Inventurus Knowledge Solutions (IKS Health) Ltd. – Investment BUY Call – 6 Months Horizon

Dear Bajaj Capital Investors,

New Stock Recommendations for BUY on 14 May 2026

CMP -> 1675
Upside Potential-> 16%
Investment Horizon -> 6 Months
Target price -> 1943

Inventurus Knowledge Solutions (IKS Health) is a healthcare technology-enabled services and AI platform company focused on the U.S. healthcare ecosystem. The company operates at the intersection of healthcare IT, revenue cycle management (RCM), clinical documentation, medical coding, patient engagement and AI-driven workflow automation. Its business model is built around becoming the "System of Action" layer for hospitals, physician groups and healthcare networks — meaning IKS helps healthcare providers execute operational and clinical workflows more efficiently using a combination of software platforms, AI tools and human expertise. The company primarily serves healthcare providers in the U.S., including hospitals, physician practices, ambulatory care centers, rural hospitals and integrated health systems. IKS today supports over 600 healthcare organizations across multiple service lines and has deep integration capabilities with major U.S. electronic health record (EHR) ecosystems such as Epic, Athenahealth, eClinicalWorks and NextGen. Its platform handles end-to-end care administration tasks including medical coding, prior authorization, denial management, documentation, patient engagement and revenue realization.

A core differentiator for IKS is its "human-in-the-loop" AI operating model. Rather than relying entirely on autonomous AI, the company combines agentic AI systems with clinical and operational oversight to ensure regulatory compliance, coding accuracy and workflow reliability in highly regulated healthcare environments. Over the years, IKS has built an integrated workflow platform capable of orchestrating nearly 16 operational healthcare tasks, whereas most competitors operate as isolated point-solution vendors. The company has also developed several AI-native offerings including Scribble Suite (ambient AI documentation platform), autonomous coding engines, AI-enabled patient engagement systems and denial prediction tools. These solutions are increasingly embedded directly into provider workflows and EHR systems, allowing IKS to move beyond labor-intensive outsourcing toward higher-margin AI-led recurring revenue streams. The company has received multiple industry recognitions including KLAS rankings and AI augmentation awards from Google Cloud.

Financially, IKS delivered a very strong FY26 performance, demonstrating both scalability and operational leverage. FY26 revenue grew 20% YoY to INR31,938 million, while EBITDA increased 38% YoY to INR10,913 million, indicating meaningful margin expansion as AI-led automation and platform revenues scale faster than delivery costs. PAT rose 48% YoY to INR7,216 million, while adjusted PAT increased 47% YoY to INR8,087 million. In Q4 FY26, revenue grew 18% YoY in INR terms and EBITDA increased 33% YoY, reflecting continued operating efficiency improvements. Importantly, cash generation remained exceptionally strong, with operating cash flow rising to INR8,637 million versus INR4,340 million in FY25, while free cash flow increased to INR6,129 million from INR2,799 million. Simultaneously, the company materially deleveraged its balance sheet, with net debt reducing sharply to INR2,510 million as of March 2026 from significantly higher historical levels. This strong cash flow profile provides IKS substantial flexibility to fund strategic AI investments and acquisitions while maintaining financial discipline.

The proposed acquisition of TruBridge represents a transformational strategic step for IKS. TruBridge is a NASDAQ-listed healthcare technology company specializing in electronic health records (EHR), revenue cycle management, patient engagement, coding solutions and healthcare IT systems for rural and community hospitals in the U.S. The company has a particularly dominant presence in the 0–50 bed hospital segment, where management estimates TruBridge controls over 40% market share, serving nearly 700 hospitals. TruBridge operates in a niche segment that is strategically attractive because it avoids direct conflict with large enterprise EHR vendors such as Epic Systems, allowing IKS to preserve its neutral "Switzerland" positioning across the broader healthcare ecosystem. TruBridge generated approximately $347 million in revenue and $69 million adjusted EBITDA on a trailing basis, with a significant portion of revenues derived from recurring software, RCM and healthcare workflow services.

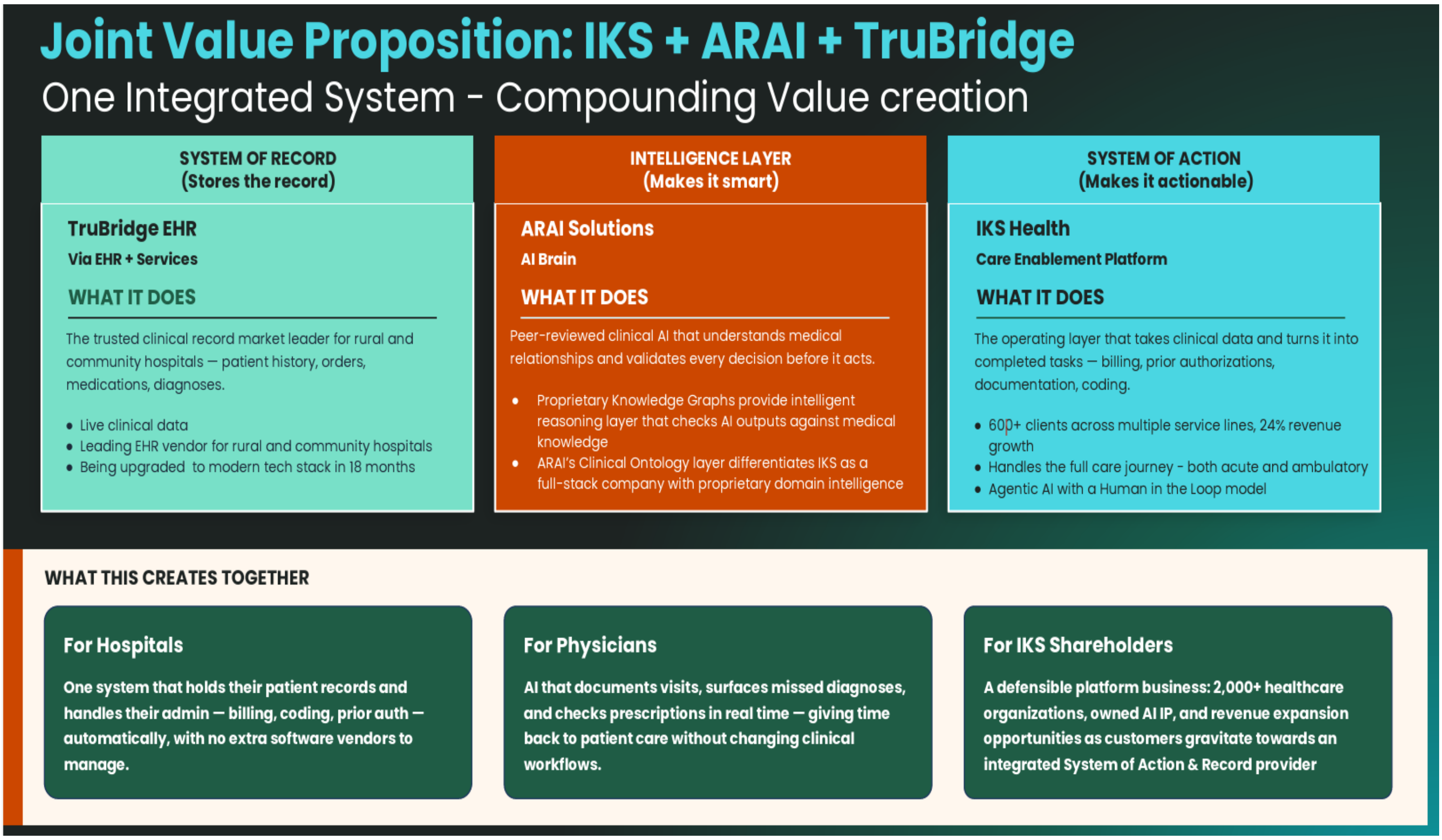
The strategic rationale of the TruBridge acquisition is centered around combining the "System of Action" with the "System of Record." Today, IKS largely operates on top of third-party EHR systems through APIs and integrations. By owning TruBridge's native EHR infrastructure, IKS gains direct access to the longitudinal patient data layer and regulated clinical workflow backbone that powers healthcare operations. Management believes this dramatically strengthens its AI moat by enabling real-time workflow orchestration, reducing latency and data friction and creating proprietary labeled healthcare datasets linking clinical actions with financial and operational outcomes. This data corpus is expected to become the foundation for highly specialized healthcare AI models, autonomous coding engines, denial prevention systems and real-time clinical copilots. For example, the company's ambient documentation product "Scribble Now" can evolve from simple post-visit documentation into a live AI clinical assistant capable of surfacing diagnosis suggestions, care gaps, compliant documentation and billing support during patient encounters.

From a commercial perspective, TruBridge offers substantial cross-selling and monetization opportunities. TruBridge currently has only ~30% penetration of its own revenue cycle management services within its installed EHR base, creating an estimated ~$450 million whitespace opportunity within existing customers alone. IKS intends to leverage its AI-led RCM capabilities, denial prevention systems, coding automation tools and patient engagement platforms across this captive customer base. Additionally, TruBridge's technology stack — including TruCode coding solutions, proprietary clearinghouse capabilities, analytics platforms and patient engagement assets — significantly strengthens IKS's software layer and recurring revenue mix. Management also sees significant operational synergy opportunities by applying IKS's offshore-enabled and AI-assisted delivery model to TruBridge's labour-intensive operations. Although the acquisition increases leverage to slightly above 3x EBITDA initially, management expects rapid deleveraging supported by strong cash generation, synergy realization and margin improvements over the next several years.

Alongside TruBridge, the proposed acquisition of ARAI further accelerates IKS's AI strategy. ARAI brings specialized AI intellectual property focused on healthcare reasoning systems, knowledge graphs, denial prediction, explainable AI, clinical decision support systems and low-hallucination medical AI models. Management views this acquisition as a "buy versus build" decision that significantly shortens time-to-market for advanced healthcare AI capabilities. Rather than spending an estimated $8–12 million and several years developing similar AI infrastructure internally, IKS gains immediate access to specialized AI models, research talent and healthcare-specific AI architectures. Importantly, ARAI's IP is expected to improve automation accuracy while reducing dependency on third-party large language models, thereby lowering compute costs and improving explainability and regulatory trust in clinical AI workflows. These capabilities directly support IKS's roadmap in autonomous coding, denial prediction and prevention and clinical decision support products.

The combined strategic architecture of IKS + ARAI + TruBridge creates a vertically integrated healthcare AI ecosystem. TruBridge becomes the "System of Record" that stores patient and clinical data; ARAI functions as the "Intelligence Layer" providing healthcare reasoning, knowledge graphs and AI models; while IKS remains the "System of Action" executing billing, coding, documentation, prior authorization, patient engagement and workflow automation. Together, the integrated platform positions IKS as a differentiated AI-native healthcare operating platform rather than merely a healthcare outsourcing company. Hospitals benefit from a unified operational stack without needing multiple fragmented software vendors, physicians gain real-time AI copilots embedded directly into workflows and IKS shareholders gain exposure to a highly defensible healthcare AI platform with proprietary data assets, sticky recurring revenue streams, expanding margins and significant cross-sell opportunities across more than 2,000 healthcare organizations. Management's long-term ambition of reaching approximately INR 3,000 crore EBITDA by FY30, while returning net debt close to zero, reflects confidence in the scalability of this integrated AI-led healthcare platform strategy.

Business Highlights:



Q4FY26 Results:

	YoY	QoQ	Mar 2026	Dec 2025	Mar 2025
Revenue Cr	18.5%	5.2%	858	815	724
Operating Profit Cr	32.7%	6.6%	300	282	226
OPM %			35.0	34.6	31.2
PAT Cr	39.4%	12.3%	206	183	148
NPM %			24.0	22.5	20.4
EPS ₹	38.6%	12.3%	12.3	11.0	8.9

Financials Performance in FY26 & Q4FY26:

Particulars	Q4 FY 26	Q3 FY 26	QoQ%	Q4 FY 25	YoY%	FY 26	FY 25	YoY%
Revenue USD mn	95	93	2.4%	84	12.6%	364	316	15.4%
Revenue	8,577	8,150	5.2%	7,240	18.5%	31,938	26,640	19.9%
Other Income - Operating	-	-	0.0%		0.0%		176	-100.0%
Forex Gain/ (Loss)	352	87	303.3%	(24)	-1587.4%	627	38	1552.5%
Employee benefit expense excluding ESOP	4,011	3,947	1.6%	3,749	7.0%	15,803	14,669	7.7%
Other Expenses	1,743	1,362	28.0%	1,089	60.1%	5,379	3,997	34.6%
Adjusted EBITDA	**3,175**	**2,928**	**8.4%**	**2,378**	**33.5%**	**11,383**	**8,188**	**39.0%**
Adjusted EBITDA %	**37.0%**	**35.9%**	**1.1%**	**32.8%**	**4.2%**	**35.6%**	**30.7%**	**4.9%**
ESOP Cost	173	112	53.4%	116	48.5%	470	277	69.4%
EBITDA	**3,002**	**2,816**	**6.6%**	**2,262**	**32.7%**	**10,913**	**7,911**	**38.0%**
EBITDA %	**35.0%**	**34.6%**	**0.5%**	**31.2%**	**3.8%**	**34.2%**	**29.7%**	**4.5%**
Finance cost*	127	233	-45.7%	210	-39.7%	702	898	-21.7%
Depreciation and amortisation	341	320	6.3%	283	20.2%	1,242	1,127	10.2%
Interest income	49	56	-12.2%	33	49.4%	172	176	-2.5%
Profit before exceptional items and tax	**2,584**	**2,318**	**11.5%**	**1,801**	**43.5%**	**9,141**	**6,063**	**50.8%**
Profit before exceptional items and tax %	**30.1%**	**28.4%**	**1.7%**	**24.9%**	**5.2%**	**28.6%**	**22.8%**	**5.9%**
Tax expense	470	460	2.1%	323	45.5%	1,834	1,202	52.5%
Profit for the period before Share of Associates	**2,114**	**1,857**	**13.8%**	**1,478**	**43.0%**	**7,308**	**4,861**	**50.3%**
Profit for the period before Share of Associates %	**24.6%**	**22.8%**	**1.9%**	**20.4%**	**4.2%**	**22.9%**	**18.2%**	**4.6%**
Share of Profit/(Loss) from Associates (net of tax)	(54)	(24)	125.7%		0.0%	(92)		0.0%
Profit for the period	**2,060**	**1,833**	**12.3%**	**1,478**	**39.4%**	**7,216**	**4,861**	**48.4%**
Profit for the period %	**24.0%**	**22.5%**	**1.5%**	**20.4%**	**3.6%**	**22.6%**	**18.2%**	**4.3%**
Unamortised Debt Cost written off*		127	-100.0%	-	0.0%	127	-	0.0%
Amortisation of Intangible assets	210	194	8.3%	168	24.8%	744	643	15.8%
Adjusted Profit for the period	**2,269**	**2,154**	**5.4%**	**1,646**	**37.9%**	**8,087**	**5,504**	**46.9%**
Adjusted Profit for the period %	**26.5%**	**26.4%**	**0.0%**	**22.7%**	**3.7%**	**25.3%**	**20.7%**	**4.7%**

Happy investing!

Thank you and best regards,

On behalf of Bajaj Capital's Research Team