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Inventurus Knowledge Solutions

Technology

I-Sec conference takeaways: IKS Health – a unique full-stack health tech player

We met IKS' management at I-Sec conference. IKS is focusing on: 1) continuing the traction on full-platform deals; 2) increasing cross-selling with AQuity clients; 3) using AI to gain operating margin leverage and increase non-linearity between revenue and headcount growth; and 4) working with hospitals. The company's wallet share gain in existing clients, cross-selling and new logos are three key drivers of revenue growth. IKS expects traction in FY27 from the completion of AQuity tail account rationalisation. IKS envisages outpacing its USD 225bn TAM growth of 12% and maintaining EBITDA margin in the low to mid-thirties range. It also aims to sustain gross margin at current levels. We have a **BUY** rating on the stock, with a Dec'26E TP of INR 2,000, based on a one-year forward P/E of 35x.

Maximising value add from AQuity: Tail account rationalisation targeted clients that lacked the potential to reach multi-million-dollar size. AQuity salesforce was more transactional in nature. IKS is building its salesforce on top of it, which interacts more with the CXOs. AQuity was engaged in transcription and coding. AQuity's sales incentive process is aligned to IKS. The company is open to tuck in tech acquisitions currently.

Proactive sales approach: IKS seeks deals proactively vs. waiting for RFPs. It has dedicated salesforce for :1) point solution; 2) single specialty; 3) multi-specialty; and 4) large clients (optum). IKS also has dedicated sales people for the east and west coasts of US.

Focus on full platform deals: Full-platform deal makes more sense for clients because of productivity gains, as better documentation leads to better coding and better RCM, leading to a positive chain reaction. IKS gains clients for long-term through full-platform upfront payment deals. IKS is adding 2–3 platform clients each quarter, along with point solution deals. There is potential for 20–25% of revenue to come from platform-based deals. Word of mouth from good execution of Palomar deal has led to IKS securing more such deals. The company does not see the Palomar deal like structures as a concern. These upfront payment deal structures executed using balance sheet strength to lock in large clients with fixed revenue for a long period of time, which increases revenue visibility for the company.

Aiming to surpass TAM growth: IKS has subtracted the burden of admin chores from physicians, which has a TAM of USD 225bn. TAM growth is coming mostly driven by the shift from insourcing to outsourcing.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	26,640	31,890	39,187	47,598
EBITDA	7,692	10,286	12,430	15,098
EBITDA Margin (%)	28.9	32.3	31.7	31.7
Net Profit	4,863	6,754	8,482	10,744
EPS (INR)	29.2	40.3	50.6	64.1
EPS % Chg YoY	31.5	38.1	25.6	26.7
P/E (x)	56.7	41.0	32.7	25.8
EV/EBITDA (x)	36.4	26.7	21.5	17.0
RoCE (%)	24.7	28.1	28.1	26.7
RoE (%)	33.0	31.8	29.4	27.9

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Market Data

Market Cap (INR)	284bn
Market Cap (USD)	3,205mn
Bloomberg Code	IKS IN
Reuters Code	INUV.BO
52-week Range (INR)	2,190 / 1,226
Free Float (%)	28.0
ADTV-3M (mn) (USD)	6.0

Price Performance (%)	3m	6m	12m
Absolute	4.1	7.3	0.0
Relative to Sensex	0.1	1.7	0.0

ESG Score

	2023	2024	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

03-11-2025: [Q2FY26 results review](#)

03-08-2025: [Q1FY26 results review](#)

Other highlights

- IKS has competitors which mostly offer point solutions. Each feature has USD 10–15bn TAM. Most of IKS' competitors are not profitable or have been acquired by PE firms. Steady growth, along with AI and automation of features and a full-platform-led approach, has worked in favour of IKS' superior margin.
- Product ideation and deep-tech teams sit in US with 100 people. The brain of the workforce sits in US while execution is done by the Indian workforce. 9,000–10,000 people are in operations.
- Palomar deal has panned out well and its investment recovery will likely take ~3 years.
- IKS sees more adoption of the RCM feature than clinical features.
- Abridge and Suki are IKS' peers in the transcription business. R1RCM is its competitor in the RCM space.
- IKS serves clients with sizes of >50–100 physicians.
- As per management, FY27 should see acceleration from the completion of AQuity's tail account rationalisation.
- IKS has hired a new marketing and AI Head.
- 5% of revenue is being spent on R&D.

Exhibit 1: Four large deal wins in Q2FY26 (ex-WWMG investment deal in Jul'25)

	Expanded partnership with this legacy AQuity client to include VBC offerings. <i>Advent Health</i> is a national health system with more than 100,000 team members and more than 2,000 care sites that include hospitals, physician practices, ambulatory surgery centers, outpatient clinics, and more.
	New partnership representing a significant investment in modernization and technology for billing, collections and denial prevention services. <i>Revere Health</i> is the largest independent physician-led healthcare organization in Utah with more than 30 medical specialties in more than 100 urban and rural locations.*
	New partnership with IKS includes revenue cycle and clinical support in the outpatient multispecialty setting to take on administrative tasks and support clinical efficiencies. <i>The Jackson Clinic</i> is an independent multispecialty outpatient group practice in Tennessee with more than 120 physicians in 25 medical and surgical specialties.
	Expanded partnership with a <i>rapidly expanding Cardiology group</i> in the U.S. for the entire care enablement platform to drive revenue performance and mitigate operational inefficiencies.

Source: I-Sec research, Company data

Exhibit 2: 4 Large deals in Q1FY26



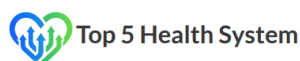
New partnership with [Mission Community Hospital](#) to drive financial outcomes and accountability with end-to-end revenue cycle across the hospital acute care and ambulatory surgery spaces



New partnership with [Bicycle Health](#) leveraging IKS to manage revenue cycle, enabling rapid growth and scale of the virtual network



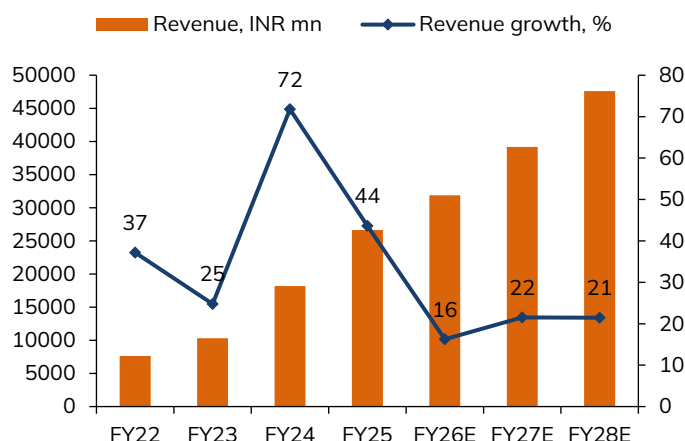
Expanded partnership with [OrthoNY](#) to introduce IKS Virtual Clinical Assistant at a growing specialty network to take on administrative tasks and support clinical efficiencies in addition to existing RCM services.



Expanded partnership with [a top 5 health system](#) in the U.S. for coding to drive revenue performance and mitigate operational inefficiencies.

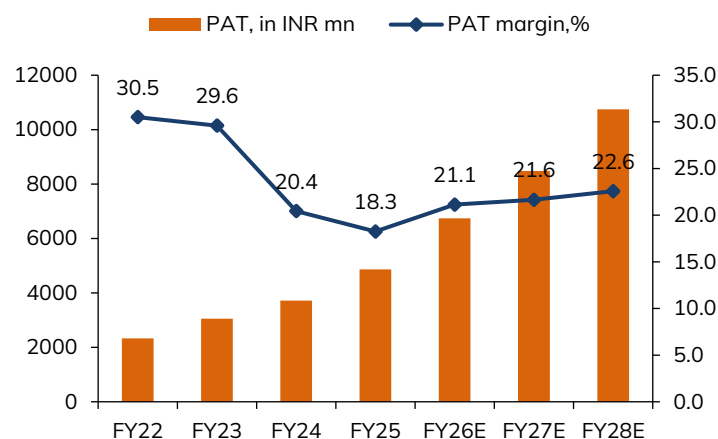
Source: I-Sec research, Company data

Exhibit 3: Robust revenue growth expected in FY26 despite AQuity's tail account rationalisation



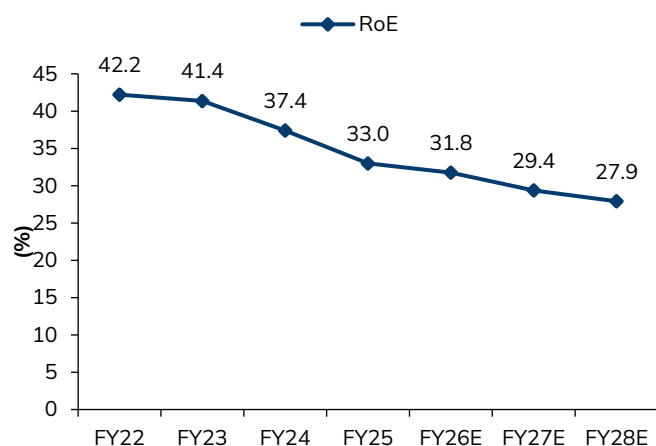
Source: I-Sec research, Company data

Exhibit 4: PAT margin expected to pick up as AQuity margins come close to IKS' margin levels



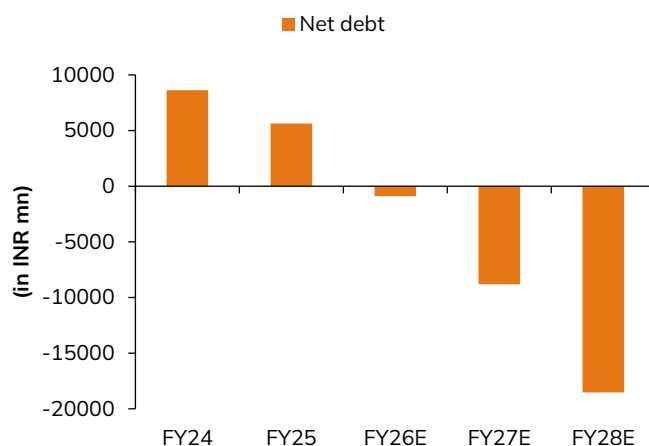
Source: I-Sec research, Company data

Exhibit 5: RoE likely to remain rangebound



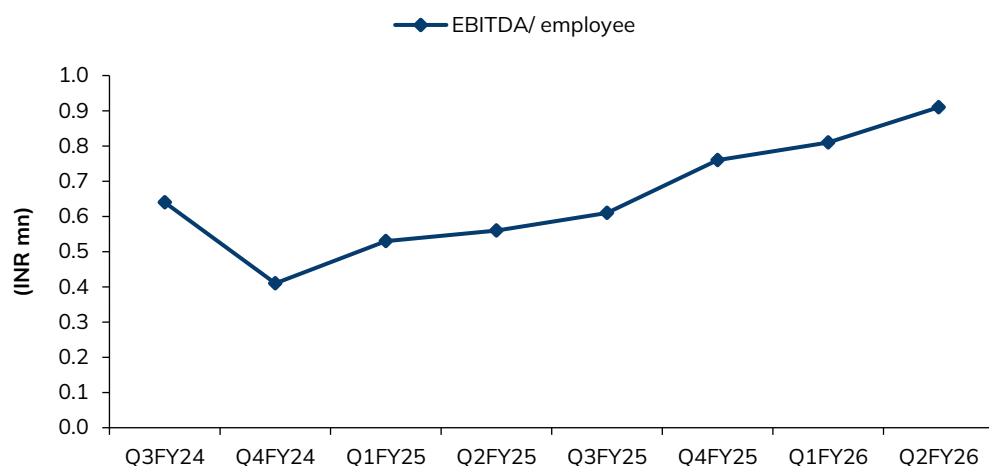
Source: I-Sec research, Company data

Exhibit 6: Net debt estimates



Source: I-Sec research, Company data

Exhibit 7: Steady growth in EBITDA/employee



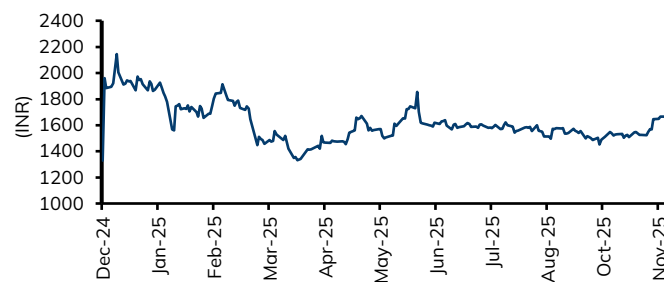
Source: I-Sec research, Company data

Exhibit 8: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	63.7	63.7	63.7
Institutional investors	9.4	10.8	11.9
MFs and other	1.7	1.9	2.3
Banks/ FIs	2.2	2.3	2.5
Insurance Cos.	0.1	0.1	0.1
FIs	5.4	6.5	7.0
Others	26.9	25.5	24.4

Source: Bloomberg, I-Sec research

Exhibit 9: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 10: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales (USD mn)	315	366	445	541
Net Sales (INR. mn)	26,640	31,890	39,187	47,598
Operating Expense	18,948	21,605	26,757	32,500
EBITDA	7,692	10,286	12,430	15,098
EBITDA Margin (%)	28.9	32.3	31.7	31.7
Depreciation & Amortization	1,126	1,312	1,553	1,736
EBIT	6,566	8,974	10,877	13,362
Interest expenditure	898	641	397	-
Other Non-operating Income	214	250	393	591
Recurring PBT	6,065	8,583	10,874	13,953
Profit / (Loss) from Associates	-	(14)	-	-
Less: Taxes	1,202	1,829	2,392	3,209
PAT	4,863	6,754	8,482	10,744
Less: Minority Interest	-	-	-	-
Net Income (Reported)	4,863	6,754	8,482	10,744
Extraordinaries (Net)	-	-	-	-
Recurring Net Income	4,863	6,754	8,482	10,744

Source Company data, I-Sec research

Exhibit 11: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	8,055	13,194	17,711	29,284
of which cash & cash eqv.	1,804	5,787	8,695	18,416
Total Current Liabilities & Provisions	2,523	2,886	3,390	3,972
Net Current Assets	5,532	10,309	14,320	25,313
Investments	1,137	1,137	1,137	1,137
Net Fixed Assets	412	410	406	402
ROU Assets	828	505	231	243
Capital Work-in-Progress	53	53	53	53
Goodwill	11,973	11,973	11,973	11,973
Other assets	3,295	3,295	3,295	3,295
Deferred Tax Assets	-	-	-	-
Total Assets	27,996	32,189	35,667	46,411
Liabilities				
Borrowings	5,093	2,546	-	-
Deferred Tax Liability	1,325	1,325	1,325	1,325
provisions	201	201	201	201
other Liabilities	17	17	17	17
Minority Interest	-	-	-	-
Equity Share Capital	170	170	170	170
Reserves & Surplus*	17,727	24,467	32,948	43,692
Total Net Worth	17,897	24,637	33,119	43,862
Total Liabilities	27,996	32,189	35,667	46,411

Source Company data, I-Sec research

Exhibit 12: Quarterly trend

(INR mn, year ending March)

	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Sales	6,572	7,240	7,401	7,811
% growth (YOY)	15.9%	16.8%	15.6%	21.5%
EBITDA	1,816	2,286	2,366	2,541
Margin %	27.6%	31.6%	32.0%	32.5%
Other Income	192	-24	12	177
Extraordinaries	-	-	-	-
Adjusted Net Profit	1,298	1,479	1,516	1,809

Source Company data, I-Sec research

Exhibit 13: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
CFO before WC changes	7,053	9,630	12,033	15,098
CFO after WC changes	2,017	9,478	11,327	13,826
Tax Paid	(1,161)	(1,829)	(2,392)	(3,209)
Cashflow from Operations	3,179	7,649	8,935	10,617
Capital Commitments	247	729	1,019	1,488
Free Cashflow	2,932	6,920	7,916	9,130
Other investing cashflow	1,553	250	393	591
Cashflow from Investing Activities	2,444	(479)	(625)	(896)
Dividend and Buyback	(230)	-	-	-
Inc (Dec) in Borrowings	-	-	-	-
Others	(66)	(641)	(397)	-
Cash flow from Financing Activities	(3,895)	(3,188)	(5,401)	-
Chg. in Cash & Bank balance	1,729	3,982	2,909	9,721
Closing cash & balance	3,167	5,787	8,695	18,416

Source Company data, I-Sec research

Exhibit 14: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	29.2	40.3	50.6	64.1
Diluted EPS	29.2	40.3	50.6	64.1
Cash EPS	36.0	48.2	59.9	74.5
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	107.5	147.1	197.7	261.9
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	46.5	19.7	22.9	21.5
EBITDA	47.8	33.7	20.8	21.5
EPS	31.5	38.1	25.6	26.7
Valuation Ratios (x)				
P/E	56.7	41.0	32.7	25.8
P/CEPS	46.0	34.4	27.6	22.2
P/BV	15.4	11.2	8.4	6.3
EV / EBITDA	36.4	26.7	21.5	17.0
P/S	10.3	8.6	7.0	5.8
Dividend Yield (%)	-	-	-	-
Operating Ratios				
EBITDA Margins (%)	28.9	32.3	31.7	31.7
EBIT Margins (%)	24.6	28.1	27.8	28.1
Effective Tax Rate (%)	19.8	21.3	22.0	23.0
Net Profit Margins (%)	18.3	21.1	21.6	22.6
Inventory Turnover Days	-	-	-	-
Fixed Asset Turnover (x)	53.5	68.7	84.9	104.0
Receivables Days	63	70	69	69
Payables Days	10	10	9	9
Working Capital Days	40	47	47	48
Net Debt / EBITDA (x)	0.7	(0.1)	(0.7)	(1.2)
Profitability Ratios				
RoCE (%)	24.7	28.1	28.1	26.7
RoIC (%)	25.2	32.9	38.0	44.1
RoNW (%)	33.0	31.8	29.4	27.9

Source Company data, I-Sec research

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