	2,497.9.0

Shareholding (%)	Pre-Issue	Post Issue
Promoter & Promo. Group.	62.6	60.6
Public-selling	7.16	5.18
Employee trust	2.74	2.74
Public-others	27.5	31.5
Total	100.0	100.0

Issue structure	Allocation (%)	Size Rs.cr
Retail	10	248.9
Non-Institutional	15	373.4
QIB	75	1,866.9
Emp. Reservation	-	8.64
Total	100	2,497.9

Y.E March (Rs cr) Consol.	FY23	FY24	6MFY25
Sales	1,031.3	1,817.9	1,282.9
Growth YoY(%)	35.1	76.3	103.3
EBITDA	391.3	520.3	359.1
Margin(%)	37.9	28.6	28.0
PAT Adj.	305.2	370.5	208.6
Growth (%)	31	21.4	1.6
EPS	17.8	21.62	12.2
P/E (x)	74.6	61.5	54.6*
EV/EBITDA (x)	58.5	46.4	33.0*
RoE (%)	36.8	32	30.3

\*Annualised

## Purpose of IPO

The IPO consists of an offer for sale of Rs.2497.9cr by selling shareholders. The company will not receive any proceeds from the offer and all such proceeds will go to the selling shareholders.

## Key Risks

- ◆ Reliance on the US market, as 95.8% of total revenue in H1 FY25 was generated from US customers.
- ◆ Inability to successfully integrate recently acquired Aquity Holdings.

## Business Description

IKS was founded in 2006 with the goal of addressing the financial, clinical, and operational needs of US healthcare organizations, primarily hospital-owned medical groups, independent medical groups, and other outpatient groups. Their platform is aimed at helping US healthcare organisations operate more effectively and efficiently, deliver superior clinical care, improve population health outcomes, and transition to the “Fee for Value” model, while optimising their revenue and reducing their operating costs.

### Revenue Optimization

Company’s revenue optimization solutions enable healthcare organizations to generate, capture and optimize their revenue, improve operational efficiencies, and increase enterprise value through a cost-optimized, globalized, technology-enabled offering with on-demand scalability. Their autonomous patient journey management and revenue cycle optimization solutions contribute to enhancing the patient experience and revenue claim outcomes. Components of the revenue optimization solution are spread across various stages of the patient’s journey, as shown below:

**Pre-Visit Stage:** At this stage, IKS facilitate patient scheduling, eligibility verification, insurance verification, prior authorization, and patient financial liability assessment.

**Peri-Visit Stage:** At this stage, IKS assists with coding and referral order management.

**Post-Visit Stage:** At this stage, IKS solution facilitates billing, payment posting, insurance denial management, and account receivables follow-up.

**In-Acute Settings stage:** All of these offerings are also relevant when the patient is admitted to a hospital, long-term inpatient care facility, or skilled nursing facility.

#### ◆ IKS EVE

IKS EVE is the multi-channel patient access and engagement solution, which streamlines and automates the various “front end” activities in the patient life cycle, such as patient financial clearance multi-channel autonomous patient interactions.

#### ◆ IKS Optimix

IKS Optimix is the proprietary workflow management and decision-support platform for revenue optimization, which helps clients maximize payments received from insurance companies and patients, while minimizing the payment collection costs.

#### ◆ Dashboard

Dashboard is company’s proprietary cloud-based performance tracking, decision-assist, analytics and business intelligence platform. It serves as a consolidated source of information and actionable intelligence on practice, performance and operations to assist stakeholders in the healthcare organizations in making well-informed decisions, improve operational efficiency and drive financial outcomes

#### ◆ IKS Scribble

The company leverages a combination of automation, artificial intelligence, and human intervention to facilitate the creation of medical notes for the physicians of their clients.

#### ◆ IKS Stacks

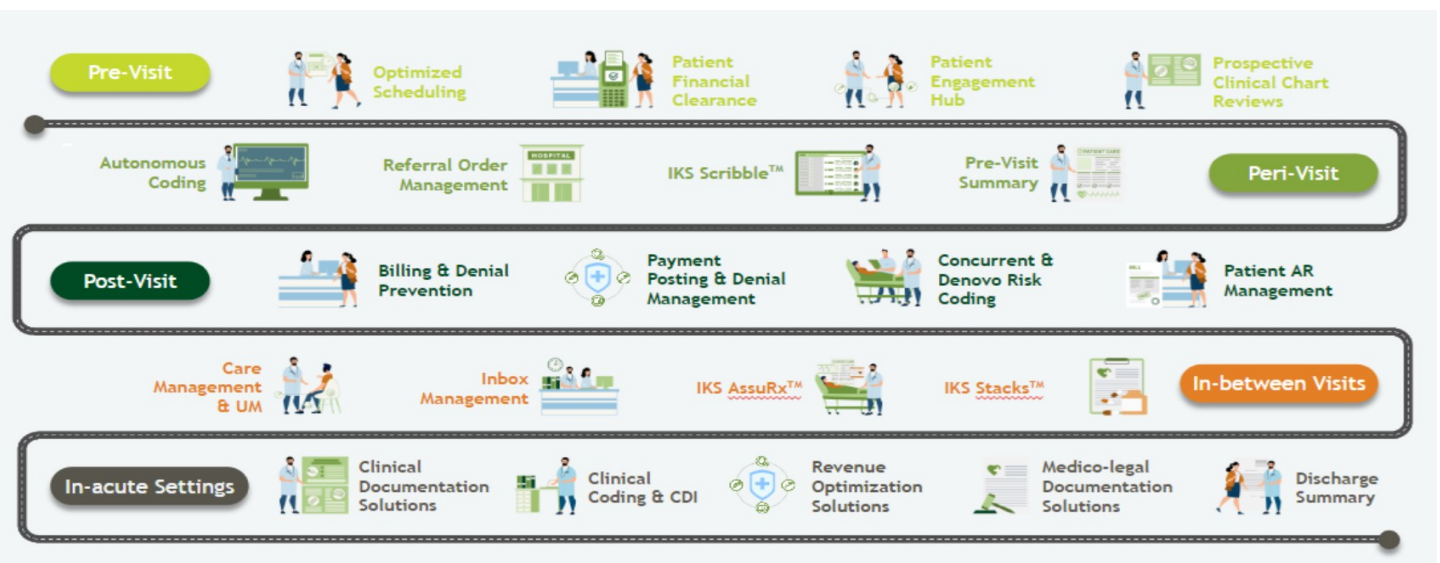
It helps in Classify scanned documents into different types of medical records, Discard junk mail and other non-clinically relevant documents, Extract the patient’s name, address, and other information from the scanned document, Match these details with the right medical record in the EHR system, Extract impressions, findings, and other relevant information from the scanned document and Copy-paste or type that information into the relevant discrete sections within the EHR system.

#### ◆ IKS AssuRx

Company’s proprietary AssuRx software platform is used by their team of trained physicians and pharmacists to deliver a centralized, standardized and expedited process for prescription refills

#### ◆ IKS Migrate – Clinical Data Migration

The company deploy their IKS Migrate solution to assist their clients with migrating from one EHR to another. Their clinical data migration solution relieves the administrative burden on nurses, physicians, and pharmacists who would have otherwise been required to manually enter and validate these data sets in the new EHR by dedicating extra hours either outside of patient visiting hours, or during a patient visit.



Source: RHP, Geojit Research

## Key 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 and evident through multiple awards and recognitions
- Marquee large enterprise clientele that include academic medical centres and healthcare systems, multispecialty and single-specialty medical groups, ancillary healthcare organizations, value enablers, and other outpatient healthcare delivery organizations and client stickiness reflected in revenues from repeat clients of over 90% in the last 3 Fiscals
- Sustainable and scalable business model offering clients flexibility and cost-savings and high-touch
- Healthy financial performance with growth and improving margins
- Experienced and entrepreneurial driven leadership team

## Key strategies

- 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 solutions for greater value-add
- Leverage automation and Generative Artificial Intelligence (AI) to aid the operations
- Partner with innovative clients for product development and innovation
- Develop solutions to address the needs of entities moving to “Value-Based Care”

## Industry Outlook

As per the Zinnov Report, the outsourced services market in the technology-enabled healthcare provider space is growing rapidly as providers seek to boost efficiency and streamline operations. By leveraging technology-enabled service providers to handle workflows like billing, revenue cycle management, patient engagement, and data analytics, healthcare organizations can focus on core patient care activities and achieve higher quality care while maintaining operational excellence.

## Promoter and promoter group

The Company was incorporated as “Inventurus Knowledge Solutions Private Limited” on September 5, 2006. Sachin Gupta, Rekha Jhunjhunwala, Aryaman Jhunjhunwala Discretionary Trust, Aryavir Jhunjhunwala Discretionary Trust, Nishtha Jhunjhunwala Discretionary Trust are the promoters of the company. Currently, promoters hold 107,352,790 Equity Shares of face value of ₹ 1 each in aggregate, representing 62.57% of the issued, subscribed and paid-up Equity Share capital of the company.

## Brief Biographies of directors

- **Berjis Minoo Desai** is the Chairman and Non-Executive Director of the company. He has over 14 years of experience in mergers and acquisitions, derivatives, corporate and financial laws and international commercial arbitration and was previously associated with J. Sagar Associates as a senior partner.
- **Sachin Gupta** is one of the Promoter and Whole-time Director on the Board of the company and chief executive officer of IKS Inc. He has over 16 years of experience in business management.
- **Joseph Benardello** is the Non-Executive Director on the Board of the company.
- **Dr. Mary Earley Klotman** is the Non-Executive Director on the Board of the company.
- **Utpal Hemendra Sheth** is the Non-Executive Nominee Director on the Board of the company. He has been associated with the company since 2014. He has been working with Rare Enterprises, a proprietary asset management firm, for the past 19 years
- **Amit Goela** is the Non-Executive Nominee Director on the Board of the company. He has been associated with the company since 2021. He has been a part of the management team of Rare Enterprises for the past 15 years
- **Clarence Carleton King II** is an Independent Director on the Board of the company. He is currently the chief executive officer of Shoal Creek Advisors, LLC.
- **Dr. Keith Anthony Jones** is an Independent Director on the Board of the company.
- **Theresa Stone** is an Independent Director on the Board of the company. She has over 26 years in management and is currently associated with Oliver Wyman as its managing partner.
- **Nithya Balasubramanian** is the Chief Financial Officer of the company. She has over 16 years of experience in the field of marketing.
- **Sameer Chavan** is the Company Secretary and Compliance Officer of the company. He has 16 years of experience in secretarial compliance.

## CONSOLIDATED FINANCIALS

### PROFIT & LOSS

Y.E March (Rs cr)	FY23	FY24	6MFY25
Sales	1,031.3	1,817.9	1,282.9
% change	35.1	76.3	103.3
<b>EBITDA</b>	<b>391.3</b>	<b>520.3</b>	<b>359.1</b>
% change	32	33	54.6
Depreciation	24.6	58.5	56.6
<b>EBIT</b>	<b>366.8</b>	<b>461.8</b>	<b>302.5</b>
Interest	5.4	60.1	48.2
Other Income	28.9	40	11.7
Exceptional items	-31	-	-
<b>PBT</b>	<b>359.3</b>	<b>441.7</b>	<b>266.1</b>
% change	34	22.9	-
Tax	54.1	71.2	57.5
Tax Rate (%)	15	16	22
<b>Reported PAT</b>	<b>305.2</b>	<b>370.5</b>	<b>208.6</b>
Adj	-	-	-
<b>Adj. PAT</b>	<b>305.2</b>	<b>370.5</b>	<b>208.6</b>
% change	31	21.4	1.6
Post issue No. of shares (cr)	17.1	17.1	17.1
<b>Adj EPS (Rs)</b>	<b>17.8</b>	<b>21.62</b>	<b>12.2</b>
% change	31	21.4	1.6

### CASH FLOW

Y.E March (Rs cr)	FY23	FY24	6MFY25
PBT Adj.	359.3	441.7	266.1
Non-operating & non cash adj.	(71.4)	(231.9)	(28.7)
Changes in W.C	-	-	-
<b>C.F. Operating</b>	<b>287.98</b>	<b>209.77</b>	<b>237.39</b>
Capital expenditure	(8.6)	(1,444.6)	(38.8)
Change in investment	(155.5)	307.7	155
Sale of investment	-	-	151.5
Other invest.CF	8.1	(4.4)	16
<b>C.F - investing</b>	<b>(155.95)</b>	<b>(1,141.3)</b>	<b>283.7</b>
Issue of equity	15.3	3.1	0.5
Issue/repay debt	(19.4)	977.2	(235.0)
Dividends paid	-	(165.5)	-
Other finance.CF	(148.1)	(34.4)	(39.3)
<b>C.F - Financing</b>	<b>(152.19)</b>	<b>780.37</b>	<b>(273.81)</b>
Change. in cash	(20.17)	(151.14)	247.27
Opening Cash	143.8	127.7	(21.3)
Closing cash	123.6	(23.5)	226

### BALANCE SHEET

Y.E March (Rs cr)	FY23	FY24	6MFY25
Cash	523	331.8	271.1
Accounts Receivable	160.6	361.9	401.4
Inventories	-	0.7	-
Other Cur. Assets	14.6	51.6	50.3
Investments	31.8	195.4	43.9
Deff. Tax Assets	94.7	175.5	160.7
Net Fixed Assets	57.6	156.2	139.7
CWIP	-	0.8	0.6
Intangible Assets	1.3	1,678.4	1,663.8
Other Assets	104.6	75.1	59.1
<b>Total Assets</b>	<b>988</b>	<b>3,027.5</b>	<b>2,791</b>
Current Liabilities	82.8	216.4	180.4
Provisions	13.9	240.7	193.7
Debt Funds	52.3	1,311.1	934.8
Other Fin. Liabilities	8.9	90.3	75.2
Deferred Tax liability	1.8	11.2	29.3
<b>Equity Capital</b>	<b>16.8</b>	<b>16.9</b>	<b>16.9</b>
<b>Reserves &amp; Surplus</b>	<b>811.8</b>	<b>1,140.9</b>	<b>1,360.2</b>
Shareholder's Fund	828.6	1,157.9	1,377.1
<b>Total Liabilities</b>	<b>988</b>	<b>3,027.5</b>	<b>2,791</b>
<b>BVPS (Rs)</b>	<b>48.4</b>	<b>67.6</b>	<b>80.4</b>

### RATIOS

Y.E March	FY23	FY24	6MFY25
<b>Profitab. &amp; Return</b>			
EBITDA margin (%)	37.9	28.6	28.0
EBIT margin (%)	35.6	25.4	23.6
Net profit mgn.(%)	29.6	20.4	16.3
ROE (%)	36.8	32.0	30.3
ROCE (%)	36.2	24.2	14.6
<b>W.C &amp; Liquidity</b>			
Receivables (days)	45	52	41
Inventory (days)		191	0
Payables (days)	8	14	9
Current ratio (x)	7.6	2.1	2.0
Quick ratio (x)	8.3	3.2	3.7
<b>Turnover &amp; Levlg.</b>			
Net asset T.O (x)	15.5	17.0	9.2
Total asset T.O (x)	1.2	0.9	0.7
Int. covge. ratio (x)	68.4	7.7	6.3
Adj. debt/equity (x)	0.1	1.18	0.73
<b>Valuation ratios</b>			
EV/Sales (x)	22.2	13.3	18.5
EV/EBITDA (x)	58.5	46.4	66.2
P/E (x)	74.6	61.5	109.2
P/BV (x)	27.5	19.7	16.5

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