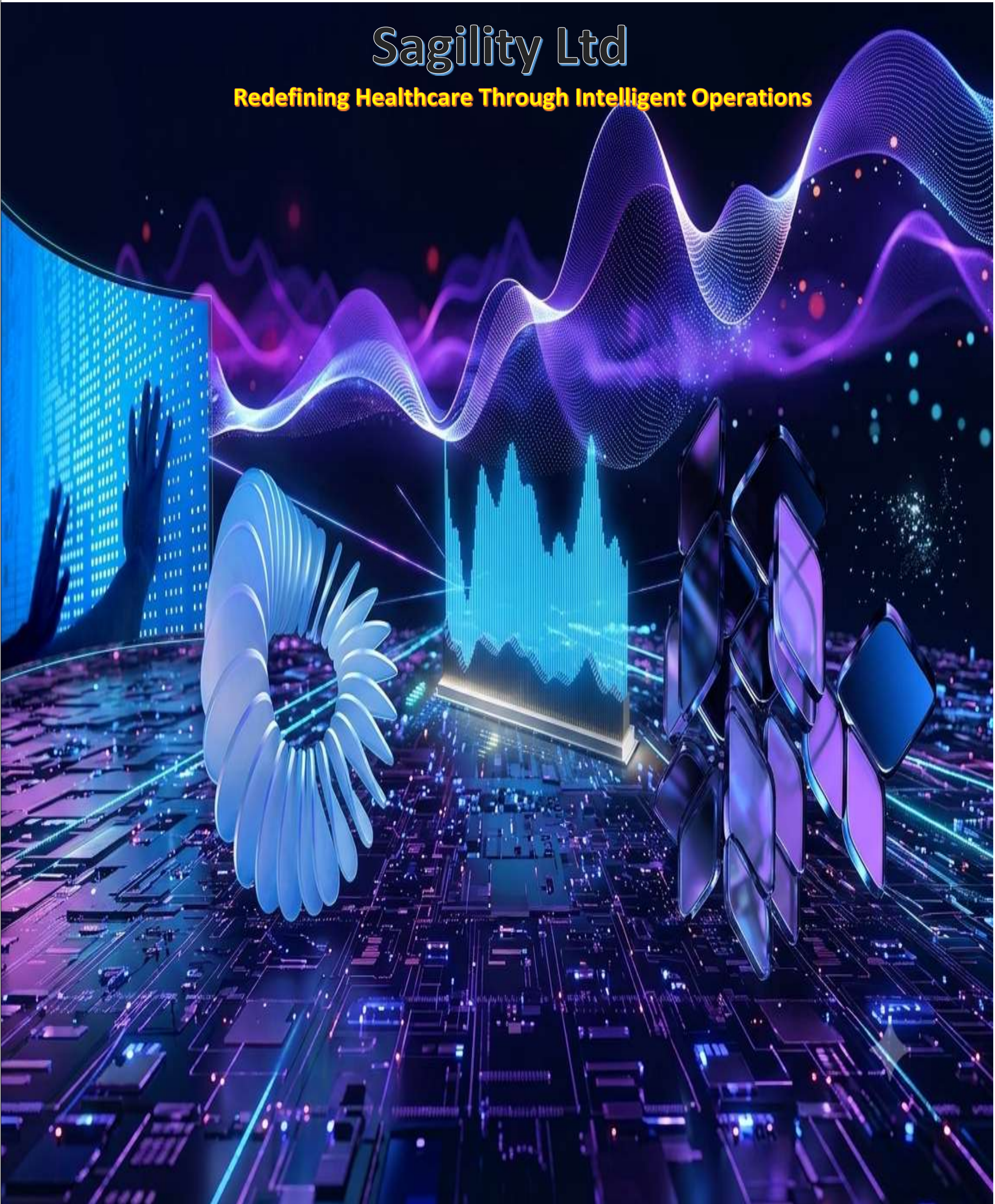


Sagility Ltd

Redefining Healthcare Through Intelligent Operations



June 21, 2026

Reco BUY

Industry	IT Enabled Services
LTP (June 19, 2026)	Rs. 39.49
Entry Range	Rs. 38-41
Add on Dips	Rs. 35.25-36.75
Base Case Target	Rs. 44.50
Bull Case Target	Rs. 47.50
Time Horizon	4 Quarters

Stock Info

BSE Code	544282
NSE Code	SAGILITY
Bloomberg	SAGILITY IN
CMP June 19, 2026	39.49
Equity Capital (Rs Cr)	4681.3
Face Value (Rs)	10.0
Equity Share O/S (Cr)	468.1
Market Cap (Rs Cr)	18,487
Book Value (Rs)	20.6
Avg. 52 Wk Volumes	39,202,000
52 Week High	57.9
52 Week Low	35.8

Share Holding Pattern % (March'26)

Promoters	51.0
Institutions	32.3
Non-Institutions	16.7
Total	100.0

One Year Price Chart



* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst

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Transforming care and delivering fair

Our Take

- Sagility is a healthcare-focused technology-enabled services provider, working exclusively with clients across the healthcare spectrum, both payers (U.S. health insurance companies that finance and reimburse the cost of care) and providers (such as hospitals, physicians, and diagnostic and medical device companies). The company is committed to improving the U.S. healthcare system by delivering technology-enabled solutions that improve access, manage, and pay through a combination of deep industry expertise, technology-enabled solutions, and a global delivery model.
- On the business front, the company expects to deliver strong results despite the challenging global environment and continue on its plan to expand in Europe and the Asia Pacific while continuing its focus on North America. The company continues to see traction in large, multi-year deals focused on AI-led engineering and data modernisation.
- Investors can buy in the Rs 38-41 band and add on dips in the Rs 35.25-36.75 band (13x FY28E EPS). We believe the base case fair value of the stock is Rs 44.50 (16.5x FY28E EPS) and the bull case fair value of the stock is Rs 47.50 (17.5x FY28E EPS) over the next 4 quarters.**

Presence in outsourced operations services to the healthcare services in the U.S

Sagility is an established in providing outsourced operations services to the healthcare sector in the US, and the company has a track record for serving both the payers (healthcare insurance companies) and the providers (hospitals/laboratories/durable medical equipment manufacturers, etc.). The operations are further supported by a global delivery footprint with offshore delivery centres in India, the Philippines, Jamaica, and Colombia and an onshore presence in the US, serviced by 46,860 employees. The company has consistently maintained a strong service level delivery performance, and an industry top-quartile Customer Satisfaction (CSAT) score of 53.

The U.S. healthcare landscape continues to evolve

The U.S. healthcare landscape continues to evolve, driven by rising costs, workforce shortages, shifting regulations, and greater expectations from patients, payers, and providers. In such an environment, operational agility and healthcare expertise are essential to provide best-in class solutions for healthcare payers, providers, and their partners. Sagility has built a strong leadership position in the U.S. payer and provider services market. With over two decades of domain expertise and a comprehensive suite of solutions, we continue to enable healthcare organizations to navigate complexity, improve operational efficiency, and enhance member and patient experiences.

Continue its growth momentum in the coming quarters, led by healthy deal pipeline and deal wins

The company will continue to pursue growth through three interconnected levers: deeper client penetration, expansion into the mid-market payer segment, and selective acquisitions. With this integration, Sagility is unlocking new growth avenues by leveraging cross-sell opportunities and enhancing client engagement. We expect that the revenue could grow by 14.2% CAGR over the FY26 to FY28E. Its margins could sustain at 24.5%-25% in FY27E- FY28E.

Investments in platforms and AI-powered solutions to strengthen deliver scalable, intelligent services,

Sagility's investments in proprietary platforms and AI-powered solutions enhance its ability to deliver scalable, intelligent services. These capabilities offer a competitive edge in automation, analytics, and digital transformation. Innovations like Nurse Assist and the integration of BirchAI are enhancing both clinical and operational outcomes for the clients.

Pursuing strategic acquisitions to accelerate growth

The acquisition of BroadPath has strengthened Sagility's presence in the mid-market segment. This move expands Sagility's client base and Offerings and enhances its ability to deliver tailored solutions to a broader spectrum of healthcare clients. With this integration, Sagility is unlocking new growth avenues by leveraging cross-sell opportunities and enhanced client engagement.

Strong performance in Q4FY26

- Sagility's numbers were above expectations in Q4FY26, delivering another strong quarter, driven by significant traction in the client portfolio globally. Consolidated revenue grew 2.7% QoQ and 29.1% YoY to Rs 2,024 crore in Q4FY26, driven by broad-based growth in segments and geographies. Revenue in USD terms was almost unchanged QoQ and 17.2% YoY to US\$ 222.1 Mn.
- EBITDA surged by 1.3% QoQ and 29.9% YoY to Rs 485 crore and EBITDA margin increased YoY to 23.9% in Q4FY26. However, it contracted by 40bps QoQ. 5 new clients on boarded in Q4 (total 17 in FY26)

Financial Summary

Particulars (Rs Cr)	Q4FY26	Q4FY25	YoY-%	Q3FY26	QoQ-%	FY23	FY24	FY25	FY26P	FY27E	FY28E
Total Operating Income	2024	1568	29.1	1971	2.7	4,218	4,754	5,570	7,193	8,244	9,378
EBITDA	485	373	29.9	478	1.3	1,027	1,088	1,298	1,727	2,031	2,316
APAT	258	183	41.2	292	-11.7	144	228	539	948	1,155	1,376
Diluted EPS (Rs)	0.55	0.39	41.2	0.62	-11.7	0.3	0.5	1.2	2.0	2.5	2.9
RoE-%						2.8	3.6	7.3	10.5	11.3	12.0
P/E (x)						128.8	81.0	34.3	19.5	16.0	13.4
EV/EBITDA (x)						20.2	19.0	15.1	11.0	9.1	7.8

(Source: Company, HDFC sec)

Valuation & Recommendation:

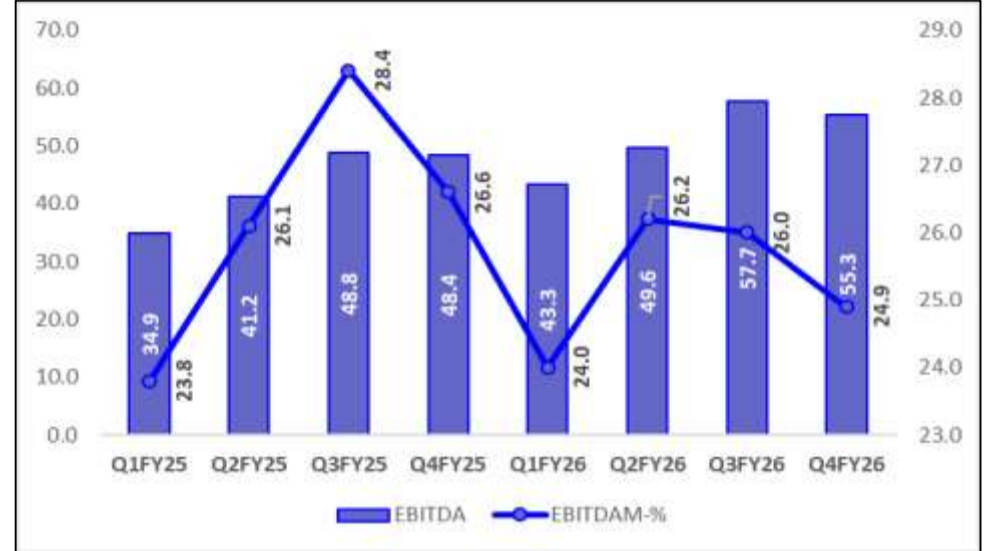
Investors can buy in the Rs 38-41 band and add on dips in the Rs 35.25-36.75 band (13x FY28E EPS). We believe the base case fair value of the stock is Rs 44.50 (16.5x FY28E EPS) and the bull case fair value of the stock is Rs 47.50 (17.5x FY28E EPS) over the next 4 quarters.

Story in Charts

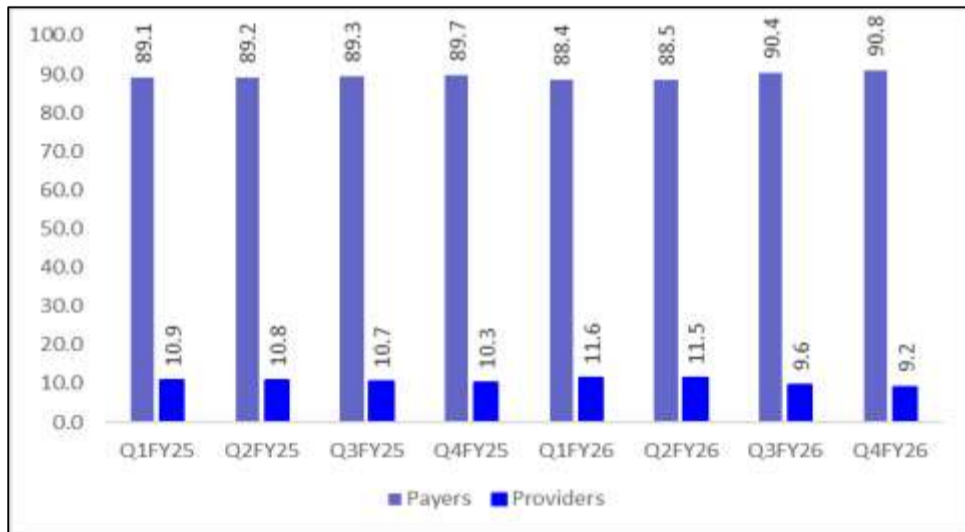
Revenue (US\$-Mn) and Sequential growth (%) - unchanged in Q4FY26



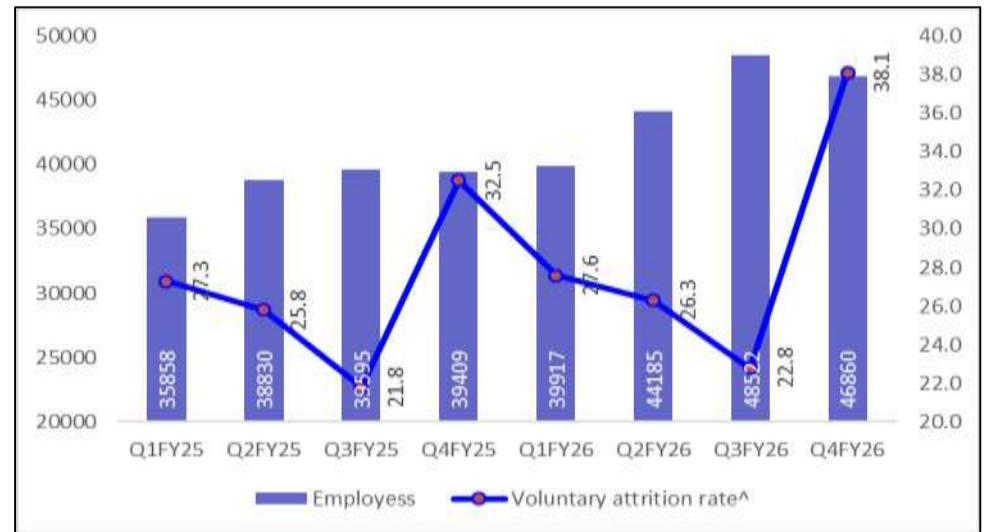
EBITDA (US\$-Mn) and Margins (%) - impacted by higher employee costs



Revenue (%) by Vertical Split - Providers falling over the last 3 Qtrs



Total headcount (Nos) and attrition (%)



(Source: Company, HDFC sec)

^Voluntary attrition is calculated with tenure exceeding 90 days and presented on an annualized basis,

Key Drivers

Established and experienced in serving the US Healthcare sector, led by a strong customer base

- Sagility is an established in providing outsourced operations services to the healthcare sector in the US, and the company has a track record for serving both the payers (healthcare insurance companies) and the providers (hospitals/laboratories/durable medical equipment manufacturers, etc.).
- Its ~90% revenue comes from payer segment and the company's services are diversified across the value chain of the payor life cycle and provider network, which includes voice work, member enrolment, claim processing, analytics, revenue cycle management, and payment integrity, among others.
- The company has a reputed clientele in the healthcare and insurance sector, including top US-based healthcare insurance firms, and shares more than decade-long relationships with some clients. This led to high recurring revenues and increasing market share over the years.
- The company has added new clients in the mid-segment of the industry with integration of BroadPath into the business since January 2025. The operations are further supported by a global delivery footprint with offshore delivery centres in India, the Philippines, Jamaica, and Colombia and an onshore presence in the US, serviced by 46,860 employees (as of March 2026).

The U.S. healthcare landscape continues to evolve

- The U.S. healthcare landscape continues to evolve, driven by rising costs, workforce shortages, shifting regulations, and greater expectations from patients, payers, and providers. In such an environment, operational agility and healthcare expertise are essential to provide best-in class solutions for healthcare payers, providers, and their partners.

High recurring revenues and increasing market share over the years

- U.S. healthcare market size is well over US\$5 Tn, is marked by its scale, complexity, and continuous evolution. In recent years, the sector has seen accelerated transformation driven by demographic shifts, rising consumer expectations, policy changes, and rapid digital adoption.
- At the heart of this transformation is an aging population and the increasing burden of chronic diseases. These trends are reshaping demand across the healthcare ecosystem. Simultaneously, there is a concerted shift toward value based care models, with greater emphasis on preventative strategies, care coordination, and improved health outcomes.
- Consumer behavior is also influencing this evolution. Patients today are more informed and digitally connected, expecting seamless, personalized experiences across care touchpoints. This has led to a surge in digital health solutions, telehealth adoption, and home-based care models. These shifts are further amplified by government-led efforts to improve health equity and expand access,

Why Sagility?

- Sagility is a pure play, healthcare-focused services provider, and its clients include payers (U.S. health insurance companies, which finance and reimburse the cost of health services) and providers (primarily hospitals, physicians, and diagnostic and medical devices companies).
- Across my more than 40 years in client service, Sagility is contributing to the growing demand for integrated healthcare services. As the industry becomes increasingly reliant on technology, analytics, and process optimization, the outsourcing of essential functions has become a strategic priority for healthcare organizations.
- Sagility has built a strong leadership position in the U.S. payer and provider services market. With over two decades of domain expertise and a comprehensive suite of solutions, the company continues to enable healthcare organizations to navigate complexity, improve operational efficiency, and enhance member and patient experiences.

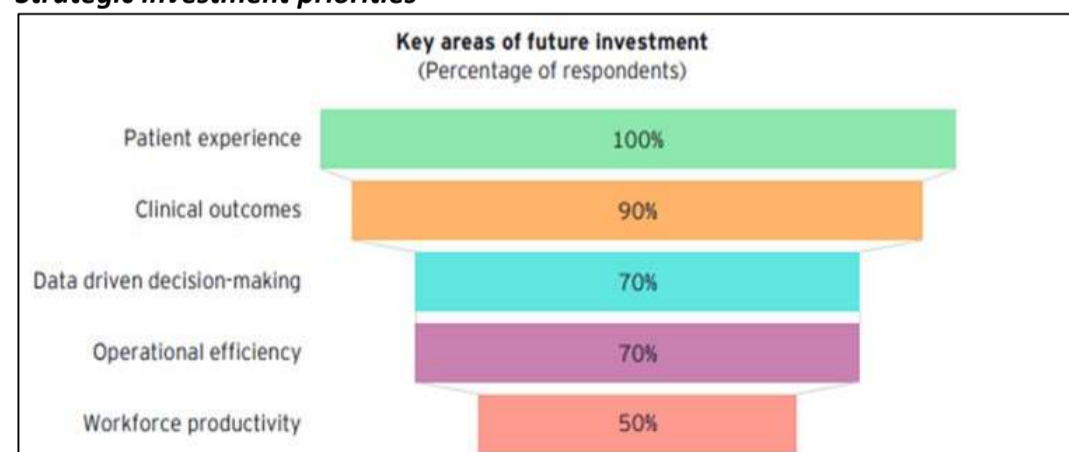
Sagility is contributing to growing demand for integrated healthcare services

Fast digital adoption in healthcare; shaping the future:

- Digital adoption in healthcare refers to the meaningful integration of digital technologies (like Electronic Health Records, telemedicine, and wearables) into clinical workflows. Digital adoption in healthcare is highly pervasive, shifting from basic electronic health records (EHRs) to comprehensive, interoperable, and AI-assisted care. It aims to enhance care accessibility, optimise efficiency, and improve patient outcomes while minimizing administrative workload.
- Digital adoption in healthcare continues to gain momentum, though progress remains uneven across the industry. As more service providers enter this space, meaningful differentiation now depends on the depth and impact of digital investments. The key to this evolution is interoperability—the ability to integrate data seamlessly across platforms, which demands standardised systems, modular designs, and cross-industry collaboration to navigate privacy and integration challenges.
- In terms of health infrastructure, a typical example is the United States, where 75% of hospitals use electronic health record systems, according to Rebekah E. et al.
- Equally important is organisational readiness, as healthcare enterprises must be equipped both structurally and culturally to support digital and preventive care through real-time analytics and automation. Updating outdated systems like Electronic Health Records (EHRs) and Electronic Medical Records (EMRs) is critical to improving data access, patient experience, and enabling capabilities such as fraud detection and predictive insights.
- With ~47000 associates, including over 2,100 clinicians and hundreds of data scientists and AI engineers, across five countries and 33 delivery centres, could help Sagility in daily execution.
- The company continues to expand its global delivery footprint, serving clients and the company has also enabled Work-at-Home (WAH) capability for 48% of its Client Service Representatives, further increasing agility, access to diverse talent pools, and mitigating business risks.

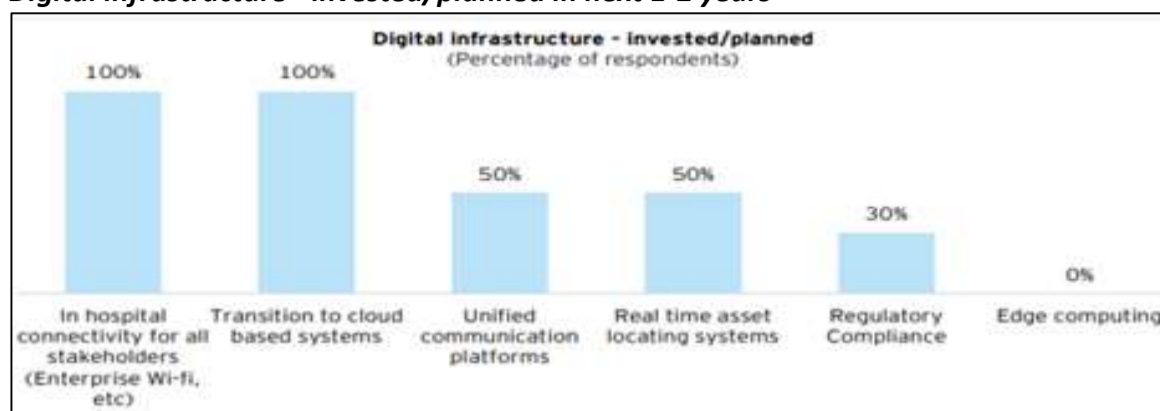
Digital adoption to expand its global delivery footprint

Strategic investment priorities



(Source: EW, HDFC sec)

Digital infrastructure - invested/planned in next 1-2 years



More M&A activity expected following the acquisition of BroadPath and CareSeed

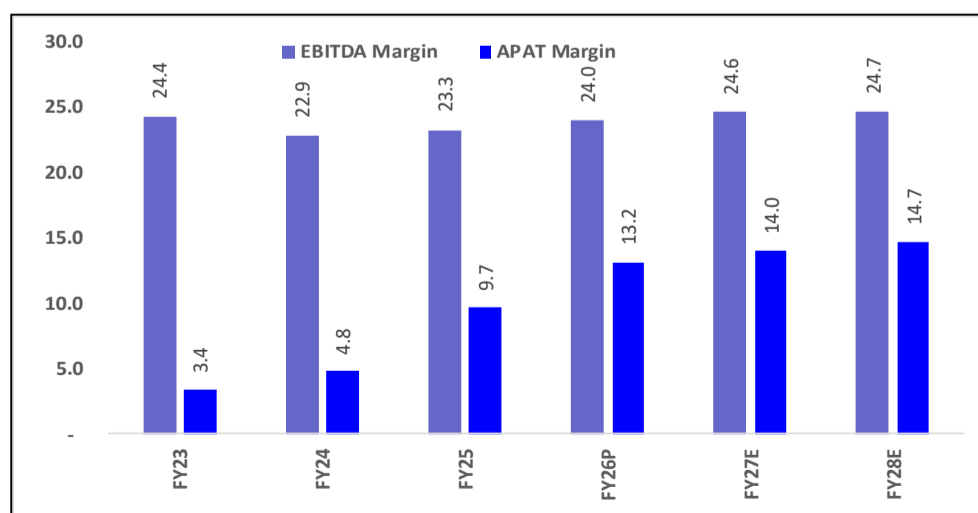
- Sagility successfully acquired BroadPath Healthcare Solutions in January 2025 in a \$58 million cash deal. BroadPath is U.S. healthcare-focused services company with a strong presence in the mid-market payer segment. This was a strategic move aligned with its growth pillars: to deepen the healthcare domain, expand client coverage, and broaden the delivery model.
- BroadPath brought 30 new client groups and 10 new delivery sites, strengthening its access to regional and mid-sized health plans. The acquisition significantly strengthened its U.S. onshore capabilities through BroadPath's patented 'Bhive' home-based-delivery-enabling technology and added nearly 1,100 employees, reinforcing multi-shore delivery approach.
- Integration efforts have focused on seamless client continuity, expanding client wallet share offering broader Sagility services, economies of scale efficiencies, platform alignment, and leveraging shared strengths across delivery, compliance, and technology.
- Sagility is benefitted with strong potential for cross-sell synergies and executing targeted integration and go-to-market efforts. The addition of 10 new delivery sites during the year further enhances its agility and geographic reach.
- On June 11, 2026, the company has acquired CareSeed, a US-based healthcare analytics company specialising in NCQA-certified HEDIS quality reporting, medical record review, chart abstraction, and regulatory analytics for health plans.
- The company will continue to pursue growth through three interconnected levers: deeper client penetration, expansion into the mid-market payer segment, and selective acquisitions. With this integration, Sagility is unlocking new growth avenues by leveraging cross-sell opportunities and enhancing client engagement.

Unlocking new growth avenues by leveraging cross-sell opportunities

Expects sustainable margins

- Sagility's EBITDA margin stood at 23.9% and net profit margin was at 12.7% in Q4FY26 in Q4FY26, EBITDA margins were impacted by a one-time employee bonus payout related to the transition of the salary hike cycle from a calendar-year basis to a financial-year basis, reducing quarterly margins by ~170bp.
- The company's EBITDA margin in FY26 rose 70bps YoY to 24% and v Adjusted EBITDA margins for FY26 stood at 25.3%, exceeding earlier guidance despite the integration impact of BroadPath and increased investments in growth and delivery capabilities.
- The company guided for low double-digit CC revenue growth in FY27 and EBITDA margin at 24-25%, with margins expected to trend toward the upper end of the range if the current forex rates remain stable. The company clarified that increasing onshore delivery exposure is largely driven by new clients and regulatory-sensitive engagements, while existing clients continue to prefer offshore delivery due to cost advantage.

Margins (%)



Expect EBITDA/PAT margin at 24.6%/ 24.7% and 14%/14.7% for FY27E and FY28E, respectively

Strong fundamentals

- Sagility's financial profile remains healthy, marked by stable earnings, sizeable network, and strong liquidity with large cash reserves, healthy capital structure and coverage metrics. The company has achieved substantial and sustained growth in revenue and profit.

Robust financials led by a debt-free balance sheet, cost control measures and return ratio

- The company reported revenue growth in US\$ terms at 16.2% CAGR, EBITDA growth at 17.7% CAGR and net profit growth at 31.6% CAGR over FY23-FY26. Its revenue grew by 23.7% YoY in US\$ terms to US\$ 814 mn, and revenue rose 29.1% YoY to Rs 7,193 crore in INR terms in FY26.
- We expect that the revenue could grow by 14.2% CAGR over the FY26 to FY28E. Its margins could sustain at 24.5%-25% in FY27E- FY28E.
- Sagility enjoys a healthy capital structure and a negligible debt status, which will continue to remain so due to no major debt-funded expansion plans over the medium term. The debt-equity ratio decreased as a result of debt repayment. The interest coverage ratio rose to 12.5x for FY26 vs. 6.5x in FY25, due to increase in EBITDA and reduction in interest costs.
- Strong cash and liquidity positions are maintained. Cash and equivalents of approximately Rs 904 as on March 31, 2026.
- Sagility has not paid any dividend till FY25 and recommended final dividend Rs 0.10 per share, subject to shareholder approval. No firm commitment to higher payout. However, we expect dividends of Rs 0.1 and Rs 0.15 per share to shareholders for FY27E and FY28E, respectively.
- Because of cost rationalisation efforts and reduction in employee cost, the company could see growth in profitability as well as better return ratios in the future. We expect RoE at 11.3 % and 12% for FY27E and FY28E, respectively.

Risks & Concerns

- Indian rupee appreciation against the USD, pricing pressure, retention of the skilled headcounts, strict immigration norms and rise in visa costs are key concerns.
- Sagility derives 100% of its revenue from the U.S. healthcare industry, making it vulnerable to regulatory, economic, and outsourcing trends in that market. Any geopolitical risk or economic uncertainty could impact its business. Regulatory and economic pressures further complicate the landscape.
- Non-compliance with stringent U.S. regulations such as HIPAA, HITECH, and CCPA could result in penalties and reputational damage. Complex licensing requirements in the U.S. for operating as a third-party administrator (TPA), pharmacy benefit manager (PBM), and utilization review entity. Risk of noncompliance with Indian and international laws, including data protection and labor regulations.
- Sagility has client concentration risk, top-3 clients contributed ~60%, top-5 clients ~70%, and top-10 contributed ~84% in Q3FY26, any cancellation of deal could impact its revenue. Revenue contribution across the category is falling quarter after quarter. However, the company has longstanding relationships with its clientele.
- Sagility faces intense competition from tier-1 IT players and well-established tier-2 players, which limits its pricing/bargaining power with customers. Additionally, the trading nature of its low-margin distribution business can drag its profits.
- Healthcare clients' dependent on US government funding for research are impacted due to an overnight cut in funding.
- Talent shortages, high industry attrition, and upskilling gaps could impact its operational efficiency and profitability.
- Rapid technological advancements could disrupt existing processes if we fail to deliver integrated, high-performance solutions.
- Growing concerns around data privacy, compliance, and a shift toward in-house models may reduce outsourcing adoption.
- Any change in the contract nitty-gritty from large clients, like non-renewal of contracts or higher discounts due to aggressive competition intensity, can impact the sustainability and scalability of such clients.
- Higher voluntary attrition rates (>28%) and rising employee costs could impact service delivery and margins.

Company Description

Sagility is a technology-enabled outsourcing company and provides healthcare-focused technology-enabled solutions and services primarily to U.S.-based clients in the payer and provider segments. The company offers diverse services across the healthcare value chain for payers and providers, including clinical, case management, member engagement, payment integrity, claims cost containment, revenue cycle management and analytics, among others.

The company has operational fluency with automation, analytics, and AI to help payers and providers streamline workflows, control costs, and improve outcomes through consulting and tech-led BPaaS solutions. Its customer base includes reputed insurance players, hospitals and laboratories/durable medical equipment manufacturers of the US market. It delivers these services through five global service delivery locations in India, the Philippines, the U.S., Jamaica and Colombia.

The company was incorporated in 2021, and its business started effectively on January 6, 2022, when it was acquired from HGS by EQT (a European investment firm) for US\$1.2 bn.

Business Overview

Payer:	Government or public plans	Commercial Plans
Public (government-funded)	Medicaid	Employer-Sponsored Plans
Commercial (privately funded)	Children's Health Insurance Program (CHIP)	Health Insurance Exchange (HIX)
Payer:	Traditional Medicare	Medicare Supplement (Medigap) Plans
National carriers	Medicare Advantage	
Regional carriers	Other government plans	

Providers
Hospitals and health systems
Physician groups and clinics
Other providers

Service Highlights

Claims Management: End-to-end adjudication of medical, pharmacy, vision, and dental claims using intelligent automation and AI-based prioritization for appeals and grievances.

Revenue Cycle Management (RCM): Full-spectrum support from scheduling and financial clearance to billing, collections, denials management, and patient engagement. Predictive tools optimize reimbursement and reduce bad debt.

Payment Integrity: Cost containment through post-pay and pre-pay overpayment detection, leveraging proprietary and industry differentiated contract central platforms, data mining, machine learning, and predictive analytics.

Clinical Management: Delivered by licensed clinicians, its services include utilization management, chronic and complex case management, and population health, supported by AI-enabled decision engines and digital engagement platforms.

Member and Provider Engagement: Technology-driven support for customer acquisition, onboarding, benefit queries, pre-authorizations, claims explanations, and program participation. Deploy GenAI solutions to reduce cost of engagement and use real time speech analytics and NLP tools to enhance customer experience and compliance.

Solution Highlights

Document Processing Engine: Accelerates intake and classification of healthcare documents using domain-trained OCR and NLP, improving turnaround time and reducing manual effort.

Member Engagement Platform: Enables personalized outreach and program tracking, improving member experience and health outcomes.

Revenue Cycle Management Platform: Improves collections and reduces bad debt through predictive analytics and automated verification.

Nurse Assist: AI-powered clinical review tool that enhances care quality and compliance by interpreting medical records against clinical protocols.

Provider Forward™: Streamlines provider data management and credentialing with self service capabilities, reducing friction and improving data accuracy.

Enrolment and Plan Automation: Speeds up member onboarding and benefit plan design with intelligent automation.

GenAI solutions for customer engagement: Enhances engagement services with real-time sentiment analysis, automated call summarisation based on proprietary Healthcare LLM, selective use of bots for inbound and outbound calls/chats, agent assist features, and automated integrations with industry lead workflow applications.

Contract Central: Automates and identifies claims overpayments using contract reprocessing and regulatory alignment, driving cost recovery for payers

Revenue Mix-%

Vertical Split

%	FY23	FY24	FY25	FY26
Payers	90.7	90.3	89.4	89.7
Providers	9.3	9.7	10.6	10.3

Annual Key Performance Indicators (KPI)

Numbers of Client group

Nos	FY23	FY24	FY25	FY26
Active	35	44	75	82
New Clients Additions (Gross)	7	13	38	17

Delivery Sites

Nos	FY23	FY24	FY25	FY26
No of delivery Sites	27	30	33	31
New Sites Additions	2	4	10	4

Client contribution to the revenue

%	FY23	FY24	FY25	FY26
Top 3	72.4	68.3	66.2	59.9
Top 5	80.6	79.2	77.9	70.4
Top 10	90.7	91.4	90.5	83.9

Million-dollar client groups

Nos	FY23	FY24	FY25	FY26
More than US\$20 million	4	5	7	9
US\$5 - US\$20 million	7	7	6	7
US\$1 - US\$5 million	12	12	12	21
less than US\$1 million	12	20	50	45

Employees

Nos	FY23	FY24	FY25	FY26
Employees	33366	35044	39409	46860
Voluntary attrition rate	26.55	25.28	27.5	29.4

Go Forward Positions

Rs in Cr	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Closing Debt position	802	567	-	-	-	-
Debt Repayment	249	235	567	-	-	-
Interest Payment	75.1	54.3	28.7	-	-	-
Share based Payment awards	113	12.20	13.80	7.20	3.40	-
Earnouts Cost - DCI / Birch/ BroadPath	57.1	47.50	0.60	-	-	-
Intangibles Amortisation (A)	140	146	156	156	156	156
Intangibles Amortisation (B)	18.8	39.2	40.8	39.2	31.2	26.5

DCI, Birch, and BroadPath refer to strategic healthcare BPO and technology companies acquired by the group

Financial Statements

Income Statements

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26P	FY27E	FY28E
Net Revenues	4218	4754	5570	7193	8244	9378
Growth (%)	357.0	12.7	17.2	29.1	14.6	13.8
Operating Expenses	3191	3665	4272	5465	6213	7062
EBITDA	1027	1088	1298	1727	2031	2316
Growth (%)	432.2	5.9	19.3	33.1	17.6	14.0
EBITDA Margin (%)	24.4	22.9	23.3	24.0	24.6	24.7
Depreciation	644	689	467	487	489	507
EBIT	383	399	831	1240	1543	1809
Other Income	18	28	56	98	78	84
Interest expenses	215	185	127	99	82	59
PBT	186	242	760	1239	1539	1835
Tax	42	13	221	314	385	459
RPAT	144	228	539	925	1155	1376
Adj PAT	144	228	539	948	1155	1376
Growth (%)	LP	59.0	136.2	75.9	21.7	19.2
EPS	0.3	0.5	1.2	2.0	2.5	2.9

(Source: Company, HDFC sec)

Balance Sheet

Particulars (in Rs Cr) - As at March	FY23	FY24	FY25	FY26P	FY27E	FY28E
SOURCE OF FUNDS						
Share Capital	1919	4285	4679	4679	4681	4681
Reserves	4288	2158	3657	4980	6088	7393
Shareholders' Funds	6207	6443	8336	9659	10769	12075
Long Term Debt	2758	2136	1023	381	331	231
Net Deferred Taxes	399	336	294	270	272	281
Long Term Provisions & Others	109	162	174	242	248	255
Minority Interest	0	0	0	0	0	0
Total Source of Funds	9473	9077	9828	10552	11620	12842
APPLICATION OF FUNDS						
Net Block & Goodwill	8607	8673	8997	9395	9784	10215
Other Non-Current Assets	128	136	99	110	123	139
Total Non Current Assets	8736	8809	9096	9505	9908	10354
Trade Receivables	1069	1181	1267	1839	2033	2312
Cash & Equivalents	585	344	344	904	987	1259
Other Current Assets	140	194	210	202	212	244
Total Current Assets	1793	1720	1821	2945	3232	3815
Short-Term Borrowings	138	396	378	729	379	279
Trade Payables	213	259	214	222	248	283
Other Current Liab & Provisions	705	797	497	946	892	765
Total Current Liabilities	1056	1452	1089	1897	1520	1327
Net Current Assets	737	268	732	1047	1712	2488
Total Application of Funds	9473	9077	9828	10552	11620	12842

(Source: Company, HDFC sec)

Cash Flow Statement

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26P	FY27E	FY28E
Reported PBT	186	242	760	1,239	1,539	1,835
Non-operating & EO items	56	3	130	-39	-78	-84
Interest Expenses	211	177	101	79	82	59
Depreciation	644	689	467	487	489	507
Working Capital Change	-70	-11	-71	-189	-231	-405
Tax Paid	-170	-126	-173	-374	-385	-459
OPERATING CASH FLOW (a)	857	973	1,214	1,203	1,415	1,453
Capex	-141	-182	-122	-192	-850	-900
Free Cash Flow	716	791	1,092	1,011	565	553
Investments	0	0	0	-327	-34	-37
Non-operating income	12	-287	-842	-192	78	84
INVESTING CASH FLOW (b)	-129	-469	-964	-711	-805	-853
Debt Issuance / (Repaid)	-402	-681	-502	-374	-400	-200
Interest Expenses	-246	-190	-132	-104	-82	-59
FCFE	68	-80	458	533	84	294
Share Capital Issuance	0	0	371	0	2	0
Dividend	0	0	0	-23	-47	-70
Others	103	119	7	0	0	0
FINANCING CASH FLOW (c)	-545	-751	-256	-501	-526	-329
NET CASH FLOW (a+b+c)	183	-247	-6	-9	84	271

(Source: Company, HDFC sec)

Key Ratios

Particulars	FY23	FY24	FY25	FY26P	FY27E	FY28E
Profitability Ratio (%)						
EBITDA Margin	24.4	22.9	23.3	24.0	24.6	24.7
EBIT Margin	9.1	8.4	14.9	17.2	18.7	19.3
APAT Margin	3.4	4.8	9.7	13.2	14.0	14.7
RoE	2.8	3.6	7.3	10.5	11.3	12.0
RoCE	3.4	4.1	6.8	9.7	10.9	11.8
Solvency Ratio (x)						
Net Debt/EBITDA	2.8	2.3	1.1	0.6	0.3	0.2
Net D/E	0.5	0.4	0.2	0.1	0.1	0.0
PER SHARE DATA (Rs)						
EPS	0.3	0.5	1.2	2.0	2.5	2.9
CEPS	1.7	2.0	2.1	3.1	3.5	4.0
Dividend	13.3	13.8	17.8	20.6	23.0	25.8
BV	0.0	0.0	0.0	0.1	0.1	0.2
Turnover Ratios (days)						
Debtor days	92.5	90.7	83.0	93.3	90.0	90.0
Inventory days	0	0	0	0	0	0
Creditors days	18.5	19.9	14.0	11.2	11.0	11.0
VALUATION (x)						
P/E	128.8	81.0	34.3	19.5	16.0	13.4
P/BV	3.0	2.9	2.2	1.9	1.7	1.5
EV/EBITDA	20.2	19.0	15.1	11.0	9.1	7.8
EV / Revenues	4.9	4.3	3.5	2.6	2.2	1.9
Dividend Yield (%)	0.0	0.0	0.0	0.1	0.3	0.4
Dividend Payout (%)	0.0	0.0	0.0	2.5	4.1	5.1

(Source: Company, HDFC sec)

HDFC Sec Prime Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. These stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicity of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Rating Criteria

Buy - > 15%+ return potential

Add - +5% to +15% return potential

Reduce - -10% to +5% return potential

Sell - >10% downside return potential

Disclosure:

I, **(Abdul Karim)**, Research Analyst, **(MBA)**, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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