

Company Profile



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Virinchi Limited is a BSE listed, Fintech and Healthcare company with (a) a Market leading **Loan Management System for Short Term Micro Credit Industry**, (b) Full Scale **IT services** with deep competency in Analytics & Mobility & (c) Healthcare Delivery Business in India comprising **Three Operating Hospitals** with a Pan-India Healthcare Mobility solution.

The 1400 people firm is led by First Generation IIT/IIM Entrepreneurs and operates out of its Corporate Office in Banjara Hills, Hyderabad & US Headquarters at Edison, New Jersey.

The company reported a consolidated **Revenue of Rs. 342 cr** with an **EBIDTA of Rs. 97 cr.** for FY 2017-18 at a 25% & 43% 5- Year CAGR, respectively.

QFund™ – Global Market Leader in LMS for Short Term Micro Credit Industry

Top 12 of 20 NBFCs in the Short Term Micro Credit Industry use Qfund™ for End to End Loan Lifecycle including Lead Management, Origination, Underwriting, Documentation, Collection and CRM.

These NBFCs offer short term loan (\$500 - \$2000) primarily to the 60 mn Sub-Prime Customers in the US through a variety of Online & Offline loan products incl. Pay Day Loans, Instalment Loans, Check Cashing, Title Loans etc.

Owing to the poor Credit Rating of the target customers, QFund collects and analyses over 200 alternate credit metrics including location history, bank statements, car ownerships, utility payment history etc. through a sophisticated machine learning tool. The 24X7 Loan Management System manages a \$9 bn Loan-on-Street for the past 10 years, which has created significant organizational know-how to innovate, sustain and grow the Industry leadership.

Qfund reported a Revenue of Rs. 129 cr. with a 37% EBITDA on back of SaaS based income and 30%+ custom services. With existing contracts & growth pipeline, Qfund revenue shall grow to Rs. 200 cr. over next 3 – 4 years.

PayEz & vCard – Fintech Products Adjacent to QFund

Given the 10 years+ organizational learning of Instant Loan Origination, Digital loan servicing and Sophisticated collection from sub-prime customers in a regulated Industry, adjacent B2C products for the Same Customer New Channels (PayEz) and New Customer New Geography(vCard) have been developed and are expected to reach the market over the next four quarters.

PayEz is a Line of Credit Mobile App Product targeted at the same 60 mn subprime customers to be used at designated merchant network. While the target Lender-Customer-Regulatory context remains same as Qfund, a B2C mobile app approach significantly increases customer engagement and presents multiple merchant-related additional revenue opportunities.

vCard is India's only Mobile-First Credit Card using UPI (instead of Visa/Master) to make Merchant Payments, using the mobile app to make payments to UPI QR code in BHIM, Google Tez, Whatsapp Pay, PayTM etc.

The high cost of credit card origination, operations and small ticket-collection have left a severely under-penetrated Indian credit card market (3 cr. Credit Card vs 85 cr. Debit Cards). vCard leverages the Qfund learnings to Originate (Underwriting, Bank Statement Analysis, eKYC, eSign, NACH etc.), Service (Chat Bot, AI-based Customer Engagement, UPI based Low Cost transfer etc.) and Collect from the customers. vCard leverages its proprietary Machine Learning based Alternate Credit score – TCI index - for underwriting and customer behaviour tracking.

Both the B2C products – in US and in India – have limited capex and is built primarily on the Qfund product platform. While most of the per-transaction- revenue shall be linked to number of active user base, the major operating costs shall be the marketing and sales costs. Multiple alternate revenue opportunities are available beyond a critical mass of end-users.

KSoft Systems – US Based IT Services primarily in Analytics, Cloud and Mobility

Acquired in 2007 by Virinchi, KSoft Systems have seen rapid growth in revenue and margins over the past three years – on back of strong addition of key clients, high skill manpower and deeper delivery capability wide across the IT service portfolio.

The company manages turnkey projects for US clients across industries with multiple engagements in Healthcare and Financial Technology. KSoft has a 100 people US team in Edison, NJ together with a 150 people offshore team operating across two development centres in Hyderabad.

While the company offers the wide range of IT services including ERP implementation, Custom Application Development, Cloud Migration etc., it has delivered strategic end-to-end solutions in the areas of Business Analytics, Artificial Intelligence and Enterprise Mobility.

This IT services vertical delivered a Revenue of 110 cr. with an EBITDA of 27.6 cr. (25% margin). The vertical is expected to grow with the industry in addition to relevant inorganic growths over the next few years.

Virinchi Healthcare Pvt Ltd. – 3 Operating Hospitals. 800 beds.

Virinchi has diversified into IT-backed Healthcare Delivery over the past 3 years, with **3 asset-light Hospitals** adding up to 800 beds at Hyderabad. Virinchi Hospitals differentiates itself through a unique and sophisticated Mobility backed patient care – which ensures seamless and efficient patient & doctor experience.

The super-specialty hospital chain delivers over 30 specialities with emphasis on **CONNECT** specialities - an acronym for Cardiology, Orthopaedics, Neurology, Nephrology, Emergency Medicine, Cancer and Transplant Medicine.

The flagship 600 bed hospital at City Centre is led by **~200 leading doctors in the country**. Virinchi has set up some of the Industry Leading Medical Infrastructure including 3T fMRI, Ceiling Mounted Cath Lab, Dual Energy 128 Slice CT, 11 Fully Equipped Operation Theatre & widest range of in-house diagnostic capabilities.

350 beds of the Flagship Hospital were commissioned in Nov 2016, at a cost of Rs. 45 lakh/ bed and operates from 300,000 sqft long-lease facility. The Phase II expansion to 600 bed is underway. In addition, Virinchi owns two smaller hospitals in the city of 140 beds and 60 beds respectively.

Within this short period, the flagship hospital has already achieved EBIT breakeven with occupancy of ~24%. The Healthcare business reported a Revenue of Rs. 101 cr. and an EBITDA of Rs. 20 cr. At a 80%+ occupancy – the existing Hospital Capacity can potentially generate Rs. 400-450 cr. revenue with ~20%+ margins.

The company aims to build a 5000 bed footprint over the next 5 years, through a mix of inorganic and brownfield expansions with suitable external investments.

Why is an IT company building Hospitals?

In India, Virinchi has chosen to offer IT-backed Business Solutions than pure-play IT solutions. In general, IT solutions in India, do not fetch adequate pricing and ROI. However an IT backed Business solutions – e.g. eCommerce, Taxi Aggregators, Food Delivery etc. – tend to create higher value for the techno-operational effort in setting up the business.

To diversify out from the US centric-single product business, in 2013, Virinchi brought senior leadership in Healthcare through the acquisition of Asclepius Consulting – a leading Indian Healthcare technology firm. The promoter, Mr. Vish Kompella, had invested and turned around two existing smaller hospitals in Hyderabad.

The Healthcare know-how and a focused IT-backed Healthcare business strategy has translated into rapid business scale up, profitable operations and a strong brand – all within 3 years of its healthcare journey.

Going forward, the IT-backed Individual Independent processes shall form the backbone for delivering differentiated patient experience across the hospital chain.

Innovations @ Virinchi Hospitals

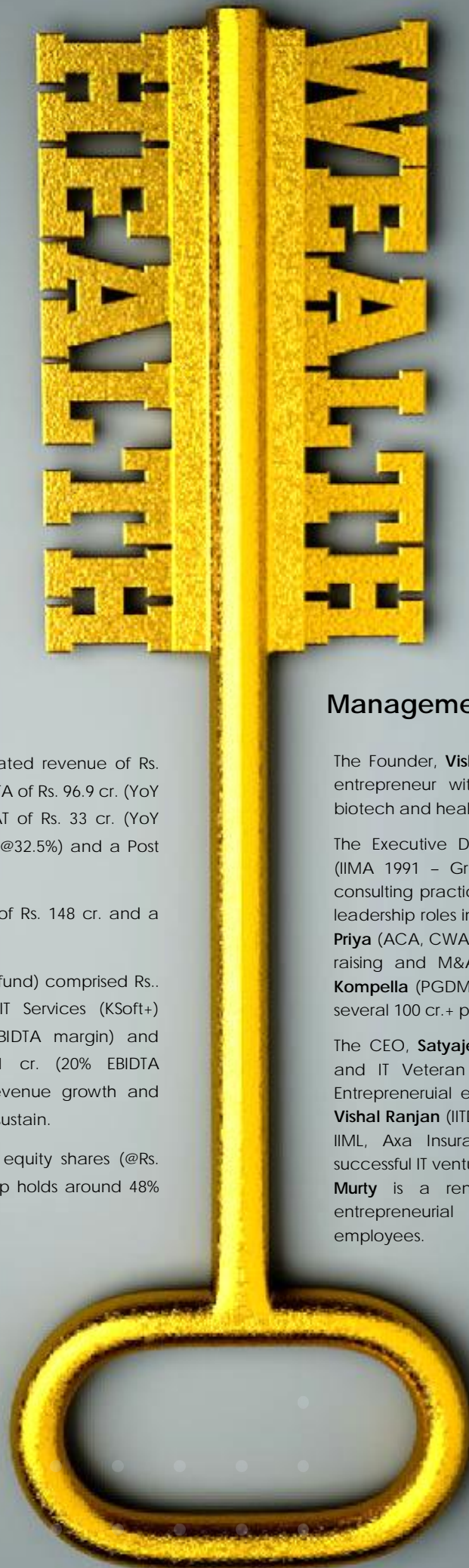
The professional healthcare leadership has translated to multiple innovations in Business Model, Patient Acquisition and Engagement, Medical Technology and Scalable Operations.

*The Hospital Project team has executed a complex brownfield asset-light Hospital within 14 months at a cost of **Rs. 45 lakh/ bed**.*

Most of the senior doctors in the Hospital are on fixed fee model – thereby allowing them to focus only on clinical outcome; while a professional 40-people sales team is responsible for patient acquisitions. This peace of mind to the senior doctors has allowed Virinchi to attract and retain good doctors, while maintaining a primarily Fixed Cost structure (other large costs being rent, utilities, salaries) thereby creating strong Operating Leverage.

Virinchi has a dedicated clinical team pursuing MoUs and medical partnerships with over 300 globally reputed institutions in the US, UK, China, Israel etc. - to deliver a unique 'Right to Science' program to make global medical innovations available to Indian patients to treat previously incurable conditions.

Virinchi has rolled out a '100 and One' Innovation program on a unique Mobile App –v23 for deeper patient engagement, which is now being extended to the entire patient-doctor-clinic-referrer ecosystem.



Financial Summary

Virinchi Ltd reported a consolidated revenue of Rs. 342 cr. (YoY @18.5%) with an EBIDTA of Rs. 96.9 cr. (YoY @47%). The company had a PAT of Rs. 33 cr. (YoY @40%) and an EPS of 11.7 (YoY @32.5%) and a Post Tax Cash of Rs. 66.4 cr.

The company has a total debt of Rs. 148 cr. and a Net worth of Rs. 255 cr.

Of the Rs. 342 cr., IT products (Qfund) comprised Rs. 129 cr (37% EBIDTA margin), IT Services (KSoft+) comprised Rs. 112 cr. (25% EBIDTA margin) and Healthcare comprised Rs. 101 cr. (20% EBIDTA margin). Going forward, the revenue growth and EBIDTA margins are expected to sustain.

There are 3,00,00,000 fully paid equity shares (@Rs. 10), of which the Promoter group holds around 48% while the rest are publicly held.

Management Team

The Founder, **Vish Kompella** (IIT Chennai, 1987), is a serial entrepreneur with deep-touch investments in software, biotech and healthcare.

The Executive Directors comprises (a) **MVS Srinivas Rao** (IIMA 1991 – Group President) , who was heading the consulting practice for Deloitte India, in addition to several leadership roles in large corporates over 25 years (b) **Santhi Priya** (ACA, CWA – Group CFO), who has led complex fund raising and M&A deals over past 21 years (c) **Kalyan Kompella** (PGDM, Singapore – Exec. Director) who has led several 100 cr.+ projects and operations.

The CEO, **Satyajeet Prasad** (IIT KGP, IIML) is a Healthcare and IT Veteran with 20 years of GE Healthcare and Entrepreneurial experience. The leadership team includes **Vishal Ranjan** (IITD, IIMC, AT Kearney) & **Neeraj Kumar** (IITD, IIML, Axa Insurance UK) who have built and exited successful IT ventures. The Group Medical Director, **Dr. NSVV Murty** is a renowned Cardiac Anaesthetist with his entrepreneurial ventures comprising 100+ medical employees.

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