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**IPO Report**

11<sup>th</sup> Dec'24

**Snapshot**

Inventurus Knowledge 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. Company is a partner for outpatient and inpatient care organizations, enabling healthcare organizations deliver superior clinical care, improve population health outcomes, and transition to the “fee for value” model while optimizing their revenue and reducing operating costs. With the evolution and consolidation of the healthcare industry, company provide solutions that address these increasing tasks, or 'chores', and enable healthcare delivery enterprises to focus on their core focus of healthcare, by taking over chores that are necessary to manage their business.

**VALUATION**

Company is bringing the issue at price band of Rs 1265-1329 per share at p/e multiple of 55x annualized H1FY25 PAT basis. Company provides 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. Company has 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 98% in the last three Fiscals. Hence Looking after all above , we recommend “Subscribe” on issue.

<b>Price Band (Rs./Share)</b>	<b>1265-1329</b>
<b>Opening date of the issue</b>	<b>12<sup>th</sup> Dec '2024</b>
<b>Closing Date of the issue</b>	<b>16<sup>th</sup> Dec '2024</b>
<b>No of shares pre issue</b>	171,573,159 Eq Shares
<b>Issue Size</b>	Rs 2378-2498 Cr
<b>Offer For Sale</b>	18,795,510 Equity Shares
<b>Face Value (Rs/ share)</b>	Rs 1/share
<b>Bid Lot</b>	11

<b>BIDDING DETAILS</b>	
<b>QIBs (Including Anchor)</b>	75% of the offer (Approx 14,047,882 Eq Shares)
<b>Non-Institutional</b>	15% of the offer (Approx 2,809,577 Eq Shares)
<b>Retail</b>	10% of the offer (Approx 1,873,051 Eq Shares)
<b>Lead managers</b>	ICICI Securities, Jefferies India, JM Financial, J.P.Morgan India, Nomura Financial
<b>Employee Reservation</b>	65000 Equity Shares
<b>Registrar to the issue</b>	Link Intime India Pvt. Ltd

**WHAT WE LIKE**

***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***

Company is focused on providing a comprehensive enablement platform that cater to the needs of a wide spectrum of healthcare organizations, across the breadth of outpatient and inpatient care value chain under a single platform. Healthcare facilities incur huge costs in vendor management process such as searching and evaluating vendors, signing large and complex contracts, establishing information technology connectivity, compliance reviews, and contract administration, among others.

***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***

Company have improved its brand recognition within the industry through its IKS Advisory Board, a healthcare industry leadership forum which invites leaders of healthcare organizations, physician leaders, and other senior executives from healthcare organizations in the US, for a biennial gathering to review key trends impacting the healthcare industry, provide feedback on company’s new product offerings, advise company on key strategic initiatives, and assist company with recruiting senior executives

***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 90.00% in the last three Fiscals***

Company have maintained long-standing relationships with its clients, which include academic medical centres and healthcare systems, multi-specialty and single-specialty medical groups, ancillary healthcare organizations, value enablers, and other outpatient healthcare delivery organizations.



## COMPANY BACKGROUND

Company offer a comprehensive platform that enables healthcare enterprises across outpatient and inpatient care. Outpatient service facilities, also known as ambulatory care, provide medical care without requiring admission to a hospital or other facility, and include observation, consultation, diagnosis, rehabilitation, intervention, and treatment services. Inpatient care, refers to the provision of medical treatment for patients who have been admitted to a hospital or medical facility, requiring an overnight stay or an extended duration. As of September 30, 2024, company have 778 healthcare organizations as its clients, including health systems, academic medical centres, multi-specialty medical groups, single-specialty medical groups, ancillary healthcare organizations and other outpatient and inpatient healthcare delivery organizations.

Some of company's key clients include Mass General Brigham Inc., Texas Health Care PLLC, and The GI Alliance Management. Company serve its clients through its consolidated globalized workforce of over 13,528 employees, including 2,612 clinically-trained employees and a consultative sales force with presence in key geographies in the US, Canada and Australia, as of September 30, 2024.

### **Acquisition of Aquity Holdings**

Company and Material Subsidiary, IKS Inc, have historically focussed on enabling healthcare enterprises in outpatient care, and many such enterprises were health systems. These health systems have a presence in the inpatient care market and company is well-positioned to assist them with inpatient care as well, as company have with outpatient care. Company acquired Aquity Holdings, a company engaged in technology-enabled clinical documentation, medical coding and revenue integrity solutions for healthcare. Through the acquisition of Aquity Holdings with effect from October 27, 2023, company is able to cross-sell to Aquity's existing base of over 804 customers, as of March 31, 2024, and offer existing solutions to this customer base, thereby increasing its market opportunity. Company will also be able to offer the solutions offered by Aquity to its customers, leveraging Aquity's significant experience in clinical documentation, coding and medico-legal documentation solutions, customised to inpatient care. Additionally, company is poised to leverage Aquity's presence and expertise to expand its existing capabilities to inpatient care, including revenue cycle management for inpatient care, building a clinical staffing expansion solution and developing strategic solutions to enable effective patient intake and discharge support, including managing effective transitions of care. This ability to expand company's offerings to inpatient care will enable it to offer more holistic and comprehensive solutions across the spectrum of care. This will also help drive a more compelling value proposition to health systems in particular, since improved access in outpatient care leads to significant downstream revenues for inpatient care facilities and helps unlock the value of an employed physician medical group for health systems. With company's technology capabilities, company intend to transition Aquity's delivery platform towards being a technologyled and human-enabled one, in order to enhance efficiencies of cost. Similarly, company intend to create a more strategic mix of personnel based in the US and in India, to align more closely with its delivery model. Company believe creating a personnel pool with a wider presence outside the US enables its operations to be cost-effective and competitive.

### Market Opportunity

Health expenditure in the US is projected to grow from U.S.\$4,799 billion in 2023 to U.S.\$6,216 billion by 2028, reflecting a CAGR of 5.3%. This growth will be driven by an ageing population and a rise in chronic diseases. The total addressable market for provider enablement technology solutions in the US is expected to reach U.S.\$323 billion by 2028.

This growth potential is driven by the following factors:

- **Widening supply-demand gap of healthcare professionals.** The World Health Organization predicts a global shortage of 12.9 million healthcare professionals by 2035. The Association of American Medical Colleges predicts a physician shortage of 23,000.
- **Shrinking margins.** Widespread labour shortages and ongoing supply chain challenges continued to drive up year-over-year adjusted expenses, and health systems are looking to bridge the gap through technological changes.
- **Increase in health care consumerism.** Healthcare providers and organizations are rethinking their business models and making extensive changes across consumer touch points. This comes with the promise of easy online scheduling, digital doctor-patient communication tools, and secure online access to medical records and bill-pay capabilities. Staffing includes skilled specialists and promotion includes brand-positive messaging dedicated to enhancing the consumer experience.
- **Adoption of value-based care.** Under value-based care, healthcare providers, including hospitals and physicians, are paid based on capitation and patient health outcomes. In a survey conducted by HCPLAN in 2023, nearly 25% payments came from alternative payment models. The value-based care model is projected to constitute 50% of Medicaid contracts by 2025, marking a shift from the traditional fee-for-service model, where patients paid for individual services. There has already been widespread acceptance of this model, which improves the quality of life and corrects misaligned incentives, reducing health care costs by making care more accessible to all.



**INVESTMENT RATIONALE**

<p><i>Leveraging digital evolution, transformation and automation technologies to create sustained value based on outcomes delivered</i></p>	<p>Since inception, company have gained experience in leveraging next-generation technologies that drive its ability to provide solutions for digital evolution, transformation and automation. In company’s experience, company’s solution capabilities enable its clients to get greater returns from their existing technology investments. Over the years, company have created complementary technologies across its clients’ financial, operational, and clinical value chains to enhance outcomes. These platform-based technology solutions integrate with company’s clients’ practices and EHR systems to help reduce administrative and clinical burden, offer actionable insights, deliver process excellence, and enhance project team communications.</p>
<p><i>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 90.00% in the last three Fiscals</i></p>	<p>Company have maintained long-standing relationships with its clients, which include academic medical centres and healthcare systems, multi-specialty and single-specialty medical groups, ancillary healthcare organizations, value enablers, and other outpatient healthcare delivery organizations. Some of company’s key clients include Atlanta Women’s Health Group, P.C., Boston Children’s Health Physicians, L.L.P, Hanger, Inc., GI MSO Inc. (US Digestive Health), Lehigh Valley Health Network, Inc., Lightbeam Health Solutions, Inc., Mass General Brigham Inc., MRPG, Professional Occupational and Physical Therapy, PLLC, Sema4, Inc., Spear Physical Therapy, Texas Health Care PLLC, The GI Alliance Management, LLC Duke Health, McLaren, Maxim Health Services, Providence and Thundermist Health Center. Company’s client base has grown from 45 clients, as of March 31, 2022 to 49 clients as of March 31, 2023. Pursuant to its acquisition of Aquity Holdings, as of March 31, 2024, company had 853 clients while as of September 30, 2024, company had 778 clients. Company’s top 10 clients generated ₹ 5,204.99 million, ₹ 6,918.67 million, ₹ 7,936.51 million, ₹ 4,121.85 million and ₹ 4,412.01 million, representing 68.16%, 67.09%, 43.66%, 65.34% and 34.39% of its revenue from operations in Fiscals 2022, 2023 and 2024 and in the six months ended September 30, 2023 and 2024, respectively. The average vintage of these top 10 clients as of September 30, 2024 was 4.92 years. Further, company’s top five clients generated ₹ 3,451.99 million, ₹ 4,522.38 million, ₹ 5,015.57 million, ₹ 2,726.26 million and ₹ 2,767.44 million, representing 45.20%, 43.85%, 27.59%, 43.21% and 21.57% of its revenue from operations in Fiscals 2022, 2023 and 2024 and in the six months ended September 30, 2023 and 2024, respectively.</p>
<p><i>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</i></p>	<p>Company have adopted a sustainable and scalable engagement model which allows greater flexibility and cost-savings in the implementation and integration of company’s solutions across various organisational sizes and scale. Company have over 15 years of experience in partnering with healthcare organizations to provide robust delivery infrastructure for their rapid growth. Company’s clients include large health systems that require delivery partners such as itself who possess the capabilities, resources, and expertise to set up, manage, and scale large delivery organizations to meet their complex and demanding requirements. Company’s model enables clients to hire new physicians, open new clinics, or acquire new medical groups, with the assurance that company have the capabilities to support their expansion needs in a seamless plug-and-play manner, allowing them to focus on growing their business, rather than investing capital or deploying management bandwidth to meet their internal administrative, clinical, technological needs</p>



## OBJECTS OF OFFER

The objects of the Offer are to

- (i) to carry out the Offer for Sale of up to 18,795,510 Equity Shares of face value of ₹ 1 each by the Selling Shareholders; and
- (ii) achieve the benefits of listing the Equity Shares on the Stock Exchanges

## RISKS

There have been certain FEMA related deficiencies in compliances in the past by company and some of its existing and erstwhile shareholders, with respect to issuance of securities of company, delays in relation to reporting requirements and transfer of securities of company. Company have filed compounding applications with the RBI in respect of such contraventions, which are currently pending. Consequently, company may be subject to regulatory actions and penalties/ compounding fees, as applicable.

Source:RHP

## INDUSTRY OVERVIEW

### Advantages for Integrated Players of Provider Enablement Tech Solutions

- Reduced costs for clients in vendor management – Healthcare facilities incur huge costs in vendor management process such as searching and evaluating vendors, signing large and complex contracts, establishing IT connectivity, compliance reviews, contract administration, etc. Thus, clients wish to deal with a few large vendors for their Provider Enablement Tech Solution requirements, not multiple small vendors, to reduce costs that Integrated players provide.
- Economies for scope – The incremental cost for additional products, solutions and services within Provider Enablement Tech Solutions is quite low for both clients and vendors. Additional outsourcing opportunities would be beneficial for both healthcare facilities and vendors and thus, both sides have an incentive to continuously expand the breadth of their contracts and increase the economies of scope.
- Synergies between services – Outsourced Provider Enablement Tech services show high synergies amongst themselves. For example, improved clinical documentation results in improved revenue cycle performance through reduced denial rates for medical necessity and coding, which reduces bad debt write-offs and reduces account receivable days. This gives an advantage to integrated players in the Provider Enablement Tech Solutions space.

Increased accountability – Clients prefer to have one vendor for Provider Enablement Tech Solutions if possible, so they have a singular accountable entity, i.e., they can get the vendor to take greater accountability to deliver the desired outcomes. If the client has multiple vendors, the responsibility becomes diffused between those vendors, so it is hard to hold any of them accountable for the overall performance.



**Consolidated Financials**

(Rs in Mn)

<b>Financials</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>H1 FY 2025</b>
Total Revenue (A)	7636.34	10313.00	18179.28	12828.76
Total Expenditure (B)	4664.51	6399.95	12976.31	9237.9
EBIDTA	2971.83	3913.05	5202.97	3590.86
EBIDTA Margin	38.92	37.94	28.62	27.99
Other Income	208.41	288.64	400.10	117.34
Depreciation	233.10	245.51	585.45	565.75
EBIT	2947.14	3956.18	5017.62	3142.45
Interest	64.46	53.63	600.94	482.06
PBT	2882.68	3902.55	4416.68	2660.39
Share of profit in Asso	0.00	0.00	0.00	0.00
PBIT	2882.68	3902.55	4416.68	2660.39
Exceptional	197.38	309.12	0.00	0.00
PBT	2685.30	3593.43	4416.68	2660.39
Tax	355.51	541.15	711.82	574.57
PAT	2329.79	3052.28	3704.86	2085.82
NPM	30.51	29.60	20.38	16.26
ROE%	36.00	36.83	32.00	15.15
EPS	14.26	18.37	22.37	12.50
Eq Cap	168.07	168.36	169.21	169.36
Net Worth	6,470.69	8,286.39	11,578.59	13,771.05

(Source: RHP)



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