



Medi AssistTM

Medi Assist Insurance TPA Pvt. Ltd.

Sector: Insurance

Issue Opens - January 9, 2024 to January 11, 2024

Price Band
₹397 to ₹418

Face Value
₹5

Lot Size
35 Shares

Issue Size
₹1,171.58 Cr

Issue Type
Book Built

research@ganeshstock.com



Important Events

Issue Size

28,028,168 shares / ₹1,171.58 Cr)

Fresh Issue

28,028,168 shares / ₹1,171.58 Cr)

Offer for Sale

N/A

Basis of Allotment

Thursday, January 18, 2024

Initiation of Refunds

Friday, January 19, 2024

Credit of Shares to Demat

Friday, January 19, 2024

Medi Assist Listing Date

Monday, January 22, 2024

Promoters

- **Vikram Jit Singh Chhatwal (: Chairman and Whole-time Director)**
- **Satish V.N. Gidugu (Whole-time Director and Chief Executive Officer)**
- **Vishal Vijay Gupta (Non-Executive Nominee Director)**
- **Himani Kapadia (Independent Director)**

Promoters collectively hold 45.75% (Post Issue) of the Equity Share.

Sources: DHRP

About The Company.



Medi Assist, the biggest healthcare Third Party Administrator (TPA) in India, plays a crucial role in connecting patients, insurers, and healthcare providers. Think of them as the conductor of a medical orchestra, making sure insurance claims get settled smoothly, and people can access cashless treatments through a vast network of 14,000+ hospitals. Using technology, they make claiming processes easier, and their team is available around the clock to support policyholders. Whether it's group benefits, individual plans, or government schemes, Medi Assist serves over 226 million lives, working to build trust and transparency in the healthcare system.

Description of Their Business

They are a technology-led company that plays a crucial role in the health insurance ecosystem. While under the TPA Regulations, their primary clients are insurance companies, they serve as an intermediary between (a) general and health insurance companies and the insured members, (b) insurance companies and healthcare providers (such as hospitals), and (c) the Government and beneficiaries of public health schemes. They are India's largest health benefits administrator in terms of revenues and premium serviced for health insurance policies for the financial years 2018, 2019, and 2020.

They provide a vast range of technology based services to insurance companies, corporates and their employees, individual policy holders, hospitals, insurance brokers, insurance agents. See “- Information Technology Infrastructure” Other non-technology based services (many of which are also provided on their platform and applications) to insured members include: Hospitalization services, Call centre services, Cashless facility, Customer relations and contract management services, Billing services, Claim processing services, Insurance companies, Government schemes.

Objects of The Offer

The purpose of this offer is to get the advantages of having our shares listed on the stock exchanges. By doing this, we believe it will make our company more visible and strengthen our brand. Additionally, it will make it easier for existing shareholders to turn their shares into cash. The listing will create a market for people to buy and sell our shares publicly in India. It's important to note that the company won't get any money from this offer. Instead, all the money raised will go to the existing shareholders who are selling their shares in this offer.

Track Record Of Financial Performance

The following table sets forth select details of our 10 largest corporate accounts based on premium under management for the periods indicated.

Corporate Account	Length of relationship (in years)	Premium under management for the Financial Year 2018 (in ₹ million)	Premium under management for the Financial Year 2020 (in ₹ million)
A leading IT/ITES company	More than 15	7,584.0	9,230.4
A leading conglomerate	12	1,361.3	2,880.0
A leading IT/ITES company	4	2,726.9	3,048.3
A leading banking association	5	3420.0	3,198.9
A leading IT/ITES company	More than 15 years	1,198.4	1,853.4
A leading IT/ITES company	More than 15 years	1,323.0	1,562.8
A leading IT/ITES company	3	-	793.0
A leading Indian bank	6	505.4	782.6
A leading IT/ITES company	7	855.6	1,018.0
A leading defence company	6	711.7	901.2

HEALTHCARE PROVIDER NETWORK

Insurance company	Financial Year 2018	Financial Year 2019	Financial Year 2020 (in ₹ million)
Private sector insurance	1,220	3,512	5,483
Public sector insurance	10,076	11,818	11,339
Total	11,296	15,330	16,822

Statement of Profit and loss

(All amounts in INR millions, unless stated otherwise)



Particulars	Notes	For the period 1 April 2020 to 31 December 2020	For the period 1 April 2019 to 31 December 2019	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
Continuing operations						
Income						
Revenue from operations	21	2,422.04	2,330.14	3,185.85	2,768.19	2,317.57
Other income	22	152.40	121.42	118.22	43.50	98.22
Total income		2,574.44	2,451.56	3,304.07	2,811.69	2,415.79
Expenses						
Employee benefits	23	1,107.71	998.23	1,348.81	1,076.08	893.71
Finance costs	24	36.88	25.90	36.86	42.81	35.46
Depreciation and amortisation expenses	25	220.35	190.86	265.06	231.62	186.62
Other expenses	26	675.26	731.58	1,019.70	867.18	661.44
Total expenses		2,040.20	1,946.57	2,670.43	2,217.69	1,777.23
Profit before exceptional item and tax from continuing operations		534.24	504.99	633.64	594.00	638.56
Less: Exceptional item	43	-	-	-	113.30	-
Profit before tax for the period/ year from continuing operations		534.24	504.99	633.64	480.70	638.56
Income tax expense:						
Current tax	36	147.76	149.99	234.63	174.18	176.31
Deferred tax charge/ (credit)		5.60	3.00	7.30	(23.22)	23.48
		153.36	152.99	241.93	150.96	199.79
Profit after tax for the period/ year from continuing operations		380.88	352.00	391.71	329.74	438.77
Discontinued operations (Refer Note 37(i) and (ii))						
Loss for the period/ year from discontinued operations	37	(62.07)	(51.92)	(57.01)	(88.24)	(46.59)
Tax credit from discontinued operations		12.13	10.32	10.96	20.39	12.22
Loss after tax for the period/ year from discontinued operations		(49.94)	(41.60)	(46.05)	(67.85)	(34.37)
Profit after tax for the period/ year		330.94	310.40	345.66	261.89	404.40
Other comprehensive (loss)/ income						
Items that will not be reclassified subsequently to the statement of the profit and loss						
Re-measurement of defined benefit (assets)/ liabilities		(5.95)	(12.90)	(16.69)	(11.82)	(2.62)
Fair value changes in equity instrument through other comprehensive income		2.07	(18.56)	(21.46)	(38.20)	(17.05)
Income tax relating to items that will not be reclassified subsequently to statement of profit and loss		1.22	6.77	8.00	7.37	6.81
Total other comprehensive loss for the period/ year, net of income tax		(2.66)	(24.69)	(30.15)	(42.65)	(12.86)
Total comprehensive income for the period/ year		328.28	285.71	315.51	219.24	391.54
Earnings per share for continuing operations [Face value of Rs. 5 per share (31 December 2019: Rs. 5 per share; 31 March 2020: Rs. 5 per share; 31 March 2019: Rs. 5 per share; 31 March 2018: Rs. 5 per share)]						
Basic	28	5.70	5.27	5.86	4.93	6.57
Diluted		5.64	5.22	5.81	4.90	6.51
Earnings per share for discontinued operations [Face value of Rs. 5 per share (31 December 2019: Rs. 5 per share; 31 March 2020: Rs. 5 per share; 31 March 2019: Rs. 5 per share; 31 March 2018: Rs. 5 per share)]						
Basic		(0.75)	(0.62)	(0.69)	(1.02)	(0.51)
Diluted		(0.75)	(0.62)	(0.69)	(1.02)	(0.51)
Earnings per share for continuing and discontinued operations [Face value of Rs. 5 per share (31 December 2019: Rs. 5 per share; 31 March 2020: Rs. 5 per share; 31 March 2019: Rs. 5 per share; 31 March 2018: Rs. 5 per share)]						
Basic		4.95	4.65	5.17	3.92	6.05
Diluted		4.90	4.61	5.13	3.89	6.00



Strengths

- This company is the biggest health benefits administrator in India.
- It has advanced technology that takes care of everyone involved in health insurance.
- The company is good at managing costs efficiently.
- It provides a complete experience for settling insurance claims for both insurance companies and individuals.
- The company has been partners with insurance providers for a long time.
- It serves a diverse group of accounts and has strong, lasting relationships.
- Its presence covers the entire country, which is a significant advantage.
- The company has a proven track record of successfully bringing in new businesses and strengthening its position in health insurance through acquisitions.
- The company is led by an experienced management team.

Threats

- The company relies significantly on big groups in specific industries.
- It also depends on a small number of important clients for its income.
- Its earnings and profits are tied to the premiums it manages, which might go down.
- The company's success depends on ongoing demand for benefits administration from insurance companies, corporations, and the government.
- It offers services under government insurance plans, which means it's exposed to risks like funding issues, enrollments, and late payments.
- It has experienced negative cash flows in the past.
- The company is in a highly competitive environment.

Valuation and Outlook

The cost of the shares is expected to be between ₹397 to ₹418 per share. If we look at the valuation, Medi Assist Healthcare has a P/E ratio of 38.24x, which is calculated using a price above ₹418 and an FY23 EPS of ₹10.03.

MAHSL has a unique business model, and there aren't any similar companies to compare it with directly. However, when looking at some similar businesses for reference, MAHSL is asking for a price that is lower than what other companies in the same field are asking. At the higher price range, MAHSL is asking for a P/E ratio of 34.8x (based on its earnings per share of Rs. 12), which is less than the average of similar companies at 42.6x. So, it seems like the offering price for MAHSL is quite attractive.

MAHSL is serving the rapidly expanding health insurance sector. Because of its strong position in the TPA market, steady financial performance, good cash flow, and regular dividend payments, we recommend a "**SUBSCRIBE**" rating for this offering.



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