

IPO Report

Choice

“SUBSCRIBE” to

Medi Assist Healthcare Services Ltd.

Dominant TPA catering to fastest growing health insurance market



Salient features of the IPO:

- **Medi Assist Healthcare Services Ltd.** (MAHSL), a dominant insurance third-party administrator (TPA) in India is coming up with an IPO to raise around Rs. 1,170cr, which opens on 15th Jan. and closes on 17th Jan. 2024. The price band is Rs. 397 - 418 per share.
- The IPO only has OFS portion, thus the company will not receive any funds from the issue.
- Couple of promoter & promoter group (P&PG) entities are participating in the OFS and offloading around 2.803cr shares (considering the higher price band). Post-IPO, P&PG will have 45.75% stake in the company, compared to 77.14% earlier. Consequently, public shareholding will increase from 22.86% to 54.25%.

Key competitive strengths:

- Well established TPA in India
- Scalable technology-enabled infrastructure, addressing the needs of all constituents of the health insurance ecosystem
- Longstanding relationships with majority of insurance companies
- Diversified base of group accounts with longstanding relationships
- Attractive contracts with a pan-India healthcare provider network
- Ability to integrate acquisitions
- Experienced management team and marquee shareholders

Risk and concerns:

- General slowdown in the global economic activities
- Unfavorable government policies & regulations
- Declining yield on premium under management
- Unfavorable product-mix and forex rates
- Revenue concentration risk
- Difficulty in maintaining the profitability
- Competition

Below are the key highlights of the company:

- A TPA is an organization that processes health insurance claims for insurance companies and provides services such as policy administration, customer service, network management, etc. They are basically a link between the insurer, healthcare service provider and the policyholder. The functioning of the TPA is governed by IRDAI, a regulator for the insurance sector.
- The insurers are expected to take risks, set the premium rates and undertake the marketing & enrollment, while TPAs are expected to take over the claims processing function. However, gradually TPAs expanded their services by offering functions such as policy administration, customer service and provider network management. As the Indian insurance market continued to grow, the demand for TPAs increased. Consequently, there were 16 operational TPAs in India (as of Sept. 2023) providing services to public & private health insurance companies. Their services helps in improving efficiency and reduce costs for insurance companies, while providing valuable support & assistance to policyholders. Thus the TPAs became the indispensable stakeholder in the health insurance sector in India.
- Handling around 55% of the total domestic health insurance premiums, the domestic TPA market grew by 18.6% CAGR (over FY18-22), which is similar to the pace of growth of overall health insurance sector. Over the next five years (i.e. between FY22-28E), the domestic TPA market is anticipated to expand by 24.8% CAGR i.e. 18.5% CAGR.

Issue details		
Price band	Rs. 397 - 418 per share	
Face value	Rs. 5	
Shares for fresh issue	Nil	
Shares for OFS	2.803cr shares	
Fresh issue size	N/a	
OFS issue size	Rs. 1,112.7 - 1,171.6cr	
Total issue size	2.803cr shares (Rs. 1,112.7 - 1,171.6cr)	
Bidding date	15 th Jan. - 17 th Jan. 2024	
Implied MCAP at higher price band	Rs. 2,878cr	
Implied enterprise value at higher price band	Rs. 2,697cr	
Book running lead manager	Axis Capital Ltd., ICICI Securities Ltd., Nuvama Wealth Management Ltd. and SBI Capital Markets Ltd.	
Registrar	Link Intime India Pvt. Ltd.	
Sector	Insurance Intermediaries	
Promoters	DR. Vikram Jit Singh Chhatwal, Medimatter Health Management Pvt. Ltd. and Bessemer India Capital Holdings II Ltd.	
Issue break-up		
Category	Percent of issue (%)	Number of shares
QIB portion	50%	1.401cr shares
Non institutional portion (Big)	10%	0.28cr shares
Non institutional portion (Small)	5%	0.14cr shares
Retail portion	35%	0.981cr shares
Indicative IPO process time line		
Finalization of basis of allotment	18 th Jan. 2024	
Unblocking of ASBA account	19 th Jan. 2024	
Credit to demat accounts	19 th Jan. 2024	
Commencement of trading	22 nd Jan. 2024	
Pre and post - issue shareholding pattern		
	Pre-issue	Post-issue
Promoter & promoter group	77.14%	45.75%
Public	22.86%	54.25%
Non-promoter & Non-public	0.00%	0.00%
Total	100.00%	100.00%
Retail application money at higher cut-off price per lot		
Number of shares per lot	35	
Application money	Rs. 14,630 per lot	

Key highlights of the company (Contd...):

Company name	Face value (Rs.)	CMP (Rs.)	MCAP (Rs. cr)	EV (Rs. cr)	Stock return				Total operating revenue (Rs. cr)	EBITDA (Rs. cr)	PAT (Rs. cr)	EBITDA margin	PAT margin
					1 M	3 M	6 M	1 Y					
Medi Assist Healthcare Services Ltd.	5	418	2,878	2,697					563	124	83	22.0%	14.7%
Computer Age Management Services Ltd.	10	2,761	13,569	13,019	0.6%	14.4%	22.9%	24.1%	1,029	450	309	43.7%	30.0%
KFin Technologies Ltd.	10	520	8,872	8,693	0.0%	11.1%	47.6%	54.0%	762	329	215	43.1%	28.2%
Average												43.4%	29.1%

Company name	4Y revenue growth (CAGR)	4Y EBITDA growth (CAGR)	4Y PAT growth (CAGR)	4Y average EBITDA margin	4Y average PAT margin	4Y capital employed growth (CAGR)	4Y CFO growth (CAGR)	4Y average working capital cycle (Days)	4Y average CFO / EBITDA	4Y average CFO / Capital employed	4Y average fixed asset turnover	4Y average total asset turnover (x)	4Y average RoE	4Y average RoIC
Medi Assist Healthcare Services Ltd.	16.6%	15.4%	25.3%	23.7%	13.5%	3.3%	69.0%	81.2	86.5%	61.1%	2.9	0.6	17.3%	17.4%
Computer Age Management Services Ltd.	11.6%	13.7%	18.4%	42.3%	28.6%	3.1%	17.1%	(6.8)	79.6%	91.5%	2.6	0.6	38.0%	29.4%
KFin Technologies Ltd.	17.0%	23.0%	251.7%	41.3%	9.5%	-0.2%	30.1%	52.5	80.9%	25.4%	0.8	0.5	7.0%	7.0%
Average	14.3%	18.3%	135.0%	41.8%	19.1%	1.4%	23.6%	22.8	80.2%	58.4%	1.7	0.5	22.5%	18.2%

Company name	EPS (Rs.)	BVPS (Rs.)	DPS (Rs.)	Debt equity ratio (x)	Fixed asset turnover ratio (x)	Total asset turnover ratio (x)	RoE	RoCE	P / E (x)	P / B (x)	EV / Sales (x)	EV / EBITDA (x)	MCAP / Sales (x)	Earning yield
Medi Assist Healthcare Services Ltd.	12.0	54.7	1.9	0.2	3.3	0.8	22.0%	52.0%	34.8	7.6	4.8	21.8	5.1	2.9%
Computer Age Management Services Ltd.	62.9	159.1	37.6	0.0	3.0	0.6	39.6%	104.0%	43.9	17.4	12.6	29.0	13.2	2.3%
KFin Technologies Ltd.	12.6	51.0	0.0	0.1	1.0	0.5	24.7%	37.1%	41.2	10.2	11.4	26.5	11.6	2.4%
Average			18.8	0.1	2.0	0.5	32.1%	70.5%	42.6	13.8	12.0	27.7	12.4	2.4%

Note: Financials for the period during FY20-23; Source: Choice Broking Research

- Established in 2002, MAHSL was the first TPA in India. Through its subsidiaries, i.e. Medi Assist TPA, Medvantage TPA (from 13th Feb. 2023) and Raksha TPA (from 25th Aug. 2023), MAHSL provided TPA services to insurance companies. During FY22, Medi Assist TPA had a market share of 14.8% in the Retail health insurance market and 41.7% in the Group health insurance market. On cumulative basis, MAHSL had 33.7% share in the Group and Retail premium serviced by TPAs.
- Under the Group health insurance segment, MAHSL works with around 9,500 corporates across the sectors and assist them with their employee's insurance requirement. Over FY21-23, the company reported 37.1% CAGR rise in premium under management (PUM) under this segment, which stood at Rs. 12,818cr in FY23. In 2022, MAHSL acquired Mayfair UK, which aided it in extending its services to corporates overseas. Attributing to around 87% of the total PUM handled by the company, this segment was the largest revenue contributing vertical during FY21-23.
- Under the Retail segment, MAHSL serviced individual insurance policyholders and acts as the intermediary between the insurance companies, hospitals and the insured members. PUM under this segment increased by 26.5% CAGR to Rs. 1,757cr in FY23. Moreover, this vertical contributed around 11% of the total operating revenue of the company.
- MAHSL also works with the central government and various state government agencies for administering public healthcare programs. During FY23, it serviced 15 government-sponsored insurance schemes covering over 17.8cr lives. During FY21-23, this segment generated an average 12.5% of the total operating revenue for the company.
- It also provides other healthcare and ancillary services like hospitalization services, call center services, customer relations, contract management services, billing services and claim processing services. Over the period MAHSL has developed a pan-India healthcare provider network comprising of 18,754 hospitals across 1,069 cities & towns spread over 31 states in India and network across 141 countries globally.
- The company provides its TPA services through its scalable technology enabled portals, which is accessed by all the stakeholders (such as insurance companies, hospitals, insurance brokers and insurance agents) on real-time basis. This portal assists the MAHSL in offering a comprehensive healthcare solution to its customers, encompassing an extensive in-patient and out-patient network, on-demand health services, robust management of fraud, waste and abuse, as well as effective medical inflation control. As of 30th Sept. 2023, around 30 insurance companies are integrated with the portal and around 440 insurance products are serviced.
- It has developed a longstanding relationship with insurance companies. The average term of relationship with the four PSU insurance companies was 20 years and nine years with 23 non-PSU sector insurance companies. Moreover, the company has also developed a longstanding relationship with corporate group accounts while retaining around 95% of the corporate accounts.

Key highlights of the company (Contd...):

- MAHSL has reported a strong financial performance over FY21-23, characterized by profitable business growth. During the period, PUM increased by 35.7% CAGR to Rs. 14,574.6cr in FY23. Premium under Group schemes attributed to around 87% of the PUM, while the rest was contributed by Retail schemes. Blended yield on PUM contracted by 61bps, resulting to a top-line of Rs. 504.9cr in FY23, which increased by 25.1% CAGR during the period. Total operating expenditure increased by 24.9% CAGR (a rate lower than top-line growth), consequently, consolidated EBITDA margin expanded by 21bps to 23.6% in FY23. Over FY21-23, EBITDA increased by 25.6% CAGR to Rs. 119.3cr in FY23. Depreciation expenses and finance costs declined by 8% and 27.8% CAGR, respectively. As a result, adjusted PAT from continuing operations increased by 40.8% CAGR to Rs. 75.3cr. PAT margin expanded by 314bps to 14.9% in FY23. MAHSL reported positive operating cash flows during the period, however, it declined by 24% CAGR. Average operating cash flow stood at Rs. 95.3cr. Total consolidated financial liabilities increased by 19.5% CAGR, but better profitability resulted in a debt-to-equity ratio of 0.2x in FY23. Pre-issue RoIC and RoE stood at 20.1% and 20%, respectively, in FY23.
- During H1 FY24, the company reported 24% Y-o-Y growth in operating revenue to Rs. 302cr, with EBITDA and adjusted PAT margin of 20.7% and 14.6%, respectively. Due the integration cost linked to recent acquisitions, H1 FY24 EBITDA margin was lower, compared to FY23. On TTM basis, top-line stood at 563.4cr with EBITDA and PAT margin of 22% and 14.7%, respectively.
- Based on quick conservative estimate, over FY23-25E, we are forecasting a top-line growth of 10.3% CAGR to Rs. 614.3cr in FY25E. PUM is expected to grow by 12% CAGR to Rs. 18,282.4cr, however, blended yield is anticipated to contract by 10bps during the period. With relatively higher operating expenditure, EBITDA and PAT margin are forecasted to contract by 49bps and 24bps, respectively to 23.1% and 14.4% in FY25E. Post-issue RoE are forecasted to be at 17.2% in FY25E, compared to 20% in FY23.

Peer comparison and valuation: There are no comparable peers having business model similar to MAHSL. Considering the nature of the operations, the above peers are considered only for benchmarking the demanded valuation. At higher price band, MAHSL is demanding a P/E multiple of 34.8x (to its TTM EPS of Rs. 12), which is at discount to the peer average of 42.6x. Thus the issue is attractively priced.

MAHSL is catering to the fast growing health insurance sector. Thus, considering its dominant share in the TPA market, consistent financial performance, healthy cash flow generation and dividend payout, we assign a **"SUBSCRIBE"** rating for the issue.

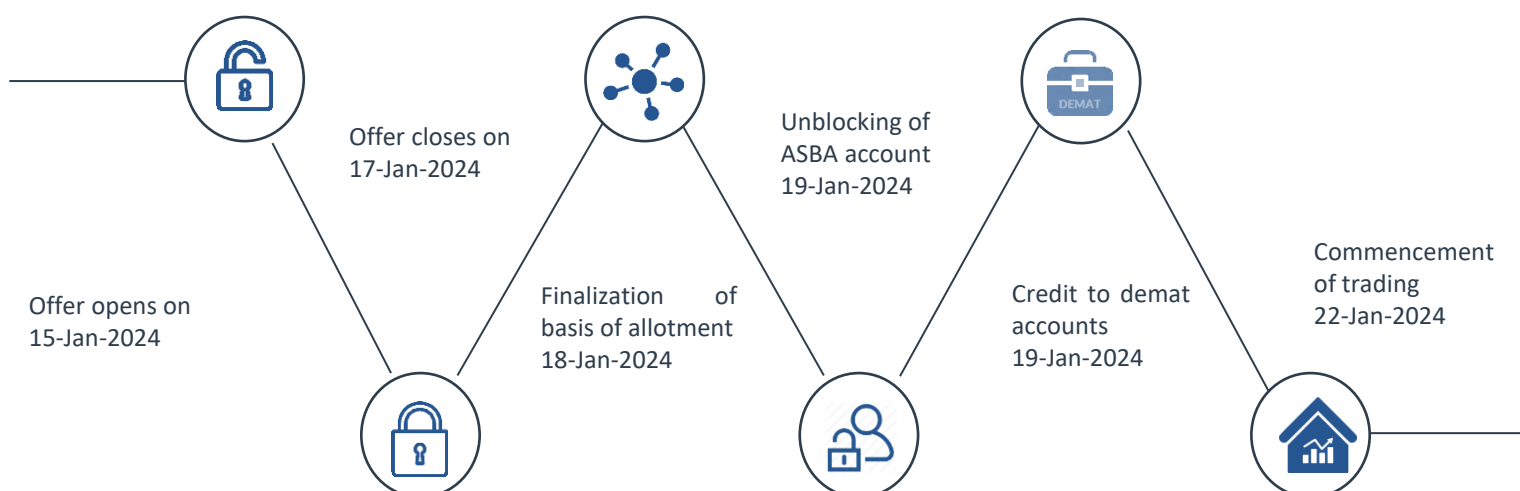
About the issue:

- MAHSL is coming up with an IPO with 2.803cr shares (fresh issue: nil; OFS shares: 2.803cr shares) in offering. This offer represents 40.7% of the post-issue paid-up equity shares of the company. Total IPO size is Rs. 1,112.7 - 1,171.6cr.
- The issue is through book building process with a price band of Rs. 397 - 418 per share.
- Lot size comprises of 35 equity shares and in-multiple of 35 shares thereafter.
- The issue will open on 15th Jan. 2024 and close on 17th Jan. 2024.
- The IPO only has OFS portion, thus the company will not receive any funds from the issue.
- Couple of promoter & promoter group (P&PG) entities are participating in the OFS and offloading around 2.803cr shares (considering the higher price band). Post-IPO, P&PG will have 45.75% stake in the company, compared to 77.14% earlier. Consequently, public shareholding will increase from 22.86% to 54.25%.
- 50% of the net issue is reserved for qualified institutional buyers, while 15% and 35% 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	77.14%	45.75%
Public	22.86%	54.25%
Non-promoter & Non-public	0.00%	0.00%

Source: Choice Equity Broking

Indicative IPO process time line:



Pre-issue financial performance:

Performance over FY21-23: MAHSL has reported a strong financial performance over FY21-23, characterized by profitable business growth. During the period, PUM increased by 35.7% CAGR to Rs. 14,574.6cr in FY23. Premium under Group schemes attributed to around 87% of the PUM, while the rest was contributed by Retail schemes. Blended yield on PUM contracted by 61bps, resulting to a top-line of Rs. 504.9cr in FY23, which increased by 25.1% CAGR during the period. Segment-wise, yield would have contracted by 19bps and 126bps, respectively, for Group and Retail schemes.

Total operating expenditure increased by 24.9% CAGR (a rate lower than top-line growth), consequently, consolidated EBITDA margin expanded by 21bps to 23.6% in FY23. Over FY21-23, EBITDA increased by 25.6% CAGR to Rs. 119.3cr in FY23.

Depreciation expenses and finance costs declined by 8% and 27.8% CAGR, respectively. As a result, adjusted PAT from continuing operations increased by 40.8% CAGR to Rs. 75.3cr. PAT margin expanded by 314bps to 14.9% in FY23.

MAHSL reported positive operating cash flows during the period, however, it declined by 24% CAGR. Average operating cash flow stood at Rs. 95.3cr. Total consolidated financial liabilities increased by 19.5% CAGR, but better profitability resulted in a debt-to-equity ratio of 0.2x in FY23. Pre-issue RoIC and RoE stood at 20.1% and 20%, respectively, in FY23.

Performance during H1 FY24: the company reported 24% Y-o-Y growth in operating revenue to Rs. 302cr, with EBITDA and adjusted PAT margin of 20.7% and 14.6%, respectively. Due the integration cost linked to recent acquisitions, H1 FY24 EBITDA margin was lower, compared to FY23. On TTM basis, top-line stood at 563.4cr with EBITDA and PAT margin of 22% and 14.7%, respectively.

Pre-issue consolidated financial snapshot (Rs. cr)	FY21	FY22	FY23	H1 FY23	H1 FY24	TTM	CAGR over FY21-23	Y-o-Y (FY23 annual)	Y-o-Y (half yearly)
Premium under management	7,918.5	11,048.9	14,574.6		9,542.6	9,542.6	35.7%	31.9%	
Blended yield	4.1%	3.6%	3.5%		3.2%	5.9%	(61) bps	(10) bps	
<i>Income from TPA services</i>	312.1	385.4	486.4	238.6	280.6	528.4	24.8%	26.2%	17.6%
<i>Income from health management services</i>	4.6	4.4	12.7	0.8	19.5	31.3	66.1%	187.7%	2209.4%
<i>Income from license fee</i>	0.2	0.0	3.3	2.3	1.2	2.3	304.6%	7490.9%	-47.9%
<i>Other operating revenue</i>	5.9	4.0	2.6	1.7	0.7	1.5	-33.9%	-35.9%	-59.6%
Revenue from operations	322.7	393.8	504.9	243.5	302.0	563.4	25.1%	28.2%	24.0%
EBITDA	75.6	91.2	119.3	58.0	62.4	123.8	25.6%	30.8%	7.6%
PAT from continuing operations	38.0	63.5	75.3	36.8	24.3	62.8	40.8%	18.7%	-34.0%
PAT from discontinued operations	(11.7)	0.8	(1.3)	(0.1)	(1.8)	(2.9)	-67.1%		1785.1%
Reported PAT	26.3	64.2	74.1	36.7	21.3	58.7	67.9%	15.3%	-41.8%
Adjusted PAT	38.0	60.9	75.3	36.8	44.1	82.7	40.8%	23.8%	20.0%
Restated reported EPS	5.5	8.8	10.9	5.3	6.4	12.0	40.8%	23.8%	20.0%
Cash flow from operating activities	140.4	64.5	81.1	31.0	(18.9)	31.2	-24.0%	25.8%	
NOPLAT	27.4	49.4	67.3	34.1	34.0	66.3	56.8%	36.2%	-0.2%
FCF	(99.9)	26.7	65.8		86.0			146.8%	
RoIC (%)	10.1%	16.7%	20.1%	10.8%	10.7%	20.8%	1,000 bps	338 bps	(9) bps
Revenue growth rate	1.3%	22.0%	28.2%		24.0%				
EBITDA growth rate	-2.7%	20.7%	30.8%		7.6%				
EBITDA margin	23.4%	23.2%	23.6%	23.8%	20.7%	22.0%	21 bps	47 bps	(315) bps
Restated adjusted PAT growth rate	-0.8%	60.1%	23.8%		20.0%				
Restated adjusted PAT margin	11.8%	15.5%	14.9%	15.1%	14.6%	14.7%	314 bps	(54) bps	(49) bps
Trade receivables days	147.0	108.9	88.9	91.6	132.5	144.0	-22.2%	-18.4%	44.6%
Trade payables days	(41.2)	(29.2)	(23.7)	(23.4)	(24.4)	(26.5)	-24.3%	-19.0%	4.0%
Cash conversion cycle	105.8	79.7	65.2	68.2	108.1	117.5	-21.5%	-18.2%	58.5%
Fixed asset turnover ratio	2.7	3.7	2.9	2.3	1.2	2.2	4.6%	-21.4%	-48.0%
Total asset turnover ratio	0.6	0.7	0.7	0.4	0.4	0.7	9.9%	9.4%	-0.9%
Current ratio	1.7	1.8	1.6	1.9	1.2	1.2	-3.1%	-12.5%	-36.3%
Total debt	51.2	40.8	73.1	40.7	55.0	55.0	19.5%	79.2%	35.0%
Net debt	(166.7)	(216.3)	(181.2)	(233.3)	(34.3)	(34.3)	4.3%	-16.2%	-85.3%
Debt to equity	0.2	0.1	0.2	0.1	0.1	0.1	5.0%	60.5%	21.9%
Net debt to EBITDA	(2.2)	(2.4)	(1.5)	(4.0)	(0.5)	(0.3)	-17.0%	-36.0%	-86.3%
RoE (%)	13.1%	18.1%	20.0%	10.0%	10.8%	20.2%	691 bps	195 bps	83 bps
RoA (%)	7.0%	10.1%	10.7%	5.7%	5.5%	10.3%	370 bps	57 bps	(24) bps
RoCE (%)	40.3%	56.6%	53.5%	36.5%	11.2%	23.6%	1,321 bps	(306) bps	(2,527) bps

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



Competitive strengths:

- Well established third party administrator in India
- Scalable technology-enabled infrastructure, addressing the needs of all constituents of the health insurance ecosystem
- Longstanding relationships with majority of insurance companies
- Diversified base of group accounts with longstanding relationships
- Attractive contracts with a pan-India healthcare provider network
- Ability to integrate acquisitions
- Experienced management team and marquee shareholders

Business strategy:

- Maintain leadership position among group accounts
- Continue pursuing inorganic growth opportunities
- Continue to enhance technology platforms
- To Increase market share in the retail segment



Risk and concerns:

- General slowdown in the global economic activities
- Unfavorable government policies & regulations
- Declining yield on premium under management
- Unfavorable product-mix and forex rates
- Revenue concentration risk
- Difficulty in maintaining the profitability
- Competition

Financial statements:

Consolidated profit and loss statement (Rs. cr)								
	FY21	FY22	FY23	H1 FY23	H1 FY24	TTM	CAGR over FY21-23	Annual growth over FY22
Revenue from operations (Continuing operations)	322.7	393.8	504.9	243.5	302.0	563.4	25.1%	28.2%
Employee benefits expense	(143.3)	(155.7)	(197.7)	(92.0)	(117.1)	(222.8)	17.5%	27.0%
Other expenses	(103.9)	(146.9)	(187.9)	(93.5)	(122.4)	(216.8)	34.5%	27.9%
EBITDA	75.6	91.2	119.3	58.0	62.4	123.8	25.6%	30.8%
Depreciation and amortization expense	(31.7)	(28.4)	(26.8)	(12.6)	(19.7)	(33.9)	-8.0%	-5.8%
EBIT	43.9	62.8	92.6	45.4	42.7	89.9	45.2%	47.4%
Finance costs	(5.7)	(3.0)	(3.0)	(1.2)	(1.3)	(3.2)	-27.8%	1.3%
Other income	22.8	18.2	14.0	4.7	10.1	19.4	-21.6%	-23.0%
Exceptional items		2.6			(21.0)	(21.0)		
PBT (Continuing operations)	61.0	80.7	103.6	48.9	30.4	85.1	30.3%	28.4%
Tax expenses	(23.0)	(17.2)	(28.3)	(12.1)	(6.1)	(22.3)	10.8%	64.3%
PAT from continuing operations	38.0	63.5	75.3	36.8	24.3	62.8	40.8%	18.7%
PAT from discontinued operations	(11.7)	0.8	(1.3)	(0.1)	(1.8)	(2.9)	-67.1%	
PAT before minority interest	26.3	64.2	74.0	36.7	22.5	59.9	67.9%	15.3%
Minority interest			0.0		(1.1)	(1.1)		
Reported PAT	26.3	64.2	74.1	36.7	21.3	58.7	67.9%	15.3%
Adjusted PAT	38.0	60.9	75.3	36.8	44.1	82.7	40.8%	23.8%

Consolidated balance sheet statement (Rs. cr)								
	FY21	FY22	FY23	H1 FY23	H1 FY24	TTM	CAGR over FY21-23	Annual growth over FY22
Equity share capital	0.0	34.4	34.4	34.4	34.4	34.4	2950.5%	0.0%
Other equity	290.4	302.7	342.2	334.3	374.0	374.0	8.6%	13.0%
Non-controlling interests	2.2	2.2	7.1	2.2	8.2	8.2	80.9%	227.4%
Non-current lease liabilities	25.7	17.5	18.7	15.7	16.8	16.8	-14.7%	6.7%
Other non-current financial liabilities			7.3		6.7	6.7		
Non-current provisions	8.6	11.2	14.2	11.8	18.0	18.0	29.0%	26.9%
Net deferred tax liabilities			3.2		11.6	11.6		
Trade payables	34.0	29.0	36.4	31.7	40.9	40.9	3.5%	25.5%
Current borrowings			0.1		0.1	0.1		
Current lease liabilities	9.6	10.0	11.9	10.3	14.5	14.5	11.3%	19.6%
Other current financial liabilities	15.9	13.3	35.1	14.7	16.9	16.9	48.7%	163.8%
Current contract liabilities	122.2	153.7	171.3	166.2	227.3	227.3	18.4%	11.5%
Current provisions	5.2	6.6	12.1	8.6	14.1	14.1	52.4%	82.6%
Net current tax liabilities	8.1		0.0		0.9	0.9	-92.7%	
Other current liabilities	23.4	21.6	11.6	11.3	18.2	18.2	-29.7%	-46.4%
Total liabilities	545.3	602.2	705.7	641.3	802.6	802.6	13.8%	17.2%
Property, plant & equipments	29.1	21.2	27.4	21.4	28.6	28.6	-3.0%	28.9%
Intangible assets	22.3	16.4	41.8	14.8	71.9	71.9	36.7%	155.0%
Intangible assets under development	0.7	6.5		10.9		0.0		
Right-of-use assets	26.8	20.1	26.9	19.9	28.3	28.3	0.1%	33.9%
Goodwill	41.0	41.0	75.4	41.0	128.7	128.7	35.7%	84.1%
Non-current investments	7.5	6.9	1.3	1.1	6.8	6.8	-58.8%	-81.8%
Other non-current financial assets	6.2	5.9	11.7	8.9	58.1	58.1	36.6%	97.8%
Net income tax assets	30.3	49.2	66.2	57.5	69.8	69.8	47.8%	34.4%
Net deferred tax assets	10.6	9.5	9.1	11.9	13.0	13.0	-7.4%	-4.1%
Other non-current assets	0.9	0.7	3.9	2.7	3.7	3.7	109.9%	488.4%
Trade receivables	116.3	118.8	127.2	124.0	222.3	222.3	4.6%	7.1%
Current investments	103.1	194.5	42.7	154.0	12.7	12.7	-35.6%	-78.0%
Cash & cash equivalents	114.7	62.5	211.5	120.1	76.5	76.5	35.8%	238.2%
Other current financial assets	22.3	22.4	28.2	25.0	40.3	40.3	12.5%	25.7%
Other current assets	12.2	26.6	32.5	28.2	42.0	42.0	63.6%	22.4%
Non-current assets held for sale	1.2					0.0		
Total assets	545.3	602.2	705.7	641.3	802.6	802.6	13.8%	17.2%

Source: Choice Equity Broking

Financial statements (Contd...):

Consolidated cash flow statement (Rs. cr)								
	FY21	FY22	FY23	H1 FY23	H1 FY24	TTM	CAGR over FY21-23	Annual growth over FY22
Cash flow before working capital changes	83.8	101.4	125.4	66.9	64.7	123.2	22.3%	23.6%
Working capital changes	25.0	5.7	(5.1)	(12.9)	(78.0)	(70.2)		
Cash flow from operating activities	140.4	64.5	81.1	31.0	(18.9)	31.2	-24.0%	25.8%
Purchase of fixed assets and CWIP	(13.3)	(11.8)	(55.2)	(13.1)	(115.2)	(157.3)	104.1%	369.2%
Cash flow from investing activities	(60.8)	(82.9)	(10.5)	8.2	16.4	(2.3)	-58.5%	-87.3%
Cash flow from financing activities	(10.8)	(30.4)	(31.5)	(6.9)	(31.4)	(56.0)	71.2%	3.8%
Net cash flow	68.8	(48.8)	39.1	32.2	(34.0)	(27.1)	-24.7%	
Opening balance of cash	(5.5)	63.3	14.8	14.6	54.0	53.9		-76.6%
Closing balance of cash	63.3	14.6	53.9	46.8	20.0	26.8	-7.8%	270.4%

Consolidated financial ratios							
Particulars	FY21	FY22	FY23	H1 FY23	H1 FY24	TTM	
Profitability ratios							
Revenue growth rate	1.3%	22.0%	28.2%		24.0%		
EBITDA growth rate	-2.7%	20.7%	30.8%		7.6%		
EBITDA margin	23.4%	23.2%	23.6%	23.8%	20.7%	22.0%	
EBIT growth rate	-14.5%	43.0%	47.4%		-6.0%		
EBIT margin	13.6%	16.0%	18.3%	18.6%	14.1%	15.9%	
Restated adjusted PAT growth rate	-0.8%	60.1%	23.8%		20.0%		
Restated adjusted PAT margin	11.8%	15.5%	14.9%	15.1%	14.6%	14.7%	
Turnover ratios							
Trade receivable turnover ratio	2.5	3.4	4.1	2.0	1.4	2.5	
Accounts payable turnover ratio	8.9	12.5	15.4	7.7	7.4	13.8	
Fixed asset turnover ratio	2.7	3.7	2.9	2.3	1.2	2.2	
Total asset turnover ratio	0.6	0.7	0.7	0.4	0.4	0.7	
Return ratios							
RoIC (%)	10.1%	16.7%	20.1%	10.8%	10.7%	20.8%	
RoE (%)	13.1%	18.1%	20.0%	10.0%	10.8%	20.2%	
RoA (%)	7.0%	10.1%	10.7%	5.7%	5.5%	10.3%	
RoCE (%)	40.3%	56.6%	53.5%	36.5%	11.2%	23.6%	
Per share data							
Restated adjusted EPS (Rs.)	5.5	8.8	10.9	5.3	6.4	12.0	
DPS (Rs.)	0.0	2.5	1.9	0.0	1.9	3.8	
BVPS (Rs.)	42.2	49.0	54.7	53.6	59.3	59.3	
Operating cash flow per share (Rs.)	20.4	9.4	11.8	4.5	(2.7)	4.5	
Free cash flow per share (Rs.)	(14.5)	3.9	9.6		12.5		
Dividend payout ratio	0.0%	28.3%	17.3%	0.0%	29.5%	31.5%	

Source: Choice Equity Broking

IPO rating rationale

Subscribe: An IPO with strong growth prospects and valuation comfort.

Subscribe with Caution: Relatively better growth prospects but with valuation discomfort.

Avoid: Concerns on both fundamentals and demanded valuation.

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