

Medi Assist Healthcare Services Ltd. (Medi Assist) – Investment BUY Call

Dear Bajaj Capital Investors,

New Stock Recommendations for BUY on 27 May 2026

CMP -> 367

Upside Potential-> 18%

Investment Horizon -> 9 to 12 Months (3 to 4 quarters – Medium Term)

Target price -> 432

Medi Assist delivered a strong operational and strategic performance in FY26, marking a milestone year driven by robust revenue growth, accelerating technology adoption and successful execution of integration initiatives. Operating revenue increased 25.1% YoY to INR 904.8 Cr, while total income grew 23.6% YoY to INR 923.2 Cr. The company also reported EBITDA of INR 174.6 Cr with a healthy EBITDA margin of 19.3%, reflecting sustained operating leverage despite ongoing integration and expansion activities. **Importantly, quarterly EBITDA margins improved sequentially from 17.1% in Q2FY26 to 18.6% in Q3FY26 and further to 19.9% in Q4FY26**, indicating improving efficiency and realization of integration synergies.

The balance sheet strengthened materially during FY26 with the company becoming debt-free in January 2026 and reporting a free cash position of INR 260.5 Cr as of March 31, 2026. Net worth stood at INR 852.4 Cr, providing significant financial flexibility to invest in technology capabilities, platform expansion and international opportunities. Adjusted PAT stood at INR 68.8 Cr after normalizing exceptional and acquisition-related items, while reported PAT came in at INR 89.3 Cr. The normalization adjustments largely relate to acquisition accounting, deferred tax reversals, depreciation on acquired intangibles, borrowing costs associated with acquisitions and operational normalization of the Paramount business, thereby providing a more representative view of the steady-state profitability profile.

Operationally, Medi Assist continued to consolidate its leadership position in the health benefits administration ecosystem. Total Group and Retail Premiums Under Management (PUM) increased 22.8% YoY to INR 25,923.2 Cr, supported by strong traction in the group insurance segment where premiums exceeded INR 23,000 Cr with 25.6% YoY growth. The company's market share in the group health insurance administration segment expanded significantly to 33.7%, up 340 basis points YoY, while overall market share improved to 20.7%. Retention remained healthy at 93.2% despite management deliberately exiting certain lower-quality accounts and facing temporary transition-related disruptions during the early part of FY26. The government business also demonstrated strong momentum with revenue growth of 42.6% YoY, supported by the company's deep operational footprint across 13 states and 3 union territories.

Technology transformation remained the central pillar of Medi Assist's long-term growth strategy. The **company's AI-powered platforms are now processing nearly one million claims every month, significantly enhancing automation, fraud detection and customer experience capabilities.** Technology platform revenue grew sharply by 91.9% YoY to INR 21.7 Cr, with multiple pilots currently underway across India and overseas markets. MAven Guard, the company's AI-based fraud detection engine, identified approximately INR 540 Cr worth of fraudulent health insurance claims during FY26, while Raksha Prime enabled nearly 322,000 patients to experience bill-free discharge across approximately 6,000 hospitals. Additional operating metrics also highlighted rising platform efficiency, including lower voice calls per claim, improved adoption of self-help channels and reduced inpatient investigations alongside improved hit rates. Management also indicated that current technology revenues only reflect the core SaaS platform monetization and do not yet include outcome-based AI pricing models, which could become an incremental monetization lever over the medium term.

The integration of Paramount Health Services continues to progress ahead of expectations and remains a major earnings catalyst over the next few quarters. More than 50% of Paramount’s claims volumes have already migrated to the MAtrix platform as of April 2026, with full migration targeted by Q2FY27. The slump transfer of Paramount’s TPA operations into Medi Assist TPA effective February 1, 2026 has structurally simplified the operating model and created a unified TPA platform within the group. **Management highlighted that integration cycles in the TPA industry typically require four to five quarters because of annual renewal structures and with three quarters already completed, the remaining one to two quarters are expected to deliver the bulk of synergy realization.** The improving quarterly margin trajectory already indicates early benefits from consolidation and operating leverage.

International expansion and platform-led partnerships also provide a meaningful long-term growth opportunity. The International Benefits Administration segment reported revenue growth of 11.9% YoY to INR 41.1 Cr during FY26. Rather than replicating the India operating model overseas, the company is leveraging its technology stack and healthcare administration capabilities in markets with similar workflows, particularly across Southeast Asia. **Strategic partnerships with Thailand’s leading insurance broker, Freedom Health, Himalayan Everest Insurance and Royal Insurance Corporation of Bhutan strengthen the company’s regional presence and expand access to cross-border healthcare administration opportunities.** Management also highlighted a strong pipeline in travel insurance administration, with visibility into a substantial share of travel premiums originating from India.

Considering the strong revenue growth momentum, improving margin profile, accelerating technology monetization, healthy cash generation and visible integration-led operating leverage from the Paramount acquisition, Medi Assist appears well positioned for sustained earnings expansion over the next 9 to 12 months. The company’s transition from a traditional TPA player toward a technology-led healthcare administration platform, combined with increasing AI adoption and expanding insurer partnerships, could materially enhance profitability and market positioning over the medium term. While certain challenges such as moderation in group renewal growth, retail market competition and manpower-intensive government operations remain, the overall business trajectory, balance sheet strength and execution visibility support a constructive medium-term BUY view for investors with an investment horizon of 3 to 4 quarters.

Financial Performance in Q4FY26:

		YoY	QoQ	Mar 2026	Dec 2025	Mar 2025
Revenue Cr		28.1%	1.0%	242	240	189
Operating Profit Cr	^	18.5%	8.2%	48	45	41
OPM %				19.9	18.6	21.6
PAT Cr	^	152.3%	1,215.9%	54	4	22
NPM %				22.5	1.7	11.4
EPS ₹		140.3%	1,337.3%	7.3	0.5	3.0

Happy investing!

Thank you and best regards,

On behalf of Bajaj Capital's Research Team