INVENTURUS KNOWLEDGE SOLUTIONS LIMITED

December 11, 2024

SMC Ranking

★★☆☆☆ (2/5)

Issue Highlights

Industry	Healthcare technology
Offer for sale (Shares)	18,795,510
Net Offer to the Public	**18,795,510**
Issue Size (Rs. Cr.)	2377-2498
Price Band (Rs.)	1265-1329
Offer Date	12-Dec-24
Close Date	16-Dec-24
Face Value	1
Lot Size	11 Shares

Issue Composition

	In shares
Total Issue for Sale	18,795,510
QIB	14,096,633
NIB	1,879,551
Retail	2,819,327

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	69.73%	67.78%
QIB	27.53%	26.75%
NIB	0.00%	1.10%
Retail	2.74%	4.38%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

The company will not receive any proceeds from the Offer and all such proceeds (net of any Offer related expenses to be borne by the Selling Shareholders) will go to the Selling Shareholders.

Book Running Lead Manager

- ICICI Securities Limited
- Jefferies India Private Limited
- JM Financial Limited
- J.P. Morgan India Private Limited
- Nomura Financial Advisory and Securities (India) Private Limited

Name of the registrar

- Link Intime India Private Limited

About the company

Incorporated in 2006, Inventurus Knowledge Solutions Limited (IKS Health) specializes in providing comprehensive support services to healthcare enterprises, focusing on reducing the administrative burden on healthcare providers. The company assists doctors and other medical professionals by managing tasks such as clinical documentation, virtual medical scribing, and overall administrative responsibilities. IKS Health's services include clinical support, medical documentation management, and other solutions aimed at enhancing operational efficiency for healthcare providers. The company operates as a healthcare technology firm, facilitating quicker and more efficient patient care while minimizing administrative overhead. Its platform supports both outpatient and inpatient care settings:

- **Outpatient Care (Ambulatory Services):** These facilities provide medical services such as observation, consultation, diagnosis, rehabilitation, intervention, and treatment without requiring hospital admission.
- **Inpatient Care:** This involves medical treatment provided to patients admitted to a hospital or facility, necessitating overnight or extended stays.

As of September 30, 2024, IKS Health serves over 778 healthcare organizations, including health systems, multi-specialty medical groups, and providers across outpatient and inpatient settings. Prominent clients include Mass General Brigham Inc., Texas Health Care PLLC, and The GI Alliance.

Strength

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: Inventurus Knowledge provides a unified enablement platform catering to a wide range of healthcare organizations across the outpatient and inpatient care value chain. By consolidating services under a single platform, the company eliminates the high costs associated with vendor management, such as sourcing, evaluating, and managing multiple vendors, as well as handling complex contracts and compliance processes. A fragmented system often leads to accountability gaps and suboptimal patient outcomes. Inventurus Knowledge's integrated approach simplifies operations, enhances accountability, and reduces complexity for clients. The company's clinical expertise is another cornerstone of its operations, with a team of 2,612 clinically trained staff, including on-roll physicians, providing a broad spectrum of clinical support solutions as of September 30, 2024. This scale and depth of expertise enable the company to deliver comprehensive solutions to U.S. healthcare organizations, positioning it as a reliable partner for clinical support.

Leveraging digital evolution, transformation and automation technologies to create sustained value based on outcomes delivered: Inventurus Knowledge has consistently leveraged next-generation technologies to drive digital transformation and automation across financial, operational, and clinical value chains. Its solutions integrate seamlessly with clients' existing practices and EHR systems, reducing administrative burdens and offering actionable insights. Key innovations include the Unifying Data Platform, which aggregates and normalizes data from disparate sources to provide clients with a single source of truth for effective decision-making without disrupting existing systems. Tools like the IKS Dashboard enable clients to analyze aggregated data from multiple billing systems and EHRs for customized insights. Additionally, the company uses robotic process automation (RPA) to automate repetitive tasks, such as payer interactions and claims processing, further enhancing efficiency. Proprietary technologies like IKS EVE, Optimix, and IKS Scribble exemplify its commitment to creating outcome-driven solutions.

Building a Strong Brand through Thought Leadership and Strategic Partnerships: Inventurus Knowledge has established itself as a trusted brand in the healthcare industry through thought leadership and strategic collaborations. Its IKS Advisory Board, a

healthcare industry forum, invites leaders from healthcare organizations to discuss key trends, provide feedback on new products, and guide strategic initiatives. This platform, combined with targeted marketing, consultative sales efforts, and associations with leading healthcare organizations, has enhanced the company's reputation. Awards and positive client testimonials further underscore its strong industry standing.

Sustainable and Scalable Engagement Model: The Company's engagement model combines scalability with cost-efficiency, enabling clients to focus on growth while delegating administrative, clinical, and technological operations. With over 15 years of experience, Inventurus Knowledge supports large healthcare systems by seamlessly integrating solutions, allowing clients to hire new physicians, open clinics, and acquire medical groups without operational disruption. Its model transforms process-specific knowledge within client organizations into standardized, institutionalized workflows, ensuring consistency and scalability. For example, the company successfully implemented and scaled solutions for a large medical group on the U.S. East Coast, supporting rapid growth and operational efficiency.

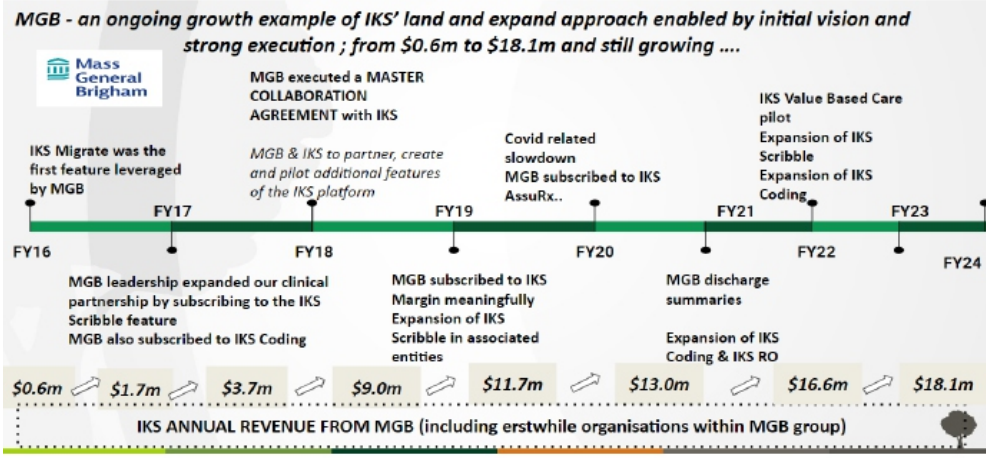
High-Touch Client Engagement for Success: Inventurus Knowledge assigns senior executives, including Client Success Leaders and Account Delivery Leaders, to manage engagements effectively. Client Success Leaders, based in the U.S., serve as liaisons between clients and the company, addressing bottlenecks and ensuring strategic alignment. Account Delivery Leaders, based at delivery facilities, oversee operational execution. This hands-on approach fosters strong client relationships, driving mutual success.

Robust Financial Performance with Predictable Growth: The Company enjoys stable cash flows as the majority of its payment arrangements are annuity, allowing for greater predictability in its financial performance and revenue generation. The annuity nature of its revenue generation provides greater stability to its profitability and financial performance. Its profitability is driven by the asset-light and scalable model with cost-efficient strategies that include:

- Cross selling additional offerings to increase the wallet share from existing clients,
- Utilising the proprietary technology tools to reduce delivery costs,
- Introducing e-learning modules and the training team to enhance employee productivity,
- Leveraging the US-based domain experts to collaborate with their clients to identify and implement process improvement opportunities that increase their revenue and reduce its delivery costs,
- Using Optimix and other proprietary workflow tools internally to evaluate operational volumes, productivity, accuracy levels, and turn-around times for each employee, team, and location.

Strategies

Maximizing Revenue Through a "Land and Expand" Strategy: Inventurus Knowledge focuses on acquiring clients and growing revenue by cross-selling and up-selling its offerings. In Fiscals 2022–2024, repeat clients contributed over 98% of its revenue. By understanding client needs and delivering targeted solutions like revenue optimization or clinical documentation, the company expands its footprint within large enterprises, leveraging their scale and complexity to drive growth. For instance, it successfully scaled services for Mass General Brigham Inc. by offering additional solutions across its network.



In the past Inventurus Knowledge has witnessed success in increasing revenues from existing

clients, by cross-selling additional offerings to those clients and expanding its revenue generated from each offering from that client such as by delivering the offering to more medical groups, locations, or sister entities within that client's organization. The company believes there remains significant growth runway within its existing client base for continued physician penetration and cross-selling of additional solutions.

Focus on Large Healthcare Organizations: As of September 30, 2024, the company served 778 US-based healthcare organizations, including health systems, academic medical centers, and multi-specialty groups. Its strategy emphasizes targeting large enterprises with significant physician pools, offering greater revenue potential, cost efficiency, and demand for value-added solutions. By focusing on health systems, academic centers, and consolidators, the company aims to capture opportunities arising from operational consolidation trends in healthcare. Additionally, the acquisition of Aquity enables expanded offerings for inpatient care within Integrated Delivery Networks (IDNs), enhancing client stickiness and broadening its service portfolio.

Transitioning to a Tech-Led Model: The company is shifting from a "human-led tech-enabled" model, which relies on manual processes, to a "tech-led human-enabled" model driven by automation. Initially replicating clients' existing workflows, it gradually integrates automated solutions to improve efficiency. Employees transition from manual roles to oversight positions, focusing on managing exceptions. The company invests in proprietary technology to automate administrative and clinical processes, enhancing operational support for its clients while earning their trust through a phased implementation approach.

Bundling Solutions for Greater Value: Inventurus Knowledge bundles its platform's features to deliver synergistic value to clients, increasing wallet share and raising entry barriers for competitors. Revenue from bundled solutions grew significantly, contributing nearly half of its operational revenue in recent years. The acquisition of Aquity strengthens its ability to offer comprehensive services for inpatient and outpatient care. The company's strategy involves starting with essential features, fostering client satisfaction, and expanding offerings over time to build loyalty and improve retention.

Leveraging Automation and Generative AI: The company integrates generative AI into its care enablement platform to optimize clinical, operational, and financial outcomes. By automating processes, it reduces costs and enhances efficiency. AI applications include Scribble Swift and Pro for clinical documentation and denial prediction engines for claim processing, which minimize errors and improve claim approval rates. These innovations demonstrate the potential for transformative healthcare solutions using generative AI.

Partnering for Innovation: Inventurus Knowledge collaborates with progressive healthcare organizations to co-develop solutions addressing industry challenges. Partnerships with entities like Mass General Brigham Inc. and leading orthotics companies enable the company to refine its offerings, including prescription refill and discharge summary tools. These collaborations position the company to capitalize on the growing US healthcare technology market, projected to reach $222 billion by 2028, while addressing unique client needs and expanding its market share.

Supporting the Transition to Value-Based Care: The company has developed solutions to help clients shift from "Fee for Service" to "Fee for Value" models, emphasizing patient-centric care and improved clinical outcomes. These solutions assist organizations in managing larger care teams, enhancing proactive care delivery, and improving population health outcomes. By reducing administrative burdens and operational costs, the company positions itself as a key partner in facilitating this critical industry

Risk factor

- There have been certain FEMA related deficiencies in compliances in the past by the company and some of its existing and erstwhile shareholders, with respect to issuance of securities of the company, delays in relation to reporting requirements and transfer of securities of the company.
- It has outstanding litigation, an adverse outcome of which may adversely affect it business, reputation and results of operations.
- Its revenues are dependent on its ability to maintain and expand existing client relationships and its ability to attract new clients.
- It revenues are primarily dependent on revenue generated from healthcare organizations based in the United States, and as a result, it is subject to the risks of sector and geographic concentration.

Peer comparison

There are no listed companies in India whose business portfolio is comparable with that of its business and comparable to its scale of operations. Hence, it is not possible to provide an industry comparison in relation to the company.

Valuation

Considering the P/E valuation on the upper price band of Rs.1329, TTM EPS and P/E are Rs.21.78 and 61.02 multiple respectively and at a lower price band of Rs. 1265, P/E multiple is 58.08. Looking at the P/B ratio on the upper price band of Rs.1265, book value and P/B are Rs. 80.26 and 16.56 multiple respectively and at a lower price band of Rs. 1265 P/B multiple is 15.76. No change in pre and post issue EPS and Book Value as the company is not making fresh issue of capital.

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.

Outlook

IKS is a technology enabled healthcare solutions provider with a major focus of US, Canada and Australia. The company has created a niche place in the segment and gaining grounds. The company is poised for bright prospects ahead with the rising demand for its services in the areas it is operative. Thu, with the scalable platform and layered infrastructure that captures several pain points of healthcare providers, the company is well-positioned to capitalise on this growing market opportunity and address the increasing demand for a healthcare provider-enablement platform. However, It revenues are primarily dependent on revenue generated from healthcare organizations based in the United States, and as a result, it is subject to the risks of sector and geographic concentration.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	12-December-24
BID/ISSUE CLOSES ON	16-December-24
Finalisation of Basis of Allotment with the Designated Stock Exchange	17-December-24
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	18-December-24
Credit of Equity Shares to Demat Accounts of Allottees	18-December-24
Commencement of trading of the Equity Shares on the Stock Exchanges	19-December-24

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 30-Sept-24 (6 Months)	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)
Revenue from operations	1282.88	1817.93	1031.30
Total expenditure	923.79	1297.63	640.00
Operating Profit	**359.09**	**520.30**	**391.31**
OPM%	27.99	28.62	37.94
Other Income	11.73	40.01	28.86
PBDIT	**370.82**	**560.31**	**420.17**
Depreciation	56.58	58.55	24.55
PBIT	**314.25**	**501.76**	**395.62**
Interest	48.21	60.09	5.36
Restated profit before exceptional items and tax	**266.04**	**441.67**	**390.26**
Exceptional items	0.00	0.00	30.91
Profit Before Tax	**266.04**	**441.67**	**359.34**
Tax	57.46	71.18	54.12
PAT	**208.58**	**370.49**	**305.23**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 30-Sept-24	As on 31-Mar-24	As on 31-Mar-23
Non-current assets			
Property, plant and equipment	49.09	52.10	20.27
Capital work-in-progress	0.58	0.82	0.00
Right-of-use assets	90.59	104.15	37.38
Goodwill	1173.78	1168.27	0.00
Other intangible assets	478.58	508.28	0.99
Intangible assets under development	11.40	1.89	0.35
Financial Assets			
Investments	43.92	43.72	31.81
Trade receivables	0.00	0.62	3.00
Other financial assets	13.12	21.49	99.00
Contract assets	0.00	0.00	0.15
Current tax assets (net)	30.93	37.57	1.25
Deferred tax assets (net)	160.74	175.45	94.73
Other non current assets	15.06	15.38	1.20
Total Non Current Assets	**2067.79**	**2129.73**	**290.12**
Current assets			
Inventories	0.00	0.75	0.00
Financial Assets			
Investments	0.00	151.71	0.00
Trade Receivables	401.38	361.89	160.63
Cash and cash equivalents	243.93	143.81	123.62
Other bank balances	27.13	188.01	399.34
Other financial assets	29.81	20.34	3.67
Contract assets	0.02	0.15	0.26
Other current assets	20.46	31.14	10.67
Total current assets	**722.74**	**897.79**	**698.19**
Total Assets	**2790.52**	**3027.52**	**988.31**
Non-current liabilities			
Financial liabilities			
Borrowings	599.32	812.33	0.00
Lease liabilities	84.37	94.50	39.34
Other financial liabilities	0.00	7.08	0.00
Contract liabilities	1.28	0.54	0.59
Deferred tax liabilities (net)	118.68	147.91	0.00
Other non current liabilities	0.38	0.00	0.00
Provisions	18.40	17.28	4.80
Total non-current liabilities	**822.44**	**1079.64**	**44.73**
Current liabilities			
Financial liabilities			
Borrowings	229.308	381.088	0.000
Lease liabilities	21.845	23.178	13.011
Trade payables - MSME	4.273	1.426	0.131
Trade payables - other than MSME	58.912	66.313	21.558
Other financial liabilities	75.208	90.286	8.913
Contract liabilities	1.342	1.889	0.577
Provisions	54.946	67.916	8.462
Current Tax Liabilities (Net)	29.261	11.184	1.792
Other current liabilities	115.884	146.741	60.493
Total current liabilities	**590.98**	**790.02**	**114.94**
Total	**1413.42**	**1869.66**	**159.67**
Net worth represented by:			
Equity Share Capital	16.94	16.92	16.84
Other equity	1360.17	1140.94	811.80
Net Worth	**1377.11**	**1157.86**	**828.64**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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