

27 March 2026

India | Equity Research | Company Update

## Sagility India Limited

Technology

### Analyst meet update: AI - a growth accelerator

Sagility hosted its first analyst meet (on 25th Mar'26). It highlighted that AI continues to be a key growth driver, woven into most of its solutions and platforms. The complicated nature of the US healthcare industry, along with a low-20s outsourcing share, creates a deep moat for Sagility (indicated by its 97% client retention rate and 18-year average client tenure). Takeaways from the meet: 1) AI is increasing the overall scope of work; 2) MLR (Medical Loss Ratio), appeals and clinical services are fast-growing new avenues with an opportunity worth USD 200-320bn 3) shift towards an outcome-based pricing model because of AI. Sagility maintained its growth and margin guidance. We remain positive on health tech plays such as Sagility, Indegene and IKS Health, given the defensive nature of the US healthcare industry.

### AI as a force multiplier

Sagility is not viewing AI as a disrupter but rather as a force multiplier. It is focusing on AI-driven, outcome-based projects with committed savings at enterprise level, using a predictable PMPM pricing model, pivoting away from the linear FTE-based model. The company offers transparent models that leverage its incumbency and bundle solutions across the lifecycle. While project implementation timelines are tightening—with some being pulled back—the company remains positive about market expansion driven by a net increase in volume offsetting AI's deflationary impact. AI is being integrated into the synchrony suite of offerings: 1) Medicare Advantage Lifecycle, 2) Claims Cycle, 3) Utilisation Management, 4) SmartStep, 5) Payment Integrity and 6) Revenue Cycle Management. These enhancements result in faster speed-to-value, reduced upfront capex and improved engagement for both members and providers. Sagility is capturing value through its unique Tech + services offerings.

### On BroadPath

Sagility acquired member acquisition capabilities through BroadPath and gained access to over 30 mid-market clients. Sagility filled up white space in payment integrity through the acquisition of DCI and BroadPath. It is open to more such acquisitions and is evaluating potential targets, especially in the fast-growing area of clinical services.

Reiterate **BUY** with a TP of INR 66 based on a 22x one year forward PE multiple.

### Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	55,699	71,241	83,467	94,425
EBITDA	12,604	17,567	20,840	24,171
EBITDA Margin (%)	22.6	24.7	25.0	25.6
Net Profit	5,391	9,100	10,745	13,369
EPS (INR)	1.2	1.9	2.3	2.9
EPS % Chg YoY	116.7	68.8	18.1	24.4
P/E (x)	34.6	20.5	17.4	13.9
EV/EBITDA (x)	15.0	10.0	7.9	6.1
RoCE (%)	6.6	9.8	11.1	12.0
RoE (%)	7.3	10.4	11.0	12.2

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### Market Data

Market Cap (INR)	187bn
Market Cap (USD)	1,984mn
Bloomberg Code	SAGILITY IN
Reuters Code	SAGL.BO
52-week Range (INR)	58 /36
Free Float (%)	49.0
ADTV-3M (mn) (USD)	16.0

Price Performance (%)	3m	6m	12m
Absolute	(23.6)	(9.0)	(7.9)
Relative to Sensex	(11.7)	(1.7)	(4.3)

ESG Score	2024	2025	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

29-01-2026: [Q3FY26 results review](#)

30-10-2025: [Q2FY26 results review](#)

## Other highlights

### Sagility re-emphasized its 3-pillared strategy:

- **Harnessing and deepening domain expertise:** Sagility boasts two decades of domain expertise, combining contracting as well as claims management, which usually operate in silos. It utilises several domain-led point solutions as key cost-saving drivers, including Sagi360, SmarTec Appeals Assist (which uses OCR, NLP, AI training, and a knowledge retrieval agent), HealthBridge Connect (which connects payers and providers), Nurse Assist (underpinned by SLM and LLM), Sagility Smart Step and Command Centre.
- **Tech-led transformation and partnership ecosystem:** Sagility builds domain-rich, reusable, configurable components that enhance enterprise technology and accelerate solution development across use cases. Sagility extensively uses predictive models and advanced analytics for overpayment prediction, automation bots, point solutions and platforms (member engagement), business intelligence dashboards, frameworks and accelerators, and genAI-based autonomous agents.
- **Partnership ecosystem:** Sagility does not develop applications on its own; it partners with technology providers such as hyperscalers and SIs, including Optum, AWS, Azure, Deloitte, Convey, Health Axis, Simplify Healthcare, CitiusTech, EMIDS, infinite, and Automation Anywhere.
- **Strategic market expansion:** Sagility continues to expand within its top-10 clients, mid-small market (via the BroadPath acquisition), and through new service offerings, maintaining a 97% client retention rate while partnering with subscale payers.
- **Focus on structured deals:** Sagility offers structured deals with committed savings (e.g. USD 25mn over five years), guaranteeing savings from day 1 using AI while maintaining a transparent business model. AI is leveraged to improve margins and payer-provider synergy. This structured deals strategy is in line with innovative deal constructs implemented by IKS Health.

### Client metrics:

- Sagility has 80+ healthcare clients, with 7 of top-10 payers and 3 of the top-6 PBMs in its client roster. The average tenure of clients is 18+ years.
- Revenue from mid-market clients has gone up 28.5% YoY in a TTM basis. There is still scope for revenue growth from mid-market clients as 63% of clients use only one practice and <5% of clients use all five practices offered by Sagility.

### Exhibit 1: Characteristics of top clients



Source: Company data

#### Changes in US Healthcare:

Sagility has navigated frequent changes in the US healthcare market which is filled with regulatory density and compliance oversight (HIPAA, ACA, FCA- False Claim Act), structural complexities, complex stakeholder relationships (complex payer-provider contracts), fragmented data and legacy technology infrastructure, all of which create a moat for the incumbents.

- Changes in OBBB can lead to lower membership in Medicaid-heavy plans.
- ACA subsidy – a decline in new consumers and overall enrolment.
- MLRs (Medical Loss Ratios) have gone up for payers, resulting in margin pressure. MLR reduction represents a USD 200-300bn opportunity from redesigned UM processes.
- Appeals are an area of burden for US Healthcare, resulting in a leakage of USD 18bn, where Sagility brings much-needed efficiency through Agentic AI. Sagility helps improve timelines by 2-3 days, enhances provider and member experience, reduces unnecessary utilisation and increases clinical operational efficiency by 25-35%.

#### Miscellaneous:

- Company aims to keep margins consistent in the 24-25% EBITDA range.
- Demand in US healthcare continues to be driven by: 1) Rise in consumerism from GLP-1 drug usage, 2) population changes and 3) regulatory interventions.
- Clinical business is growing faster than the rest, and claims management is usually the first area to be outsourced.
- Company's pricing model is a mix of transaction-based, outcome-based and FTE-based pricing.
- Sagility does mostly RCM work for the provider side of clients.

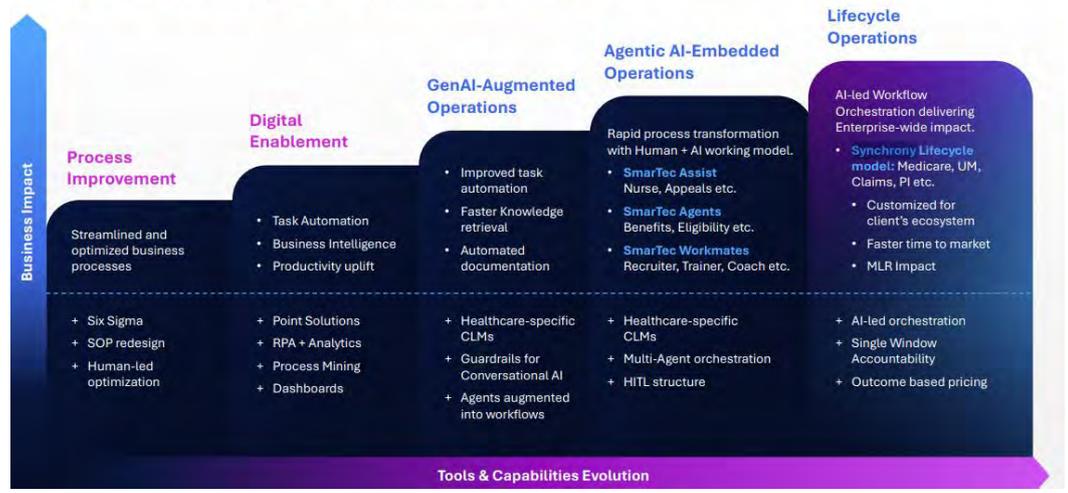
### Exhibit 2: Awards and recognition



Source: Company data

### Exhibit 3: Fuelling strategic market expansion

## Capability Evolution: Fueling Strategic Market Expansion



Source: Company data

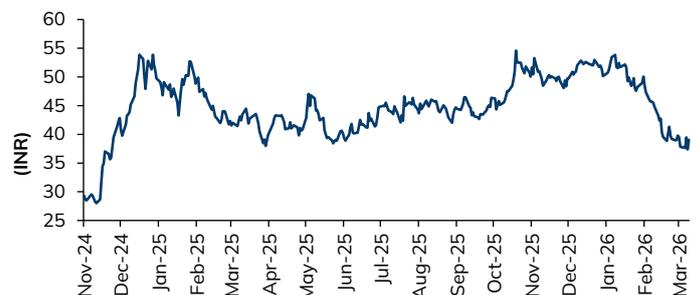
**Key risks:** 1) Delay in synergy benefits; and 2) frequent policy changes reducing discretionary spending and outsourcing.

### Exhibit 4: Shareholding pattern

%	Jun'25	Sep'25	Dec'25
Promoters	67.4	67.4	51.0
Institutional investors	20.0	20.5	31.6
MFs and other	8.3	8.8	13.4
Banks/ FIs	0.0	0.0	4.2
Insurance Cos.	3.1	3.3	3.8
FIIIs	8.6	8.4	10.3
Others	12.1	12.5	17.4

Source: Bloomberg, I-Sec research

### Exhibit 5: Price chart



Source: Bloomberg, I-Sec research

## Financial Summary

### Exhibit 6: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
<b>Net Sales (USD mn)</b>	<b>659</b>	<b>812</b>	<b>938</b>	<b>1,061</b>
<b>Net Sales (INR. mn)</b>	<b>55,699</b>	<b>71,241</b>	<b>83,467</b>	<b>94,425</b>
Operating Expense	43,096	53,674	62,627	70,254
<b>EBITDA</b>	<b>12,604</b>	<b>17,567</b>	<b>20,840</b>	<b>24,171</b>
EBITDA Margin (%)	22.6	24.7	25.0	25.6
Depreciation & Amortization	4,669	5,689	6,063	6,488
EBIT	7,935	11,878	14,777	17,683
Interest expenditure	1,271	1,018	1,064	882
Other Non-operating Income	938	1,047	709	1,142
<b>Recurring PBT</b>	<b>7,602</b>	<b>11,907</b>	<b>14,422</b>	<b>17,944</b>
<b>Profit / (Loss) from Associates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less: Taxes	2,211	2,807	3,677	4,575
PAT	5,391	9,100	10,745	13,369
Less: Minority Interest	-	-	-	-
<b>Net Income (Reported)</b>	<b>5,391</b>	<b>9,100</b>	<b>10,745</b>	<b>13,369</b>
Extraordinaries (Net)	-	-	-	-
<b>Recurring Net Income</b>	<b>5,391</b>	<b>9,100</b>	<b>10,745</b>	<b>13,369</b>

Source Company data, I-Sec research

### Exhibit 7: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	18,208	32,528	43,657	62,703
of which cash & cash eqv.	3,438	14,181	22,847	39,161
Total Current Liabilities & Provisions	10,891	14,426	13,866	15,248
<b>Net Current Assets</b>	<b>7,317</b>	<b>18,101</b>	<b>29,791</b>	<b>47,455</b>
Investments	-	-	-	-
Net Fixed Assets	3,699	3,501	3,437	3,552
ROU Assets	5,521	5,460	5,471	5,484
Capital Work-in-Progress	0	0	0	0
Goodwill	60,390	60,390	60,390	60,390
Other assets	988	988	988	988
Deferred Tax Assets	1,337	1,337	1,337	1,337
<b>Total Assets</b>	<b>99,616</b>	<b>1,08,299</b>	<b>1,18,129</b>	<b>1,34,060</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>5,670</b>	<b>3,320</b>	<b>140</b>	<b>140</b>
<b>Deferred Tax Liability</b>	<b>4,279</b>	<b>4,279</b>	<b>4,279</b>	<b>4,279</b>
provisions	1,737	1,737	1,737	1,737
other Liabilities	4	4	4	4
Minority Interest	-	-	-	-
Equity Share Capital	46,793	46,793	46,793	46,793
Reserves & Surplus*	36,568	45,668	56,413	69,782
<b>Total Net Worth</b>	<b>83,361</b>	<b>92,461</b>	<b>1,03,206</b>	<b>1,16,575</b>
<b>Total Liabilities</b>	<b>99,616</b>	<b>1,08,299</b>	<b>1,18,129</b>	<b>1,34,060</b>

Source Company data, I-Sec research

### Exhibit 8: Quarterly trend

(INR mn, year ending March)

	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Sales	15,685	15,389	16,585	19,712
% growth (YoY)	22.2%	25.8%	25.2%	35.7%
EBITDA	3,730	3,460	4,151	5,143
Margin %	<b>23.8%</b>	<b>22.5%</b>	<b>25.0%</b>	<b>26.1%</b>
Other Income	101	99	581	51
Extraordinaries	-	-	-	-
Adjusted Net Profit	1,825	1,485	2,507	2,675

Source Company data, I-Sec research

### Exhibit 9: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
CFO before WC changes	14,584	17,567	20,840	24,171
<b>CFO after WC changes</b>	<b>13,874</b>	<b>17,526</b>	<b>20,309</b>	<b>22,820</b>
Tax Paid	(1,734)	(2,807)	(3,677)	(4,575)
Cashflow from Operations	12,141	14,719	16,632	18,245
Capital Commitments	(1,244)	(1,654)	(1,938)	(2,193)
<b>Free Cashflow</b>	<b>10,896</b>	<b>13,065</b>	<b>14,694</b>	<b>16,053</b>
Other investing cashflow	(8,398)	1,047	709	1,142
<b>Cashflow from Investing Activities</b>	<b>(9,642)</b>	<b>(608)</b>	<b>(1,229)</b>	<b>(1,050)</b>
Dividend and Buyback	-	-	-	-
Inc (Dec) in Borrowings	(5,021)	(2,350)	(5,672)	-
Others	-	-	-	-
<b>Cash flow from Financing Activities</b>	<b>(6,341)</b>	<b>(3,368)</b>	<b>(6,736)</b>	<b>(882)</b>
<b>Chg. in Cash &amp; Bank balance</b>	<b>(3,842)</b>	<b>10,743</b>	<b>8,667</b>	<b>16,313</b>
Closing cash & balance	(401)	14,181	22,847	39,161

Source Company data, I-Sec research

### Exhibit 10: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
<b>Per Share Data (INR)</b>				
Reported EPS	1.2	1.9	2.3	2.9
Diluted EPS	1.2	1.9	2.3	2.9
Cash EPS	2.2	3.2	3.6	4.2
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	17.8	19.8	22.1	24.9
Dividend Payout (%)	-	-	-	-
<b>Growth (%)</b>				
Net Sales	17.2	27.9	17.2	13.1
EBITDA	15.8	39.4	18.6	16.0
EPS	116.7	68.8	18.1	24.4
<b>Valuation Ratios (x)</b>				
P/E	34.6	20.5	17.4	13.9
P/CEPS	18.5	12.6	11.1	9.4
P/BV	2.2	2.0	1.8	1.6
EV / EBITDA	15.0	10.0	7.9	6.1
P/S	3.3	2.6	2.2	2.0
Dividend Yield (%)	-	-	-	-
<b>Operating Ratios</b>				
EBITDA Margins (%)	22.6	24.7	25.0	25.6
EBIT Margins (%)	14.2	16.7	17.7	18.7
Effective Tax Rate (%)	29.1	23.6	25.5	25.5
Net Profit Margins (%)	9.7	12.8	12.9	14.2
Inventory Turnover Days	-	-	-	-
Fixed Asset Turnover (x)	14.7	19.8	24.1	27.0
Receivables Days	80	74	76	76
Payables Days	15	17	22	23
Working Capital Days	10	20	24	29
Net Debt / EBITDA (x)	0.5	(1.9)	(3.7)	(6.0)
<b>Profitability Ratios</b>				
RoCE (%)	6.6	9.8	11.1	12.0
RoIC (%)	6.4	10.5	12.6	15.1
RoNW (%)	7.3	10.4	11.0	12.2

Source Company data, I-Sec research

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