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## About Company

Incorporated in June 2002, Medi Assist Healthcare Services Limited is a health-tech and insurance-tech company that manages health benefits for employers, retail members, and public health schemes, primarily serving insurance companies.

Medi Assist, India's largest healthcare TPA, bridges the gap between patients, insurers, and providers. They act as the conductor of this medical orchestra, ensuring smooth insurance claim settlements and cashless treatment access through an extensive network of 14,000+ hospitals. Their technology-driven approach simplifies claim processes, while their nationwide team offers 24/7 support to policyholders. From group benefits to individual plans and government schemes, Medi Assist serves over 226 million lives, fostering trust and transparency in the healthcare ecosystem.

## Issue details

Price Band (in ` per share)	397-418
Issue size (in ` Crore)	1112.72-1171.58
Fresh Issue (in ` Crore)	NIL
OFS (in ` Crore)	280.28
Issue open date	15-01-2024
Issue close date	17-01-2024
Tentative date of Allotment	18-01-2024
Tentative date of Listing	22-01-2024
Total number of shares (lakhs)	280.28
No. of shares for QIBs (50%) (lakhs)	140.14
No. of shares for NII (15%) (lakhs)	42.04
No. of shares for S-HNI (1/3rd)	13.87
No. of shares for B-HNI (2/3rd)	28.17
No. of shares for retail investors (35%) (lakhs)	98.10
Minimum order quantity	35 Lots
Face value (in ` Rs)	5.00
Amount for retail investors (1 lot)	13,895-14,630
Maximum number of shares for Retail investors at lower Band	455 (13 Lots)
Maximum number of shares for Retail investors at upper band	490 (14 lots)
Maximum amount for retail investors at lower Band- upper band	98.10
Minimum number of shares for sHNI (2 Lakhs) at upper band	490 (14 Lots)
Maximum number of shares for sHNI (10 Lakhs) at upper band	2380( 68 Lots)
Minimum number of shares for bHNI at upper band	2451 (69 Lots)
Employee reservation (in lakhs)	NIL
Exchanges to be listed on	BSE, NSE

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## Promoters

- Dr Vikram Jit Singh Chhatwal
- Bessemer India Capital Holding II Ltd.
- Medimatter Health Management Private Limited

## Objective of the Offer

- Sale of shares of upto 28,028,168 equity Shares by the Selling Shareholders.

**Brief Financials**

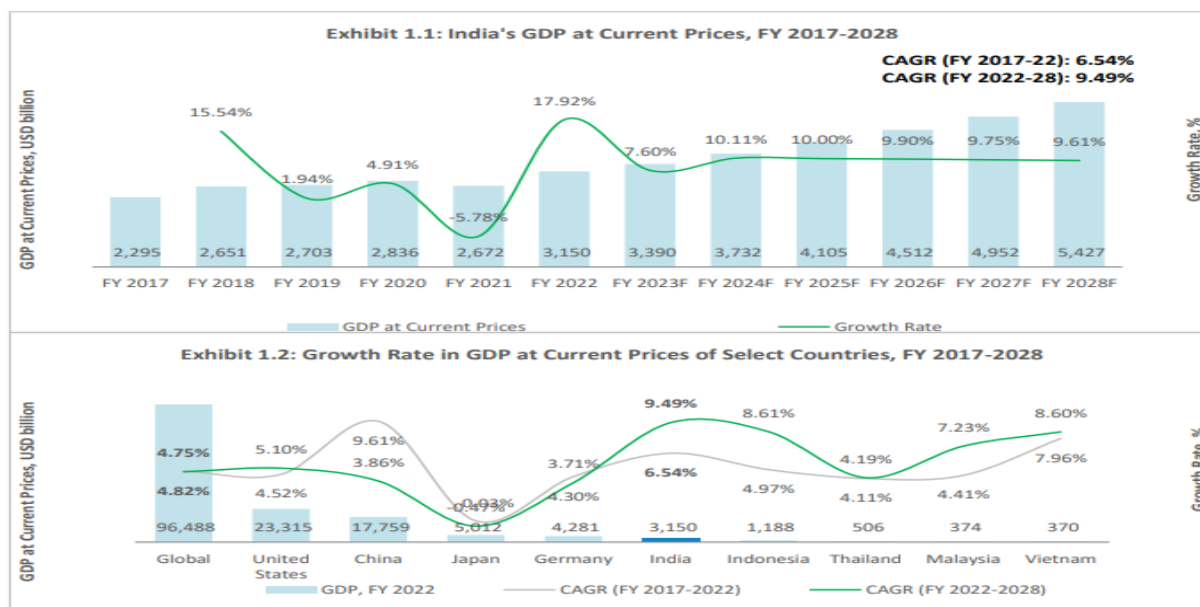
PARTICULARS (Rs. Cr)*	September 23	FY23	FY22	FY21
Share Capital	34.43	34.43	34.43	0.037
Net Worth	416.63	383.67	339.28	292.54
Revenue	312.02	518.95	412.02	345.57
Profit/(Loss) After Tax	22.48	74.04	64.21	26.27
EPS (in Rs)	6.72^	10.94	9.22	5.67
Net Asset Value (Rs)	60.51	55.72	49.27	42.48
P/E	62.70	38.10	NA	NA
P/B	6.90	7.50	NA	NA

Source: #calculated at upper price band \* Restated consolidated financials ^annualised EPS

**Industry Review****Introduction to The Indian Economy**

A dynamic and diverse economy that has demonstrated resilience and potential for growth even during the pandemic.

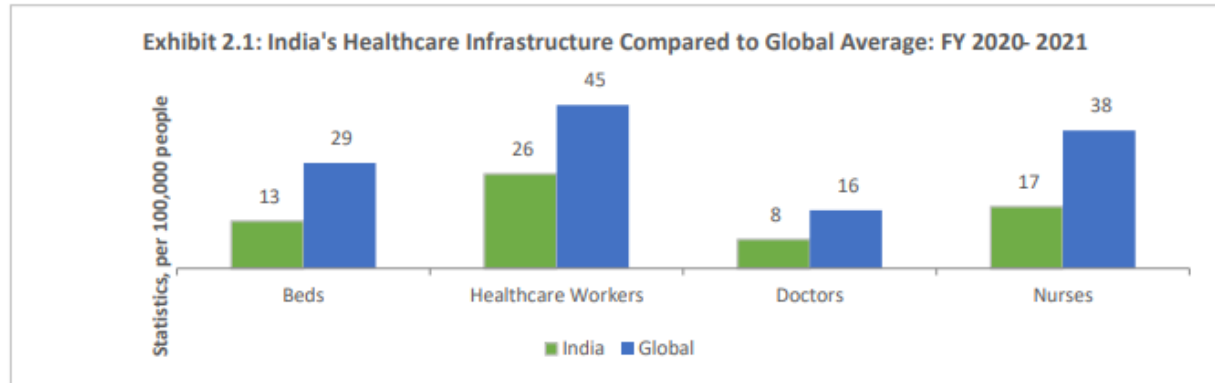
The Indian economy is the fifth largest in the world, with a Gross Domestic Product (GDP) of USD 3.1 trillion in FY 2022. It is expected to emerge as the fastest-growing major economy, with a growth rate of 9.49% over FY 2022-2028, outpacing the global growth of 4.75% during the same period.

**India's Healthcare Sector****Characteristics and Key Trends of the Indian Healthcare Sector****Inadequate healthcare infrastructure and resources with stark urban-rural divide:**

India's healthcare infrastructure still needs significant improvement to meet the healthcare needs of its population. For example, according to the 2021 NITI Aayog report, India had 1.3 hospital beds per 1,000 population vis-à-vis WHO guideline of 3 beds. Further, the density of beds is still low in rural areas, with only 28-30% of total beds<sup>1</sup>. Only ~13% of the people in rural India (65% of the total population) have access to primary healthcare.



## Industry Review



Source: NITI AYOJ, World Bank Data, Frost & Sullivan  
Note: India data for the fiscal year

### Growing disease burden putting pressure on healthcare infrastructure & household expenditure:

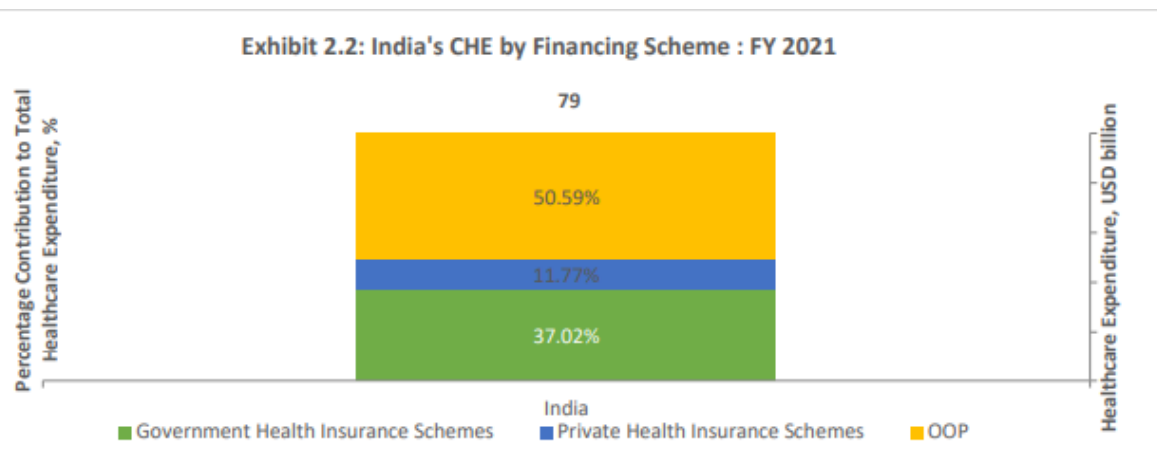
India's share of the middle-aged and aged population (45+ years) increased from ~19% in 2001 to ~25% in 2020. According to a report published by Akhtar et al. on "Chronic diseases and productivity loss among middle-aged and elderly in India," this population has the highest risk of experiencing non-communicable diseases (NCDs). The median age of NCD onset moved from 57 to 53 years between 2004 and 2018. As the early onset of chronic diseases requires long-term treatments and is mostly outpatient-driven, there has been an increase in the household income spent on healthcare as Out-of-pocket (OOP) expenditure. The growth of the middle class and the disease burden have increased the need for health insurance to support this population.\

### Healthcare Expenditure in India

#### OOP and Growing Healthcare Expenditure

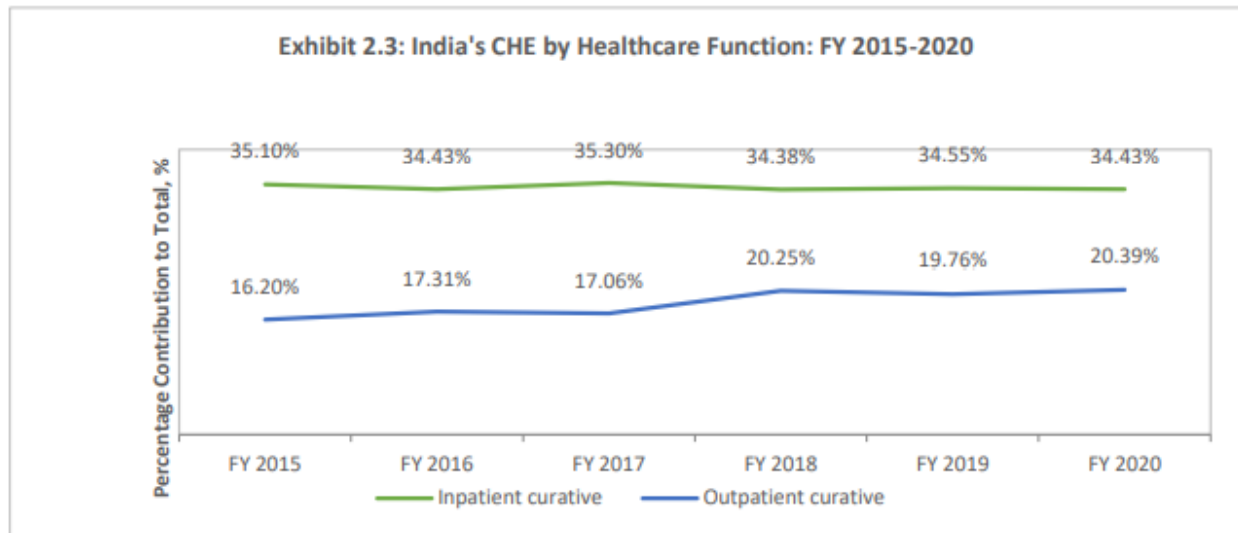
#### High out-of-pocket expenditure continues to impose a financial burden on individuals.

India's OOP share is very high (50.59% in FY2021) amongst the other healthcare funding schemes available in the country. The OOP is comparatively higher than its Asian counterparts, which rely on OOP for ~30-35% of the expenditure and substantially higher than the WHO recommendation of 15-20%<sup>2</sup>. High OOP creates immense pressure on household income, further strengthening the case for increasing insurers' share in the financing schemes. The government has set itself a target of spending 2.5% of GDP on healthcare by 2025. It, coupled with the penetration of private insurers, is expected to reduce the OOP dependency in India. Both private insurance and voluntary insurance schemes are deemed crucial for OOP dependency reduction in India. Even in countries like China, where ~95% of universal health coverage (UHC) was achieved as of 2022, voluntary insurance schemes are critical to reducing OOP. The current UHC schemes have co-payments for inpatient care as high as 25-35%. Thus, on account of a high proportion of out-of-pocket (OOP) in India and limitations on the government's ability to provide adequate coverage to the Indian population, the demand for private insurance in India is expected to grow





## Industry Review



With the advent of technology for early screening and enhanced diagnosis, disease management is improving. There has been a growth in day procedures to support quicker rehabilitation with increased outpatient CHE. India's care delivery ecosystem has evolved post-COVID-19 with an increase in teleconsultation and the growth of at-home healthcare services. These growth trends increase the OOP expenditure on healthcare for households, thus increasing the need for voluntary insurance coverage to support health management and reducing household health expenditure.

### Digital Transformation in the Healthcare Segment

**Digi Locker:** DigiLocker is a cloud-based platform launched by the Government of India in 2015 (under its Digital India initiative) to enable Indian citizens to store and access their digital documents (e.g., Aadhaar card, insurance policies) from a single centralized location. In addition to giving any time, anywhere access, the platform allows users to digitally sign documents, making it easier to authenticate and share them with providers and insurers.

**Health Wallet:** A health wallet allows individuals to store and manage their health information, such as medical records, prescriptions, and insurance details, in a secure and easily accessible digital format. It will give patients greater control over their data and allow them to access any healthcare service from anywhere.

**Ayushman Bharat Health Accounts (ABHA):** The Ayushman Bharat Digital mission (ABDM) has introduced ABHA, a Personal health records (PHR) application for patients to maintain and manage their health records. As of June 2023, 407,605,936 ABHA had been created. The penetration of ABHA drives health data generation for population health management, amongst many others.

**Bima Sugam:** The Insurance Regulatory and Development Authority of India (IRDAI) has planned to digitize the health insurance industry by developing an online marketplace to support health insurance purchase and claims management. Bima Sugam is the one-stop shop health exchange platform where all related queries, policy purchase, claim settlement, and insurance advice is addressed effectively. Web aggregators, brokers, insurance agents, bank agents, etc., would play the role of facilitators on the platform, servicing the policyholders effectively. It is likely to enhance quality and drive standardization and efficiencies of scale.



## Competitive Strengths

### Scalable Technology-Enabled Infrastructure Addressing the Needs of All Constituents of the Health Insurance Ecosystem

Technology expertise has been, and will continue to be, vital to their success and continued growth. Their ability to simultaneously deliver significant value to all constituents of the health insurance ecosystem is deeply rooted in their own purpose-built, modern, scalable technology platforms and applications that power all aspects of their operations, including engaging insured members, hospitals, insurance companies, insurance brokers and agents, group accounts, and advancing their business objectives efficiently and promptly. Moreover, following the effects of the COVID-19 pandemic, the significance of technology has become even more apparent with a greater realization among group and retail insurance providers that technology can be a critical enabler for delivering efficient and effective healthcare services (Source: F&S Report). In particular, customer support, automated and paperless processing, and adjudication of insurance claims are essential components in providing high-quality healthcare services that meet customers' evolving needs their technology infrastructure possesses the attributes of scalability, customisation, comprehensiveness, userfriendliness, and security. Furthermore, they have the ability to leverage data and drive transformative outcomes while incorporating new touch points, delivering an enhanced member experiences with increased efficiency, all while upholding stringent data quality standards

### Longstanding Relationships with a Majority of Insurance Companies

While they interact with a large number of participants in the health insurance ecosystem, they generate revenues predominantly from the health and other general insurance companies. Over the years, they have leveraged their domain expertise of the Indian health insurance ecosystem to establish trust and strengthen their longstanding relationships with these insurance companies. Insurance companies benefit from their diverse range of services and their ability to manage a large number of products and services. This enables among other things, seamless integration of systems using technology for transfer of insured member and claims information, faster processing of transactions to target a satisfactory user experience for insured members, and retention of such members and accurate processing of claims in accordance with the policy terms. They have developed a longstanding client base of insurance companies where their clients trust us and rely on the services they provide, their technology infrastructure and expertise built over several years of experience for day-to-day aspects of their businesses. The average term of their relationship with the four PSU insurance companies was 20 years and with 23 non-PSU sector insurance companies was nine years, as of September 30, 2023. Their share of retail and group benefits administration premiums under management from non-PSU insurance companies has increased from 14.65% in the Financial Year 2021 to 21.26% in the Financial Year 2023 and 24.33% during the six months ended September 30, 2023.

### Diversified base of Group Accounts with Longstanding Relationships

They have developed a diversified base of corporates whose health insurance requirements they service and have established longstanding relationships with them. They serviced over 9,500 group accounts with premium under management of ₹128,178.66 million for the Financial Year 2023. Premium managed for group accounts has grown at a CAGR of 37.08% between the Financial Years 2021 and 2023. Their Company has particularly maintained its market-leading position in premium under management in India's overall group health insurance segment from Financial Year 2020 to Financial Year 2022, with an increase in market share from 23.30% to 26.01%, while the market share of group premiums serviced by benefits administrators during this period has increased from 35.04% to 41.71% (Source: F&S Report). Furthermore, their Company managed group health insurance premiums representing 26.39% of India's overall group health insurance market in Financial Year 2023 (Source: F&S Report). For the Financial Year 2023, the market shares of Medvantage TPA and Raksha TPA of total group premiums were 1.22% and 2.42%, respectively (Source: F&S Report). The premium under management for their 10 largest group accounts has also increased from ₹25,954.66 million for the Financial Year 2021 to ₹41,667.57 million for the Financial Year 2023 at a CAGR of 26.70% and ₹44,463.28 million for the six months ended September 30, 2023. Furthermore, the percentage of group policies that availed of top-up has increased from 7.13% in the Financial Year 2021 to 8.32% in the Financial Year 2022, 9.25% in the Financial Year 2023 and 11.73% in the six months ended September 30, 2023.

### Experienced Management Team and Marquee Shareholders

Their management team has extensive industry experience, with a demonstrated ability to grow and diversify their business and innovate their services. Dr. Vikram Jit Singh Chhatwal, their Chairman and Whole-time Director, has over 22 years of experience in the healthcare services industry and has previously been associated with Apollo Health Street Limited, Indraprastha Apollo Hospitals, Reliance Capital Limited and Advent India PE Advisors 169 Private Limited. Their Whole-time Director and Chief Executive Officer, Satish V.N. Gidugu has over 24 years of industry experience; their chief business officer, Nikhil Chopra has over 17 years of experience in sales and business development; their chief technology officer, Himanshu Rastogi, has over 20 years of experience in information technology; their chief financial officer, Mathew George has over 27 years of experience in finance; Simmi Singh Bisht has over 16 years of experience. Their key managerial personnel have an average work experience of over 22 years and have been with us on an average for over 5 years. The knowledge and experience of their senior and mid-level management team members provides them with a significant competitive advantage as they seek to grow their business.



## Risk Factors

### RISK FACTORS

The company's income from benefit administration services provided to insurance companies across the group and retail portfolio is largely generated as a percentage of the premium under management and any decline in the premium under management may adversely affect the future revenues and profitability.

Any failure to maintain the quality of their services such as quick turnaround time in claims processing, responsiveness, accuracy and effective grievance redressal, may negatively impact their brands and reputation and result in loss of the insurance companies and the group accounts serviced by them, which may adversely affect their business and results of operations.

A decrease in insurance companies outsourcing claims processing and other related activities to third party administrators could impact their business, results of operations and financial condition.

The third party administration industry is intensely competitive and their inability to compete effectively may adversely affect their business, results of operations and financial condition.

Their business is significantly dependent on group accounts in certain industries, and for the Financial Years 2021, 2022, 2023, and the six months ended September 30, 2023, of the total premiums serviced attributable to their 50 largest group accounts, group accounts in the IT/ITES sector contributed 50.02%, 45.48%, 45.68% and 46.11% respectively, and group accounts in the BFSI sector contributed 21.37%, 21.01%, 20.57% and 22.53% respectively. Any adverse developments affecting such industries may adversely affect their business and results of operation

There are certain legal and regulatory proceedings against their Promoters, Dr. Vikram Jit Singh Chhatwal, Bessemer India Capital Holdings II Ltd and Medimatter Health under the provisions of the Companies Act 2013, and which are currently outstanding before the National Company Law Tribunal.



## Our View

As awareness grows and more health care contracts are signed, the company's reach expands, making it a unique player in the insurance industry's third-party administration market. From FY21 to FY23, the company's top line increased at a 25% CAGR. PAT margins for FY 23 and FY 22 were 14.67% and 16.31%, respectively. For FY 23, the respective returns on equity and assets are 10.49% and 19.30%. Based on the upper price band, the company's P/E is valued at a multiple of 38x for the FY23. We recommend to subscribe for listing gains and long term.





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