Medi Assist Healthcare Services Limited

March 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	20.00	CARE AA-; Stable	Assigned
Long-term / Short-term bank facilities	6.00	CARE AA-; Stable / CARE A1+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to Medi Assist Healthcare Services Limited (MAHS) factor in the company's leadership position in the insurance third-party administrator (TPA) industry, experienced management, tie-ups with all major insurance companies and established relationships with large, reputed corporates, and company's strong financial risk profile. Ratings are further underpinned by sustained improvement in operational performance with increased volume of business, strong liquidity, and improving cash flow from operations. These rating strengths are partially offset by intensely competitive and fragmented industry and threat from in-house TPAs of insurer companies.

CARE Ratings Limited (CARE Ratings) considers the acquisition announcement on August 26, 2024, of Paramount Health Services & Insurance TPA Private Limited (Paramount TPA) by MAHS. The announcement involved MAHS' subsidiary, Medi Assist Insurance TPA Pvt Ltd (MAITPA) entering a share purchase agreement to acquire a 100% stake in Paramount TPA for an enterprise value of ~₹311.8 crore, subject to closing-related adjustments. CARE Ratings notes that the acquisition of Paramount TPA by MAHS would strengthen its market leadership position by increasing its market share. MAHS' credit risk profile is expected to remain strong despite significant liquidity being utilised for the acquisition. Minimal debt obligations and a considerable cushion in working capital limits provide adequate liquidity comfort.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Consistent growth in total operating income (TOI) by ~10-15% while maintaining profit before interest, lease rentals, depreciation and taxation (PBILDT) of ~20% on a sustained basis.
- To diversify the revenue concentration risk ensuring that no single customer contributes over 25% of total revenue.

Negative factors

- Declining PBILDT margins to less than 12% or declining TOI from current levels.
- Debt-funded acquisitions leading to increasing overall gearing beyond 0.50x.
- Increasing total debt/PBILDT levels above 0.50x on a sustained basis.

Analytical approach:

Consolidated. CARE Ratings has analysed MAHS' credit profile by considering the consolidated financial statements owing to the financial and operational linkages between the parent and subsidiaries and the common management. The list of consolidated entities is mentioned as **Annexure-6**.

Outlook: Stable

The Stable outlook reflects CARE Ratings' belief that MAHS will continue to benefit from its leadership position in the insurance TPA industry, experienced management, tie-ups with all major insurance companies and established relationships with large, reputed corporates.

Detailed description of key rating drivers:

Key strengths

Experienced and resourceful parent and professionally qualified management

MAHS is promoted by Bessemer Venture Partners (BVP), an American venture capital and private equity firm with assets under management (AUM) of over USD 20 billion as on March 31, 2024. BVP invests across various sectors, including technology,

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

consumer, and healthcare. Following its listing on Indian stock exchanges in January 2024, Bessemer India Capital Holdings II Ltd (ultimately owned by BVP) holds a 15.68% stake in MAHS as of December 31, 2024.

Dr. Vikram Jit Singh Chhatwal, Chairman and Whole-Time Director of the Medi Assist Group, has over two decades of experience in the health insurance sector, having previously worked with Reliance Health and Apollo Hospitals. He is supported by a team of qualified professionals with expertise in their respective fields. Satish V. N. Gidugu, CEO & Whole-Time Director of the Medi Assist Group, has over 20 years of experience in information technology.

Market leader having long-standing industry presence with continuous increase in market share, major tie-ups, and established relationships

MAHS (through its subsidiary MAITPA) holds a leadership position in the TPA industry in India. The company has a pan-India presence and is continuously expanding its hospital network, enabling cashless hospitalisation and timely services for the insured. As on December 31, 2024, it had a network of over 19,000 hospitals and served over 10,500 corporate clients nationwide, retaining most of them due to its quality service.

In February 2023, MAITPA acquired 100% of Medvantage Insurance TPA Pvt Ltd (Medvantage TPA) for ₹19.50 crore and later invested an additional ₹10 crore in FY23. In August 2023, it acquired 100% of Raksha Health Insurance TPA Pvt Ltd (Raksha TPA) for ₹120.50 crore. Medvantage TPA and Raksha TPA merged into MAITPA in FY24 and FY25, respectively. Both acquisitions were funded through internal accruals with no term debt, further strengthening MAHS’ market leadership in India.

Moreover, on August 26, 2024, MAHS has announced that MAITPA has entered share purchase agreement to buy 100% stake in Paramount TPA for an enterprise value of ~₹311.8 crore subject to closing related adjustments. Paramount TPA is India’s fourth-largest TPA by revenue and second-largest in the group segment by premiums as of FY24, holding a 6.2% market share in the group segment and 4.0% in the total health insurance industry. As on March 21, 2025, acquisition-related approvals are pending with Insurance Regulatory and Development Authority of India (IRDAI). With this acquisition, MAHS’ market share will rise to 36.6% in the group segment and 23.6% in the health insurance industry, enhancing operational efficiencies across teams, technology, and networks.

Sustained operational performance with healthy cash flow from operations

MAHS has demonstrated sustained income growth over the years. Its total operating income (TOI) increased by 25%, from ₹505 crore in FY23 to ₹635 crore in FY24, driven by a rise in the total premium handled and lives covered. The Medi Assist group managed a total premium of ₹19,050 crore in FY24, up from ₹14,575 crore in FY23.

In FY24, MAHS generated a healthy cash flow from operations of ₹66.38 crore. Despite an improvement in PBILDT from ₹119.82 crore in FY23 to ₹133.46 crore in FY24, the PBILDT margin moderated slightly to 21.02% in FY24, compared to 23.73% in FY23, primarily due to higher employee benefit expenses. With recent acquisitions, synergies are yet to be realised. For 9MFY25, MAHS reported a TOI of ₹534 crore with a PBILDT margin of 21.21%, compared to ₹468 crore and 16.09% in 9MFY24.

Strong financial risk profile with healthy liquidity

MAHS remained debt-free until December 2024 but has since availed term debt of ₹20 crore, it has sanctioned fund-based working capital facilities of ₹160 crore that are majorly unutilised and its bank guarantee limits are enhanced from ₹30 crore to ₹60 crore. MAHS has financial lease liabilities. Despite funding two acquisitions entirely through internal accruals, one each in FY23 and FY24, MAHS had cash and liquid investments of ~₹296.5 crore as of December 31, 2024. As of March 31, 2024, the overall gearing stood at 0.05x (PY: 0.08x) against a tangible net worth of ₹481 crore (PY: ₹384 crore). The average utilisation of bank guarantees (BGs) was ~70% for the 12 months ending December 2024. In FY24, operating cycle has remained almost stable at 59 days (FY23: 58 days), with an average collection period of 87 days (FY23: 88 days).

Key weaknesses

Intense competition in a highly fragmented industry and regulatory risk

TPAs generally face wide array of problems such as lack of strong standardisation procedures in terms of billing, weak networking, and timely processing of claims, among others. Per IRDAI regulations, TPAs should have their own in-house medical doctor (registered with the medical council of India), hospital managers, legal experts, insurance consultants, information technology professionals, and management consultants. At present, there are ~17 licensed TPAs in India leading to intense competition and stress on margins. Retention of business is further impacted by lack of differentiation in services offered by TPAs, which are further susceptible to IRDAI’s changing norms.

Threat from in-house TPAs

Four public sector insurers together command a major market share and had formed an in-house TPA agency named - Health Insurance TPA of India Limited (HITPA). The common in-house TPA serves a portion of premiums underwritten by the four public sector general insurance companies, and the business volume handled is expected to rise in the coming years. This could pose a challenge for MAHS, as it derives major portion of TPA fees from public sector undertaking (PSU) insurers. Apart from these, some top private insurers have also opted in-house TPA. However, the trend is limited to large insurers only, as the smaller ones do not have the manpower, expertise or capacity and technology to process faster claims. HITPA is relatively smaller in size in terms of revenue per year and operates majorly in retail segment, while MAHS derives major source of revenue from corporates and its volume has been growing.

Liquidity: Strong

MAHS maintains strong liquidity, with ₹296.5 crore in cash and liquid investments as on December 31, 2024. In December 2024, the company had ₹160 crore of sanctioned fund-based working capital limits that is majorly unutilised and ₹20 crore term loan. The company's non-fund-based limits, i.e, bank guarantee limits, are enhanced from ₹30 crore to ₹60 crore. Bank guarantee utilisation averaged 70% in 2024. As informed by the company's management, with further improvement in cash and liquid balances by end of March 2025 with addition of accruals generated in Q4FY25, the available funds would be adequate enough to fund the acquisition. However, in case of requirement of additional funds, the company may rely partly on bank facilities. Considering the strong cash flows generated by the company in FY24 and expected accruals in FY25, MAHS is well-positioned to meet its lease liabilities, term debt, and working capital obligations.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks:

Environment: During the year, MAHS has taken adequate measures to reduce and restrict usage of non-perishable and harmful materials and several initiatives were in the process of conserving energy, recycling, water preservation in the office premises and switching off air conditioners, lights, and computers, when not in use.

Social: MAHS has developed comprehensive safety systems with a focus on ensuring employee health and well-being. Along with providing safety training to handle emergencies and prevent incidents at the workplace, MAHS constantly makes changes to the existing policies and upgrades the safety systems.

Governance: MAHS board has an appropriate mix of executive, non-executive, and independent directors to maintain its independence and separate its functions of governance and management. As on March 20, 2025, the board comprised nine members, consisting of two whole time directors, six independent directors, including three independent woman directors and one nominee non-executive director. The independent directors constitute two-thirds of the board's strength.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Service Sector Companies
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial services & supplies	Consulting services

MAHS was incorporated in June 2000. MAHS is into providing TPA services in India, majorly through its subsidiary, MAITPA. MAITPA is one of the earliest IRDAI-licensed TPA in India, providing range of services in claim administration & settlement and cashless hospitalisation. The company uses technology-based interface 'MediBuddy' for seamless pre-authorisation, data on network hospitals, track reimbursements, and digital records among others. As on December 31, 2024, MAHS had a network of over 19,000 hospitals and served over 10,500 corporate clients nationwide, retaining most of them due to its quality service.

In February 2023, MAHS acquired 100% of Medvantage for ₹19.50 crore and later invested an additional ₹10 crore in FY23. In August 2023, it acquired 100% of Raksha for ₹120.50 crore. Medvantage and Raksha merged into MAITPA in FY24 and FY25, respectively. Both acquisitions were funded through internal accruals with no term debt, further strengthening MAHS' market leadership in India.

Brief Financials (₹ crore) - Consolidated	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	504.93	634.88	534.45
PBILDT	119.82	133.46	113.37
PAT	75.31	71.30	69.97
Overall gearing (times)	0.08	0.05	NA
Interest coverage (times)	40.41	42.21	19.09

A: Audited, UA: Unaudited, NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	10.00	CARE AA-; Stable
Fund-based - LT-Term Loan	-	-	-	31-12-2027	10.00	CARE AA-; Stable
Non-fund-based - LT/ ST-Bank Guarantee	-	-	-	-	6.00	CARE AA-; Stable / CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	10.00	CARE AA-; Stable				
2	Fund-based - LT-Cash Credit	LT	10.00	CARE AA-; Stable				
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	6.00	CARE AA-; Stable / CARE A1+				

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Medi Assist Insurance TPA Private Limited	Full	Subsidiary
2	Raksha Health Insurance TPA Private Limited	Full	Subsidiary
3	International Healthcare Management Services Private Limited	Full	Subsidiary
4	Mayfair Consultancy Services India Private Limited	Full	Subsidiary
5	Mayfair We Care Limited, UK	Full	Subsidiary
6	Mayfair Group Holding Subcontinent Limited, UK	Full	Subsidiary
7	Mayfair We Care Pte Ltd., Singapore	Full	Subsidiary
8	Mayfair We Care Philippines. Inc., Philippines	Full	Subsidiary

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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