BUY Sagility Ltd

Scale, specialization, structural tailwinds align; initiate with BUY

Information Technology ▸ Initiating Coverage ▸ **September 20, 2026** **CMP (Rs): 46 | TP (Rs): 55**

We initiate coverage on Sagility with BUY and 12M forward TP of Rs55, at 18x Sep-28E adjusted EPS, implying an upside of 20%. Sagility is a niche player in the tech-enabled healthcare operations vertical, focused on critical, core, non-discretionary, and recurring healthcare operations, with ~90% of revenue from US payers. Its deep domain expertise, long-standing client relationships, and strategic positioning with payers provide a sticky revenue base and client retention. At the same time, rising healthcare costs, regulatory complexity, and increasing pressure on payers to improve efficiency should support continued outsourcing, in our view. Against this backdrop, we see multiple avenues for sustained low double-digit growth on the back of 1) deeper penetration of existing accounts, 2) expansion into adjacent workflows, 3) cross-selling across services, 4) mid-market payer expansion, and 5) M&A-led capability and client additions. Management expects a low double-digit organic growth and 24-25% adj EBITDAM in FY27. Its medium-term low-to-mid-teens organic growth target factors in ~1.5-2.0% annual revenue deflation related to pricing and productivity, with continued volume growth and service expansion needed to offset these headwinds. Considering the aforementioned factors and strong execution, we expect the company to log ~15% revenue CAGR over FY26-29E, with steady EBITM expansion to 18.1%, driving ~20% EPS CAGR.

A non-discretionary end-market that compounds above-GDP through the cycle

Sagility operates in a healthcare ecosystem in the US, where demand is driven by an aging population, prevalence of chronic diseases, rising healthcare utilization, and increasing administrative complexity, rather than discretionary enterprise spending. US NHE is projected to see 5.4% CAGR over CY25-34, above the 4.1% nominal GDP growth, thus boosting healthcare spending from 18.0% to 20.6% of GDP. Such sustained growth, coupled with continued payer focus on cost efficiency and operational complexity, supports a structural opportunity for Sagility to capture a greater outsourcing spend.

The M&A troika – Adding scale, capabilities, and strategic depth

Sagility has pursued a targeted M&A strategy to strengthen capabilities, expand its client base, and deepen its presence across adjacent healthcare workflows – Devlin Consulting (acquired for ~$40mn) added payment integrity, BirchAI (~$13mn) strengthened Gen AI capabilities, BroadPath (~$58mn) expanded mid-market payer exposure along with ~30 client groups, and CareSeed ($30mn) added HEDIS, quality analytics, and Medicare Advantage capabilities along with ~26 new client groups.

We initiate coverage with BUY; earnings quality improves ahead of the multiple

We expect the company to deliver rupee revenue/earnings CAGR of ~15%/20% over FY26-29E. We initiate coverage on Sagility with BUY and TP of Rs55, at 18x Sep-28E adj EPS. The stock is currently trading at ~17x Sep-27E adj EPS, at ~6%/20% discount to FSOL/ECLX valuations. Key risks: 1) Slowdown in healthcare spending. 2) Insourcing by key clients. 3) Potential regulatory changes around Medicare/Medicaid plans. 4) Higher than anticipated deflationary impact from the progress in AI.

Sagility Ltd: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	55,699	71,929	87,034	98,181	110,128
EBITDA	12,604	17,570	21,167	23,305	26,226
Adj. PAT	5,391	9,576	11,403	13,436	15,800
Adj. EPS (Rs)	1.2	2.0	2.4	2.9	3.4
EBITDA margin (%)	22.6	24.4	24.3	23.7	23.8
EBITDA growth (%)	15.8	39.4	20.5	10.1	12.5
Adj. EPS growth (%)	116.3	77.6	19.1	17.8	17.6
RoE (%)	7.3	10.6	11.2	11.9	12.8
RoIC (%)	6.5	10.0	11.7	12.9	14.8
P/E (x)	39.6	23.1	19.0	15.9	13.5
EV/EBITDA (x)	17.3	12.3	9.7	8.3	6.9
P/B (x)	2.6	2.2	2.0	1.8	1.7
FCFF yield (%)	1.1	4.7	5.4	7.3	8.6

Source: Company, Emkay Research

Target Price – 12M	Sep-27
Change in TP (%)	**NA**
Current Reco.	BUY
Previous Reco.	NA
Upside/(Downside) (%)	19.6

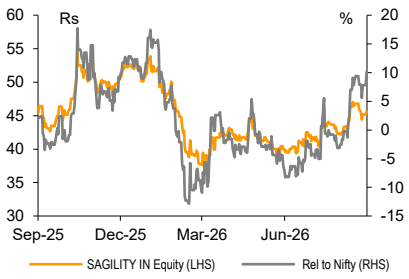
Stock Data	SAGILITY IN
52-week High (Rs)	58
52-week Low (Rs)	36
Shares outstanding (mn)	4,681.3
Market-cap (Rs bn)	214
Market-cap (USD mn)	2,228
Net-debt, FY27E (Rs mn)	(7,481.7)
ADTV-3M (mn shares)	24.1
ADTV-3M (Rs mn)	1,126.2
ADTV-3M (USD mn)	11.7
Free float (%)	49.0
Nifty-50	23,346.4
INR/USD	95.9

Shareholding,Jun-26	
Promoters (%)	51.0
FPIs/MFs (%)	10.0/21.4

Price Performance

(%)	1M	3M	12M
Absolute	8.2	14.6	(1.8)
Rel. to Nifty	12.0	18.6	6.9

1-Year share price trend (Rs)



Dipeshkumar Mehta
dipeshkumar.mehta@emkayglobal.com
+91-22-66121253

Jimit Gandhi
jimit.gandhi@emkayglobal.com
+91-22-66121255

Shivang Bagla
shivang.bagla@emkayglobal.com
+91-22-66242491

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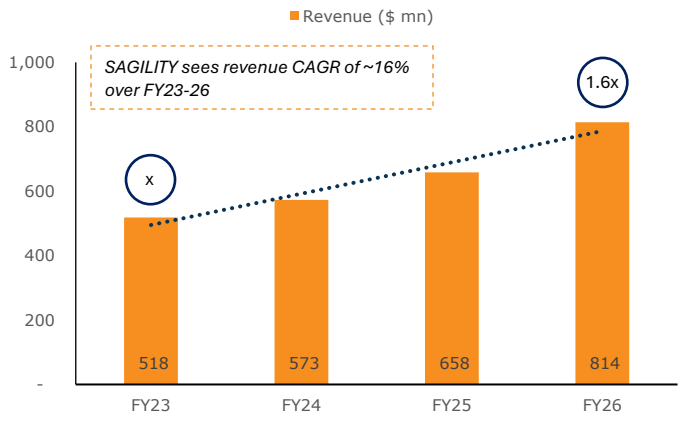
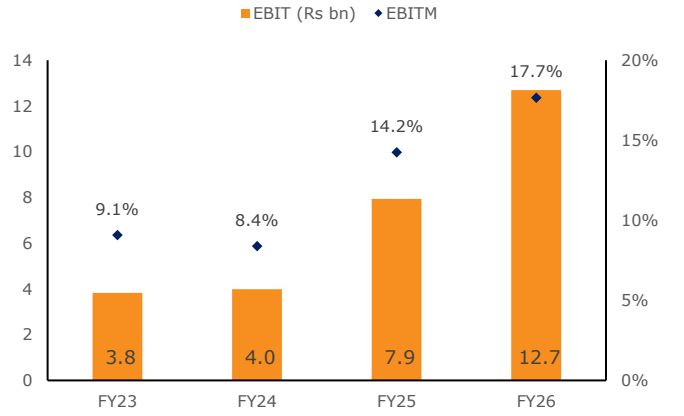
Story in charts

Exhibit 1: Sagility's USD revenue CAGR stands at ~16% over FY23-26...



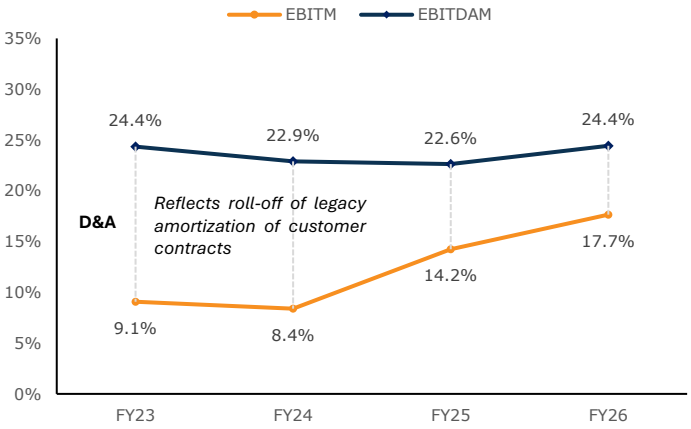
Source: Company, Emkay Research

Exhibit 2: ...with EBIT growing 3.3x over 3Y



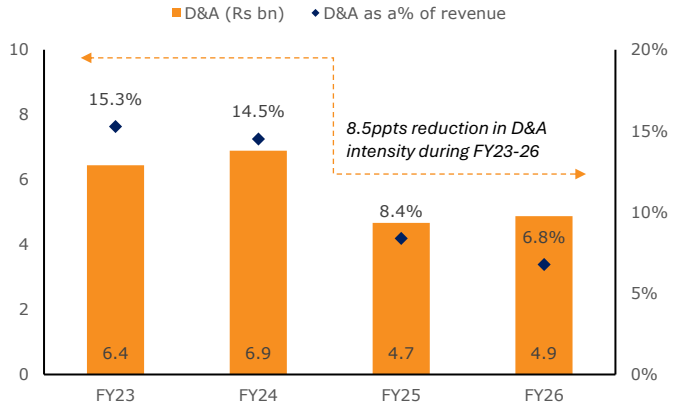
Source: Company, Emkay Research

Exhibit 3: Gap between EBITDAM and EBITM primarily driven by elevated D&A from the HGS carve-out; narrow over FY23-26; we expect it to further decrease, ahead



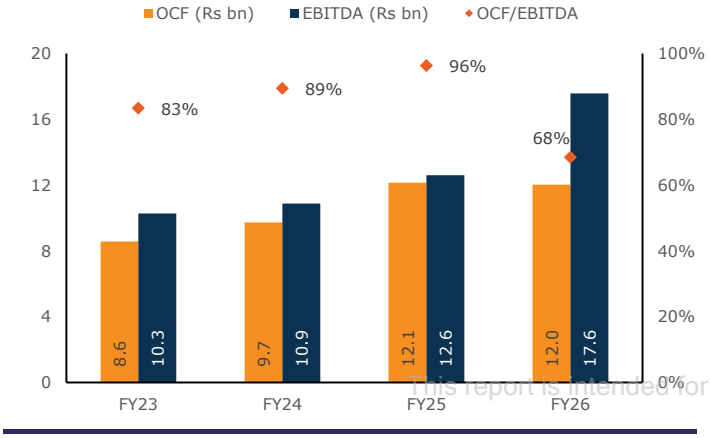
Source: Company, Emkay Research

Exhibit 4: D&A declining sharply in FY25, driven by conclusion of the legacy



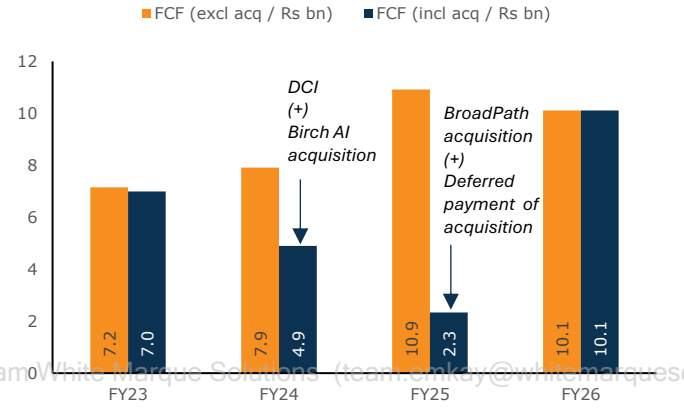
Source: Company, Emkay Research

Exhibit 5: Cash conversion aided by a couple of non-cash items...



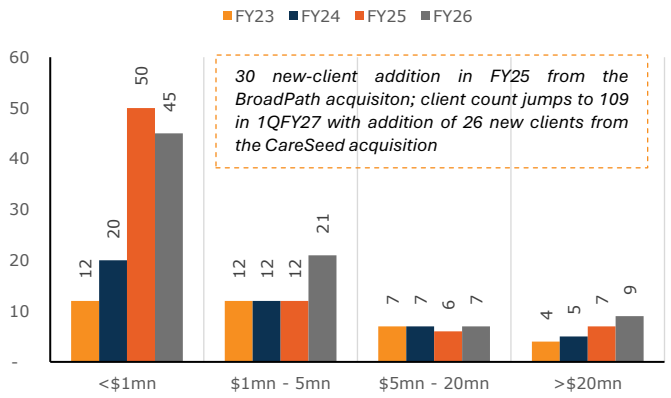
Source: Company, Emkay Research

Exhibit 6: ...with healthy FCF generation enabling the company to fund acquisitions



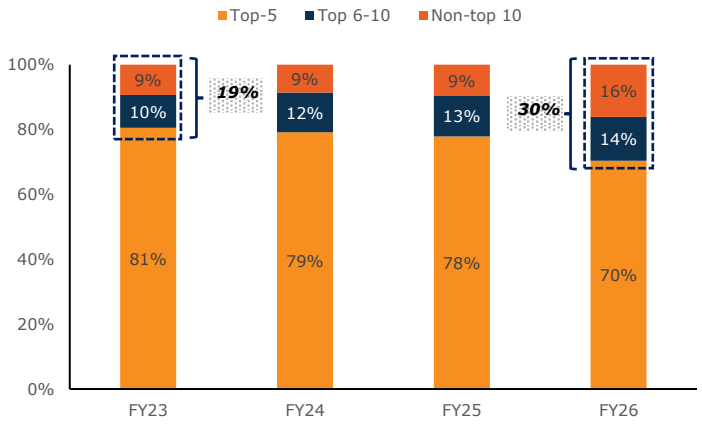
Source: Company, Emkay Research

Exhibit 7: Client base has grown 2.3x from 35 in FY23 to 82 in FY26, driven by client mining and additions via acquisitions...



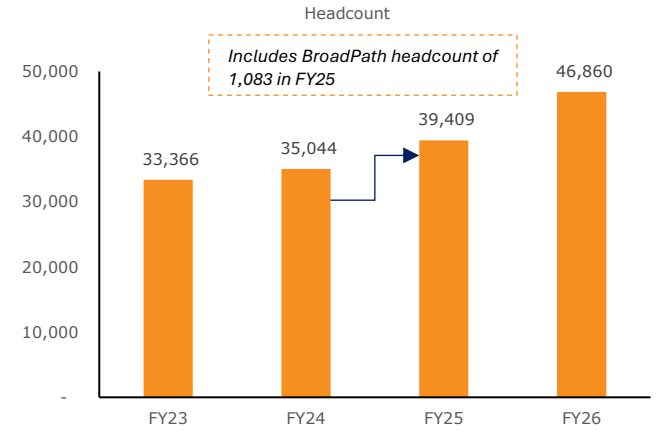
Source: Company, Emkay Research

Exhibit 8: ...thereby lowering dependency on the top-5 clients



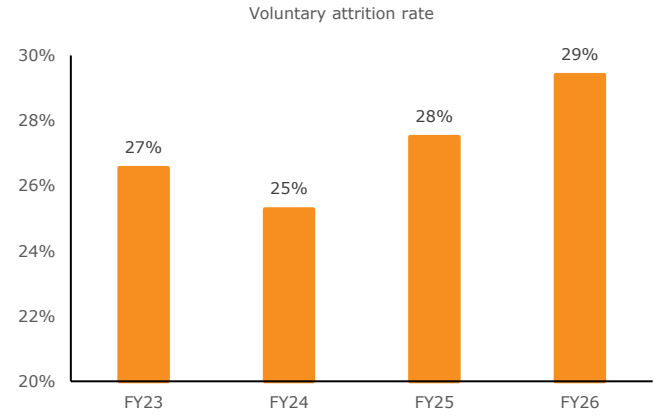
Source: Company, Emkay Research

Exhibit 9: Headcount CAGR at 12% during FY23-26...



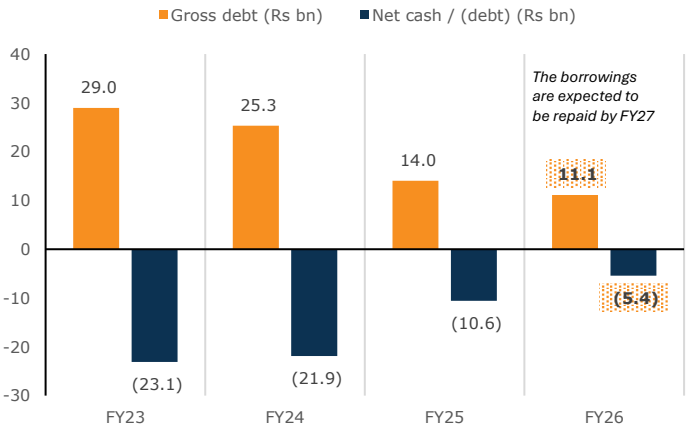
Source: Company, Emkay Research

Exhibit 10: ...with voluntary attrition above the mid-20s



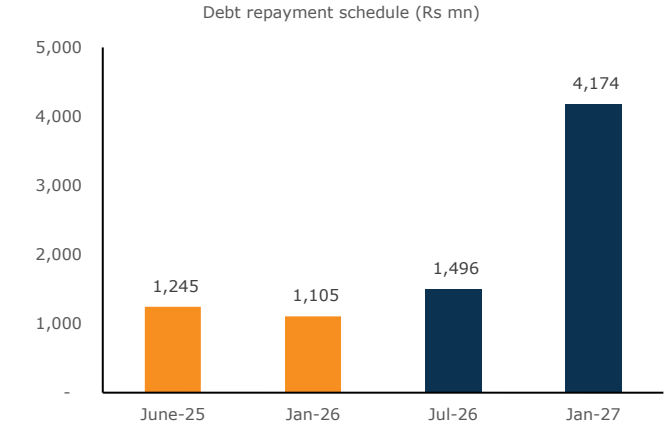
Source: Company, Emkay Research

Exhibit 11: Borrowings for the Jan-22 HGS carve-out declining via D/E conversion and cash repayments...



Source: Company, Emkay Research; Gross debt includes borrowings and lease liabilities (at ~Rs6bn average)

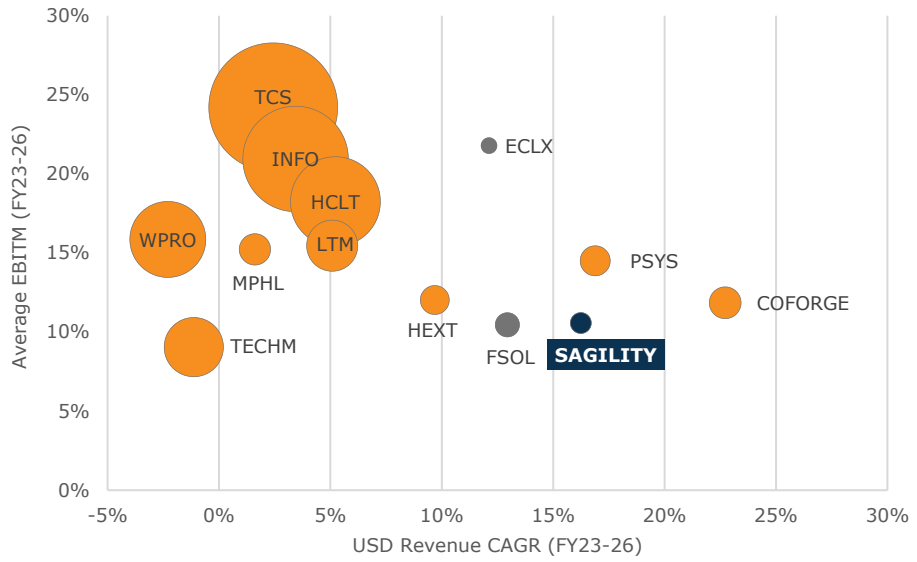
Exhibit 12: ...with the repayment schedule showing the final tranche due by Jan-27



Source: Company, Emkay Research

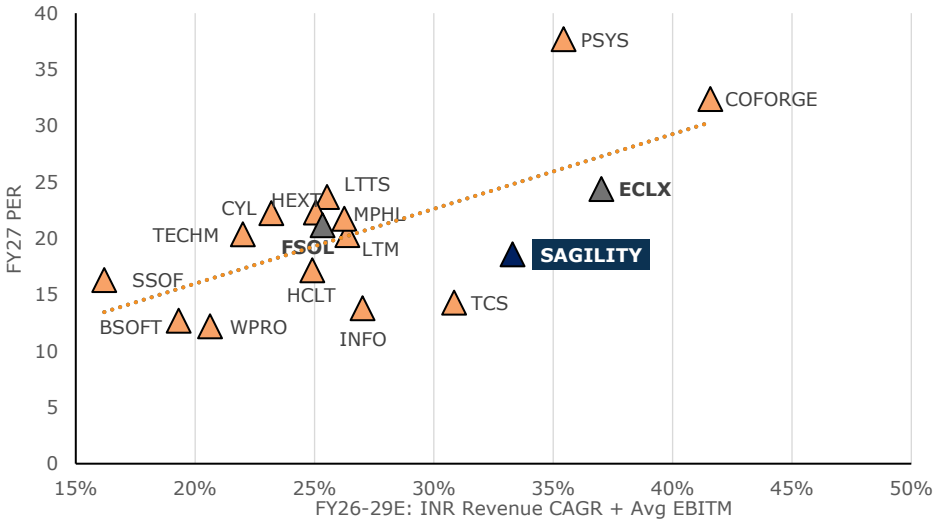
A view of our coverage

Exhibit 13: USD revenue growth and margin trend during FY23-26



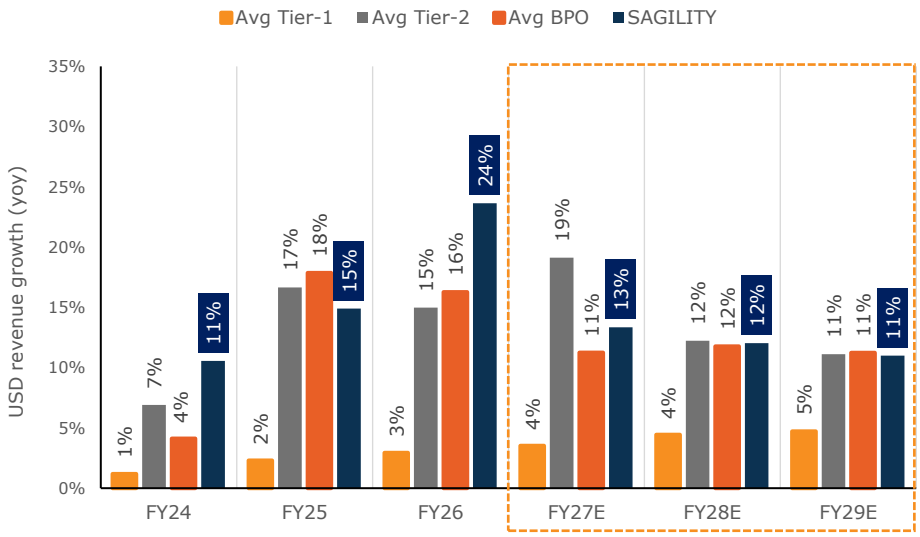
Source: Company, Emkay Research; Note: 1) FY23-26 for peers corresponds to CY22-24 for HEXT. 2) Bubble size represents revenue in FY26/CY25. 3) Orange represents IT Services and Gray represents BPO/KPO

Exhibit 14: Valuation correlation with revenue growth and/or EBITM across our IT Services and BPO coverage



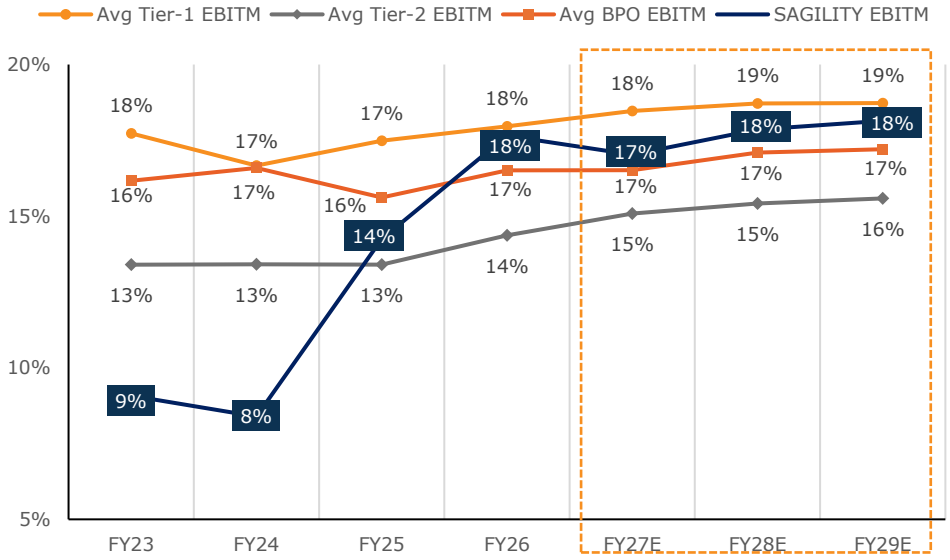
Source: Company, Emkay Research; Note: Orange represents IT Services and Gray represents BPO/KPO

Exhibit 15: Sagility's revenue growth performance as compared to the peer averages



Source: Company, Emkay Research; Note: 1) Tier-1 includes TCS, INFO, HCLT, WPRO, TECHM, and LTIM; and Tier-2 includes MPHL, COFORGE, PSYS, and HEXT. 2) BPO includes FSOL and ECLX. 3) FY24 peers corresponds to CY23 for HEXT

Exhibit 16: Sagility's EBITM above the Tier-2 and BPO peer averages, but below that of Tier-1



Source: Company, Emkay Research; Note: 1) Tier-1 includes TCS, INFO, HCLT, WPRO, TECHM, and LTIM; and Tier-2 includes MPHL, COFORGE, PSYS, and HEXT. 2) BPO includes FSOL and ECLX. 3) FY23-29E for peers corresponds to CY22-28E for HEXT

Investment thesis

A niche, vertically integrated player positioned for low double-digit growth

US healthcare spending is expected to remain a structural growth market, with National Health Expenditure (NHE) projected to see ~5.4% CAGR over CY25-34 vs ~4.1% CAGR in nominal GDP, thus increasing healthcare spending to 20.6% of US GDP by CY34 from 18.0% in CY24. Within this, Medicare and Medicaid remain large pools of healthcare spending, with Medicare expected to grow ~7.7% annually over CY25-34, while Medicaid spending is expected to grow ~5.0%. The underlying growth in healthcare spending, coupled with increasing administrative and regulatory requirements, provides a favorable backdrop for healthcare outsourcing.

We believe Sagility is positioned to grow faster than the underlying market, supported not only by industry growth but also by the relatively low penetration of outsourcing across several payer functions, its ability to deepen relationships within existing accounts, and addition of new logos.

Sagility's growth strategy is anchored on four key levers:

1) *Expanding into white spaces within existing accounts*: Sagility typically enters through one or two services and then expands into adjacent workflows, functions, and geographies that are still managed in-house or remain underpenetrated. This land-and-expand model allows the company to grow wallet share without the need to displace incumbent vendors, with each initial engagement creating a potential entry point into a broader set of services. As relationships mature, they can create progression from a narrow service engagement to broader operational ownership.

2) *Accelerating expansion into the mid- and small-market segments*: This remains a relatively untapped segment, with outsourcing penetration estimated at a single digit among smaller payers vs in the low-to-mid-20s for the overall healthcare payer market, per the management. Sagility aims to expand into local and mid-size payers, while also growing provider RCM services across hospitals, health systems, and adjacent markets. It targets ~8-12 new logos annually, supplemented by acquisitions such as BroadPath and CareSeed. This combines new-logo growth with cross-selling potential across both, the existing and acquired customer base. In the mid-market portfolio, 63% of clients use only one of Sagility's five practice areas while only 4.6% use 4/5 services and only one client uses all 5, leaving substantial scope to broaden relationships and increase revenue per client. (Exhibit 27)

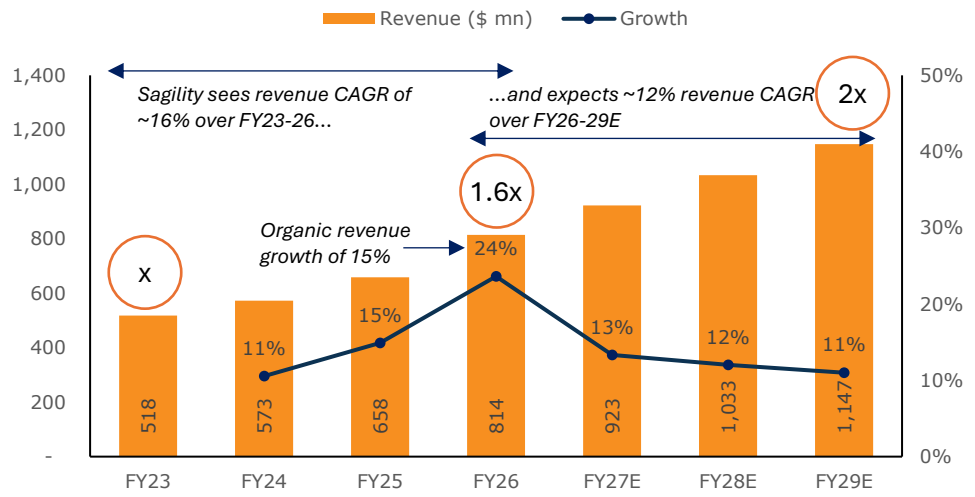
3) *Building large transformation-led and outcome-based managed services constructs*: Sagility is increasingly targeting end-to-end ownership of value chains (offerings aided by the *Synchrony* suite), including processes that have historically remained in-house. This also creates an opportunity to move beyond traditional FTE- or transaction-based pricing toward PMPM and gain-share structures. While larger deals take longer to close, they can increase the size/duration of client relationships and provide greater revenue visibility.

4) *New service offerings:* Sagility is building adjacent healthcare capabilities that can unlock new revenue streams and solidify its relevance across the payer value chain. Key additions include the Medicare acquisition through BroadPath, end-to-end Payment Integrity through DCI, HEDIS abstraction and Star Ratings via CareSeed, alongside new tech-led offerings such as Synchrony and AI-led orchestration.

These levers indicate that Sagility's growth is not simply tied to payer membership or overall healthcare volumes. The company's portfolio combines mature accounts that provide a stable revenue base with new and recently-acquired clients that offer greater room for expansion.

Factoring in these elements, we believe Sagility is well positioned to deliver a ~12% USD revenue CAGR (outperforming the tier-1 average of ~4% over FY26-29E; likely to lag that of only PSYS, COFORGE, and ECLX in our coverage), ~16% EBIT CAGR, and ~19.5% EPS CAGR over FY26-29E, supported by account penetration/mining, service expansion, middle-market growth, managed-services wins, and operating leverage.

Exhibit 17: Revenue grew ~1.6x from FY23 to FY26; expected to double from FY23 levels by FY29E



Source: Company, Emkay Research

Exhibit 18: NHE growth moderates albeit outpaces GDP; expected to reach 20.6% of US GDP by CY34

Source: CMS, Emkay Research

Exhibit 19: Key trends in projected NHE by payer

Health Plan	2026E	2027-28E	2029-34E
Medicare	Medicare spending is expected to increase 9.2% in 2026, partly due to faster growth in prescription drug spending (as some costs shift from beneficiaries to the program). Specifically, manufacturers of these negotiated drugs are projected to reduce rebates that formerly came back to the Medicare program but will now be reflected through lower prices at the point of sale.	Medicare spending growth is expected to slow somewhat over 2027-28 to 8.4%, as demand for prescription drugs moderates in comparison to 2025-26.	Average annual growth over this period for Medicare spending is projected at 7.3%. The baby boomer generation will enroll through to 2029, and the oldest baby boomers will reach ages where health-care consumption typically increases.
Medicaid	Medicaid spending growth is expected to slow to 4.8% in 2026 as OBBBA provisions that limit state-directed payments and restrict provider taxes take effect.	In this period, Medicaid spending growth is expected to slow further, to an average of 2.7%. Enrollment is expected to decline by 2.6mn over the two-year period due to OBBBA's community engagement and other enrollment-related requirements	Medicaid spending is expected to grow 5.3% a year over 2029-34.

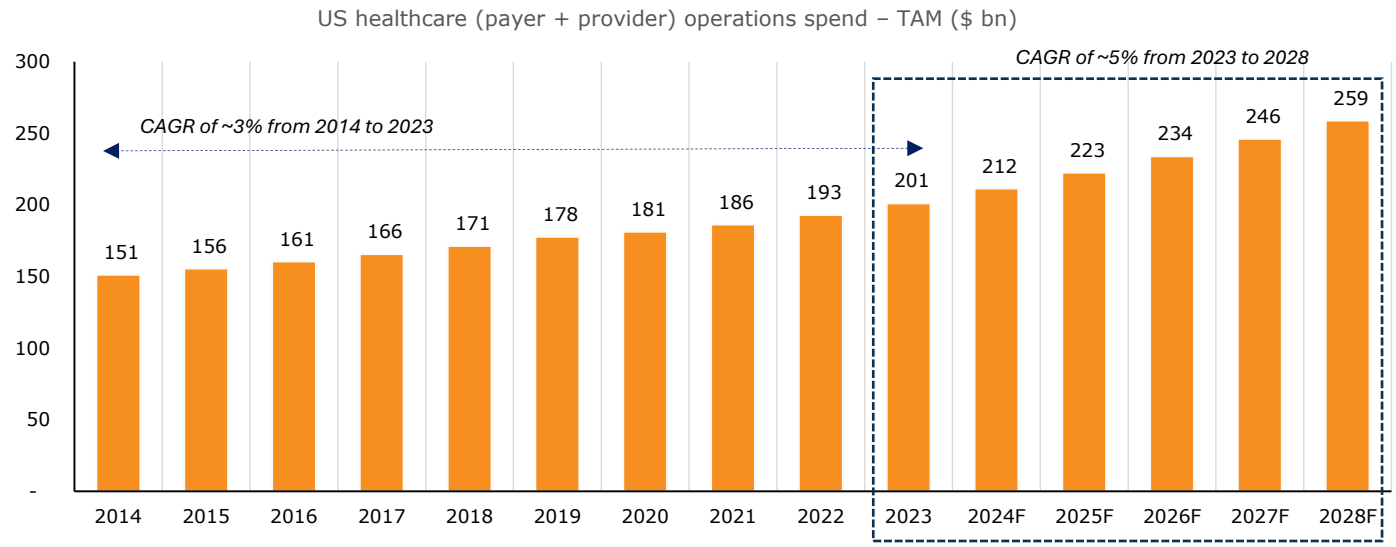
Source: CMS, Emkay Research

Exhibit 20: Sizing the market opportunity for Sagility

Particulars ($ bn)	CY23	CY28E	CAGR	Notes
US annual healthcare spend (A)	**4,700**	**6,200**	**5.7%**	Total healthcare spend
Operational spend (B)	**201**	**259**	**5.2%**	Healthcare BPM TAM
Operational spend as a% of total spend (C = B/A)	4%	4%		
Payers (b1)	*138*	*175*	*4.9%*	~70% of operational spend
Providers (b2)	63	84	5.9%	~30% of operational spend; growing faster than payer
Currently outsourced (D)	45	68	8.6%	
Outsourcing penetration (E = D/B)	*22%*	*26%*		
Payers (d1)	*32*	*45*	*6.9%*	~70% of operational outsourced spend
Providers (d2)	13	23	12.5%	~30% of operational outsourced spend; growing faster than payer

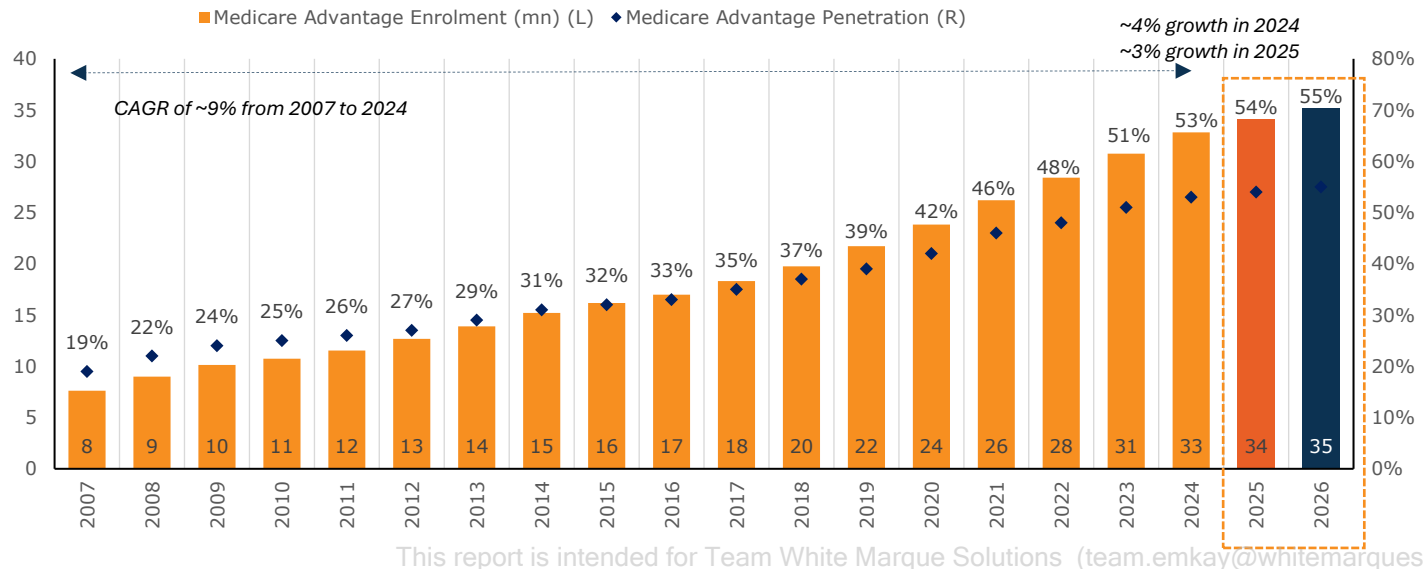
Source: Company RHP, Emkay Research, Note: This sizing is based on Sagility's field of play

Exhibit 21: Overall healthcare operations spend expected to see CAGR of ~5% from 2023 to 2028



Source: Company RHP, Emkay Research, Note: This sizing is based on Sagility's field of play

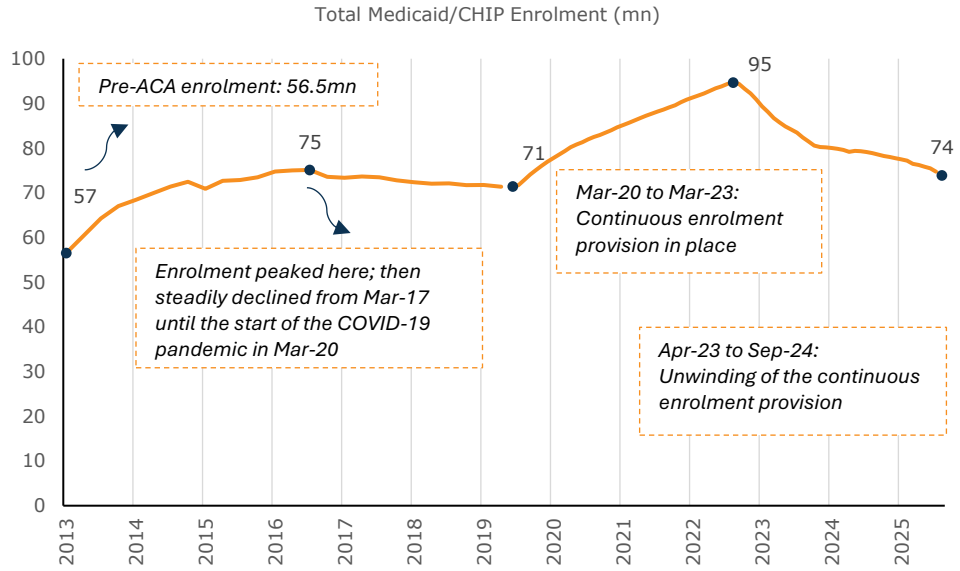
Exhibit 22: MA is growing, though the growth rate has started moderating



Source: Company, Emkay Research

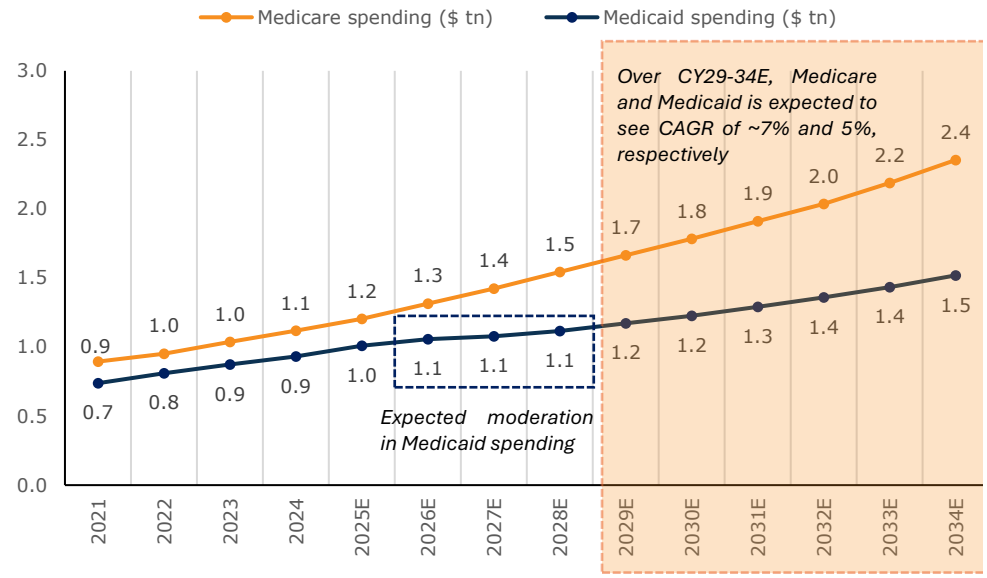
Medicare Advantage (MA) enrolment reached ~35mn in May-26 (+3% yoy), with growth slowing amid a maturing market, tighter economics, and plan exits or benefit changes. However, the structural direction remains positive, with CBO projecting MA penetration to reach ~63% by 2034 vs ~54% today.

Exhibit 23: Medicaid and CHIP enrolment has witnessed some unwinding since 2023



Source: Company, Emkay Research

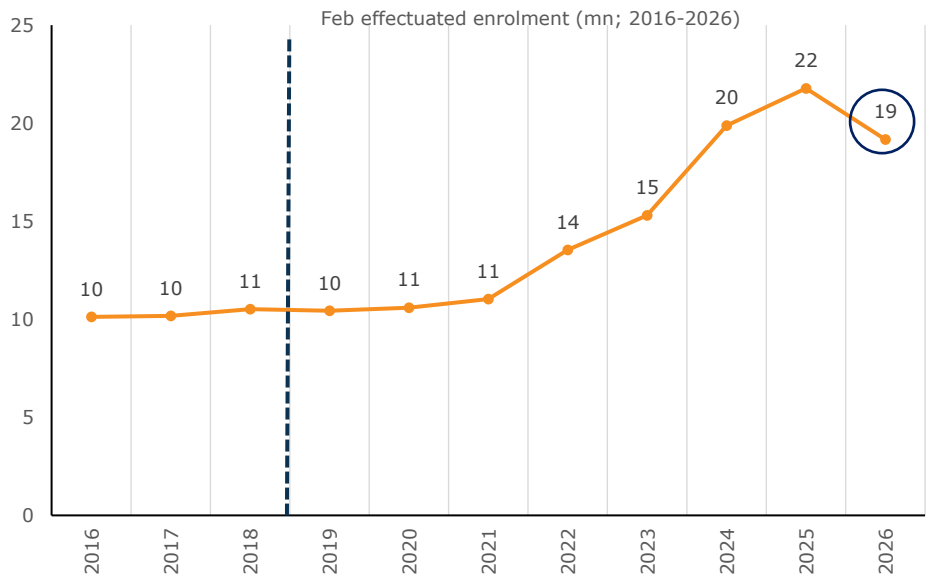
Exhibit 24: CMS estimate of the spending trend in Medicare and Medicaid



Source: Company, Emkay Research

Sagility has limited exposure to Medicaid and ACA which provides a degree of insulation from any potential impact in these segments

Exhibit 25: ACA effectuated enrolment has dropped for the first time since 2019

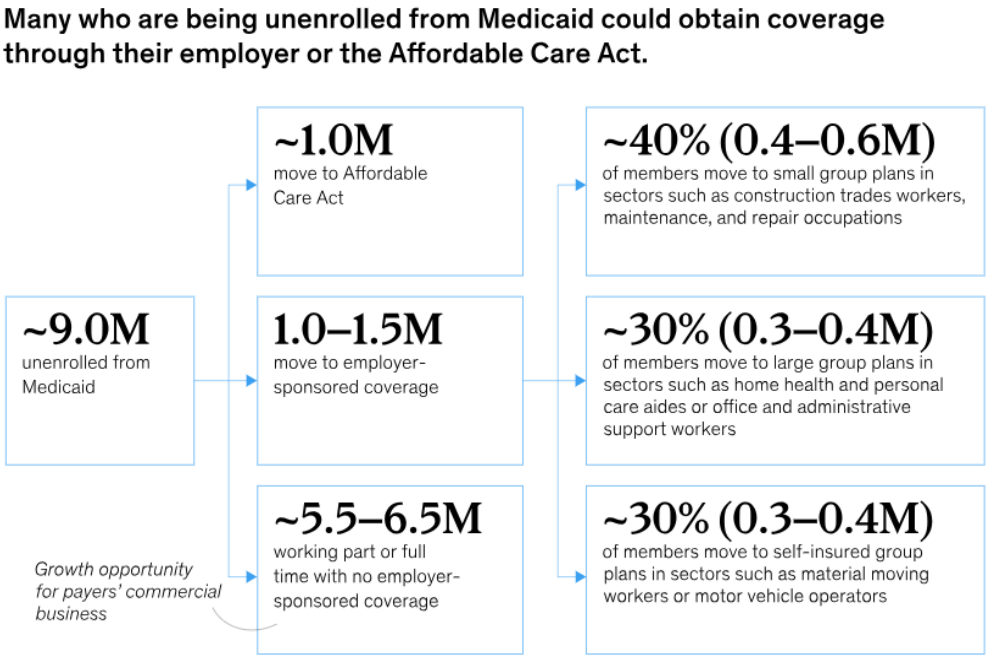


Source: KFF, Emkay Research, Note: For 2016-2025, effectuated enrolment as of 15-Mar the following year; for 2026, effectuated enrolment as of 15-May-2026

"...During 2027–28, overall Medicaid is expected to lose 9-10mn members; MCOs (managed care organizations) are expected to lose 7mn members, with a disproportionate number of healthier individuals exiting, leading to a deterioration in the risk mix[1]..."

- McKinsey

Exhibit 26: Limited Medicaid exposure and member migration to other plans mitigate the impact of Medicaid dis-enrolment on Sagility

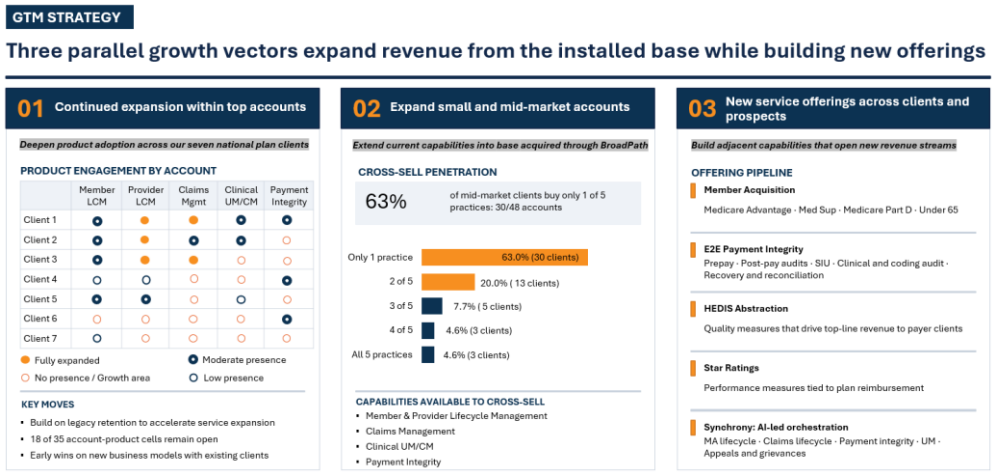


Source: McKinsey, Emkay Research

[1] *McKinsey, What to expect in US healthcare in 2026 and beyond (2026): "The US healthcare industry is navigating a period of profound transformation, marked by persistent financial pressures, regulatory shifts, and a changing care-delivery landscape"*

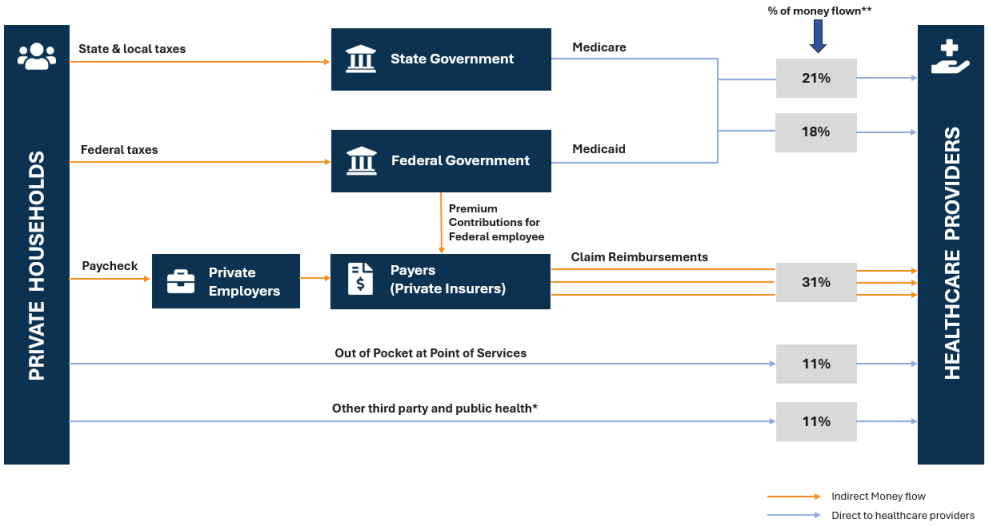
Sagility has a relatively limited presence in 'Clinical UM/CM' and 'Payment Integrity', reflecting the historically low level of outsourcing in these areas. This represents a sizable whitespace for further growth

Exhibit 27: GTM strategy concentrated across three bets



Source: Company, Emkay Research

Exhibit 28: Financing flow of US healthcare system



*Source: AGS DRHP, Zinnov, Emkay Research; Note: *"Other third party & public health" (11%) is a mixed bucket combining public programs (VA, Tricare, Indian Health Service, maternal & child health, public health activity), and private sources (workers' compensation, worksite health). CMS does not sub-divide this category in the NHE Fact Sheet. **The residual ~8% includes miscellaneous NHE components not separately disclosed in the CMS NHE Fact Sheet. Figures may not sum up to 100% due to independent rounding by CMS*

Outsourcing remains a structural lever for growth

- Lower penetration leaves significant runway for further adoption

  The US healthcare payer outsourcing market remains materially under-penetrated, with outsourcing accounting for only ~22.8-24.8% of payer operating expenditure in CY24, leaving a significant pool of functions that remain in-house. This is expected to reach ~23-25% in 2025, while outsourced payer spend is estimated to see 6-8% CAGR through to 2028 driven by increasing payer focus on cost containment and the need to convert fixed admin costs into more variable, scalable operating models.

- Rising MLRs are compressing the economic room available to payers

  According to CMS, the ACA's (Affordable Care Act) MLR regulations require health insurers to spend at least 80% of premium dollars on clinical care and quality improvement activities in the individual and small-group markets, and 85% for the large-group market. Insurers that fail to meet the applicable MLR threshold are required to issue rebates to policyholders.

The pressure is becoming more pronounced as elevated medical cost trends, rising healthcare utilization, and increasing chronic disease prevalence continue to absorb a larger share of premium dollars. Exhibit 31 highlights this trend, with the average MLR across top-7 payers increasing by ~400bps between 2023 and 2025, leaving progressively less room for administrative inefficiencies.

Against this backdrop, we believe large payers are focusing on cost take-out across non-core functions such as claim processing, member engagement, and care administration, enabling payers to reduce administration costs, and support MLR compliance.

- Growing regulatory and operational complexity favors scaled specialists

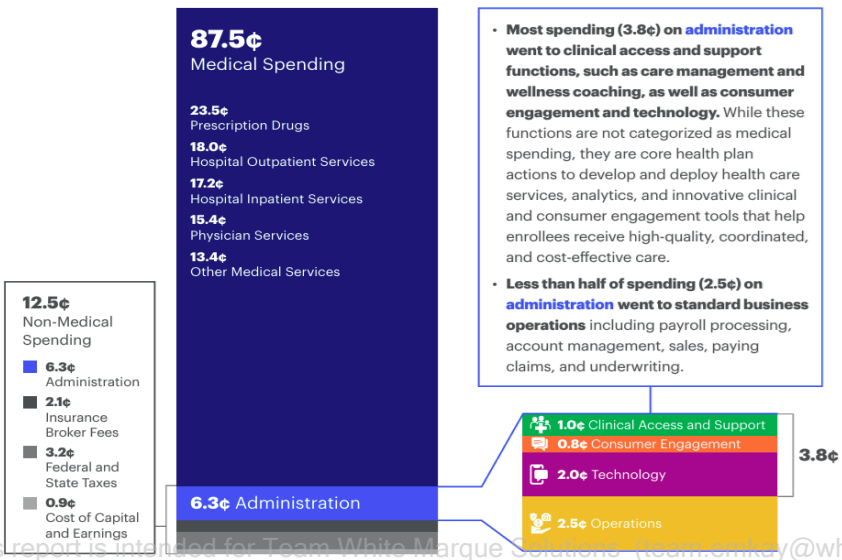
At a broader level, the regulatory and operating environment is becoming more complex, increasing the need for scaled execution partners. Payers need to continuously manage documentation, coding, claims accuracy, payment integrity, and audit response – all being high-volume, rules-driven, and non-discretionary activities that are well suited to outsourcing. At the same time, payers are reshaping their portfolios, balancing membership growth in some segments offset by contraction or repricing in others, while tighter margin expectations are limiting their willingness to add internal capacity.

Recent CMS actions are adding to this dynamic (simultaneously creating and removing sources of administrative work). Greater scrutiny around documentation, verification, payment integrity, and audit readiness is adding manual work that cannot easily be deferred, creating a tailwind for offshore providers. Conversely, efforts to streamline prior authorization and reduce the importance of certain administrative metrics could gradually reduce traditional call-center volumes, creating a headwind for parts of Sagility's legacy business.

The implication is a shift in demand away from transactional administrative work toward more complex, compliance-intensive, and execution-heavy activities—areas where scaled specialists can capture a greater share of payer spending.

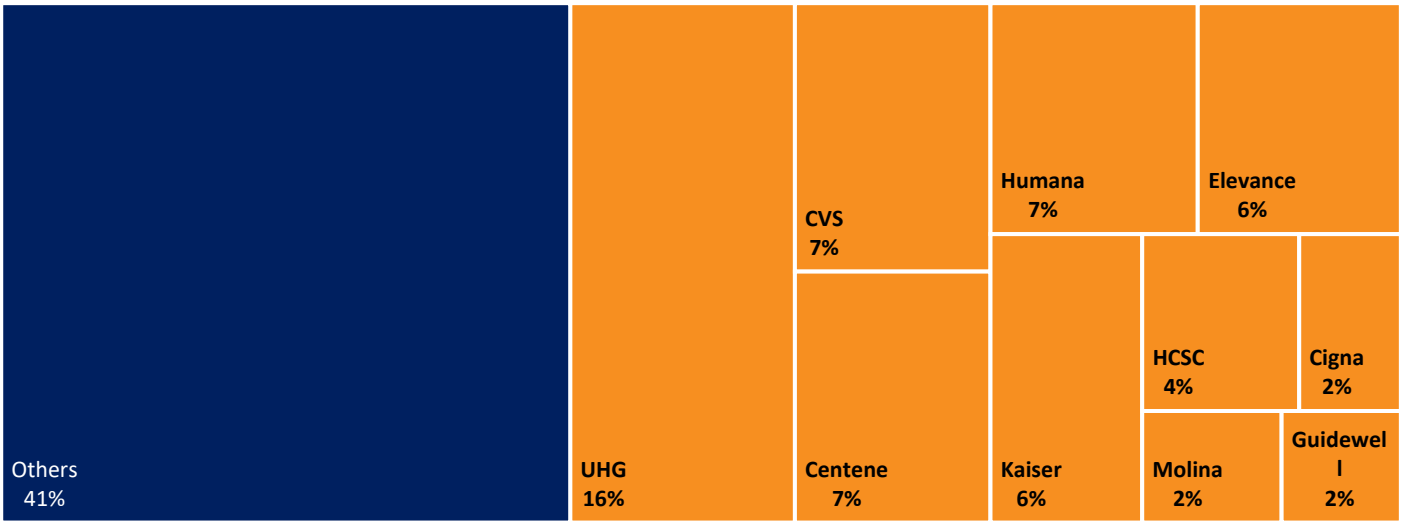
A few recent changes announced by CMS: 1) The V28 risk adjustment model finished its phase-in through 2026 and changed how Medicare Advantage plans code and document. 2) CMS will no longer recognize diagnoses that cannot be linked to an identifiable encounter, estimated to reduce MA payments and pushing plans toward prospective, defensible documentation. 3) CMS has shifted RADV audits from a sampled subset to all eligible MA contracts every year. 4) The interoperability and prior authorization rule requires payers to build FHIR APIs and meet fixed turnaround times on authorization decisions. 5) The Medicaid eligibility and ACA subsidy provisions legislated in 2025 will push redetermination volumes and member churn higher from 2027.

Exhibit 29: Admin and operations related spend by UHG on Commercial Plans, in CY25



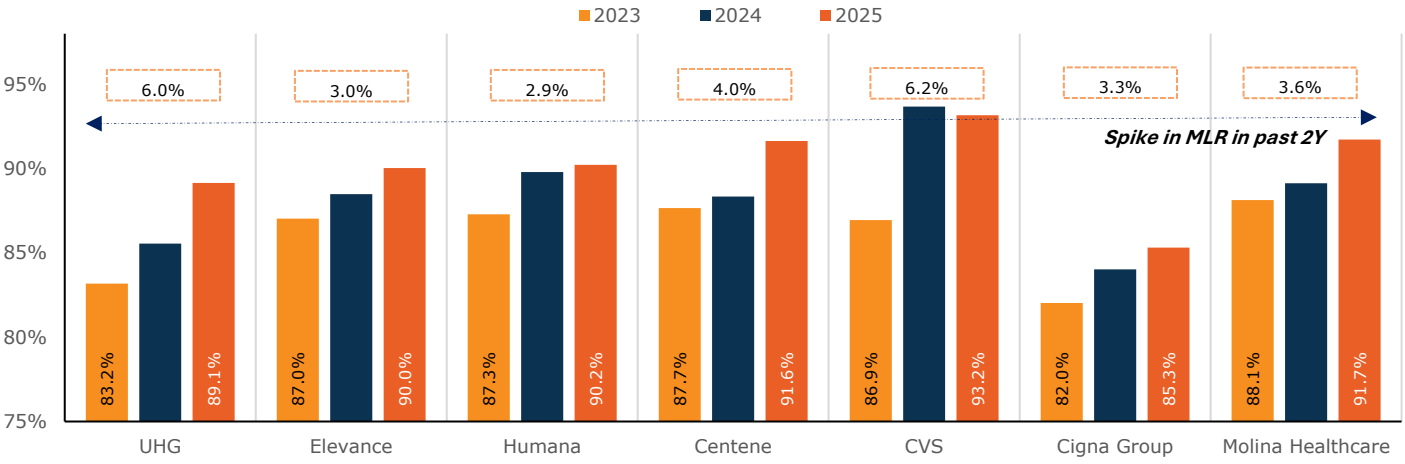
Source: UHG, Emkay Research

Exhibit 30: Top US payers with their respective market share based on direct written premium



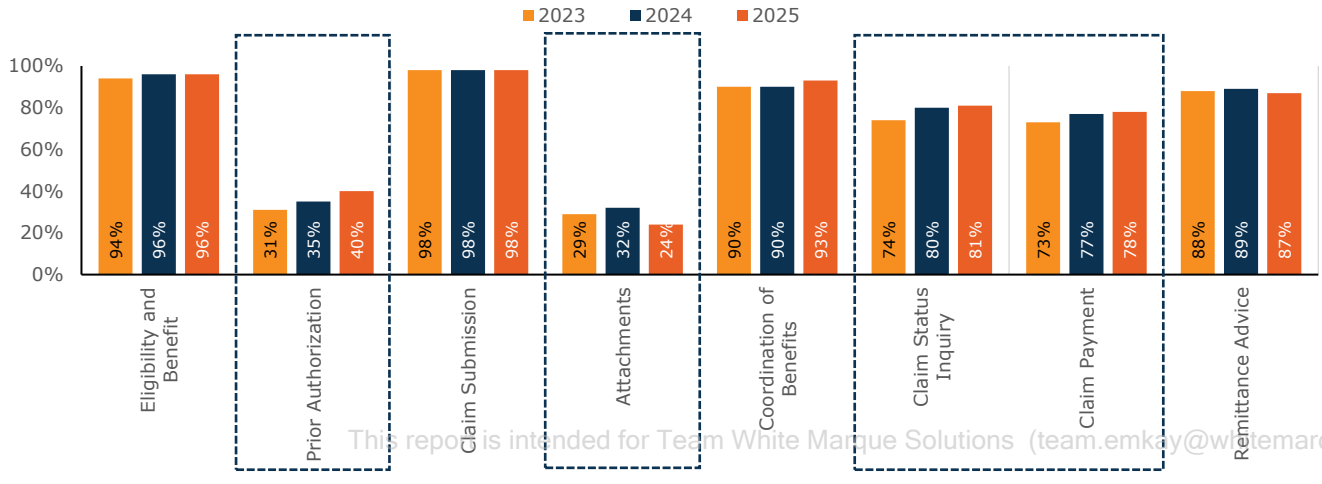
Source: Company, NAIC, Emkay Research

Exhibit 31: MLR has risen sharply across top payers, with a ~4% increase on average over the past 2Y



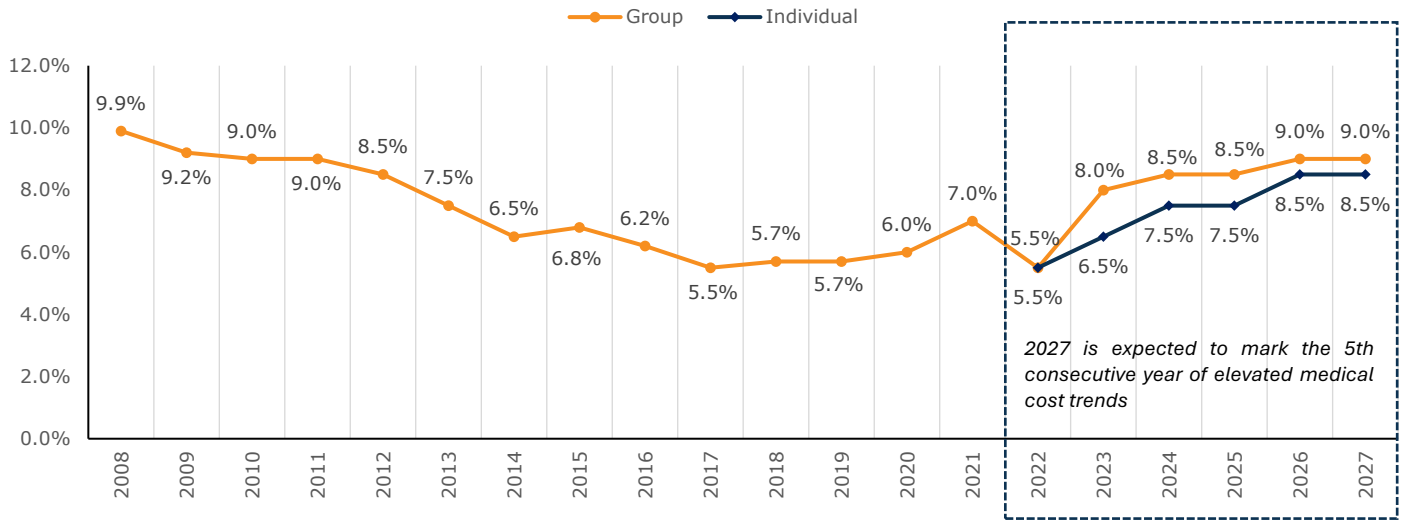
Source: Company, Emkay Research

Exhibit 32: Adoption of fully electronic administrative transactions in medical plans highlights pockets of opportunity that could serve as growth drivers for Sagility



Source: CAQH, Emkay Research

Exhibit 33: PwC projects medical cost trend to be 9.0% for Group and 8.5% for Individual in 2027, in line with the restated 2026 trends

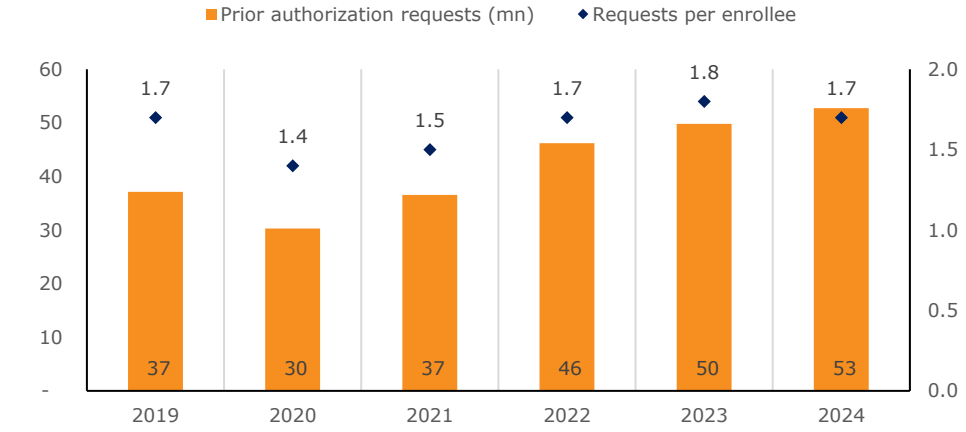


Source: PwC, Emkay Research

"...Increase in the total number of prior authorization requests since 2020 corresponds to an increase in MA enrolment from 24mn in 2020 to 33mn in 2024..."

- CMS

Exhibit 34: MA insurers made ~53mn prior authorization determinations in 2024, while request per enrollee declined in 2024

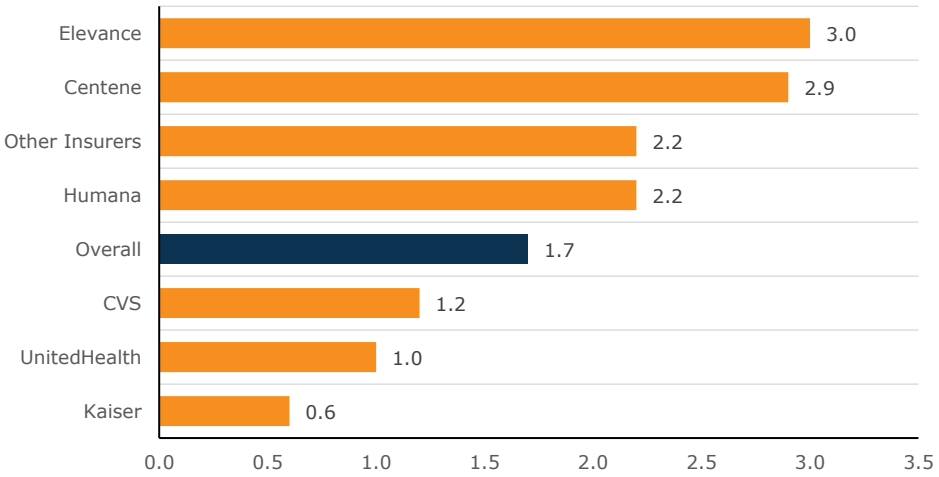


Source: CMS, Emkay Research

"...Prior authorization requests were most common among Elevance and Centene plans..."

- CMS

Exhibit 35: Requests for prior authorization services per Medicare Advantage enrollee in 2024



Source: CMS, Emkay Research

Exhibit 36: AI adoption and potential impact in two administrative use cases – prior authorization and medical billing

Health plans and healthcare providers are increasingly deploying AI tools to facilitate burdensome administrative processes. For example, in prior authorization, providers are using AI tools to automate submissions, while plans use AI to triage and evaluate prior authorization requests. In medical billing, providers use ambient scribing and AI-assisted coding tools to capture increasing clinical complexity and automate billing, while health plans use AI to assist reviewing and processing claims.

Though we are still in the early stages of administrative AI adoption, it has become clear that rapid AI deployment by both providers and health plans to support prior authorization and medical billing transactions risks increasing levels of system activity without reducing costs. Under existing incentive structures, AI automation could increase the volume of prior authorization back-and-forth, rather than making the process more efficient. AI-assisted coding tools could accelerate coding intensity and charge capture, which—even if accurate—would have an inflationary impact on healthcare costs.

The following takeaways emerged from the discussion:

Prior Authorization

1. AI may reduce the cost for individual organizations to execute prior authorizations, but it has not reduced overall system-level costs.
2. Real-time prior authorization at the point of care is an emerging model, but current proofs of concept are narrow and not yet scalable.
3. Data standards and digitization of medical policies can reduce information asymmetry, but AI's impact is limited by variation across medical policies.
4. AI is exposing and exacerbating fundamental issues within the underlying prior authorization process.

Medical Billing

1. Provider deployment of AI is increasing billing intensity and inflating medical spending.
2. Health plans are beginning to respond to AI-driven increases in billing intensity with across-the-board downcoding and other reimbursement reductions, but the impact of these cuts is not yet known.
3. Reimbursement policy is the strongest lever to drive administrative efficiencies and system-level cost savings.

Source: PHTI, Emkay Research

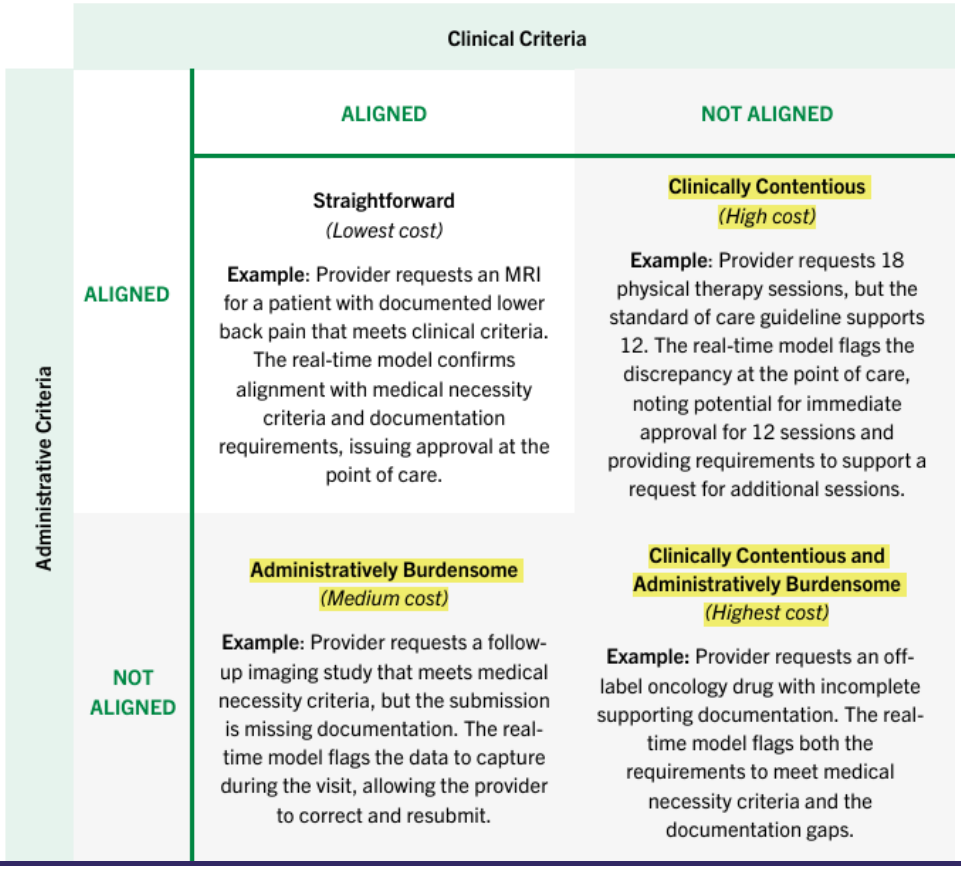
"…The discussion reinforces a core reality: as currently deployed, AI in healthcare administrative processes is likely to achieve only some of its goals—such as reducing the manual effort for organizations to execute prior authorization requests and submit billing claims—while simultaneously increasing healthcare costs. When applied on top of flawed administrative workflows, data complexity, and incentive structures, AI exacerbates the underlying issues. Realizing the potential for AI to reduce administrative waste will require redesigning the processes on which the technology is being deployed[2]…"

[2] *Administrative AI: Current Use and Potential Impact (Apr-2026): "In January 2026, the Peterson Health Technology Institute (PHTI) convened senior leaders from health systems, health plans, technology developers, investment firms, and federal agencies to discuss how technology and policy can enable AI to reduce administrative costs, accelerate payment cycles, and promote appropriate high-value care".*

"...Real-time prior authorization at the point of care is an emerging model, but current proofs of concept are narrow and not yet scalable..."

- PHTI

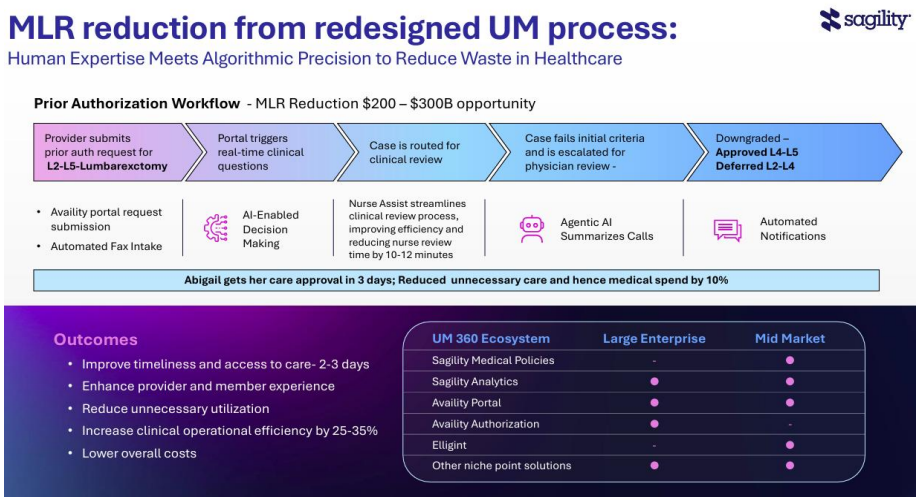
Exhibit 37: Types of prior authorization requests and impact of emerging models



Source: PHTI, Emkay Research

Takeaways: 1) AI may reduce the cost for individual organizations for executing prior authorizations, but it has not reduced overall system-level costs. 2) Real-time prior authorization at the point of care is an emerging model, but current proofs of concept are narrow and not yet scalable. 3) Data standards and digitization of medical policies can reduce information asymmetry, but AI's impact is limited by the variation across medical policies. 4) AI is exposing and exacerbating fundamental issues within the underlying prior authorization process[3].

Exhibit 38: Sagility's approach to prior authorization workflows, combining human expertise with tech



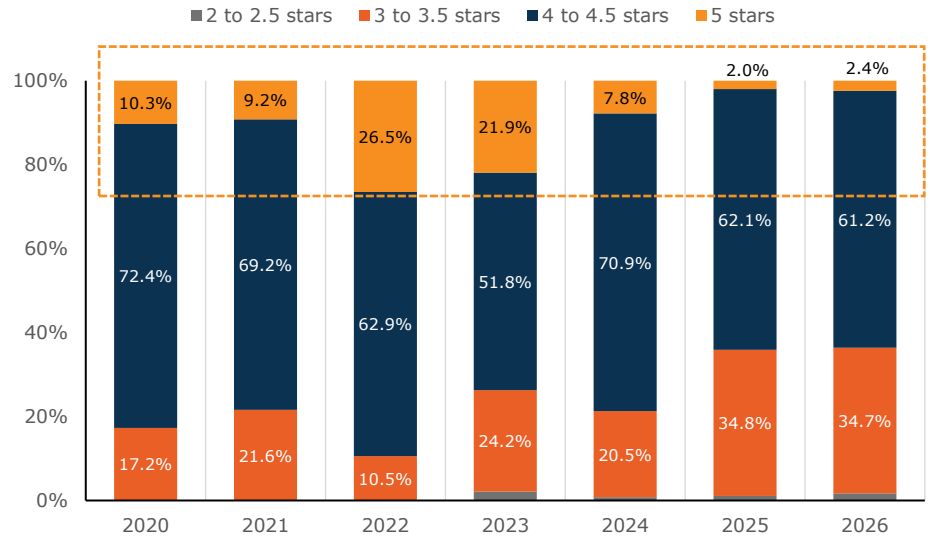
Source: Company, Emkay Research

[3] *Administrative AI: Current Use and Potential Impact (Apr-2026): "In January 2026, the Peterson Health Technology Institute (PHTI) convened senior leaders from health systems, health plans, technology developers, investment firms, and federal agencies to discuss how technology and policy can enable AI to reduce administrative costs, accelerate payment cycles, and promote appropriate high-value care".*

"...Health plans are under growing pressure to reassess their revenue strategies and operational priorities. With bonus dollars harder to secure, many are redirecting resources toward care management, member experience, and data analytics to regain or defend high ratings..."

- PwC

Exhibit 39: Distribution of MA enrollment by plan Star rating, from 2020 to 2026



Source: PwC, Emkay Research

"...Quality bonus payments through Stars have long been a steady, if modest, margin booster. However, CMS recalibrations (e.g., adjusted measure weightings, new measures, more stringent measure cut points) in 2023 made the system tougher. Fewer beneficiaries are now enrolled in 4+ star plans, reducing average bonus payments per member per year by nearly 10% (or $40) from 2023 to 2025..."

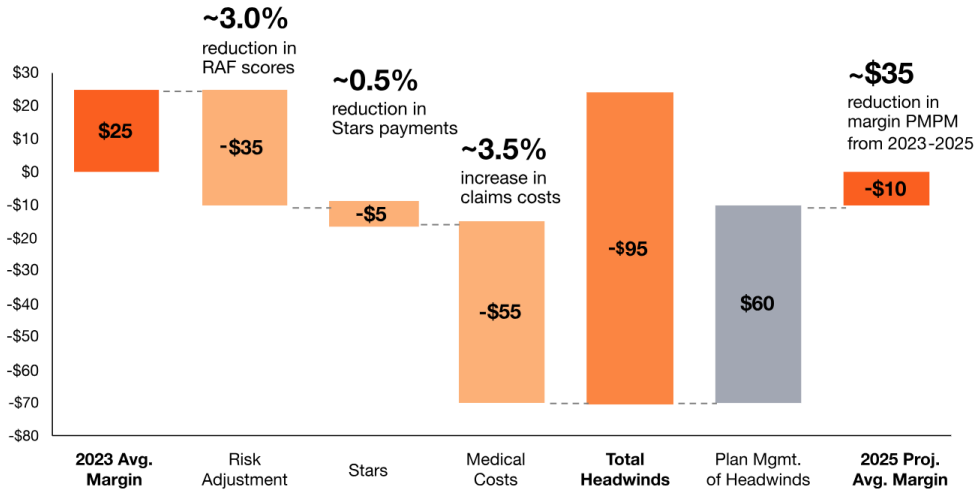
- PwC

Exhibit 40: Fewer beneficiaries enrolled in 4+ Star plans contributed to the ~10% decline in average bonus payments PMPY from 2023 to 2025

Particulars	2020	2021	2022	2023	2024	2025
Total annual spending on MA bonuses ($ bn)	7.2	9.2	10.0	12.8	11.8	12.7
Average bonus payment per member per year ($)	287	334	335	398	346	359

Source: PwC, Emkay Research

Exhibit 41: MA plan profitability faced increasing headwinds from 2023 to 2025, amid multiple factors



Source: PwC, Emkay Research

"...For years, MA margins rode predictable tailwinds—coding gains, quality bonuses, and growth in membership creating scale. Now, those same forces have flipped into headwinds worth more than $90 per member per month in total impact. CMS's new risk adjustment model has downshifted, Stars bonuses are dwindling, the rich benefits race has trapped plans in unsustainable designs, and pharmacy liabilities are exploding under the Inflation Reduction Act (CMS). With a sicker population and surging utilization, even the well-run plans are watching margins compress[4]..."

[4] *PwC: From growth to margin challenge: Navigating the forces shaping Medicare Advantage*

Exhibit 42: Recent CMS developments – First-order impact on US healthcare payers and a second-order impact on Sagility

Development	What CMS has changed	Impact on healthcare payers	Read-through for Sagility
RADV audit expansion	CMS has moved from auditing ~60 contracts to all 550 eligible contracts annually, with 35-200 enrollee samples per contract, extrapolation of findings across the contract, and the response window reduced from 22 weeks to 12 weeks.	A sampling error can now translate into a contract-wide repayment, making continuous audit readiness necessary rather than a periodic exercise.	Record retrieval, chart abstraction, coding validation, and appeals become recurring workloads across the full MA book, *increasing the annuity-like component of Sagility's clinical services.*
Exclusion of unlinked chart-review diagnoses	CMS will no longer recognize diagnoses that cannot be linked to an identifiable encounter, with the rule estimated to reduce MA payments by $7.12bn, representing a decline of 1.53% at an aggregate level.	Risk adjustment shifts further toward defensible, encounter-linked documentation, requiring plans to both capture valid diagnoses prospectively and remove unsupported codes from existing records.	Higher demand for provider follow-up, medical-record retrieval, chart review, and prospective coding across existing accounts, with the ~1.53% payment impact *creating a tangible revenue pool that plans need to protect.*
CY27 MA payment rates	CMS raised the CY27 payment rate by 2.48%, or >$13bn, versus only 0.09% in the initial proposal and 5.06% for CY26.	Payment growth remains below the underlying medical cost trend, leaving plans to protect margins through benefit rationalization, market exits, and administrative cost reduction.	The *margin environment remains supportive of outsourcing*, particularly for labor-intensive administrative functions, although tighter payer economics will increase pricing pressure during renewals and *limit the extent to which Sagility captures the full volume benefit.*
Star Ratings restructuring	CMS removed 11 administrative measures, including call-center availability and customer service, while ~24% of contracts are modelled to lose half a star.	Star Ratings become more dependent on clinical outcomes and member surveys, reducing the direct financial relevance of several operational metrics that previously supported bonus attainment.	Contact center work loses the bonus linkage that justified premium pricing and reprices as an obligation from FY28. The offset sits in clinical outreach and engagement, which Sagility can serve; so the *question regarding the model is whether mix shifts up the value chain fast enough to replace what routine voice gives up.*
Prior authorization and interoperability	CMS is mandating four automated interfaces and decisions within seven days, or 72 hours for urgent cases, with similar requirements proposed for drugs from Oct-27.	Payers face incremental implementation and parallel-running costs initially, but the economics ultimately shift toward lower manual handling and lower cost per authorization.	Implementation, workflow migration, and parallel processing can support near-term volumes through FY27, but manual intake, status checks, and follow-ups that form part of offshore operations will structurally decline as automation becomes embedded. *Positive in the short term, though negative in the long term.*
ACA enrolment and marketplace rules	Effectuated ACA enrolment fell 13% to 19.2mn following the expiry of enhanced subsidies, while CMS expects CY27 enrolment to remain 1.2–2.0mn below the prior baseline as verification requirements tighten.	Issuers lose scale after four years of elevated marketplace enrolment and face a potentially weaker risk pool, while verification requirements increase administrative work per retained enrollee.	*Lower enrolment translates into fewer calls, claims, and transactions, creating a negative FY27 volume effect*; however, the *impact on Sagility is minimum due to limited ACA exposure.*
Medicaid work requirements and six-month renewals	Expansion adults will need to demonstrate 80 hours a month of qualifying activity, while eligibility redeterminations move from annual to twice yearly.	Managed-care plans face greater churn and procedural dis-enrolment but have limited control over the underlying state-run eligibility process.	The opportunity is concentrated in member outreach, education and retention rather than eligibility administration, *with higher engagement requirements partly offset by a gradual reduction in covered lives.*

Source: Company, Emkay Research

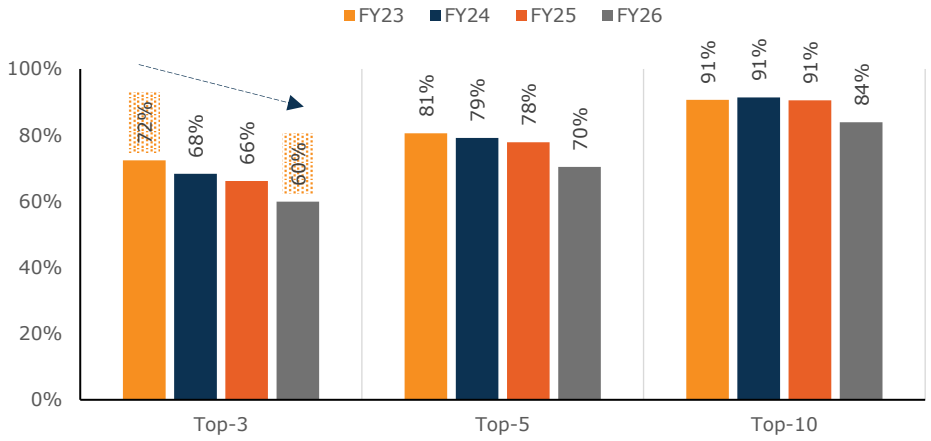
Deep, enduring, multi-year relationships with top US healthcare clients

Sagility has established deep and longstanding relationships with leading US healthcare organizations, serving 7 of the top-10 healthcare payers by enrolment and 3 of the top-6 PBMs by claims volume. Its healthcare-focused model and deep domain expertise have enabled it to become an integral part of clients' core admin, clinical, and tech ops, resulting in relationships that are highly embedded and difficult to displace. This is reflected in a client retention rate of >95% and an average tenure of 18Y across its 5 largest client groups as of Mar-26.

Several of these relationships have evolved over multiple decades from traditional operational support into broader partnerships spanning clinical, digital analytics, and tech-led transformation, including a 25Y relationship with a major US payer. We believe this level of client entrenchment provides Sagility with strong revenue visibility and a competitive advantage, while also creating opportunities to increase wallet share through the cross-sell of higher-value services.

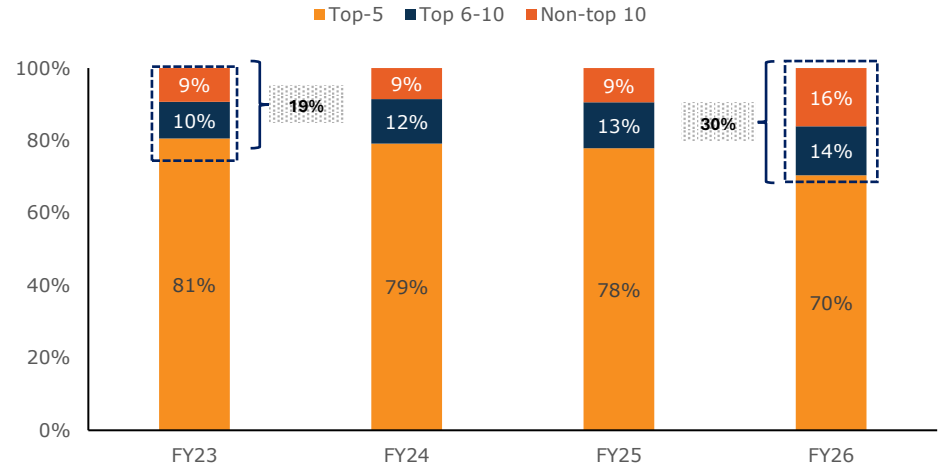
As US payers and PBMs continue to face margin pressure, rising healthcare costs, regulatory complexity, and increasing tech requirements, Sagility's longstanding relationships and healthcare domain expertise positions it well to capture a larger share of clients' outsourcing and transformation spending.

Exhibit 43: Sagility is broadening its client base by accelerating growth in tail accounts



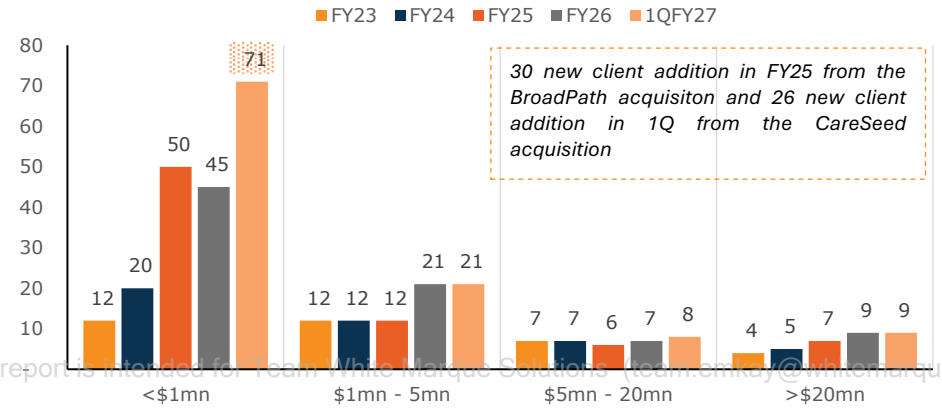
Source: Company, Emkay Research

Exhibit 44: Contribution of non-top 10 has been steadily increasing, aided by mid-market client addition with BroadPath acquisition



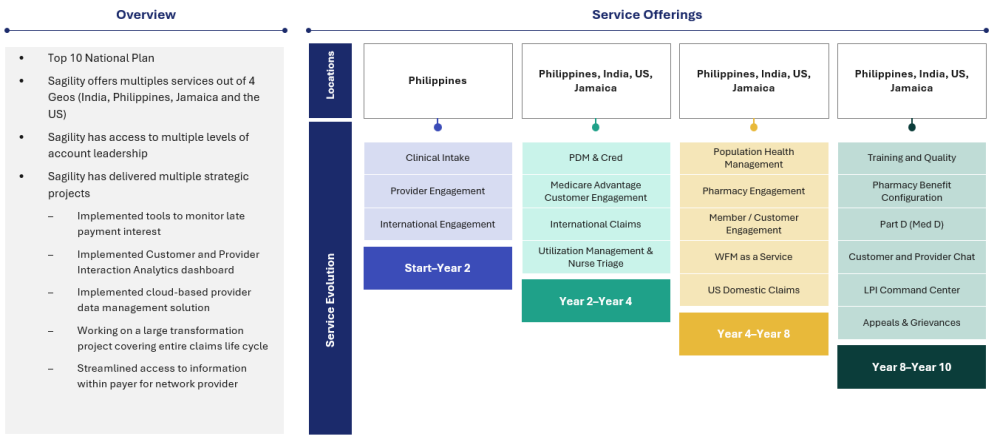
Source: Company, Emkay Research

Exhibit 45: Client base has grown 3x from 36 in FY23 to 109 in 1QFY27, driven by client mining and additions through acquisitions



Source: Company, Emkay Research

Exhibit 46: Sagility scaled its relationship with a large top-10 national payer



Source: Company, Emkay Research

Sticky, recurring revenue model with sustained growth visibility

Sagility's revenue base is recurring, with ~90% of work comprising operational services that continue to generate revenue unless underlying volumes decline or an SOW is discontinued. The typical duration of contracts is ~3Y, while several large client relationships have been renewed across multiple cycles over the past 20Y, providing significant visibility beyond individual contract terms. The commercial model is also closely aligned with the scale of services delivered, with revenue typically linked to FTE volumes and transactions. This creates an annuity-like revenue stream once services are transitioned to Sagility, reducing the need to continually win new projects only to maintain the existing revenue base.

Sagility is increasing integration within client workflows through proprietary platforms, strengthening client stickiness and increasing switching costs. We believe this combination of recurring volumes + value-linked commercial constructs provides a presupposition for sustained growth and compounding.

Acquisitions aimed at enhancing capabilities and a well-spread client stack

Sagility has been deliberate in its approach to M&A, completing four acquisitions since 2023 – each intended to expand capabilities, deepen domain/tech expertise, and broaden client access (rather than simply add scale).

1) *The acquisition of Devlin Consulting (2023, at $40mn; 'capability expansion')*, a healthcare tech and payment integrity services company, strengthened Sagility's payment integrity capabilities through Devlin's *'Contract Central'* platform and analytics expertise, helping it better identify and recover improper payments.

2) *It further expanded its tech capabilities through the acquisition of BirchAI (2024, at $12.7mn; tech differentiation'),* a GenAI healthcare tech company, adding cloud-based AI-powered customer support, NLP capabilities, and helping Sagility improve/automate interactions across members, patients, and providers.

3) *The acquisition of BroadPath (2025, at $58mn; 'market expansion'),* a US-based healthcare services provider, added >30 clients while strengthening capabilities across member engagement, claims, and appeals, provider services, expanding Sagility's presence in the mid-market payer segment.

4) *The most recent acquisition of CareSeed (2026, at $30mn; 'capability expansion'),* a healthcare analytics company specialized in HEDIS reporting, medical record review, and regulatory analytics, strengthening Sagility's healthcare quality and STARS capabilities while enhancing its ability to support Medicare Advantage plans.

Sagility's M&A focus is on expanding into adjacent provider, PBM, and specialty pharmacy workflows, while selectively evaluating RCM opportunities. It remains open to further M&A opportunities, across both the provider and payer segments, where the strategic fit/opportunity and valuation are right while prioritizing acquisitions that add differentiated capabilities, customer access, or strategic value.

Exhibit 47: Selective acquisitions by Sagility enhancing its capabilities across different workstreams

Acquisition	Year of acquisition	Consideration paid	Financial metrics - Revenue	Description
Devlin Consulting (DCI)	Apr-23	$40mn	NA	Enhanced payment integrity (PI) solutions and advanced analytics by acquiring DCI's *'Contract Central'* technology platform, which provides pre-pay cost avoidance and post-pay recovery capabilities.
Birch AI	Mar-24	~$13mn	NA	Acquired cloud-based conversational AI and LLM capabilities for healthcare to automate after-call work (ACW), generate call summaries, and analyze clinical documents. These Gen AI capabilities enhance member engagement capabilities and automated domain-intensive service operations across claims and clinical processes.
BroadPath	Jan-25	$58mn	CY24: $70mn	Diversified the client base by adding 30 new mid-market payer clients to the portfolio. Expanded member acquisition capabilities and established a scalable remote delivery model supported by BHive, a proprietary workforce management platform that enhances productivity. The acquisition strengthened Sagility's relationships with leading US health plans, broadened its market reach, and created opportunities to cross-sell its tech-enabled healthcare operations and transformation services across an expanded client base (complementing its existing focus on mega-payers).
CareSeed	Jun-26	$30mn	CY23 / CY24 / CY25: $3.6mn / $4.0mn / $5.1mn	Enabled expansion into STAR performance management and care gap closure services, creating cross-selling opportunities for integrated tech and service offerings. These capabilities help improve client quality outcomes and operational efficiency, while 26 new client groups were added to the existing portfolio.

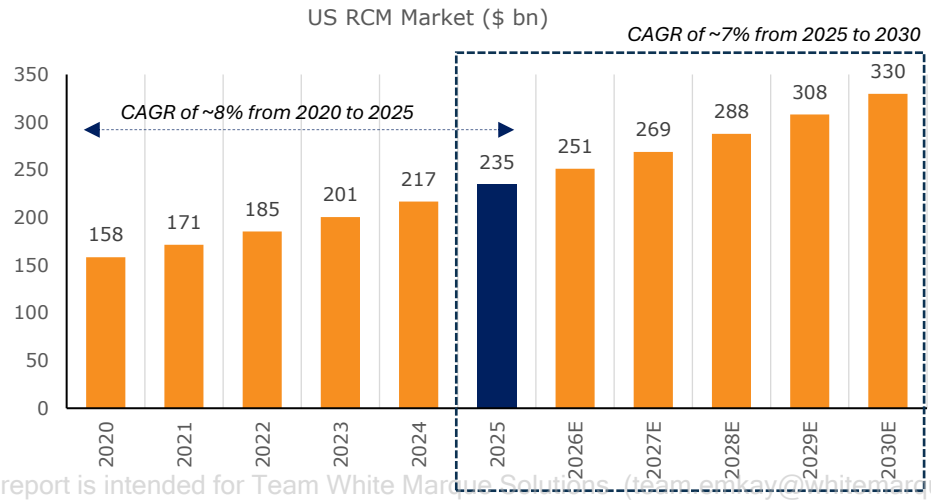
Source: Company, Emkay Research

Provider business scale-up offers further growth optionality

Sagility's provider business remains a relatively small ~10% of revenue but offers a meaningful incremental growth vector through the US healthcare RCM (revenue-cycle management) market. The US provider operations spend stood at ~$62.9bn in CY23 and is projected to reach ~$84.1bn by CY28, implying ~6% CAGR. This growth is accelerated by severe post-pandemic headwind pressures on healthcare providers, including lower reimbursement rates, high medical equipment/pharmaceutical costs, and a rising volume of uncompensated care. To optimize their cost-to-collect and preserve margins, providers have been transitioning from in-house admin units to outsourced RCM partnerships. The current outsourcing penetration rate in the provider market stands at ~19.5-21.5%, with substantial headroom for capturing market share.

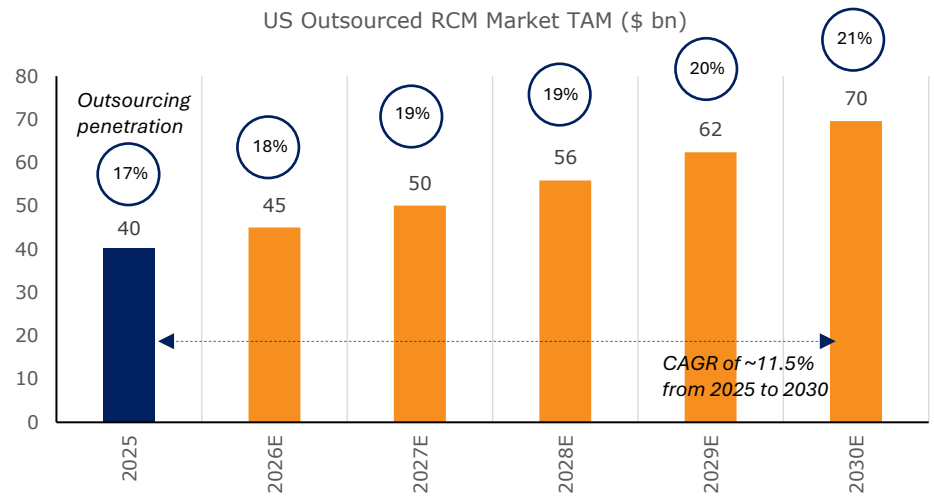
Management continues to view RCM as a long-term strategic expansion opportunity, with Sagility's established payer relationships providing a strong foothold in the broader healthcare ecosystem and its technology platform extending naturally into provider workflows. We see RCM as a meaningful optionality beyond the core payer franchise, with potential to add a second growth engine as Sagility increases penetration of the under-outsourced provider market.

Exhibit 48: The US RCM (Revenue Cycle Management) market is expected to see ~7% CAGR



Source: AGS DRHP, Zinnov, Emkay Research

Exhibit 49: The US outsourced RCM market is expected to see 11.5% CAGR



Source: Company, Emkay Research

Domain depth + tech + AI create a durable competitive advantage

AI is becoming increasingly important across healthcare operations, but generic automation has limited utility in a sector defined by fragmented workflows, complex regulations, and the need for clinical and operational judgment. Claims, clinical reviews, prior authorization, and appeals involve fragmented data, regulatory requirements, and decisions where accuracy and human judgment remain critical. The value therefore lies in embedding AI within the workflow, improving decision-making, routing work, and supporting execution while maintaining the necessary controls.

Sagility is building an integrated tech stack spanning *CoreIQ* (analyses operational data to identify risks and improvement opportunities); *Synchrony* (coordinates workflows, people, automation and partner systems); and *SmarTec* (embeds AI and automation directly into execution). The stack is designed to work with clients' existing systems rather than replace core platforms.

Beyond the core architecture, Sagility is extending this into healthcare-specific solutions such as *Nurse Assist* for clinical reviews and prior authorization, *Appeals Assist* for appeals and grievance, and *HealthBridge Connect* for payer-provider coordination, alongside claims automation, contract validation, intelligent document processing, analytics, and AI-enabled quality tools. The common thread is that these capabilities target specific operational pain points where Sagility already has deep domain expertise and delivery presence.

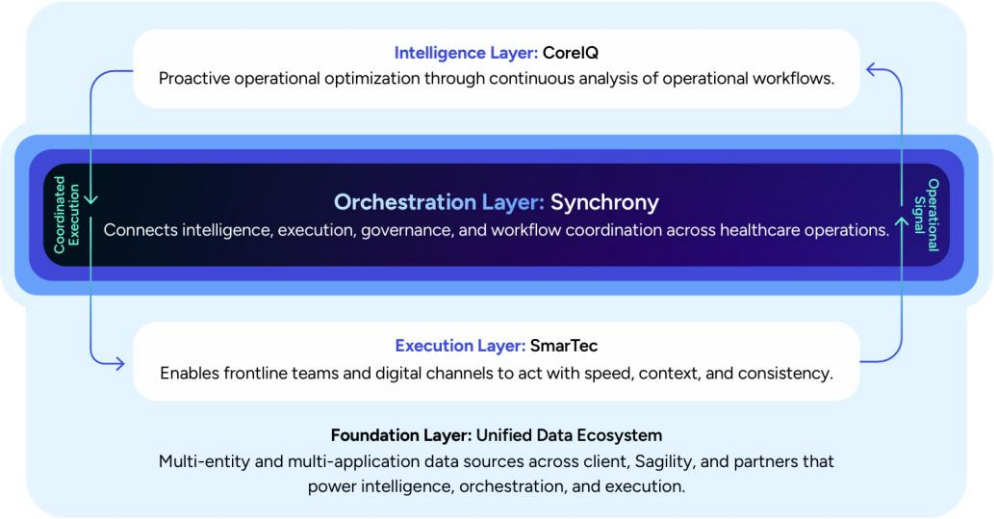
We see this tech stack as an enabler of Sagility's evolution from traditional services toward tech-enabled healthcare operations. By embedding AI into existing workflows and combining it with domain expertise and human oversight, Sagility can improve productivity, handle greater complexity, and create reusable solutions across clients.

Exhibit 50: Sagility's AI-led healthcare operations architecture designed as an interconnected operating loop

Sequence	Capability	What Occurs
Observe	CoreIQ	Ingests and analyzes operational data, workflow events, quality measures, and performance signals
Decide	CoreIQ + Synchrony	Identifies risk, opportunity, priority, next-best action, or exception requiring intervention
Orchestrate	Synchrony	Routes work, aligns resources, coordinates systems and partners, and applies governance rules
Execute	SmarTec + people	Supports or automates the interaction, review, decision, outreach, or transaction
Measure	CoreIQ	Tracks results, accuracy, quality, cycle time, experience, cost, and downstream outcomes
Improve	All three layers	Feeds results back into analytics, prioritization, workflow design, and operating controls

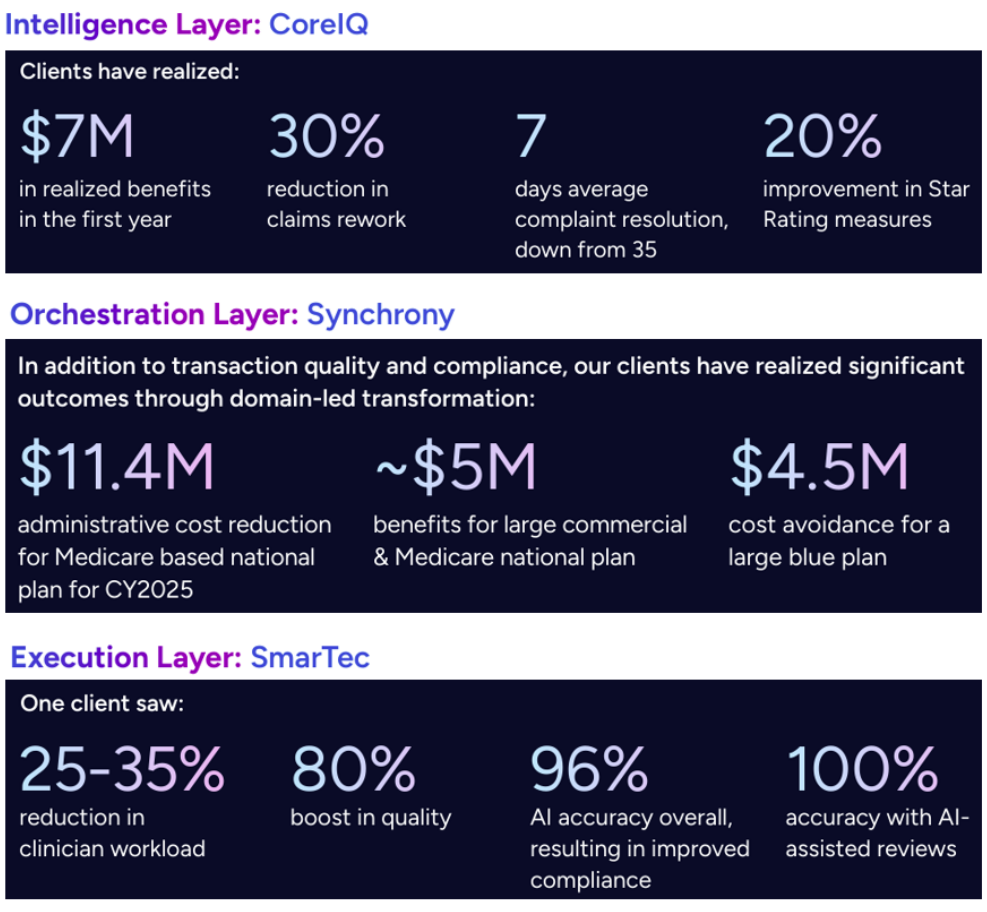
Source: Company, Emkay Research

Exhibit 51: CoreIQ, Synchrony and SmarTec form interconnected layers within Sagility's AI-orchestrated healthcare operations platform



Source: Company Whitepaper, Emkay Research

Exhibit 52: Illustrations showcasing the application and implementation of developed tech solutions and benefits realized by clients



Source: Company Whitepaper, Emkay Research

Business overview

Sagility operates as an outsourced operating layer for US health insurers, handling the high-volume processes required to run a health plan – from claims processing and payment integrity to clinical reviews, provider management, and member administration. Its revenue is consequently linked more with recurring healthcare transaction volumes and the complexity of payer operations rather than discretionary IT spending. With ~47k employees across the US, India, Philippines, Jamaica, and Colombia, the company combines deep healthcare domain expertise with tech, automation, analytics, and AI to improve clients' operational efficiency and manage healthcare costs.

Exhibit 53: Sagility – Global leader in the transformation of healthcare operations

Source: Company, Emkay Research

Payer services (~90% of revenue)

Sagility's core business is centred on managing operational workflows for US health insurers. Unlike a conventional customer-service outsourcing provider, Sagility works within processes that directly affect whether a healthcare service is approved, how a claim is paid, whether an overpayment is identified, and how a member's care is managed (Exhibits 54, 55, 56).

- *Claims Management:* Claims processing is one of the largest and most recurring operational requirements for a health insurer. While a significant proportion of claims can be processed automatically, exceptions, complex claims, and disputes require manual review and specialist intervention. Sagility supports claims across hospital, physician, laboratory, pharmacy, dental, and vision services, including validation, appeals, and grievances. The value proposition lies in improving productivity and accuracy in the manual portion of the workflow through automation, AI-enabled work routing, and domain expertise. Given the transaction volumes involved, even incremental improvements in automation and handling efficiency can translate into meaningful savings for payers while increasing Sagility's ability to process higher volumes without a proportional increase in headcount.
- *Payment Integrity (PI):* This represents a higher-value capability within the payer workflow as it directly targets medical-cost leakage. Claims can be incorrectly paid because of coding errors, duplicate billing, unsupported services, or non-compliance with contractual and clinical guidelines. Sagility addresses this through pre-pay reviews, which prevent inaccurate payments before they are made, and post-pay reviews, which identify and recover overpayments. Sagility combines analytics + automation with clinical and coding specialists to focus on higher-risk claims. *This is a strategically important segment as it moves Sagility closer to measurable client outcomes and creates scope for more value-based and tech-led engagements* (Exhibit 56).
- *Clinical Management:* Some payer decisions cannot be made solely through administrative rules and require clinical judgement. This is particularly relevant when determining whether the proposed treatment is medically necessary, whether continued hospitalization is appropriate, or whether a member requires more intensive care management. Sagility employs licensed clinical professionals, including nurses and pharmacists, to support UM (Utilization Management), prior authorization, concurrent inpatient reviews, chronic and complex case management and population health programs. Its teams also use predictive analytics to identify members with higher health risks and intervene before their condition results in more intensive or avoidable care.

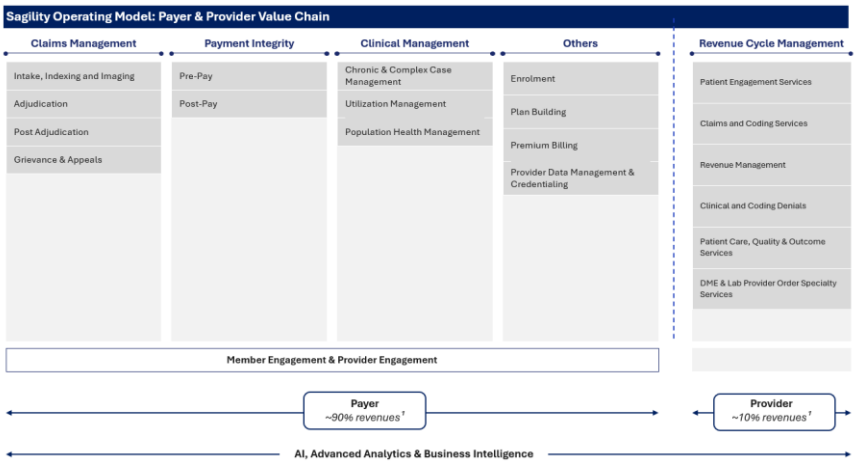
- *Other Payer Services:* Sagility supports several critical payer workflows, including provider onboarding and credentialing, provider-network database management, member enrolment, benefit-plan administration, and premium billing. Together, these services provide a broad, end-to-end platform across the payer operating lifecycle.

Provider Services (~10% of revenue)

Sagility's Provider Services business supports hospitals, physician groups, and ancillary healthcare organizations, including diagnostic laboratories and durable medical equipment suppliers, through end-to-end RCM (Revenue Cycle Management). The offering spans the patient journey from access and financial clearance through billing, collections and denial resolution (Exhibit 56).

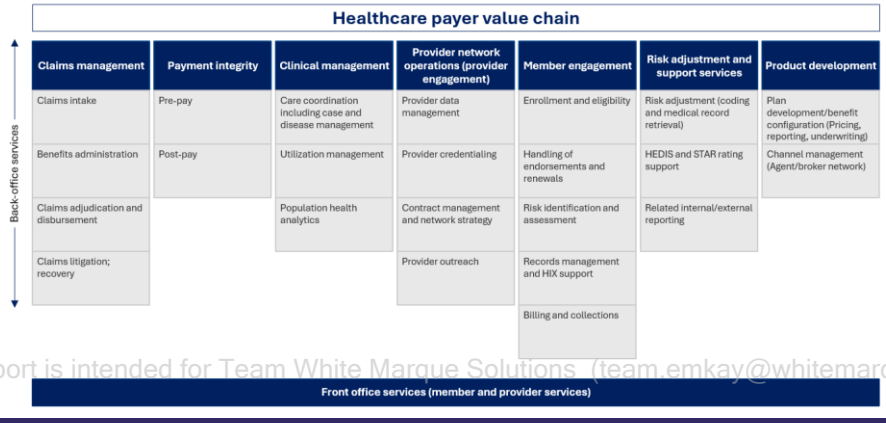
- *Patient Access:* Sagility supports providers across patient scheduling, financial clearance, insurance eligibility and benefits verification, and coordination of prior authorizations, helping establish coverage and reduce front-end revenue leakage.
- *Middle and Back Office:* RCM is a core operational function that directly impacts provider cash flows. Sagility manages medical coding, billing, A/R management, collections, cash posting, and patient billing, helping improve coding accuracy, collections, and reimbursement efficiency.
- *Denials Management:* Claim denials are a significant source of revenue leakage for providers. Sagility identifies the root causes of denials, supports appeals, and helps maximize recoveries through its clinical, coding, and analytics capabilities. The company has historically delivered denial reversal rates of ~60%, improving collections, and reducing avoidable write-offs.

Exhibit 54: Mapping the payer and provider value chain



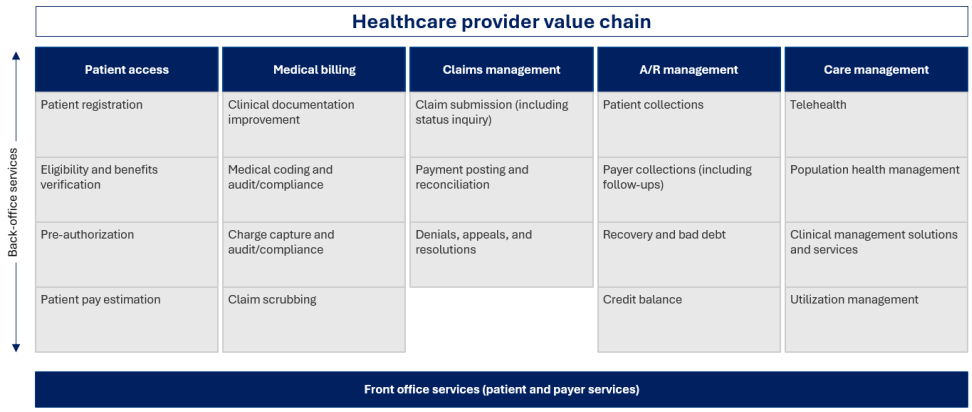
Source: Company, Emkay Research; Note: [1]Revenue contribution as of 1QFY27

Exhibit 55: Zoomed-in view of the payer value chain



Source: Company, Emkay Research

Exhibit 56: Zoomed-in view of the provider value chain



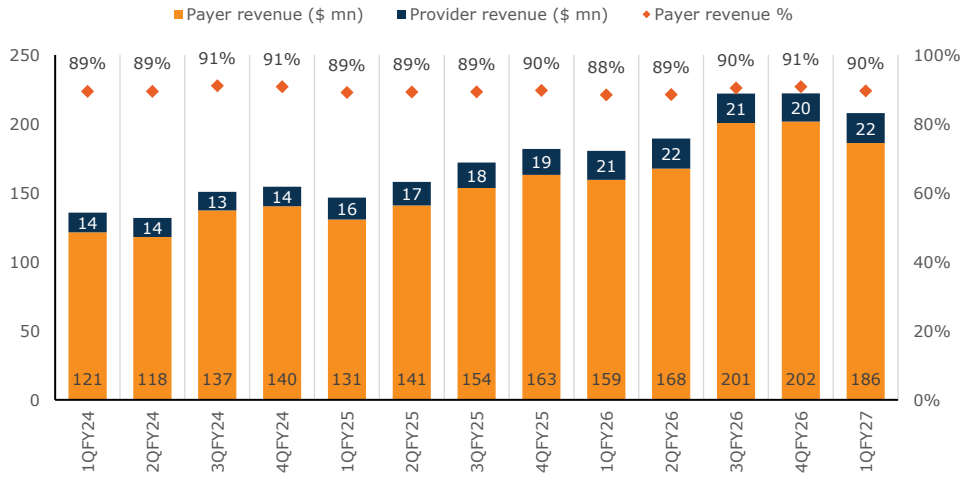
Source: Company, Emkay Research

Exhibit 57: End-to-end view of Payment Integrity

Control phase	What Payment Integrity enables	Primary outcome
Pre-pay	Early risk detection to payment reduction	Cost avoidance
Post-pay	Error identification to recovery	Loss containment
Recovery	Prioritized, pattern-based recoupment	Financial return
Continuous monitoring	Persistent, adaptive oversight	Reduced repeat risk
Proactive intervention	Patter detection to targeted escalation	Savings expansion

Source: Company, Emkay Research

Exhibit 58: Revenue is predominantly payer-led, contributing ~90% of overall revenue



Source: Company, Emkay Research

Within the payer market, the business can be viewed across four key dimensions 1) funding and plan type, 2) carrier scale and geographic reach, 3) outsourcing penetration and growth potential, and 4) revenue model under SOW.

Segmentation by plan type and funding structure

- Government / Public Plans

Government-funded programs primarily serve elderly, low-income, disabled, and other vulnerable populations. This includes

- *Medicare:* Federal health insurance for individuals aged >65 and certain younger individuals with disabilities. It comprises

  1) Original Medicare: Directly administered by the federal government.

2) Medicare Advantage (MA): These are privately administered plans contracted by the government. MA enrolment has increased from only 8mn beneficiaries in 2007 to ~35mn in 2026, with MA's share rising from 19% to 55% of eligible Medicare beneficiaries.

Total Medicare enrolment reached ~70.5mn in May-26, covering ~20% of the US population, accounting for 14% of the federal budget in 2025 and 21% of national health-care spending in 2024.

- *Medicaid / Managed Medicaid*: This is jointly funded by the federal and state governments and targeted primarily at low-income individuals and families. Under the Managed Medicaid plan, states have a contract with private Managed Care Organizations (MCOs) to manage healthcare delivery and financial risk. Medicaid enrollment as of Apr-26 stood at ~67mn, down 6% on yoy basis and at ~0.6% CAGR since 2020.
- *Children's Health Insurance Program (CHIP)*: This provides coverage to children from lower-income households that exceed Medicaid eligibility thresholds but may not be able to afford private insurance. Enrollment stood at >7mn as of Apr-26, at 0.5% CAGR since 2020.

- Commercial / Private Plans

Commercial plans are funded primarily through employers or individuals and include

- *Employer-Sponsored Insurance*: This is the largest US coverage pool, at ~166mn individuals in 2025, where employers provide health insurance as an employee benefit.
- *Health Insurance Exchange / Individual Marketplace*: These are ACA-based marketplaces through which individuals and small businesses purchase health plans. Effectuated marketplace enrollment in Feb-26 fell 12% yoy to 19.2mn in 2026, from a record 21.8mn in 2025, coinciding with the expiration of enhanced premium tax credits.
- *Medicare Supplement / Medigap*: This includes privately offered policies that cover certain deductibles, copayments, and other out-of-pocket costs not covered by Original Medicare.

Segmentation by carrier scale and geographic reach

The payer landscape is also differentiated by scale, geographic footprint, network strength, and degree of consolidation.

- *National Carriers*: These are large, diversified insurers operating across multiple states and typically across several lines of business. Key players include UnitedHealthcare, Elevance Health, Centene, CVS Health (Aetna), Cigna Healthcare, Humana, Health Care Service Corporation (HCSC), Highmark, and Kaiser Permanente.
- *Regional Carriers*: These are state- or region-focused plans that build products and provider networks around local market dynamics. Key regional players include UPMC Health Plan, CareSource, LA Care Health Plan, Healthfirst, Medical Mutual of Ohio, Corewell Health West Michigan, Point32Health, and Inland Empire Health Plan.
- *Blue Cross Blue Shield Federation*: This represents an ecosystem comprising of 33 independently managed, community-based BCBS companies. While operating under the national BCBS brand, individual plans such as Florida Blue, Horizon BCBS of New Jersey, Blue Shield of California, and BCBS of Michigan operate independently within their respective markets.

Segmentation by outsourcing penetration and growth potential

Outsourcing penetration varies significantly by payer size and workflow complexity, creating a differentiated growth opportunity for specialized healthcare outsourcing providers.

- By payer size / outsourcing maturity

  - *Large National Carriers*: These payers are relatively mature users of 3P outsourcing and typically have established global delivery models. Incremental growth is

therefore driven primarily by wallet-share expansion and penetration of additional workflows, including payment integrity, clinical ops and other higher-value functions.

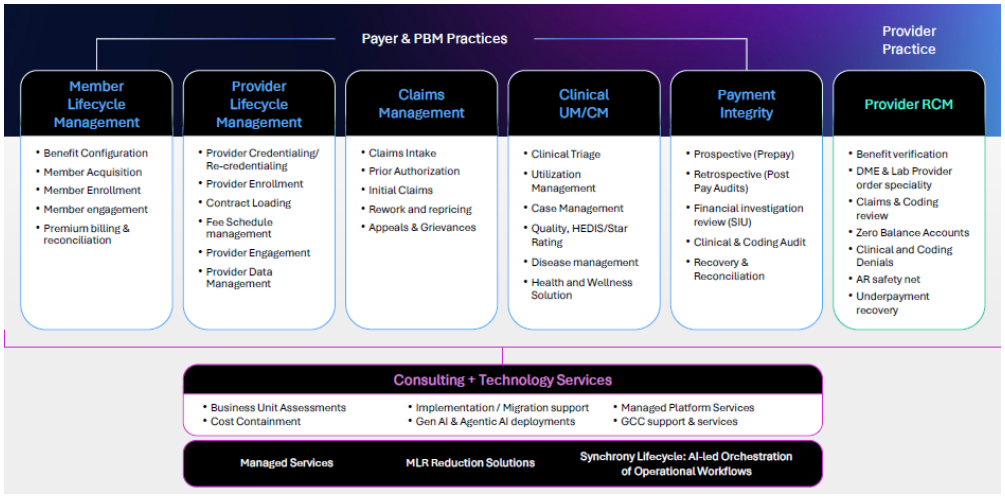
- *Mid-Market and Regional Plans*: This segment remains significantly underpenetrated. Smaller plans often lack the scale, capital, and tech infra required to build captive or offshore operations, while facing pressures on the cost and regulatory fronts. This creates a structural whitespace and attractive organic growth opportunity for specialized outsourcing providers.

- By workflow complexity
  - *Commoditized / Transactional Processes*: This includes high-volume, standardized activities such as claims intake, basic enrolment processing, and general contact-centre operations. These workflows have historically been the primary focus of outsourcing.
  - *Clinical and Quality Operations*: This includes UM, HEDIS quality-gap closure, risk-adjustment coding, and other clinician-led activities. These functions remain relatively underpenetrated due to their complexity, regulatory requirements, and need for specialized talent, though they represent an increasingly attractive growth pool as US payers face persistent shortages of qualified healthcare professionals.

Segmentation by revenue models under the specified SOWs

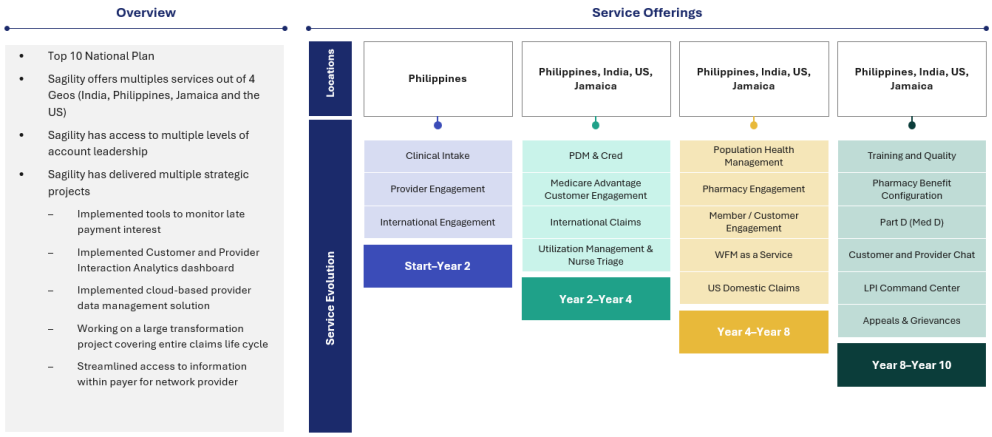
- *Time-based:* Under time-based SOWs, Sagility charges for the services performed by its employees at hourly/monthly rates (agreed at the time the SOW is executed).
- *Transaction-based:* Under transaction-based SOWs, Sagility charges its clients a per-transaction fee based on the volume of transactions handled (such as the number of claims that are processed).
- *Outcome-based:* Under outcome-based SOWs, Sagility's fee is linked to certain performance outcomes (such as cash collected on outstanding receivables or recovery made on overpaid claims).

Exhibit 59: Sagility's presence across payer and provider operations



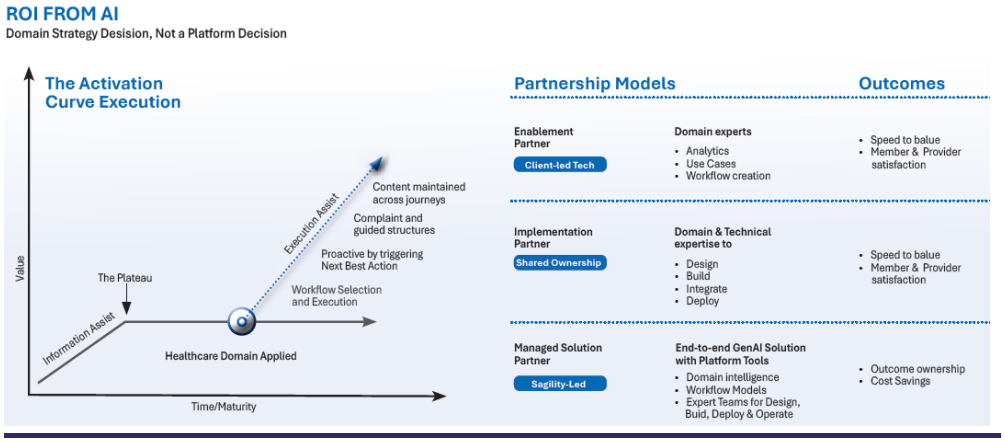
Source: Company, Emkay Research

Exhibit 60: Expansion of service offering within the large top-10 national payer



Source: Company, Emkay Research

Exhibit 61: Understanding of domain and workflow complexity gives a unique advantage



Source: Company, Emkay Research

Multiple factors converge to drive Sagility's 2H revenue weightage

Sagility's pronounced 2H revenue concentration is driven by three primary operational, strategic, and structural factors:

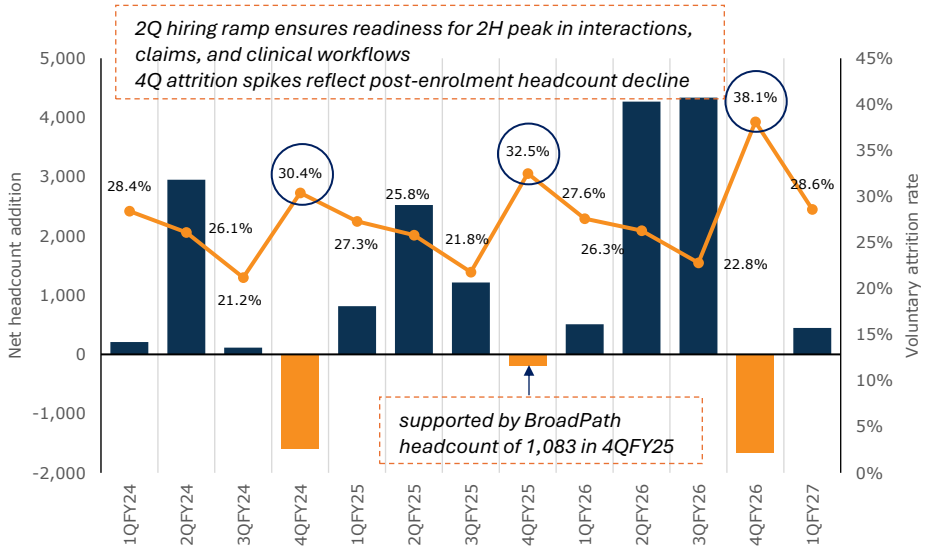
- US healthcare open enrolment and AEP cycle
  - *Seasonal trigger:* Sagility's core seasonality is driven by the annual Open Enrollment Period (OEP) and Annual Enrollment Period (AEP) in the US healthcare payer market, with activity typically accelerating from October and carrying into early 4Q.
  - *Volume spike*: During this period, health plan members enroll, cancel, or modify coverage, resulting in a significant increase in administrative transactions and member interactions.
  - *Operational throughput*: Sagility supports payer clients through this peak by processing higher volumes across member engagement, enrolment, premium billing, prior auth, claims, and clinical utilization workflows.
- BroadPath acquisition amplified the seasonal revenue
  - Prior to the Jan-25 acquisition of BroadPath, seasonal open-enrollment revenue represented ~3% of Sagility's annual revenue. BroadPath's focus on new-member acquisition and sales support further increased seasonality, with its revenue cycle heavily weighted toward 3Q (Oct–Dec) and tapering thereafter.
  - With the full consolidation of BroadPath in FY26, seasonal open-enrollment revenue increased to ~6% of consolidated revenue (representing ~$50mn of recurring 2H revenue). BroadPath's 3Q peak, combined with Sagility's legacy business remaining

elevated through 3Q and 4Q, has resulted in a more pronounced overall 2H revenue concentration.

- Incremental seasonal clinical workloads
  - During FY26, Sagility secured and onboarded additional seasonal clinical contracts, primarily across care management, and clinical coordination. These contracts are structurally concentrated in 2H, providing an additional recurring seasonal revenue opportunity and further reinforcing the 2H revenue build-up.

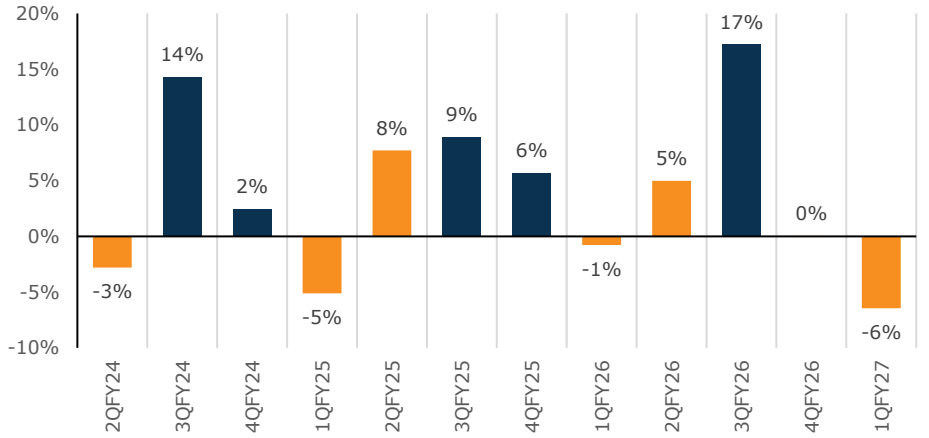
Sagility follows a seasonal workforce model to manage the sharp increase in transactional volumes during the 2H Open Enrollment (OE) and Annual Enrollment Period (AEP) cycles. It begins large-scale recruitment and training in 2Q to ensure adequate capacity ahead of the peak, with headcount additions accelerating through 2H to support higher payer volumes and complex workflows. As enrollment activity normalizes post-Jan, seasonal capacity is gradually rolled off, resulting in elevated 4Q attrition. This is a planned, recurring workforce adjustment rather than a structural employee-retention issue (Exhibit 62, 63).

Exhibit 62: Seasonal enrolment spikes in 2H drive sharp swings in net headcount additions and attrition



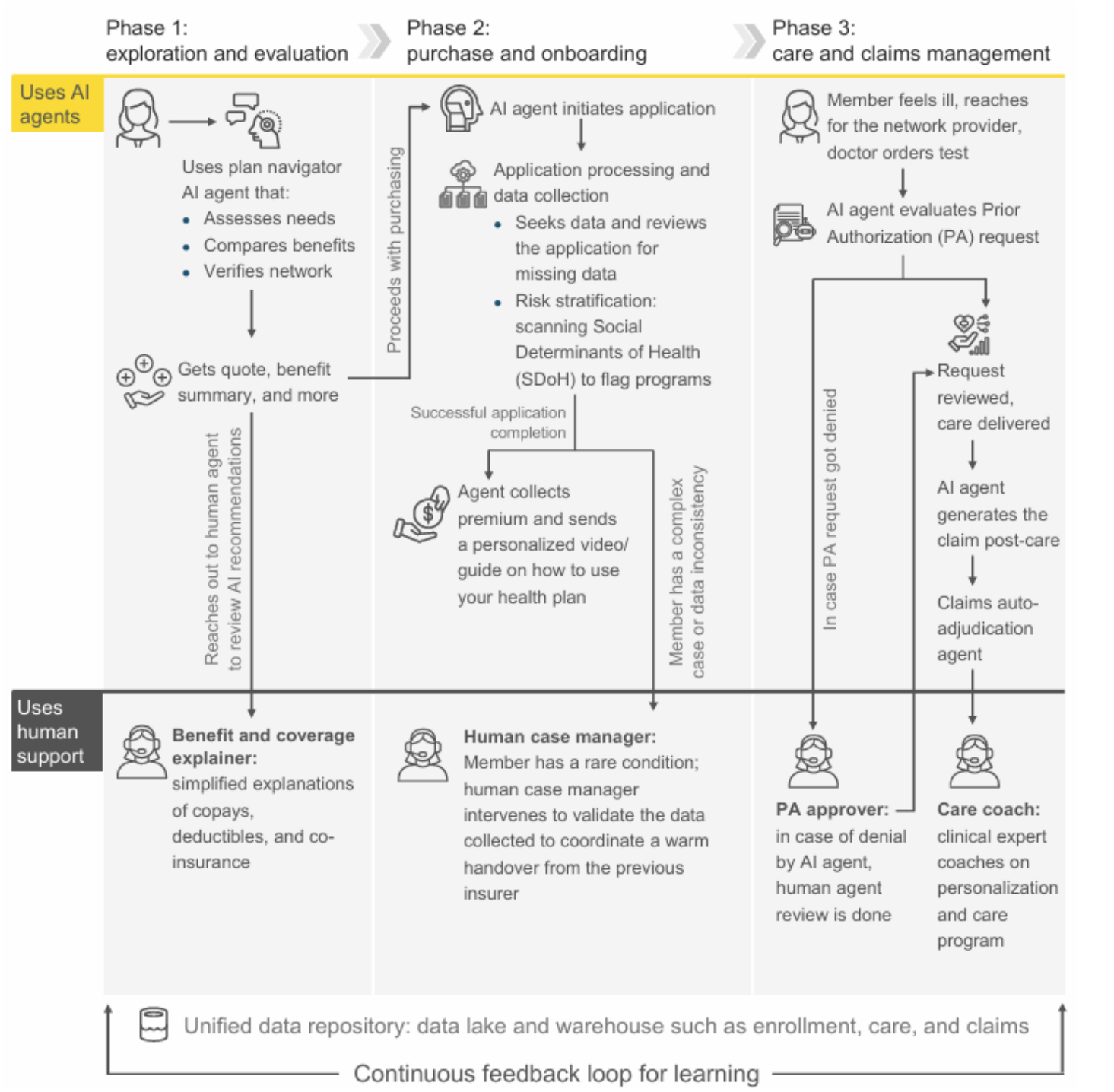
Source: Company, Emkay Research

Exhibit 63: Sequential revenue growth shows spike in 3Q and 4Q, attributed to seasonality related to OEP and AEP



Source: Company, Emkay Research

Exhibit 64: Illustration of a shift to intelligent member journey in an integrated operating model



Source: Company Whitepaper, Everest, Emkay Research

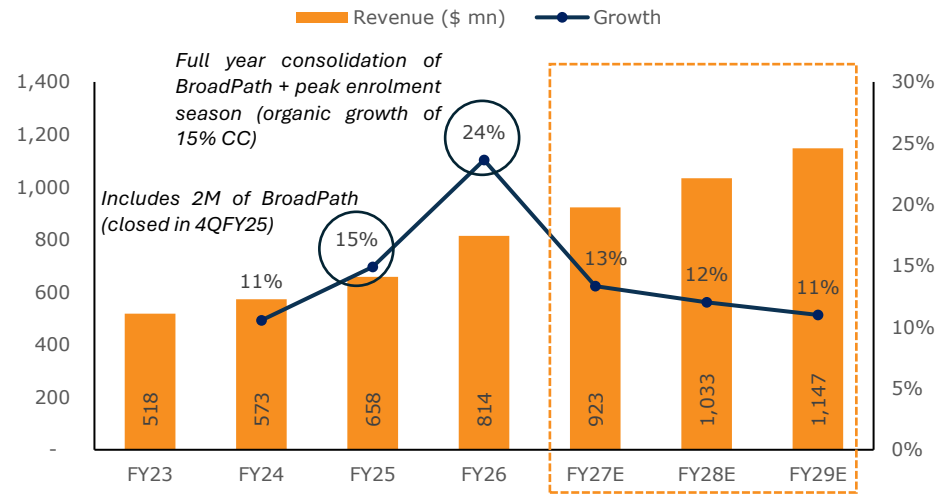
Financial analysis

Revenue growth accelerates in FY26 due to BroadPath; to normalize ahead

During FY23-26, Sagility clocked revenue CAGR of ~16% in USD terms and ~20% in rupee terms. The revenue spike in FY26 was propelled by 1) full-year consolidation of BroadPath's onshore-heavy services (which contributed only 2M to the FY25 baseline); 2) an exceptionally strong, better-than-expected AEP, and open enrollment season in 2HFY26, during which recurring seasonal enrollment revenues doubled to ~6% of total revenue (~$50mn) compared to ~3% (~$20mn) in FY25 and expansion within mature accounts.

The company expects deflation of ~1.5-2% (vs 1.0-1.5% earlier) going forward, arising essentially from three sources: 1) migration of volumes from onshore to offshore geographies on identical work; 2) conventional automation, which reduces manual effort well before AI, with a portion of the savings returned to the client; and 3) AI as the incremental third factor. Factoring in all these, we expect Sagility to deliver USD revenue yoy growth of ~13.3% in FY27 (~0.6% contribution from CareSeed), in line with the management's low double-digit guidance and ~12% CAGR over FY26–29E.

Exhibit 65: We estimate ~12% USD revenue CAGR over FY26-29E



Source: Company, Emkay Research

We expect EBITM to expand by ~40bps over FY26-29E

EBITDAM declined in FY24 as employee costs increased materially from 59.1% to 61.8% of revenue, amid capacity ramp-ups and SOW expansion. Adj EBITDAM excludes share-based payments (SAR) and transactions between the promoter entity and senior management which are routed through the P&L but have no cash impact. The DCI/BirchAI earn-out cost is largely complete, with only a residual tail expected through FY30, while ESOP costs are expected to increase with the ESOP 2026 plan and SAR costs are expected to continue declining till FY30.

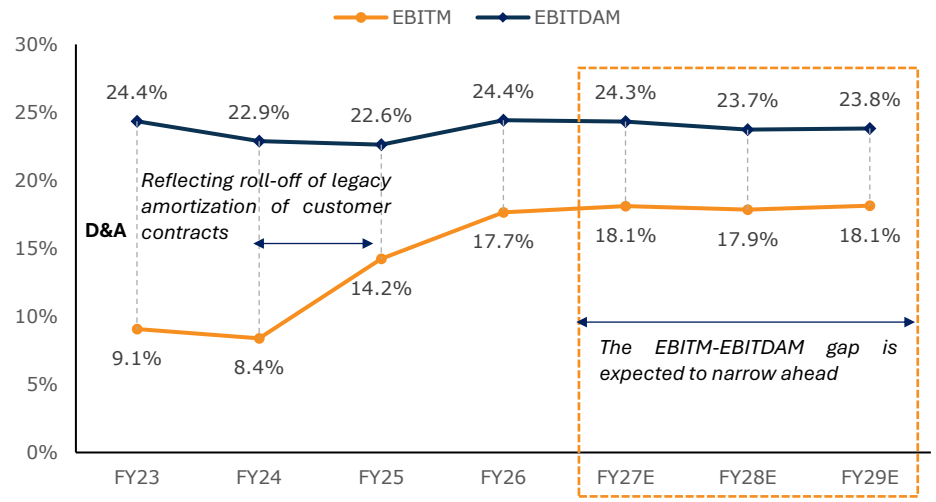
D&A from the HGS carve-out and subsequent acquisitions has widened the gap between EBITDA and EBIT

EBITM remained significantly below EBITDA due to the substantial non-cash amortization burden from acquired intangibles. These intangibles stem from the foundational HGS Healthcare carve-out in Jan-22 (which established the asset baseline) and subsequent acquisitions (DCI, BirchAI, BroadPath, CareSeed). The HGS acquisition created Rs21.4bn worth identifiable intangible assets, comprising Rs6.3bn in customer contracts (2.2Y useful life), Rs20.1bn in customer relationships (16Y), and remaining Rs0.4bn in software and technology (Exhibits 67, 68).

In FY25, D&A declined ~32% to Rs4.7bn from Rs6.9bn, as the Rs6.3bn customer-contract intangible was fully amortized by FY24, driving up EBITM from 8.4% to 14.2% despite a relatively stable EBITDAM. As legacy amortization reduces, EBIT and PBT should grow faster than EBITDA, with D&A/revenue declining from 15.3% in FY23 to 6.8% in FY26. The marginal

decline in adj EBITDAM in FY26 was mainly due to the higher onshore mix and the full-year impact of BroadPath, which carries a lower margin profile (Exhibits 66, 67).

Exhibit 66: We expect EBITM to expand by ~40bps over FY26-29E



Source: Company, Emkay Research

Exhibit 67: Purchase consideration paid by Sagility to acquire the healthcare services business from its predecessor company (Hinduja Global Solutions) and the split of intangibles

Particulars	Amount (Rs bn)	% share	Notes
Goodwill (A)	51.7	64%	
Tangible assets (B)	8.2	10%	
Intangible assets (net of deferred tax) (C)	*21.4*	*26%*	*incl c1, c2, c3#*
Total purchase consideration (A+B+C)	**81.4**	**100%**	

Split of intangible assets#	Gross book value (Rs bn)	Useful life	Notes
Customer contracts (c1)	6.3	2.2 years	*Fully amortized as of FY24*
Customer relationship (c2)	20.1	16 years	*To continue till FY38*
Software and technology (c3)	0.4		

Source: Company, Emkay Research

Amortization is expected to create a drag of ~2% on EBITM, on average

Exhibit 68: Quantifying the drag on margin caused by amortization

Particulars (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (A)	**55,699**	**71,929**	**87,034**	**98,181**	**110,128**
Legacy amortization (B)*	1,400	1,462	1,565	1,565	1,565
as a% of revenue	*2.5%*	*2.0%*	*1.8%*	*1.6%*	*1.4%*
Acquisition related amortization (C)#	188	392	473	473	393
as a% of revenue	*0.3%*	*0.5%*	*0.5%*	*0.5%*	*0.3%*
Intangible amortization (D=B+C)	**1,588**	**1,854**	**2,038**	**2,038**	**1,958**
Total drag on revenue (D/A)	*2.9%*	*2.6%*	*2.3%*	*2.1%*	*1.8%*

*Source: Company, Emkay Research; Note: * For Amortization of intangible assets that were created due to carveout of the healthcare business from HGS – ends by FY38; # For Amortization for intangible assets acquired in relation to acquisitions (DCI, Birch, and BroadPath) – ends by FY33 (the estimated values are taken from the investor presentation as disclosed in the 'Go Forward Positions')*

Exhibit 69: EBIT and PAT growth to lead EBITDA growth largely due to declining amortization expense and finance cost

Particulars	FY24	FY25	FY26	FY27E	FY28E	FY29E
EBITDA growth	5.9%	15.8%	39.4%	20.5%	10.1%	12.5%
EBIT growth	4.2%	98.9%	60.0%	24.1%	11.2%	14.0%
PAT growth	59.0%	136.2%	71.5%	21.5%	19.2%	17.6%

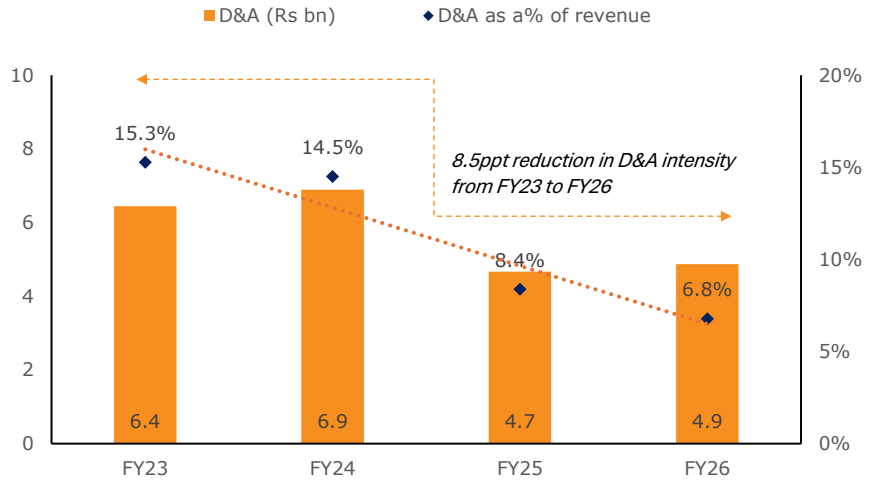
Source: Company, Emkay Research; Note: The exceptionally high EBIT and PAT growth is due to either lower D&A or other expenses in FY24/FY25 and integration of BroadPath in FY26

Exhibit 70: Detailed split of employee benefit expenses

Employee break-up (Rs mn)	FY23	FY24	FY25	FY26
Salaries, bonus and allowances	20,784	24,537	28,329	37,847
Contribution to provident and other funds	1,256	1,577	1,849	2,186
Defined benefit plan expenses	198	232	302	393
SAR / ESOP	43	97	1,134	122
Compensated absences	635	814	1,005	1,186
Staff welfare expenses	1,512	1,575	1,684	2,185
Others	515	545	685	1,183
Total employee benefits expense	**24,942**	**29,376**	**34,989**	**45,103**
(as a% of revenue)				
Salaries, bonus and allowances	49.3%	51.6%	50.9%	52.6%
Contribution to provident and other funds	3.0%	3.3%	3.3%	3.0%
Defined benefit plan expenses	0.5%	0.5%	0.5%	0.5%
SAR / ESOP	0.1%	0.2%	2.0%	0.2%
Compensated absences	1.5%	1.7%	1.8%	1.6%
Staff welfare expenses	3.6%	3.3%	3.0%	3.0%
Others	1.2%	1.1%	1.2%	1.6%
Total employee benefits expense	**59.1%**	**61.8%**	**62.8%**	**62.7%**

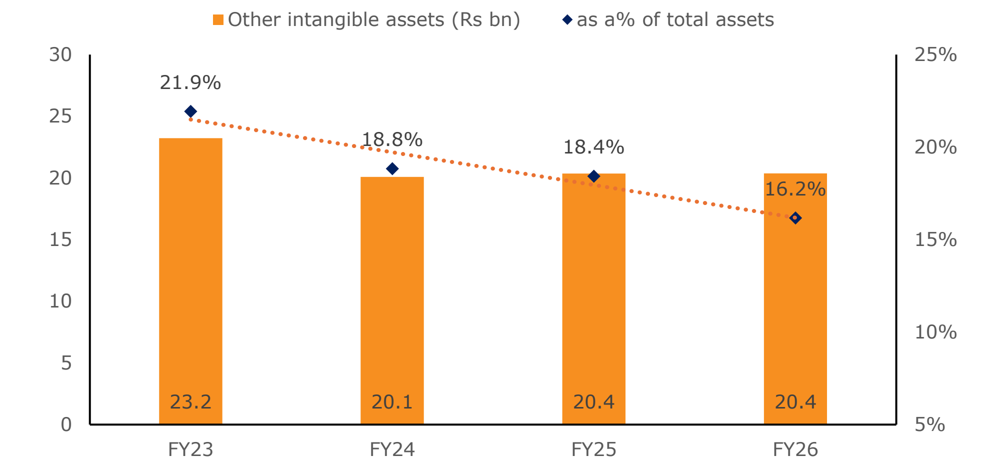
Source: Company, Emkay Research

Exhibit 71: The sharp fall in D&A in FY25 was driven by the conclusion of legacy amortization of customer contracts in FY24



Source: Company, Emkay Research

Exhibit 72: Other intangible assets as a % of total assets have declined due to the completion of amortization of customer contracts in FY24 and continued amortization of legacy intangibles

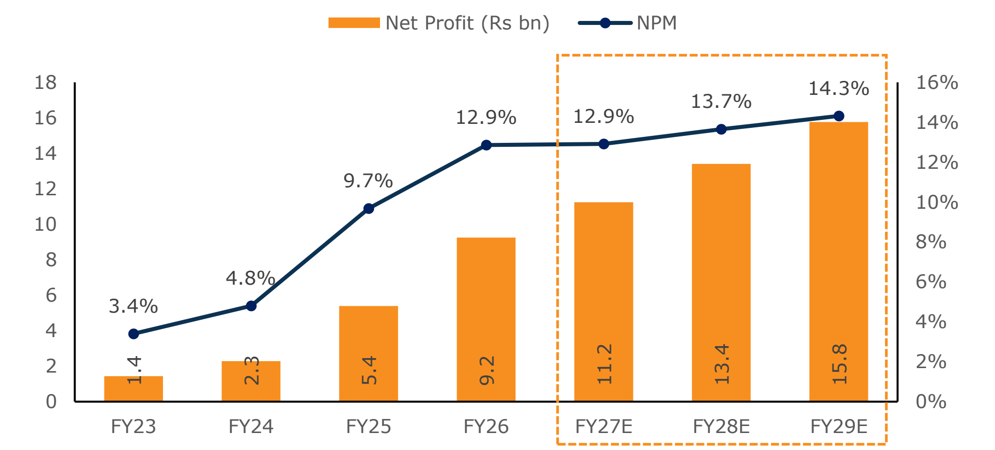


Source: Company, Emkay Research; Note: Other intangible assets comprise customer contracts, customer relationships, and software and technology

Profitability to move ahead with revenue growth and steady margin trajectory

PAT margin has trended lower over the years, largely due to softness in operating margin and higher finance cost. We build in 19.5% profit CAGR for the next 3Y (over FY26-29E), led by healthy topline growth (CAGR of ~12/15% over FY26-29E in USD/INR terms) and 40bps improvement in EBITM. We estimate net profit margin improvement of ~140bps to 14.3% in FY29E, from 12.9% in FY26.

Exhibit 73: PAT momentum expected to accelerate over FY26-29E, supported by revenue growth, margin expansion, and financial leverage



Source: Company, Emkay Research

Exhibit 74: Gap between reported and adjusted EBITDA expected to narrow as earnout and SAR components end by FY29

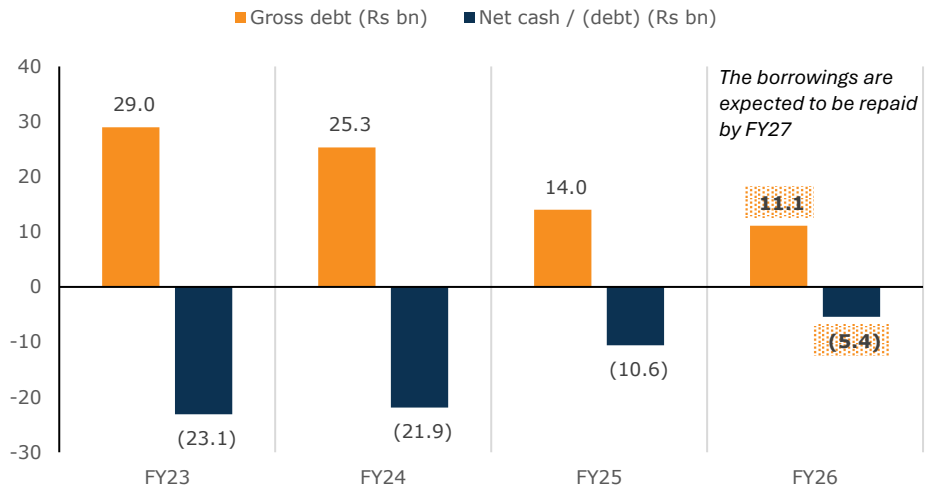
EBITDA bridge	1QFY25	2QFY25	3QFY25	4QFY25	FY25	1QFY26	2QFY26	3QFY26	4QFY26	FY26	1QFY27
Reported EBITDA (incl other income)	2,184	3,163	4,363	3,832	13,542	3,560	4,733	5,195	5,095	18,583	4,525
Earnouts under acquisition agreements	124	120	120	207	571	155	127	42	150	474	(8)
Share-based payment awards (non-cash expenses for the company and not tax deductible)	852	93	85	104	1,134	71	73	(61)	39	122	60
Other income/forex gain	(244)	88	(440)	34	(562)	(99)	(581)	(51)	(248)	(979)	140
Adjusted EBITDA (excl other income)	2,916	3,464	4,128	4,177	14,685	3,687	4,352	5,125	5,036	18,200	4,717

Source: Company, Emkay Research

Continued progress on deleveraging

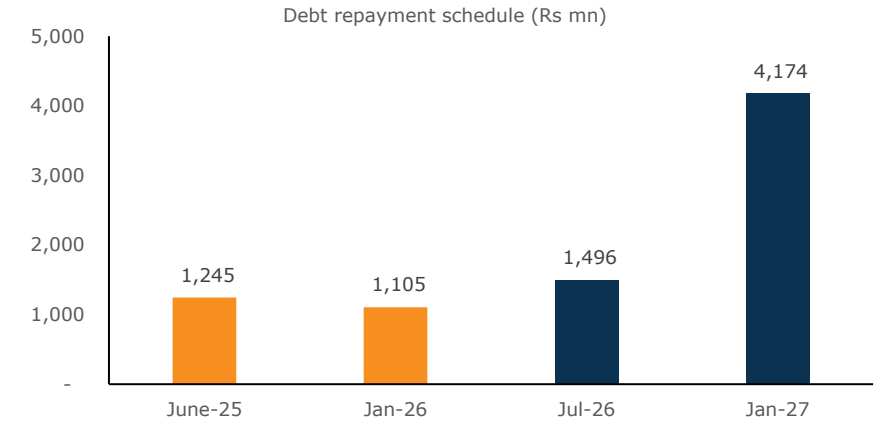
Sagility is on track to fully repay its outstanding promoter debt during FY27. This systematically eliminates promoter interest payments (Rs751mn in FY25 and Rs543mn in FY26), leaving only lease-related interest of ~Rs450mn in FY28 and beyond. This finance cost containment directly shields and expands the pre-tax margin corridor.

Exhibit 75: Promoter borrowings for the Jan-22 HGS carve-out are declining via debt-to-equity conversion and cash repayments, with debt-free status targeted by FY27-end



Source: Company, Emkay Research; Note: Gross debt includes borrowings and lease liabilities (average of ~Rs6bn)

Exhibit 76: Debt repayment schedule with the last tranche to be repaid by Jan-27

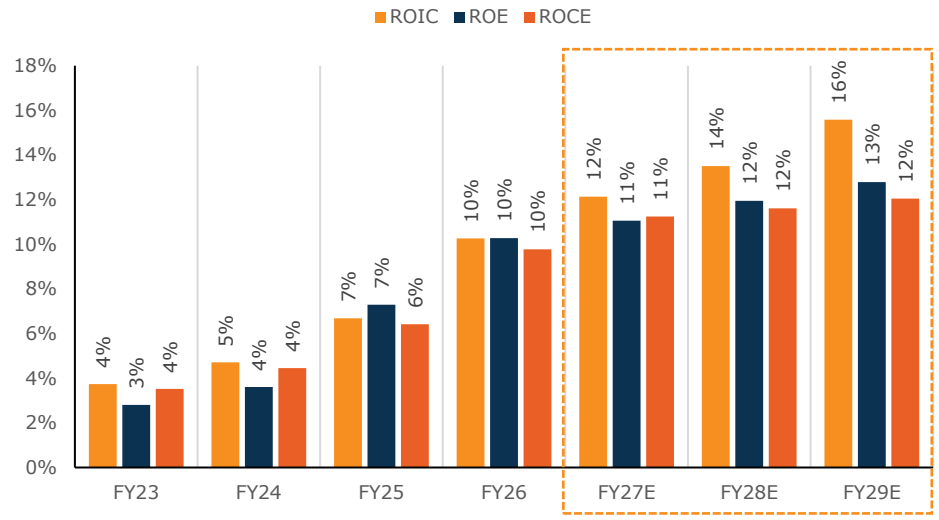


Source: Company, Emkay Research

Return ratios appear optically soft but do not fully reflect the underlying strength of the business

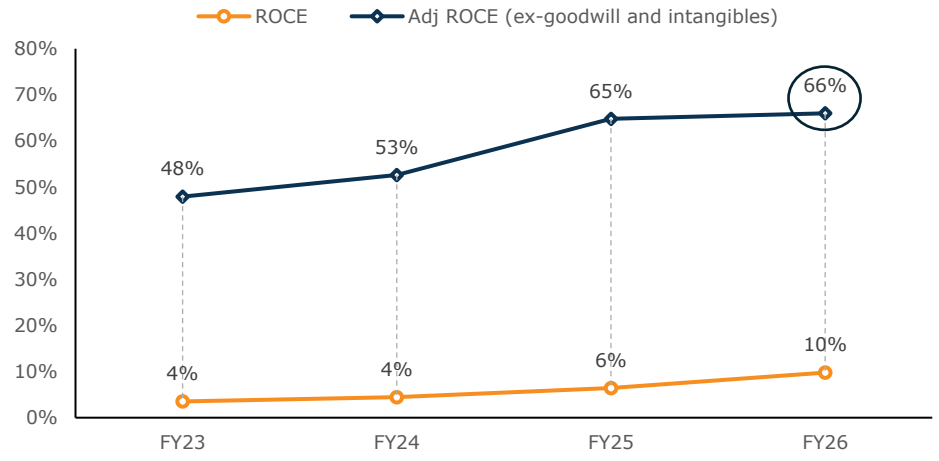
Sagility's reported return ratios are likely to remain optically subdued, primarily due to the sizable goodwill recognized on the balance sheet as part of the demerger from HGS. This goodwill increases the accounting equity base without contributing proportionately to earnings, thereby suppressing reported ROE and other return metrics. However, excluding the impact of this non-operating balance sheet item, Sagility's underlying return profile is considerably stronger (Exhibit 77, 78). We therefore believe the reported return ratios understate the company's underlying capital efficiency and earnings quality.

Exhibit 77: Reported return ratios do not completely reflect the underlying business



Source: Company, Emkay Research; Note: ROIC and ROCE are calculated on a post-tax basis

Exhibit 78: Stripping out acquisition-related goodwill and intangibles reveals a stronger ROCE profile



Source: Company, Emkay Research; Note: ROCE and Adj ROCE are calculated on a post-tax basis

ROE breakup

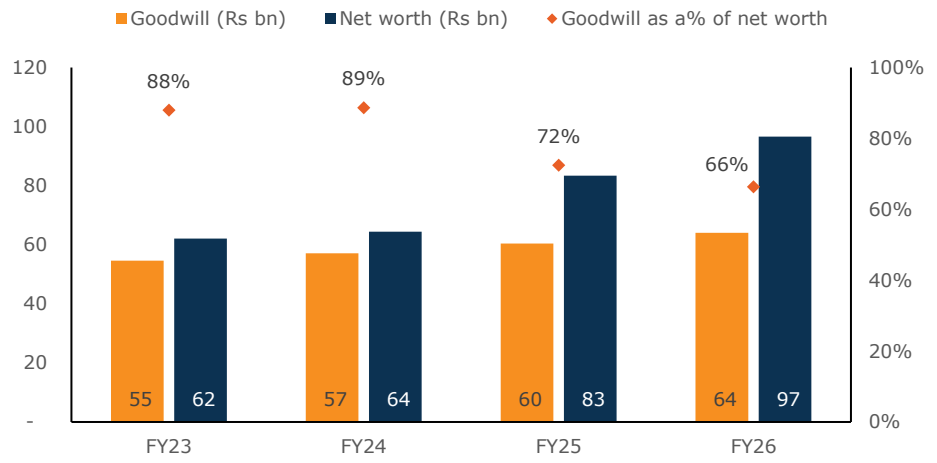
From FY23 to FY26, Sagility's ROE has improved from 2.8% to 10.3%, driven by 1) a sharp rise in net margins (3.4% to 12.9%) due to the conclusion of high customer contract amortization on Mar-24 and significant finance cost containment as promoter debt was retired; 2) better asset utilization (0.4-0.6x). This was partly offset by decline in the equity multiplier (2.0-1.3x) reflecting deleveraging following the non-cash promoter debt-to-equity conversion in May-24. We expect ROE to improve further as sustained margin expansion drives stronger earnings growth, while the inherently asset-light business model supports efficient capital deployment.

Exhibit 79: Dissecting ROE into its core DuPont drivers

DuPont - RoE decomposition	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net profit margin	3.4%	4.8%	9.7%	12.9%	12.9%	13.7%	14.3%
Asset turnover	0.4x	0.4x	0.5x	0.6x	0.7x	0.7x	0.7x
Equity multiplier	2.0x	1.7x	1.5x	1.3x	1.3x	1.2x	1.2x
ROE	2.8%	3.6%	7.3%	10.3%	11.0%	11.9%	12.8%

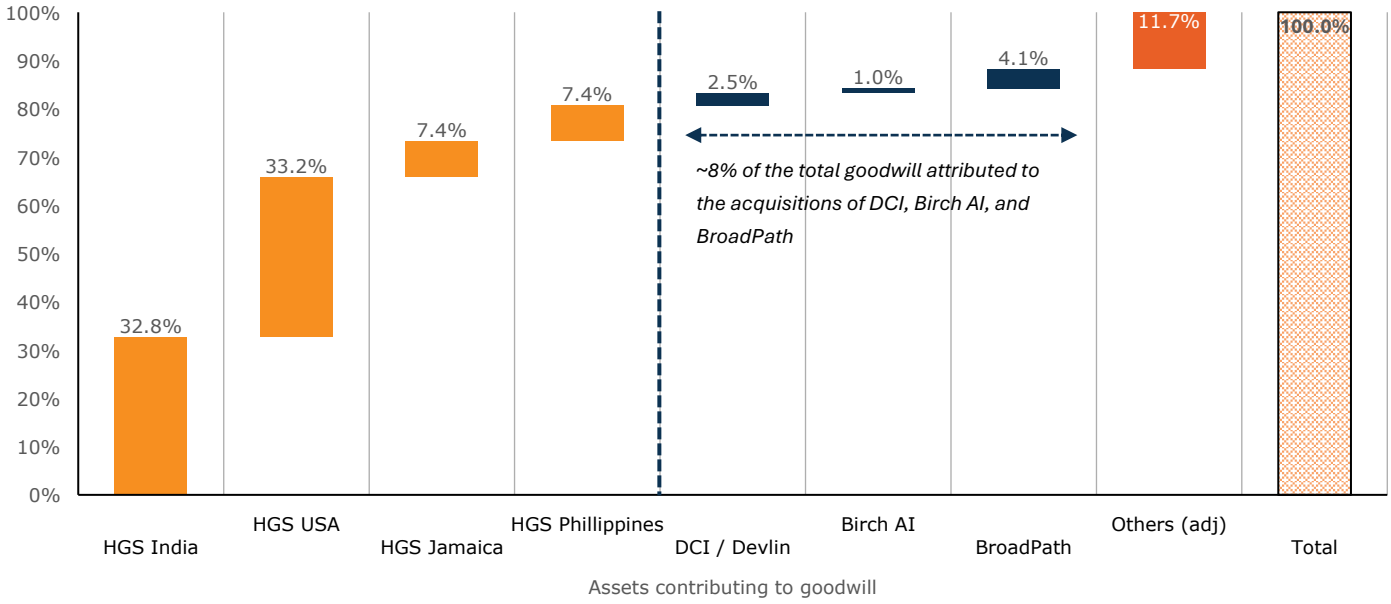
Source: Company, Emkay Research

Exhibit 80: Consolidated goodwill primarily reflects the HGS slump-sale carve-out and subsequent M&A (DCI, Birch AI, BroadPath)



Source: Company, Emkay Research

Exhibit 81: Contribution of acquired assets to the current goodwill, with ~80% of the goodwill attributable to the HGS entities and the rest to the acquisitions



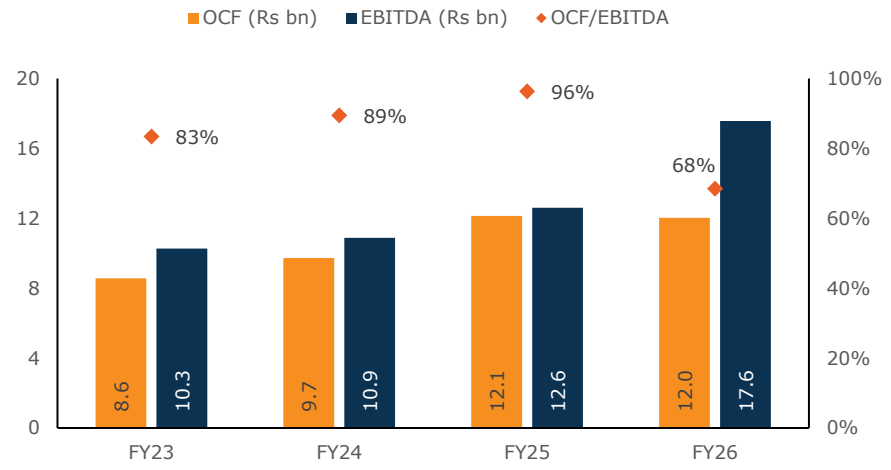
Source: Company, Emkay Research

Cash conversion aided by a couple of non-cash items

Sagility's OCF conversion improved steadily, from 83% in FY23 to 96% in FY25, supported by better collections and lower DSO, alongside certain one-off benefits, including Rs621mn of prior-period tax refunds and Rs1,134mn of non-cash SAR add-backs.

Conversion declined to 68% in FY26, largely reflecting working-capital timing and the normalization of these FY25 benefits rather than any deterioration in underlying profitability. Strong BroadPath-led revenue growth and a back-ended OE/AEP season resulted in a significant build-up in receivables and unbilled revenue while cash taxes also normalized to Rs3.7bn. In addition, lower SAR add-backs reduced the gap between reported earnings and cash flows. Management guides for OCF/EBITDA conversion to be in the range of 70-75% going ahead.

Exhibit 82: Cash conversion is expected to be steady going forward



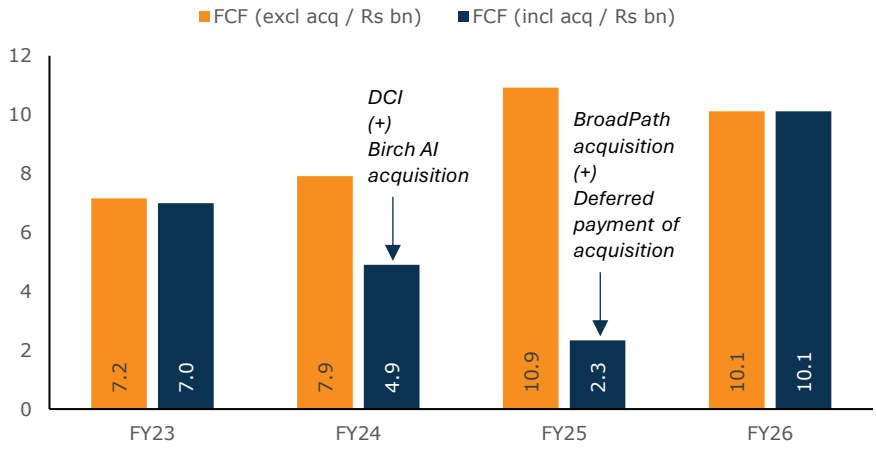
Source: Company, Emkay Research

Exhibit 83: Parameters contributing to a spike in OCF/EBITDA conversion in FY25 and a consequential fall in FY26

Particulars	FY23	FY24	FY25	FY26	1QFY27
DSO (no of days)	92	91	**83**	**93**	80
SAR (Rs mn)	43	97	**1,134**	**122**	60
Tax, net of refunds (Rs mn)	1,698	1,263	**1,734**	**3,735**	319

Source: Company, Emkay Research

Exhibit 84: Healthy FCF generation enables Sagility to fund acquisitions while maintaining strong cash generation



Source: Company, Emkay Research

Valuation

We initiate coverage on Sagility with BUY and 12M TP of Rs55 at 18x Sep-28E adj EPS. We estimate ~12% USD revenue CAGR for Sagility over FY26-29E. The stock is currently trading at ~17x Sep-27E adj EPS, at ~6%/20% discount to FSOL/ECLX. The stock trades at ~16x, adjusting EPS for amortization.

Sagility is transitioning from a healthcare-focused BPM provider toward a broader technology-enabled healthcare operations partner at a time when US payers are under increasing pressure to simultaneously reduce operating costs, improve quality, and comply with a more complex regulatory framework. Its ~90% payer exposure, relationships with 7 of the top-10 US health plans, improving mid-market presence, expanding clinical and quality capabilities, and growing AI investments provide a strong foundation for this transition.

We believe the company's earnings trajectory will remain healthy over the medium term, supported by sustained client mining, continued cost pressures driving rising outsourcing intensity, synergies from recent acquisitions (BroadPath and CareSeed), regulatory-driven demand, and operating leverage.

Our constructive view is based on the following factors:

- **Payer cost pressure supports structural outsourcing:** Rising medical and administrative costs are pushing US payers to improve operating efficiency, supporting greater outsourcing of high-volume, labor-intensive workflows.
- **Regulatory complexity expands the opportunity:** Increasing regulatory, clinical, and administrative requirements across plans are raising the amount of work required per member. Sagility's clinical, payment integrity, and utilization-management capabilities position it to capture this increasing complexity.
- **M&A broadens the growth funnel:** BroadPath and CareSeed add payer relationships and complementary capabilities, providing Sagility with access to new accounts while creating opportunities to cross-sell its broader suite of services.
- **Deep client relationships support resilient growth:** Sagility is embedded in recurring payer workflows, with its 5 largest clients averaging ~18Y of tenure. This provides a stable base for account mining and adding adjacent services, while reducing reliance on new-logo wins alone.

Overall, we believe Sagility is at an inflection point where the structural outsourcing opportunity in US healthcare is converging with the company's transition toward AI-led, higher-value payer operations.

Key to watch for investors is therefore not whether AI will reduce the amount of manual work in healthcare operations, but if Sagility can sufficiently move upstream in the workflow to retain a meaningful share of the economic value created by that automation.

Exhibit 85: Key valuation assumptions

Particulars	FY25	FY26	FY27E	FY28E	FY29E
US$ sales growth (%)	14.9	23.6	13.3	12.0	11.0
Exchange rate assumption (Rs/US$)	84.6	88.4	94.3	95.0	96.0
INR sales growth (%)	17.2	29.1	21.0	12.8	12.2
EBITDAM (%)	22.6	24.4	24.3	23.7	23.8
EBITM (%)	14.2	17.7	18.1	17.9	18.1
ETR (%)	29.1	25.4	25.3	25.5	25.5
Payout (%)	0.0	7.6	8.3	17.4	29.6

Source: Company, Emkay Research

Exhibit 86: Emkay vs Consensus estimates

(Rs mn)	FY27			FY28			FY29		
	Emkay	Consensus	Variation	Emkay	Consensus	Variation	Emkay	Consensus	Variation
Revenue	87,034	87,045	0.0%	98,181	98,323	-0.1%	110,128	109,964	0.1%
EBIT	15,760	15,571	1.2%	17,529	18,211	-3.7%	19,981	20,932	-4.5%
EBIT margin	18.1%	17.9%		17.9%	18.5%		18.1%	19.0%	
Net profit	11,240	11,180	0.5%	13,403	13,503	-0.7%	15,766	15,874	-0.7%
EPS (Rs)	2.4	2.4	-1.1%	2.9	2.9	-2.0%	3.4	3.4	-1.0%

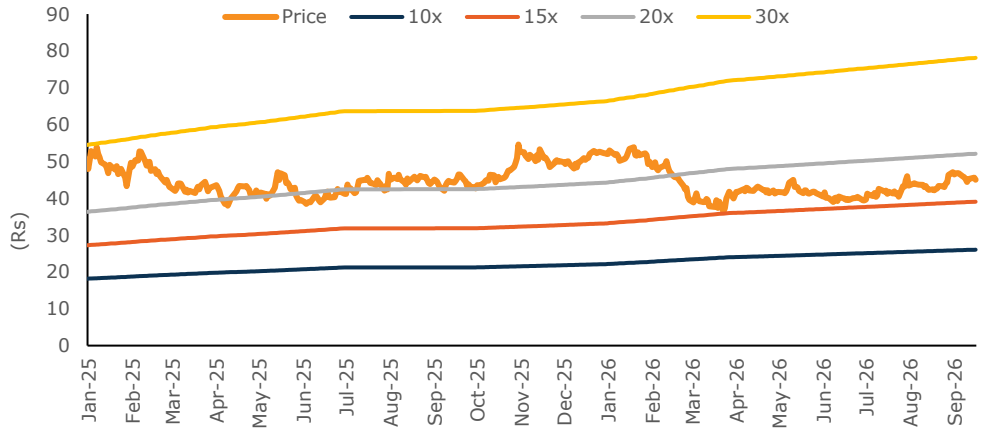
Source: Bloomberg, Emkay Research

Exhibit 87: Snapshot of relative valuation

Company	Year-end	PER (x)			P/S (x)			EV/EBITDA (x)			EV/Sales (x)		
		1FY	2FY	3FY	1FY	2FY	3FY	1FY	2FY	3FY	1FY	2FY	3FY
SAGILITY	**Mar-26**	**18.4**	**15.6**	**13.3**	**2.5**	**2.2**	**1.9**	**10.2**	**9.0**	**8.0**	**2.5**	**2.2**	**2.0**
FIRSTSOURCE SOLUTIONS	Mar-26	20.5	17.2	14.7	1.7	1.5	1.4	11.5	10.3	9.1	1.9	1.7	1.6
ECLERX SERVICES	Mar-26	22.8	19.4	16.9	3.7	3.2	2.9	14.0	12.1	10.8	3.6	3.1	2.8
INVENTURUS KNOWLEDGE SOLUTIONS	Mar-26	34.6	27.6	21.4	6.5	5.3	4.4	20.1	15.9	12.6	6.5	5.3	4.4
INDEGENE	Mar-26	27.4	22.0	19.4	3.3	3.3	2.5	16.6	13.9	12.1	3.0	3.0	2.3
TTEC HOLDINGS INC	Dec-25	NA	1.0	0.9	0.0	0.0	0.0	4.0	3.9	3.8	0.5	0.5	0.5
GENPACT	Dec-25	8.4	7.8	7.2	1.1	1.0	0.9	6.5	5.9	5.4	1.2	1.2	1.1
EXLSERVICE HOLDINGS INC	Dec-25	15.2	13.6	12.0	2.2	2.0	1.8	10.7	9.5	8.5	2.3	2.1	1.9
CAPITA PLC	Dec-25	21.4	4.9	3.8	0.2	0.2	0.2	6.0	4.1	3.8	0.4	0.4	0.4
SERCO GROUP PLC	Dec-25	13.4	12.7	11.8	0.5	0.5	0.5	6.5	6.2	5.9	0.6	0.6	0.6
TELEPERFORMANCE	Dec-25	5.2	5.0	4.8	0.4	0.4	0.4	4.1	4.1	4.0	0.8	0.8	0.8
TELUS CORP	Dec-25	12.4	11.3	9.9	0.7	0.7	0.7	7.1	7.0	6.9	2.5	2.5	2.5
TASKUS INC-A	Dec-25	6.3	5.9	5.3	0.6	0.6	0.5	4.5	4.1	3.7	0.9	0.8	0.8
CONCENTRIX CORP	Nov-25	2.5	2.4	NA	0.2	0.2	NA	4.2	4.1	NA	0.7	0.7	NA
FIVE9 INC	Dec-25	10.3	8.7	7.6	2.0	1.9	1.7	8.6	7.4	6.3	2.2	2.0	1.8

Source: Bloomberg, Emkay Research

Exhibit 88: Sagility – One-year forward PER



Source: Bloomberg, Emkay Research

Key risks

Regulatory shifts could affect volumes and client economics

Sagility's exposure to US payer and government healthcare programs makes it sensitive to changes in Medicare/Medicaid policies, CMS reimbursement and prior-authorization rules, and emerging AI regulations. Tighter regulation or changes in payer policies could increase compliance costs, alter process volumes, or reduce demand for certain outsourced services. Given the company's exposure to US payers and government-linked programs, regulatory changes could also affect client budgets and the economics of specific contracts.

CMS interoperability and RADV audit expansion create mixed near-term exposure

CMS's '2024 Interoperability and Prior Authorization Final Rule' (wef 2026) mandates API-based prior-auth workflows and 72-hour/7-day decision turnarounds across MA, Medicaid, and ACA plans. This could cause a disintermediation risk to Sagility's manual/semi-automated UM and prior-auth transaction volumes, though adoption has historically lagged CMS deadlines, tempering near-term impact. In addition, CMS has expanded RADV audits from ~60 to >550 eligible MA contracts annually, with a ~50x coder-workforce increase and AI-assisted review—this could act as a near-term tailwind for coding/payment-integrity demand (a segment Sagility competes in against Cotiviti and others), but a medium-term risk if resumed extrapolated clawbacks push payer clients to tighten vendor budgets broadly.

Client and geography concentration

The top-3 client groups accounts for ~60% of revenue and the top-5 for ~70%. These are multi-year relationships active since ~17-20Y and covering statutory functions, so the probability of abrupt loss is low; but vendor consolidation, an insourcing decision, an M&A event among US payers, or a single large plan's cost program could pose risk to growth. The de-concentration trend is the mitigant, and its continuation is central to our thesis.

Intensifying competition and pricing pressure

The healthcare operations outsourcing landscape is highly competitive and evolving rapidly. Sagility directly competes against a diverse array of players, including specialized healthcare operators (such as CorroHealth and Omega Healthcare), broad-based global IT and BPM firms (such as Accenture, Cognizant, and EXL), captive units of large healthcare payers (such as Optum of UHG and Carelon of Elevance), and proprietary product-focused software platforms (such as Optum and Cotiviti).

Medicaid policy creates a volume headwind despite potential outsourcing benefits

Decline in Medicaid spending, tighter eligibility, and work requirements could reduce membership for Medicaid-heavy plans and ultimately reduce the underlying transaction pool. Sagility has relatively low Medicaid exposure, hence limiting direct impact; however, broader Medicaid funding pressure could reduce client budgets and increase pricing pressure.

Sponsor stake sale overhang

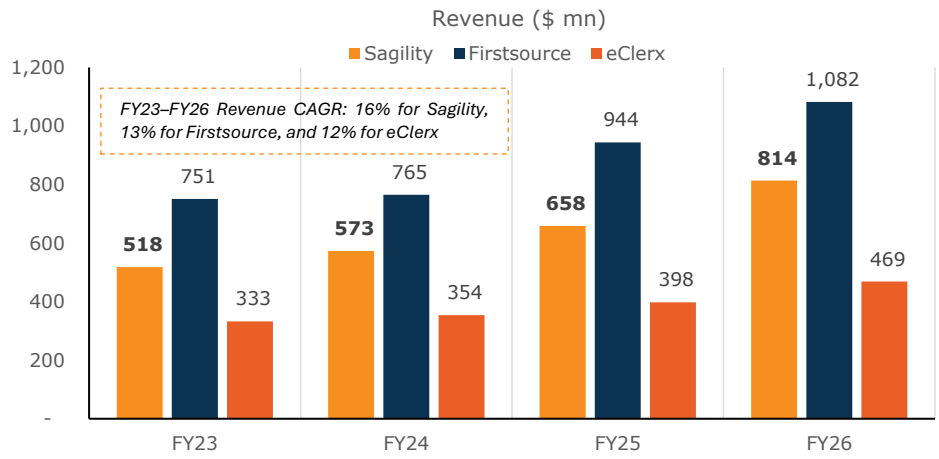
Sagility BV, an EQT-controlled entity, holds ~50.95% stake as of end Jun-26. The holding is indirectly encumbered under a facilities agreement at the Netherlands holding-company level. Given the high ownership level, the potential for periodic stake sales by the sponsor could lead to a steady supply of shares in the market which may create an overhang on the stock and increase volatility, particularly during the stake-sale window.

AI led displacement risk

AI can automate claims adjudication (rule-based claims are already 60-80% auto-adjudicated), prior authorization (document extraction, medical necessity assessment), member servicing (chatbots handling routine queries), and medical coding (AI-assisted coding). If AI automates 30-40% of current FTE-intensive workflows, the traditional BPO model faces structural headcount deflation. Sagility has been deploying AI within its delivery (32 client use cases across 10 clients) and moving toward outcome-based pricing. However, whether payers choose to build AI capabilities in-house (via Optum, Carelon) or deploy AI through outsourced delivery partners like Sagility is yet to be seen.

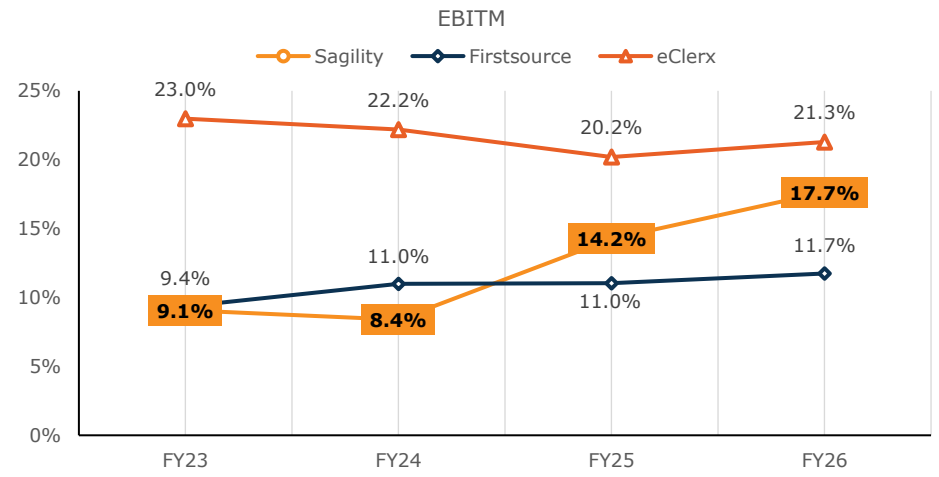
Peer analysis

Exhibit 89: Revenue comparison across the peer set



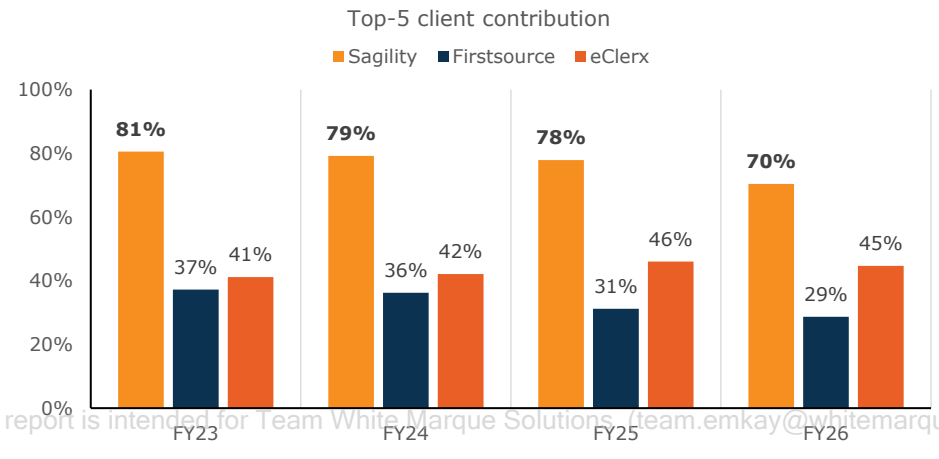
Source: Company, Emkay Research

Exhibit 90: Sagility's EBITM surges past Firstsource's, while the gap with eClerx narrows



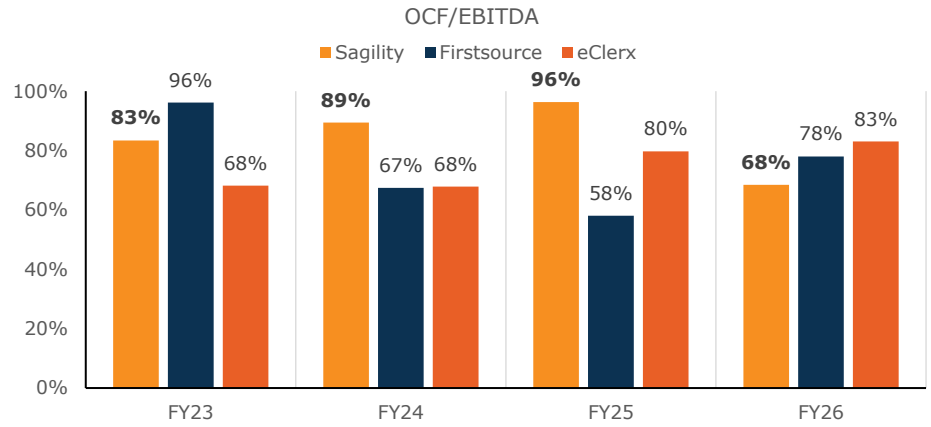
Source: Company, Emkay Research

Exhibit 91: Inherent nature of the business leads to higher contribution of revenue from the top 5 clients compared to BPM peers



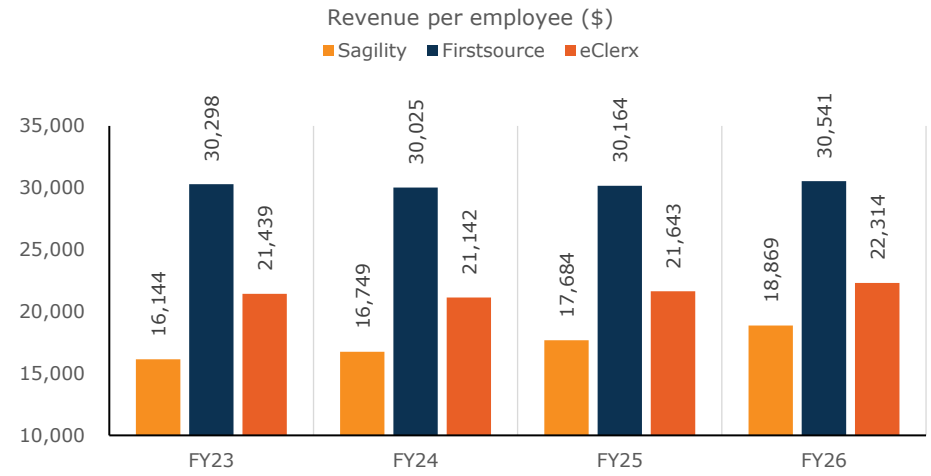
Source: Company, Emkay Research

Exhibit 92: Sagility has maintained cash conversion over the years and is expected to stay in the 70-75% range, going ahead



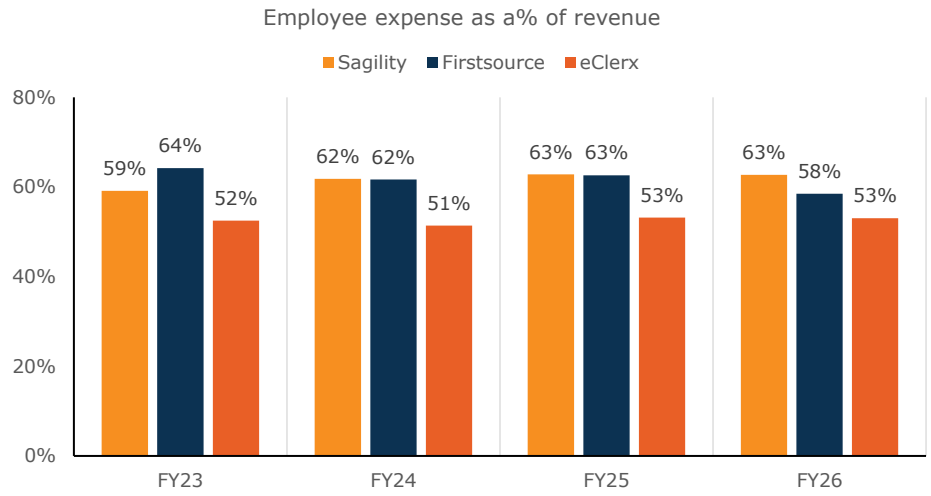
Source: Company, Emkay Research

Exhibit 93: Sagility has the lowest revenue per employee among the peer set



Source: Company, Emkay Research

Exhibit 94: Sagility incurs higher employee expenses on the revenue base as compared to the peer set



Source: Company, Emkay Research

Management details

Exhibit 95: Key management details

Name	Designation	DOJ	Experience / Background
Ramesh Gopalan	MD and CEO	Feb-11	He brings >31 years of experience in consulting and outsourcing services. He has been associated with the healthcare business of the predecessor company, Hinduja Global Solutions, since February 2011 and transitioned to Sagility in January 2022. Prior to HGS, he held leadership positions at Deloitte Consulting, Accenture, Ramco Systems, and Infosys BPM. He also served as the country head for Gridstone Research in India.
Srinivas Rathnam Mattapalli	EVP and Group CFO	Feb-26	He brings >30 years of experience in finance, driving P&L growth and business transformation across global organizations, with expertise spanning P&L management, pricing and commercial strategy, and digital transformation. Prior to Sagility, he held multiple leadership roles at Genpact as Senior Vice President, including Business CFO for the Hi-tech and Manufacturing vertical.
Chris Shiffert	EVP - Chief Growth Officer	Jan-25	He brings over two decades of experience in healthcare, with expertise across Medicare Advantage, member engagement, and healthcare operations. He joined Sagility through the BroadPath acquisition in Jan-25, having led growth functions at BroadPath since 2016. Earlier, he spent eight years at Xerox Services leading solutions and growth for healthcare payers, and worked as a management consultant at Deloitte. He leads the enterprise growth agenda across payer, provider, and healthcare services markets.
Mohit Saxena	EVP - Chief Delivery Officer / Head of Operations - India and Philippines	Nov-16	He has several years of experience in operations and service delivery management. He joined the predecessor entity in November 2016 and has been associated with Sagility since January 2022. Earlier in his career, he worked with Hinduja Global Solutions and NetAmbit Infosource. He oversees delivery operations across India and the Philippines.
Madan Moudgal	EVP - Chief Digital Officer / Head of Technology Solutions	Dec-17	He has several years of experience in technology product strategy, consumer-directed healthcare, healthcare payment innovation, and population health management. He has been associated with Sagility Technologies LLC since December 2017. Previously, he held roles at CareGain and EDS Information Services LLC, where he specialized in software product strategy and product management.
Roopam Narayan	EVP - Solutions and Practice	Mar-25	He is responsible for managing tech-enabled transformation solutions to enhance member and provider experience. He brings deep expertise in healthcare IT, having previously served at Cognizant where he was responsible for Healthcare BPaaS and was part of the Trizetto acquisition. Prior to Cognizant, he was associated with IBM.
Siby Joy	EVP - Client Services	Oct-03	He has nearly 25 years of experience specializing in the US healthcare business across payers and providers. His career spans operations, consulting, global account start-ups, and strategic account management. He has been one of the longest-serving members of the leadership team, having joined in October 2003. Earlier in his career, he was associated with Deloitte Consulting.
Anand Natampalli	EVP - Client Services	Apr-08	He has over 30 years of experience spanning sales, marketing, business development, project management, and implementation. He joined the organization in April 2008 and has been a key member of the client services function through the HGS-to-Sagility transition.
Rajaram Natarajan	SVP - Client Services	Jun-23	He has a career spanning 27 years, with a focus on steering organizational change from a traditional business process services model to a BPaaS model. He joined Sagility in June 2023. Previously, he held positions at Cognizant, Concentrix, HGS, Karvy, and HSBC.
Titus Leo	SVP - Client Services	Oct-12	He has 32 years of experience across BPO, IT, and analytics, with 25 years specifically in provider practice managing large Revenue Cycle Outsourcing engagements for hospital, physician, and laboratory clients. He transitioned to the erstwhile HGS Healthcare from Deloitte as part of an acquisition in October 2012. Earlier in his career, he worked with Citibank's IT department as a Project Manager and with Tata Elxsi as a software developer.
Anand Biradar	SVP - Enterprise Transformation and Strategic Projects / Head of Operations Americas	Feb-06	He has been associated with Sagility's Jamaica subsidiary since February 2006. He has several years of experience in business process management and has led enterprise transformation initiatives. He holds a certification from Harvard Business School's General Management Program. Previously, he worked with Hinduja Global Solutions, Netscape Communications India Private Limited, and America Online.
Manish Dubey	SVP - Global Head of Enterprise Tech	Apr-12	He has over 26 years of experience with expertise in leading technology operations, large-scale digital transformation, and consulting. He has led enterprise-wide IT initiatives including ERP modernization, workflow automation, advanced analytics, and AI-driven decision support systems. He joined the organization in April 2012.
Shwetank Verma	Senior Vice President - Global Technology Engineering and Workplace Solutions	May-24	He has over two decades of experience in technology infrastructure and information security. He is a relatively recent addition to the leadership team, having joined in May 2024. Prior to Sagility, he held key leadership roles at Goldman Sachs, Concentrix, and eFunds.
Sreepathy Viswanathan	EVP - Chief Development Officer	Jul-05	He has 27 years of experience managing the full M&A lifecycle, including strategy, planning, negotiation, and managing joint ventures. Prior to joining HGS in 2005, he held finance and business turnaround management roles at Tata, Epson, and Sarriens. He is one of the longest-tenured members of the leadership team.

Source: Company, Emkay Research

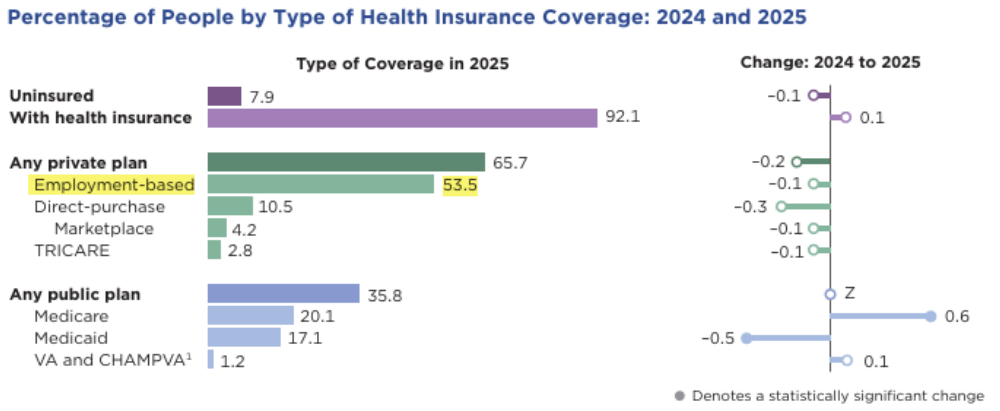
Appendix

Exhibit 96: Key takeaways from leading US healthcare payers' latest earnings calls

Healthcare payer	Comments
CVS	*"Our focus on embedding technology within each of our businesses has enabled us to approve more than 95% of the eligible prior authorizations within 24 hours, with over 80% being approved in real time."*
Centene	*"All of which is to say, again, you cannot hand-wave it, but we do think it is a more manageable effort than what we went through with redeterminations and our goal remains margin recovery for the Medicaid business even through the OB-3 headwinds over the next year or two."*
	"We expect some states to continue to trim Medicaid rolls leading up to any OB-3 implementation in 2027. So for now, we are holding the incremental 50 basis point benefit of the rate improvement to account for a little higher membership attrition in the back half of the year, including the associated acuity impact. To be more specific, we expect full-year Medicaid membership to be down 8% to 9% compared to 12/31/25 versus our prior view of being down 6%
Elevance	*"Over the last several years, and particularly in our 2026 bid in AEP strategy, we deliberately prioritized margin sustainability over membership growth. We repositioned the portfolio. We exited select markets and plans, where the economics were not attractive, and we really focused our resources on products, where we see the strongest long-term value, particularly D-SNP and HMO"*
	"Medicaid remains an important part of our portfolio, and we are managing it with clear strategic and financial discipline. As we continue our assessment, we expect to exit additional Medicaid markets over the next 12 to 18 months where we do not see a path to sustainable performance"
UnitedHealth	*"Commercial costs are stubbornly high, rising above expectations... with medical cost trends modestly above the 11% level we previously saw. The primary drivers are pressure from the independent resolution process under the No Surprises Act... and more aggressive billing practices among providers, especially higher service and coding intensity and higher cost per encounter that result from the more fee-for-service orientation of commercial plans."*
	"About a third of our investments this year are going into commercializing all these internal use cases to external products. The prior auth example that Tim described, that Patrick described, has been converted into a digital prior auth product, which we launched about a quarter ago under the Optum Real family of products, and year to date, it has, for external entities to UHG, processed about 69,000 prior auths — processed about 0.5 million prior auths, and saved 69,000 administrative hours"

Source: Company, Emkay Research

Exhibit 97: Employment-based insurance was the dominant form of coverage, per the latest report published by USCB (US Census Bureau) in Sep-26



Source: USCB, Emkay Research

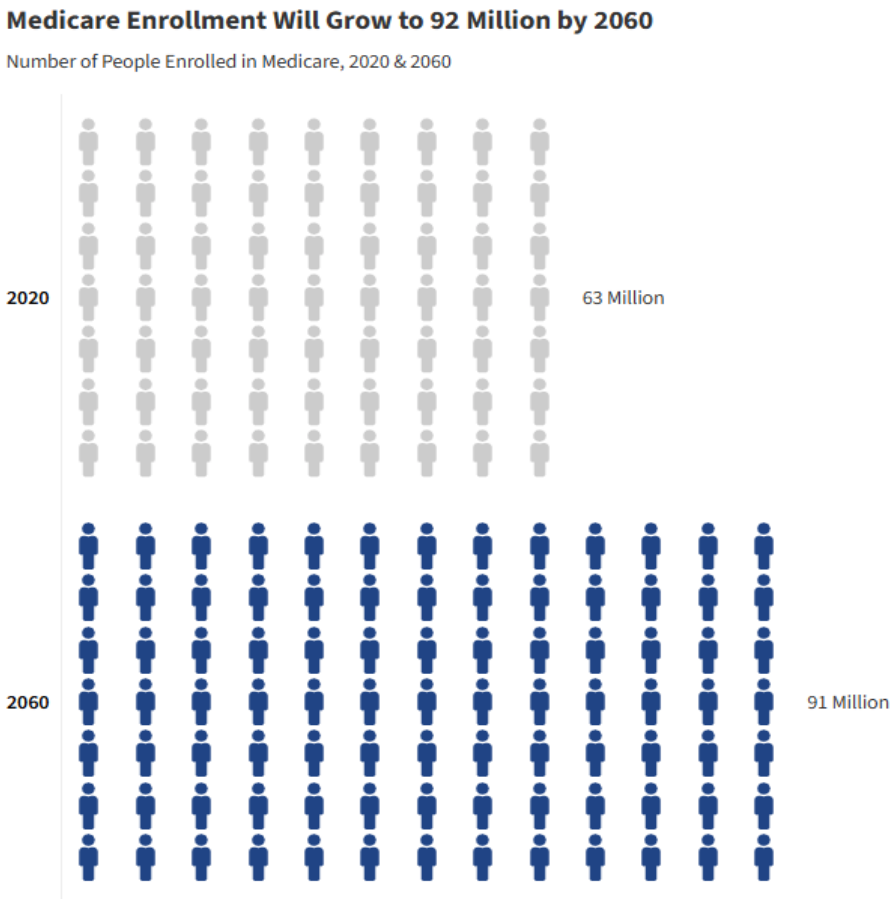
"…In 2025, 26.7mn people (7.9%) were uninsured for the entire year. That means most people (92.1%) had health insurance coverage at some point during the calendar year. More people had private health insurance (65.7%) than public coverage (35.8%). There were no statistically significant changes in private coverage, public coverage, or the uninsured rate between 2024 and 2025[5]…"

[5] *Health Insurance Coverage in the United States: 2025 (Issued: Sep-26): "This report presents statistics on health insurance coverage in the United States in 2025 and changes in health insurance coverage rates between 2024 and 2025"*

"...An aging population means more people will be enrolled in the Medicare program. The number of Medicare beneficiaries is projected to grow from around 63mn people in 2020 to close to 91mn people in 2060. These totals include younger adults who qualify for Medicare because of a long-term disability..."

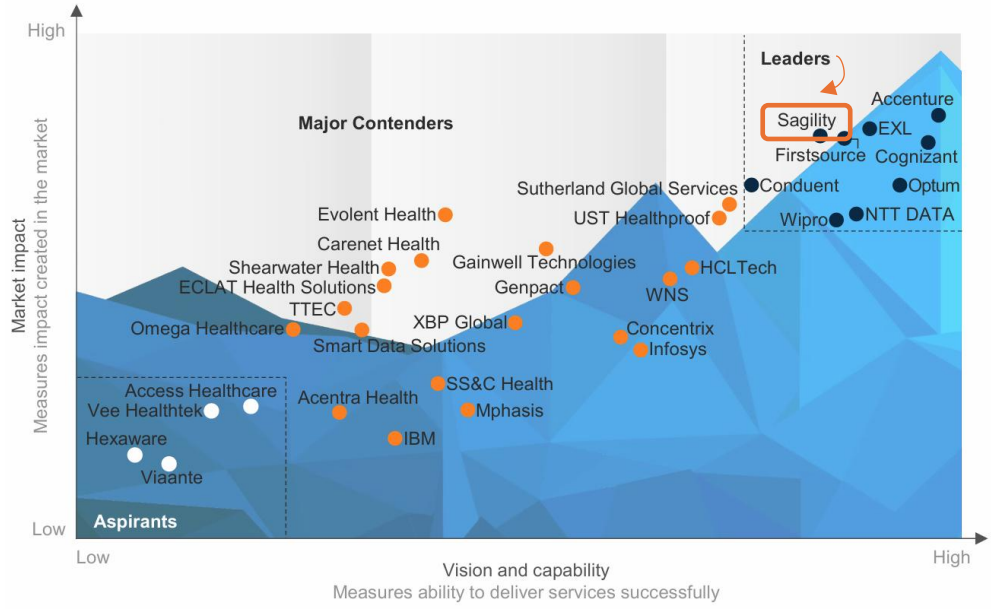
- KFF

Exhibit 98: Aging population to continue contributing to higher Medicare enrolment



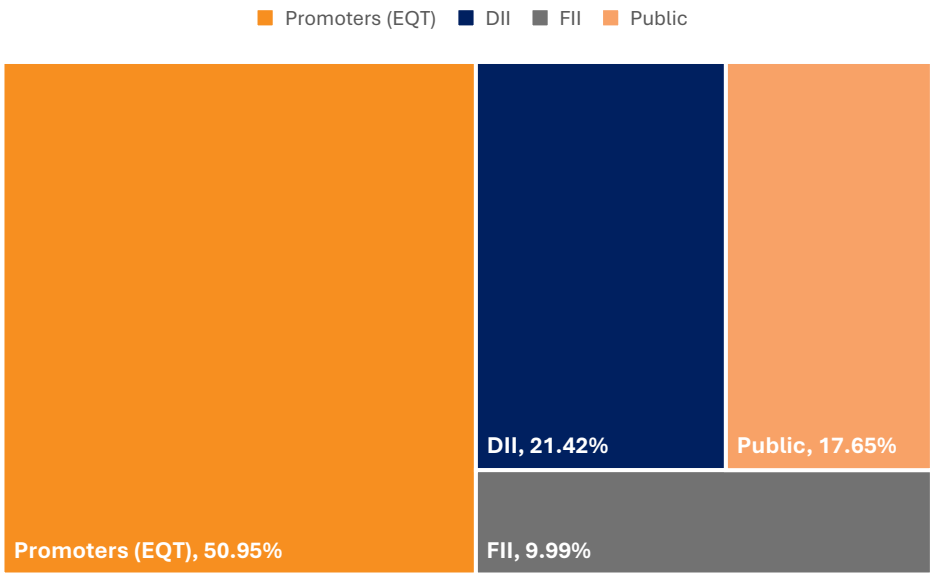
Source: KFF, Emkay Research

Exhibit 99: Sagility is currently placed as the leader in PEAK Matrix Assessment by the Everest Group



Source: Company, Emkay Research

Exhibit 100: Shareholding pattern as of Jun-26



Source: Company, Emkay Research

Sagility Ltd: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**55,699**	**71,929**	**87,034**	**98,181**	**110,128**
Revenue growth (%)	17.2	29.1	21.0	12.8	12.2
EBITDA	**12,604**	**17,570**	**21,167**	**23,305**	**26,226**
EBITDA growth (%)	15.8	39.4	20.5	10.1	12.5
Depreciation & Amortization	4,669	4,874	5,407	5,776	6,245
EBIT	**7,935**	**12,697**	**15,760**	**17,529**	**19,981**
EBIT growth (%)	98.9	60.0	24.1	11.2	14.0
Other operating income	-	-	-	-	-
Other income	938	1,013	222	956	1,693
Financial expense	(1,271)	(992)	(761)	(450)	(466)
PBT	**7,602**	**12,717**	**15,220**	**18,034**	**21,208**
Extraordinary items	0	(328)	(151)	0	0
Taxes	2,211	3,141	3,817	4,599	5,408
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**5,391**	**9,248**	**11,252**	**13,436**	**15,800**
PAT growth (%)	136.2	71.5	21.7	19.4	17.6
Adjusted PAT	**5,391**	**9,576**	**11,403**	**13,436**	**15,800**
Diluted EPS (Rs)	**1.2**	**2.0**	**2.4**	**2.9**	**3.4**
Diluted EPS growth (%)	116.3	77.6	19.1	17.8	17.6
DPS (Rs)	**0**	**0.2**	**0.2**	**0.5**	**1.0**
Dividend payout (%)	**0**	**7.6**	**8.3**	**17.4**	**29.6**
EBITDA margin (%)	22.6	24.4	24.3	23.7	23.8
EBIT margin (%)	14.2	17.7	18.1	17.9	18.1
Effective tax rate (%)	29.1	24.7	25.1	25.5	25.5
NOPLAT (pre-IndAS)	**5,627**	**9,560**	**11,807**	**13,059**	**14,886**
Shares outstanding (mn)	4,681	4,681	4,681	4,681	4,681

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	46,793	46,793	46,813	46,813	46,813
Reserves & Surplus	36,568	49,798	60,114	71,209	82,328
Net worth	**83,361**	**96,591**	**106,928**	**118,023**	**129,142**
Minority interests	-	-	-	-	-
Non-current liab. & prov.	2,941	2,697	2,697	2,697	2,697
Total debt	**8,170**	**5,776**	**0**	**0**	**0**
Total liabilities & equity	**100,321**	**110,393**	**115,154**	**126,449**	**137,768**
Net tangible fixed assets	3,699	4,231	4,433	4,676	4,882
Net intangible assets	20,362	20,370	19,118	16,999	14,897
Net ROU assets	5,521	4,868	4,485	4,263	4,122
Capital WIP	-	430	50	50	50
Goodwill	60,390	64,051	65,743	65,743	65,743
Investments [JV/Associates]	-	-	-	-	-
Cash & equivalents	**3,438**	**3,579**	**7,482**	**19,836**	**32,079**
Current assets (ex-cash)	14,770	25,866	29,304	32,358	35,631
Current Liab. & Prov.	8,848	14,103	16,691	18,829	21,121
NWC (ex-cash)	**5,922**	**11,763**	**12,612**	**13,528**	**14,510**
Total assets	**100,321**	**110,393**	**115,154**	**126,449**	**137,768**
Net debt	4,732	2,197	(7,482)	(19,836)	(32,079)
Capital employed	100,321	110,393	115,154	126,449	137,768
Invested capital	**90,374**	**100,416**	**101,906**	**100,947**	**100,033**
BVPS (Rs)	17.8	20.6	22.8	25.2	27.6
Net Debt/Equity (x)	0.1	-	(0.1)	(0.2)	(0.2)
Net Debt/EBITDA (x)	0.4	0.1	(0.4)	(0.9)	(1.2)
Interest coverage (x)	(7.0)	(13.8)	(21.0)	(41.0)	(46.5)
RoCE (%)	**10.1**	**14.1**	**15.3**	**0**	**17.5**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	7,602	12,389	15,069	18,034	21,208
Others (non-cash items)	6,982	5,271	5,946	5,271	5,018
Taxes paid	(1,734)	(3,735)	(3,817)	(4,599)	(5,408)
Change in NWC	(710)	(1,895)	(979)	(1,038)	(1,113)
Operating cash flow	**12,141**	**12,030**	**16,220**	**17,668**	**19,705**
Capital expenditure	(9,805)	(1,917)	(5,086)	(3,478)	(4,008)
Acquisition of business	0	0	0	0	0
Interest & dividend income	-	-	-	-	-
Investing cash flow	**(9,642)**	**(7,107)**	**(4,864)**	**(2,522)**	**(2,315)**
Equity raised/(repaid)	3,940	0	21	0	0
Debt raised/(repaid)	(11,166)	(2,394)	(5,776)	0	0
Payment of lease liabilities	11	134	582	422	341
Interest paid	1,271	992	761	450	466
Dividend paid (incl tax)	0	(702)	(936)	(2,341)	(4,681)
Others	3,383	(3,043)	(2,105)	(1,323)	(1,274)
Financing cash flow	**(2,561)**	**(5,014)**	**(7,453)**	**(2,791)**	**(5,148)**
Net chg in Cash	(62)	(91)	3,903	12,354	12,243
OCF	12,141	12,030	16,220	17,668	19,705
Adj. OCF (w/o NWC chg.)	12,850	13,925	17,199	18,706	20,818
FCFF	2,336	10,113	11,133	14,190	15,697
FCFE	3,607	11,105	11,894	14,640	16,163
OCF/EBITDA (%)	96.3	68.5	76.6	75.8	75.1
FCFE/PAT (%)	66.9	120.1	105.7	109.0	102.3
FCFF/NOPLAT (%)	**41.5**	**105.8**	**94.3**	**108.7**	**105.4**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	39.6	23.1	19.0	15.9	13.5
EV/CE(x)	2.4	2.1	1.9	1.6	1.4
P/B (x)	2.6	2.2	2.0	1.8	1.7
EV/Sales (x)	3.9	3.0	2.4	2.0	1.6
EV/EBITDA (x)	17.3	12.3	9.7	8.3	6.9
EV/EBIT(x)	27.5	17.0	13.1	11.1	9.1
EV/IC (x)	2.4	2.1	2.0	1.9	1.8
FCFF yield (%)	1.1	4.7	5.4	7.3	8.6
FCFE yield (%)	1.7	5.2	5.6	6.9	7.6
Dividend yield (%)	0	0.3	0.4	1.1	2.2
DuPont-RoE split					
Net profit margin (%)	9.7	13.3	13.1	13.7	14.3
Total asset turnover (x)	0.6	0.7	0.8	0.8	0.9
Assets/Equity (x)	1.2	1.1	1.1	1.0	1.0
RoE (%)	**7.3**	**10.6**	**11.2**	**11.9**	**12.8**
DuPont-RoIC					
NOPLAT margin (%)	10.1	13.3	13.6	13.3	13.5
IC turnover (x)	0.6	0.8	0.9	1.0	1.1
RoIC (%)	**6.5**	**10.0**	**11.7**	**12.9**	**14.8**
Operating metrics					
Core NWC days	38.8	59.7	52.9	50.3	48.1
Total NWC days	**38.8**	**59.7**	**52.9**	**50.3**	**48.1**
Fixed asset turnover	0.6	0.7	0.8	0.9	1.0
Opex-to-revenue (%)	77.4	75.6	75.7	76.3	76.2

Source: Company, Emkay Research

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BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

Emkay Global Financial Services Ltd.
CIN - L67120MH1995PLC084899
7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India
Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

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