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Information Technology

Sector Report

BPO to intelligent solutions, the next growth chapter

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BPO to intelligent solutions, the next growth chapter

Quick Pointers

- BPM industry transitioning from FTE models to outcome-based models
- Indian BPM market grew 9.3% from FY22-FY26

The global IT industry is entering a structural transition from traditional labor arbitrage-led BPM model toward AI-enabled, domain-centric and outcome-based business process services, which should expand the addressable market over the medium-to-long term. The global BPS market is expected to grow at ~4% CAGR over CY24-29P, vs. 3% CAGR in CY22-24. Despite relatively modest growth, Indian BPM industry has delivered a stronger CAGR of ~9.3% over FY22-26. We believe this outperformance can be sustained as enterprises increasingly seek partners that combine deep domain expertise with AI, automation, analytics and platform-led delivery to transform end-to-end workflows while reducing operating costs. The shift is particularly relevant across healthcare, BFSI and customer experience (CX), where increasing process complexity, regulatory requirements and the need for productivity gains are driving greater outsourcing penetration. Further, the migration toward outcome-based and platform-led models, with outcome-based contracts expected to account for 30-35% and platform-based BPM services for 25-40% of the Indian BPM market, should create opportunities for structurally higher value services. Against this backdrop, we believe Firstsource Solutions (FSOL) and SAGILITY, with their strong domain positioning and exposure to complex and highly outsourced processes, are well placed to capture the next leg of growth as the industry transitions from people-led operations toward AI-enabled intelligent operations. We initiate coverage on FSOL and SAGILITY with 'BUY' rating at TP of INR 330 and INR 60, respectively.

FSOL: FSOL is a diversified business process solutions provider with a broad industry and geographic mix. Reduced dependence on the US mortgage/refinancing business, alongside focused acquisitions and a stronger client acquisition engine, has improved the quality and predictability of growth. The company's shift toward a technology-led model through investments in AI, platforms and delivery capabilities should support operating leverage and gradual margin expansion. We estimate USD revenue/EBIT/PAT CAGR of 10.4%/19.1%/21.2% over FY26-29E. We initiate with 'BUY' rating on the stock with TP of INR 330, valuing at 18x Sept. FY28E P/E.

SAGILITY: SAGILITY is a pure-play, US healthcare-focused BPO, with ~90% of revenue from healthcare payers and ~10% from providers. Its strong organic growth has been supported by focused acquisitions & client diversification, while rising MLRs among payers and cost pressures on providers serve a structural outsourcing tailwind. Its end-to-end healthcare capabilities and transition toward a technology-enabled healthcare BPaaS platform position it well to capture increasing outsourcing opportunities. We estimate USD revenue/adj EBITDA/PAT CAGR of 12.5%/17%/20.4% over FY26-29E. We initiate with 'BUY' rating on the stock with TP of INR 60, valuing at 18x Sept. FY28E P/E.

Firstsource Solutions (FSOL IN)

RATING BUY | CMP INR 260 | TP INR 330

Key Financials - Consolidated

Y/e Mar	FY26	FY27E	FY28E	FY29E
Sales (INR mn)	95,564	112,806	127,972	145,628
EBITDA (INR mn)	15,562	18,588	21,755	25,232
Margin (%)	*16.3*	*16.5*	*17.0*	*17.3*
PAT (INR mn)	7,726	9,599	11,570	13,758
EV (INR mn)	195,380	194,783	192,577	188,833
Total Debt (INR mn)	19,375	19,175	18,975	18,775
C&C Eq. (INR mn)	2,693	3,362	5,368	8,912
EPS (INR)	11.2	13.9	16.7	19.9
Gr. (%)	*31.5*	*24.0*	*20.5*	*18.9*
DPS (INR)	10.9	11.0	13.5	15.0
Yield (%)	*4.2*	*4.2*	*5.2*	*5.8*
RoE (%)	*18.2*	*21.6*	*25.0*	*28.0*
RoCE (%)	*15.3*	*17.4*	*19.9*	*22.3*
EV/Sales (x)	2.0	1.7	1.5	1.3
EV/EBITDA (x)	12.6	10.5	8.9	7.5
PE (x)	23.2	18.7	15.5	13.0
P/BV (x)	4.1	4.0	3.8	3.5

Sagility (SAGILITY IN)

RATING BUY | CMP INR 46 | TP INR 60

Key Financials - Consolidated

Y/e Mar	FY26	FY27E	FY28E	FY29E
Sales (INR mn)	71,929	86,794	100,891	116,077
EBITDA (INR mn)	17,604	21,095	25,050	29,076
Margin (%)	*24.5*	*24.3*	*24.8*	*25.0*
PAT (INR mn)	9,575	11,301	14,192	16,701
EV (INR mn)	214,143	204,700	191,105	174,319
Total Debt (INR mn)	5,776	-	-	-
C&C Eq. (INR mn)	5,679	3,346	6,941	8,727
EPS (INR)	2.0	2.4	3.0	3.5
Gr. (%)	*73.0*	*18.0*	*25.6*	*17.7*
DPS (INR)	0.2	0.2	0.2	0.3
Yield (%)	*0.3*	*0.4*	*0.5*	*0.6*
RoE (%)	*10.6*	*11.1*	*12.5*	*13.1*
RoCE (%)	*9.9*	*11.1*	*12.3*	*12.7*
EV/Sales (x)	3.0	2.4	1.9	1.5
EV/EBITDA (x)	12.2	9.7	7.6	6.0
PE (x)	22.7	19.2	15.3	13.0
P/BV (x)	2.3	2.0	1.8	1.6

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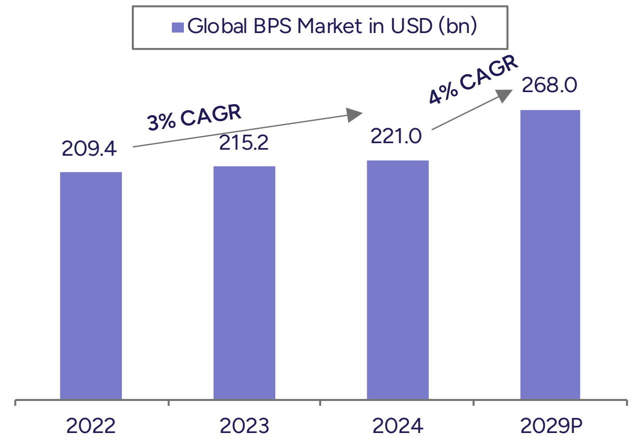
Industry Overview

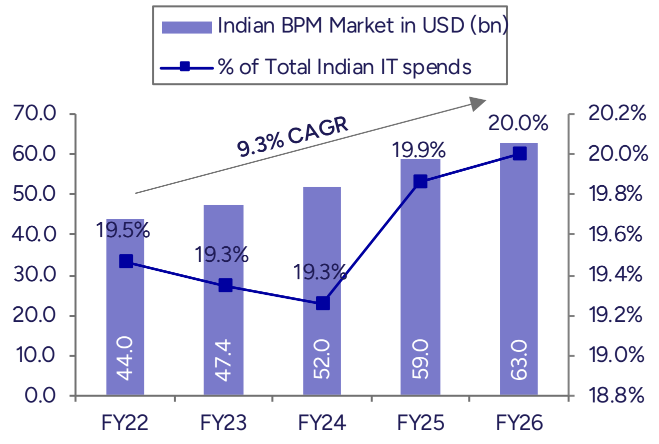
Global business process management (BPM) industry has evolved as the most structurally resilient and strategically critical segment of IT services in recent times. The industry is undergoing its biggest transformation with AI agents and digital workers reshaping the traditional labor-based operating models. GenAI, LLMs, agentic workflows, and hyper-automation are fundamentally reshaping how business processes are designed and executed, enabling BPM providers to deliver outcomes previously impossible, that too at various price points. Where outsourcing mandates that were once narrowly defined are increasingly shifting toward end-to-end transformation programs that span the full client value chain. Clients that paid for headcount under FTE-based billing models are gradually giving way to outcome-based, transaction-based contracts, and fundamental repricing that rewards BPM providers with domain depth, proprietary technology, and delivery excellence with structurally higher margins and stickier client relationships.

Exhibit 1: Global BPS market to grow at ~4% CAGR in CY24-29



Source: Gartner, PL

Exhibit 2: Indian BPM market logs 9.3% in FY22-26



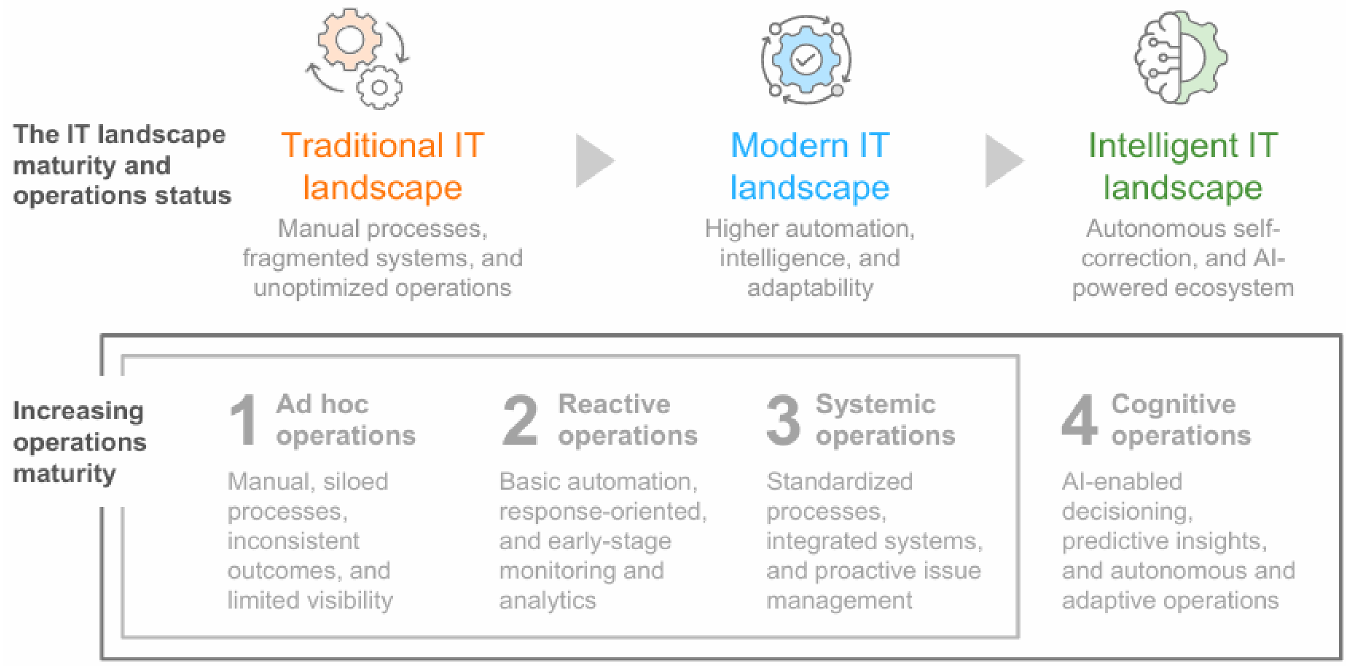
Source: Nasscom, PL

The BPM industry has entered the era of intelligent operations, where AI is transforming BPM from process execution to autonomous business operations. Rather than automating individual tasks, providers are embedding GenAI, agentic AI, ML, decision intelligence, and orchestration platforms across end-to-end workflows to create self-learning, outcome-driven operating models. AI agents are becoming capable of understanding context, making decisions, coordinating multiple processes, and continuously optimizing operations with limited human oversight. This enables enterprises to move beyond labor-based service delivery toward AI-enabled operating models that deliver measurable business outcomes, improved CX, faster decision-making, and significantly higher productivity.

The industry is evolving from an outsourced operations provider to an enabler of enterprise-wide digital and AI-led transformation

As AI adoption accelerates, the competitive advantage for BPM providers will increasingly depend on proprietary AI platforms, domain expertise, data capabilities, and the ability to orchestrate human and digital workforces at scale. Consequently, the industry is evolving from an outsourced operations provider to an enabler of enterprise-wide digital and AI-led transformation, significantly expanding the scope and strategic relevance of business process services. This transition aligns provider incentives with client objectives while enabling BPM companies to monetize AI, platforms, and domain expertise.

Exhibit 3: IT landscape has evolved from manual processes to an AI-powered ecosystem



Source: Everest Group, PL

Exhibit 4: How AI has transformed different traditional BPM functions

Business function	Traditional BPM	AI-led BPM
Customer services	Voice-centric support hubs, voice calls with minimal alternative touchpoints, legacy telephony systems (PBX) with limited scalability	Predictive analytics, chatbots, and AI-driven recommendations, with unified CX across voice, chat, email, social media, and mobile apps
Document & transaction processing	Scanning documents, data entry, extracting information, validating data, and storing documents.	IDP reads incoming documents like invoices, classifies document, extracts key data, and routes to the right system; RPA handles downstream tasks like updating records, generating reports, and triggering approvals
Data processing & validation	Data entry, KYC verification, database management	Automated data extraction and structuring from documents/forms using AI; human role shifts to validation and exception handling
Monitoring & risk detection	Human-monitored systems, ticket-based reactive incident response	AI agents continuously monitor, orchestrate, and auto-remediate incidents across workflows before they escalate
Claims processing	Claims intake, eligibility verification, coding, billing, adjudication, prior authorization	AI-assisted claims adjudication, IDP, automated coding, prior authorization, predictive payment integrity, AI-enabled member engagement
Planning & workflow optimization	Workforce planning, demand forecasting, process improvement	Tracking optimized resource allocation in BPO operations, reducing agent burnout while boosting efficiency
Collections/Receivables	Manual account prioritization and outbound calling based on static rules or agent judgment	Predictive analytics prioritize accounts and personalize outreach sequencing before human involvement is needed
KYC / Onboarding / Underwriting	Manual KYC verification, onboarding, document collection, underwriting reviews	AI-powered identity verification, intelligent document processing, fraud detection, AI-assisted underwriting, automated compliance workflows.

Source: Industry, PL

Exhibit 5: AI adoption rate for different business functions of BPO in 2025

Percentage of respondents in each status group

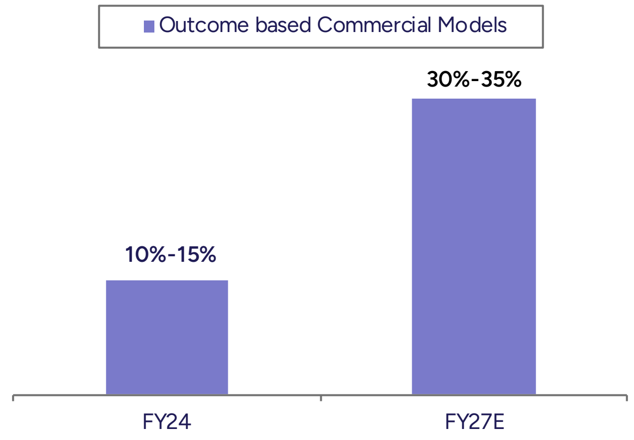
Transformation Status	Overall	Customer Experience	Industry Specific	Back Office
Manual / labor-led	**43%**	29%	58%	44%
AI-enabled efficiency	**43%**	49%	36%	42%
AI-first outcomes	**14%**	22%	6%	14%

Source: ISG, PL

The BPO industry is shifting toward domain-specific operating models, especially in regulated and complex verticals with high industry context, indicating a harder transformation path where domain complexity, risk controls and process variation slow standardization. CX is often the tip of the spear of BPO modernization, where automation, analytics and AI can be tied more directly to service quality and response speed, while back-office transformation is active but still weighted toward cost and cycle-time improvement rather than outcome-based redesign.

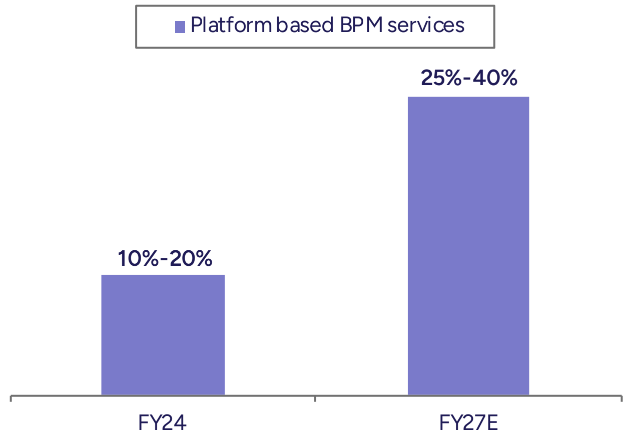
AI adoption across functions is creating a distinct opportunity for AI-enabled BPO providers, as enterprises are seeking partners that can combine domain expertise with AI, automation and proprietary data to redesign processes. While AI is likely to reduce the volume of low-complexity, transactional work, it can simultaneously expand the addressable market by enabling providers to take on more complex processes, deliver higher productivity and offer outcome-based solutions. As a result, the next phase of BPO growth is likely to be driven by the ability of providers to embed AI into workflows, improve unit economics and capture a greater share of clients' end-to-end processes.

Exhibit 6: Outcome-based models' share in Indian BPM to reach 30-35%



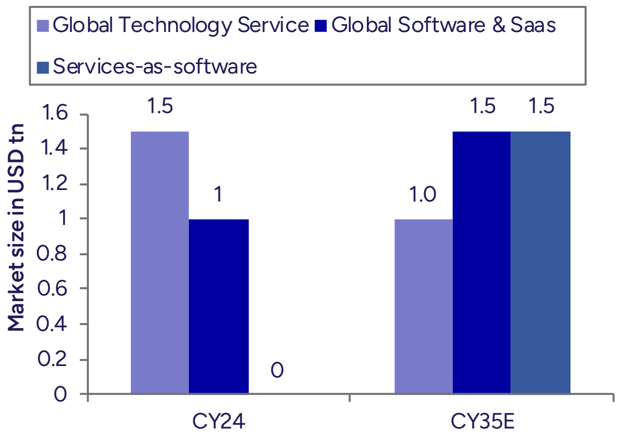
Source: Nasscom, PL

Exhibit 7: Indian platform-based BPM services share to reach 25-40%



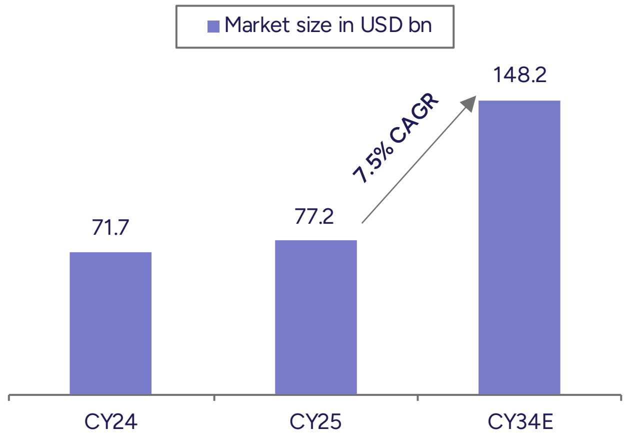
Source: Nasscom, PL

Exhibit 8: SaS market to reach US$1.5trn by CY35



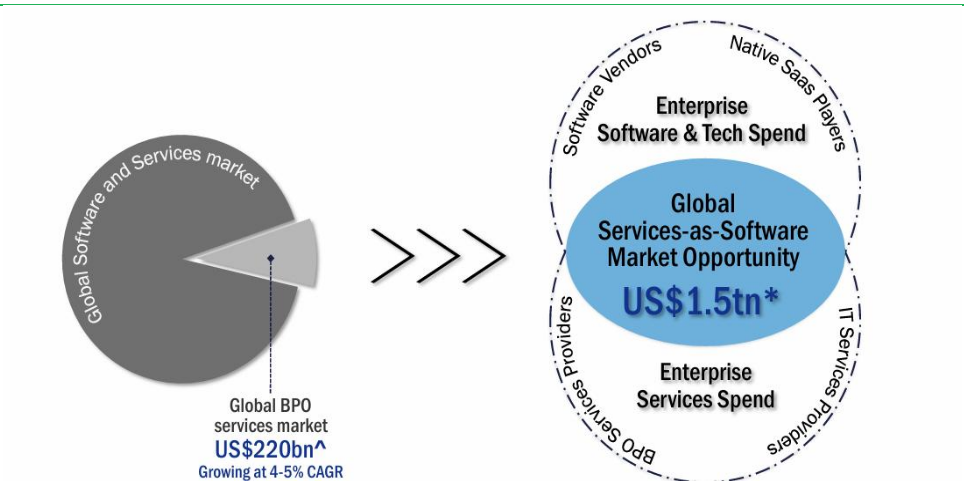
Source: HFS Research, PL

Exhibit 9: Global BPaaS market to grow at 7.5% CAGR



Source: IMARC, PL

Exhibit 10: Market opportunity for SaS



Source: FSOL, PL

The BPaaS market is growing rapidly and is projected to reach US$148bn by CY34.

Business process as a service (BPaaS) is the delivery of business processing outsourcing services via cloud infrastructure that has been built for multiple clients to share. In these services, the emphasis is on heavy automation, and human intervention typically happens from a shared pool of team members, offering companies the opportunity to rent a fully staffed, technology-enabled operations center, without having to invest in building it or maintaining it. The pricing model offers tremendous flexibility and benefits as well wherein companies need to only pay for what they consume. The BPaaS market is growing rapidly and is projected to reach US$148bn by CY34.

By adopting the SaS module, a market opportunity of US$1.5trn can be unlocked for enterprises that are ready for the shift

Trends point to deeper integration of AI within BPaaS offerings, with LLMs powering an increasing share of operational process automations. Capabilities such as document understanding, exception handling and predictive decision support are set to get automated in the next wave. By adopting the SaS module, a market opportunity of US$1.5trn can be unlocked for enterprises that are ready for the shift. Specialization will be the other end of the stick as industry-specific BPaaS solutions multiply. Sectors with unique regulatory requirements and operational constraints such as healthcare, financial services and manufacturing will see specialized offerings that generic platforms may struggle to provide.

Exhibit 11: Forces disrupting businesses and reshaping BPM

Disruptor	BPM's role
Explainability, compliance, and transparency	BPM must evolve to become the foundation for explainability. That means not just capturing high-level workflows but also documenting the underlying procedures, monitoring mechanisms, decision logic and handoffs between systems and stakeholders, both human and digital
Resilience and agility	BPM practices must move beyond process modeling to become enablers of operational intelligence. This includes maintaining a living process repository, mapping interdependencies and embedding contingencies
Knowledge retention and workforce productivity	BPM must expand to include not just process diagrams, but the full spectrum of procedural knowledge –SOPs, work instructions, training content, exception handling guides and more. These must be organized, governed and made accessible at the point of need
Rise of agentic AI	BPM must provide the digital backbone for AI enablement, including feeding agents with structured operational data, using task mining to capture how humans actually perform work, monitoring agent performance and compliance through process mining, and creating governance mechanisms to ensure agents stay within safe and effective boundaries

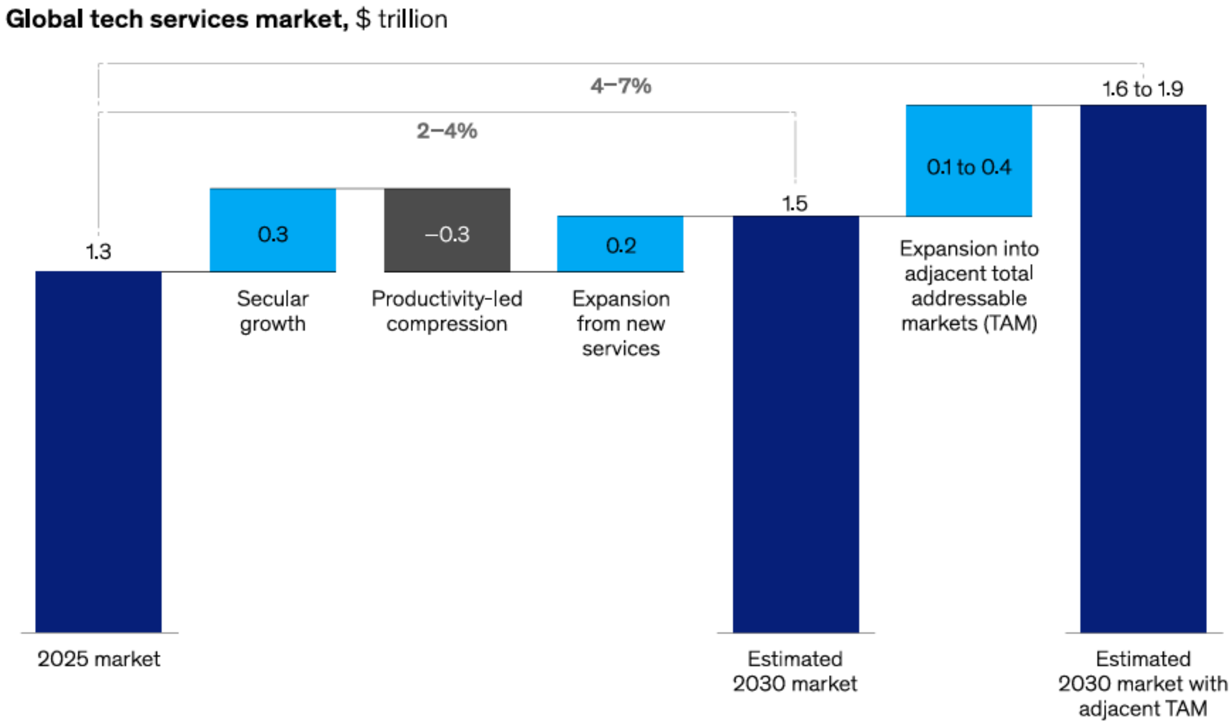
Source: Industry, PL

TAM expansion a bigger opportunity than productivity-led deflation for BPM providers

Agentic AI could become a net positive for the sector, potentially unlocking US$100bn to US$400bn in incremental spending by the end of the decade

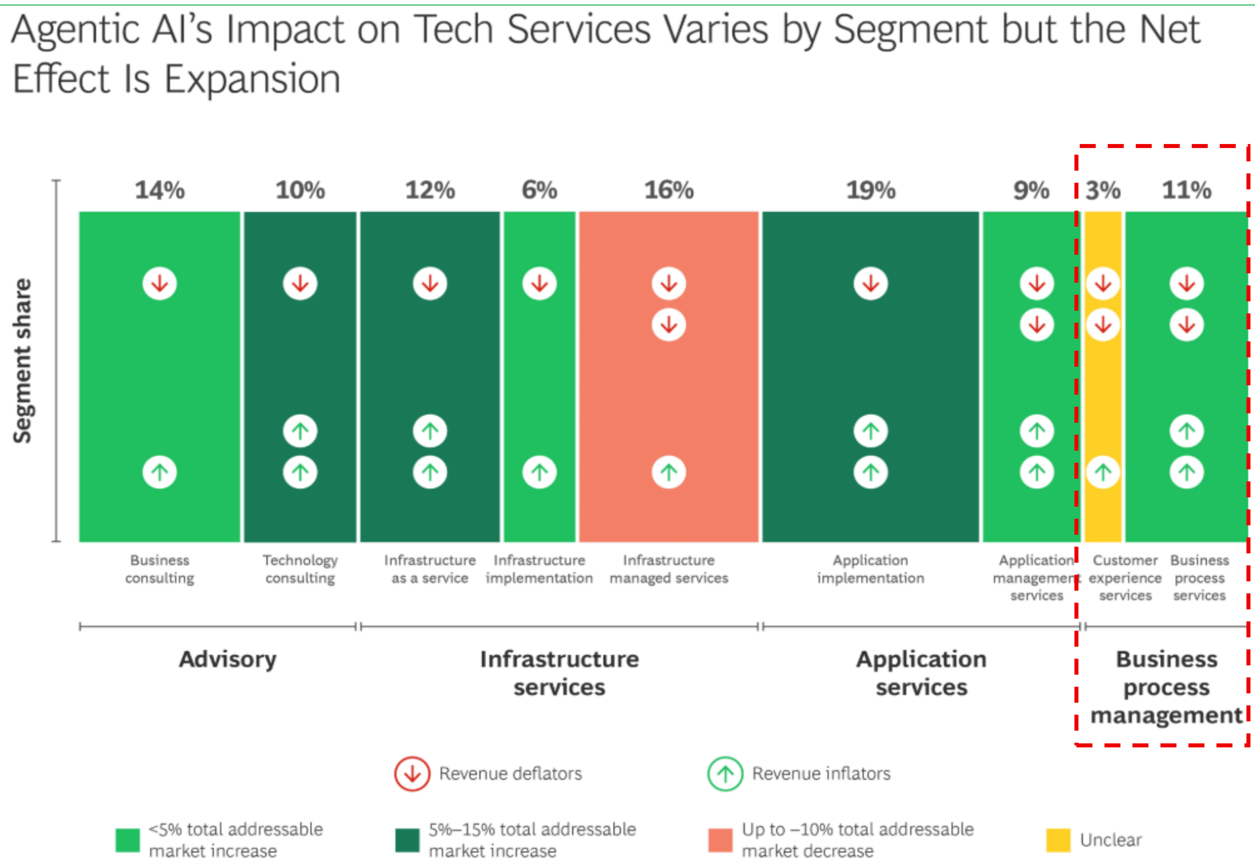
The BPM market is undergoing a structural re-composition. As enterprises increasingly embed AI across core workflows, BPM providers are evolving from execution partners to strategic transformation partners, with future growth driven by AI infused business processes. AI is expected to deflate portions of the legacy BPM market through productivity gains and greater in-house technology management, contracting the core business of IT services providers by up to 20%-30%. However, reports by McKinsey suggest that enterprises will need support to navigate the complexities of adopting joint human–agent operating models, positioning IT services providers to play a critical role in the transition. If approached strategically, agentic AI could become a net positive for the sector, potentially driving an additional 3 percentage points of annual growth and unlocking US$100bn to US$400bn in incremental spending by the end of the decade. The rise of agentic AI is blurring traditional boundaries among IT services providers, hyperscalers, software vendors, and emerging pure-play AI companies. To thrive in this dynamic environment, IT services players will need to fully embrace agentic AI, developing new capabilities and reimagining their ways of working.

Exhibit 12: Expansion into adjacent agentic AI TAM presents a bigger opportunity than AI-led productivity deflation



Source: McKinsey, PL

Exhibit 13: **Scope of TAM expansion in tech segments due to impact of agentic AI**



Source: BCG, PL

~60% of service providers still rely on T&M pricing or fixed-price structures when contracting for agentic-AI-enabled services

As per BCG, ~60% of service providers still rely on T&M pricing or fixed-price structures when contracting for agentic-AI-enabled services, due to both buyers and service providers struggling to operationalize outcome-linked contracts, even though over 70% of enterprise decision makers indicate a preference for output- or outcome-linked commercial models for CX and BPO services. To close these gaps, service providers must realign offerings to enterprise priorities, strengthen value articulation, and evolve commercial models.

Providers that move early and act with clear intent will set the pace for the industry—positioning themselves to capture a disproportionate share of the US$200bn opportunity as agentic AI scales across enterprise functions.

Tech services players are responding to this changing landscape in a number of ways. Some are pursuing a more cautious transition, maintaining their focus on automation through GenAI use cases while starting to explore the emergence of agentic capabilities. Others are engaging in a more wholesale embrace of platform-led delivery, embedding orchestration layers to manage agents at scale. A more advanced segment is already building modular, domain-specific agents that can be quickly customized and deployed, and another cohort is looking to partner up with hyperscalers and LLM providers to augment their capabilities and offer joint solutions.

Enterprise AI readiness & governance gaps create a role for BPM providers

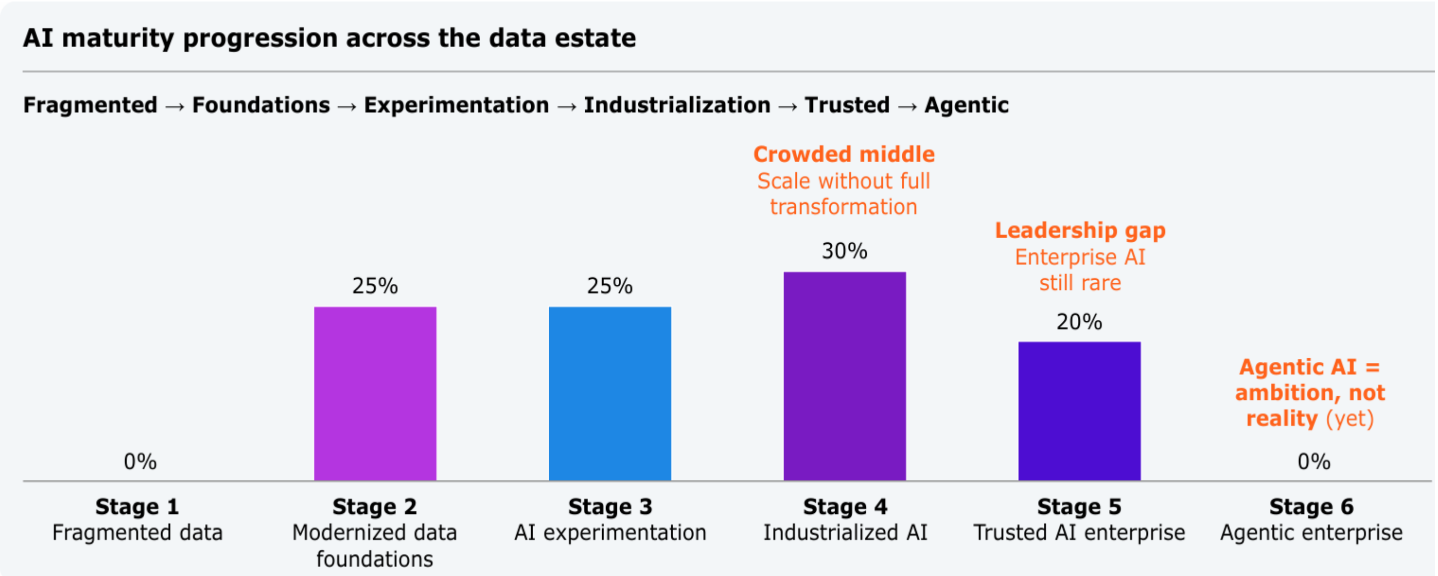
AI is moving from the pilot and experimentation phase to enterprise scaling as worker access to AI expands. Worker access to AI has increased by nearly 50% in CY25 from sub-40% to 60% levels. Companies are focused on building AI fluency, instead of redesigning work around AI. According to Deloitte, despite high expectations for automation, 84% of companies have not redesigned jobs or the nature of work itself around AI capabilities. Insufficient worker skills are seen as the biggest barrier to AI integration, but fewer than half of the companies are making significant adjustments to their talent strategies.

The rise of sovereign AI has immediate practical implications. Companies working across borders must navigate complex requirements that vary by country, forcing them to build customized solutions for different markets. Only 11% of companies in the Americas rely on foreign sourced solutions for the majority of their AI stack, compared to 32% of EMEA region companies. In the US, state-level deployment considerations are increasingly shaping the landscape.

In the AI era, governance is more than guardrails—it's the catalyst for responsible growth.

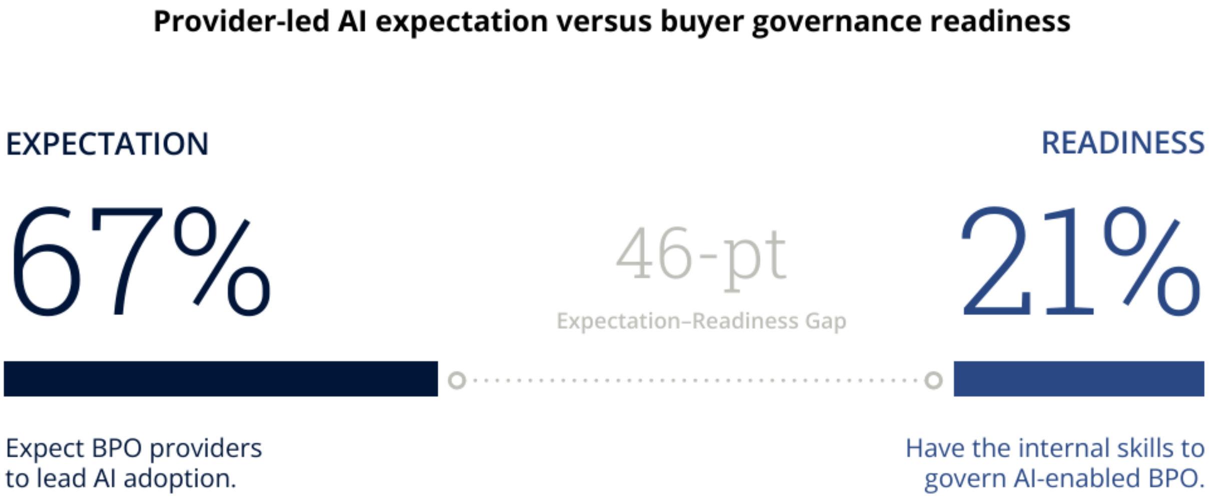
As AI moves from experimentation to deployment, governance is the difference between scaling successfully and stalling out. In the AI era, governance is more than guardrails—it's the catalyst for responsible growth. The AI risks companies are most worried about all relate to governance.. In some organizations, leaders are learning AI models have been deployed into production without formal oversight or monitoring processes, finding that those that treat governance as a checkbox exercise may find themselves unable to move AI from pilot to production, held back by the very risks they failed to address. Enterprise buyers increasingly expect BPO providers to lead AI adoption, but many do not have the internal skills to govern AI-enabled delivery themselves, paving the way for a provider-led control model. Providers that can connect this control model to industry-specific KPIs will be better positioned to prove value and expand client relationships.

Exhibit 14: Most enterprises are stuck between experimentation and enterprise-grade AI



Source: HFS, PL

Exhibit 15: Enterprise readiness to govern AI-enabled BPO at only 21%



Source: ISG, PL

While enterprises are accelerating AI adoption, the gap between AI ambition and enterprise readiness is creating a significant opportunity for BPM providers. As organizations grapple with fragmented business processes, immature data foundations, evolving governance frameworks and workforce readiness, the need for partners that can operationalize AI at scale is increasing. Enterprise BPO buyers increasingly expect service providers to lead AI adoption in BPO, but most are not ready to govern AI-enabled delivery themselves. 67% expect BPO providers to lead AI adoption, while only 21% say they have the internal skills to govern AI-enabled BPO. That gap creates an opportunity for BPO providers that can bring the governance model, controls and performance transparency clients need to manage AI-enabled workflows.

Offshoring & nearshoring improving BPM companies' access to AI-native talent pools

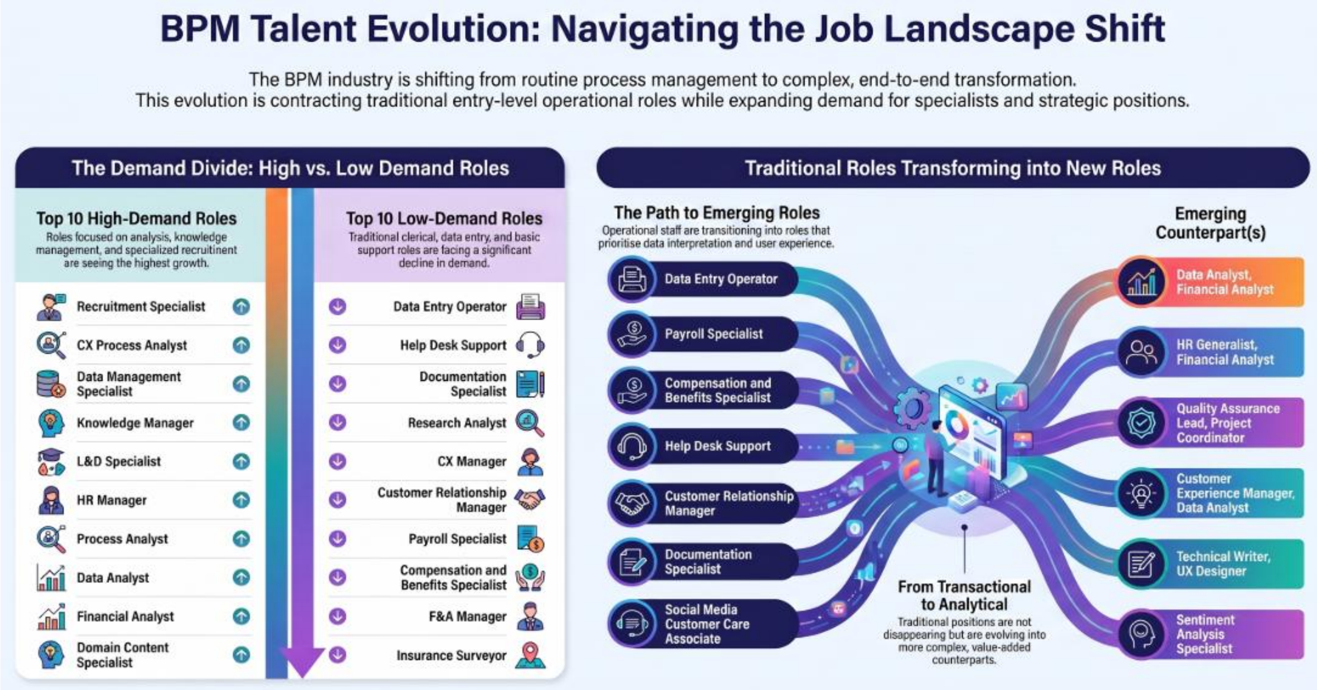
BPM companies are investing heavily in reskilling and AI literacy while recruiting talent with expertise in data science, cloud, automation, cybersecurity, and industry-specific domains such as healthcare, banking, and insurance. The BPM industry's global delivery model continues to evolve toward greater offshore and nearshore execution, supported by AI-enabled collaboration and standardized digital workflows. While customer-facing consulting, governance, and transformation activities remain closer to clients, an increasing share of process execution, analytics, AI operations, and platform management is being delivered from large offshore centers in India, the Philippines, Eastern Europe, and Latin America. Offshore delivery enables providers to leverage larger pools of skilled AI-enabled talent at a lower cost while improving delivery scalability and resource utilization. As routine work becomes increasingly automated, each employee manages a larger volume of transactions and higher value activities, leading to structurally higher revenue per employee, improved productivity, and stronger operating leverage.

Exhibit 16: Improving mix of offshoring/nearshoring provides greater access to AI-enabled talent pool

	Onshore mix %						Offshore mix %					
	FY21	FY22	FY23	FY24	FY25	FY26	FY21	FY22	FY23	FY24	FY25	FY26
FSOL	69.4%	73.0%	75.4%	68.6%	62.2%	57.0%	30.6%	27.0%	24.6%	31.4%	37.8%	43.0%
TP	53.0%	52.0%	48.0%	43.0%	42.0%	41.0%	47.0%	48.0%	52.0%	57.0%	58.0%	59.0%
eClerx	22.0%	20.0%	18.0%	19.0%	21.0%	18.0%	78.0%	80.0%	82.0%	81.0%	79.0%	82.0%
Infosys BPM	65.8%	66.8%	67.8%	67.5%	65.0%	62.4%	34.2%	33.2%	32.2%	32.5%	35.0%	37.6%

Source: Company, PL

Exhibit 17: Reinvention of key BPM roles in the AI era



Source: Nasscom, NotebookLM, PL

Global IT services sector is shifting from volume-based recruitment to specialized, AI-integrated roles. Companies are prioritizing professionals who combine digital fluency with emotional intelligence, as AI automates repetitive processes. This shift is redefining workforce strategies across leading outsourcing firms.

BPM firms are actively investing in workforce transformation to embed AI-native capabilities, recognizing that their relevance in the AI-led world depends on human-AI collaboration. Reports from the Everest Group highlight that BPM firms are shifting from role-based training to skill-based enterprises, building skill intelligence engines that treat skills as dynamic assets. By embedding AI literacy programs, governance frameworks, and human-AI collaboration training, BPM companies are positioning workforce upskilling as a non-discretionary investment, critical to sustaining competitiveness and delivering outcome-based services.

Exhibit 18: Hiring strategy of global BPO firms in the AI-led environment

Company name	Hiring strategy
Teleperformance	Prioritizing recruitment for data analysts, AI integration specialists, and non-voice solution architects
Concentrix	Digital-first recruitment strategy
Genpact	Hiring AI engineers and data scientists to manage autonomous systems across supply chain and finance operations
Accenture	Recruitment across digital transformation and AI-led service delivery

Source: Industry, Company, PL

Exhibit 19: Recent M&A activity of BPO companies to expand capabilities

Name of entity	Target company	Consideration paid	Year	Acquisition rationale
EXL Services	iMerit	US$310mn	2026	Accelerate AI innovation in the enterprise, deepen EXL's vertically specialized end-to-end AI capabilities, expand TAM across high-growth AI sectors
Capgemini	WNS	US$3.3bn	2025	Leverage WNS' client base to jump-start its intelligent operations model, going beyond the traditional BPO model dependent on labor arbitrage and introducing GenAI and agentic AI capabilities to build autonomous workflows
Genpact	XponentL Data	US$160.2mn	2025	Fast-track the expansion of advanced technology solutions, amplifying data and AI capabilities, domain expertise, and strategic partnerships
Concentrix	Sai Digital	N/A	2025	Boost digital and AI capabilities across digital commerce and CX
Capgemini	Syniti	N/A	2024	Significant enhancement of capabilities in large-scale data transformation projects and enterprise data management.
Concentrix	Webhelp	US$4.8bn	2023	Broaden the global reach and accelerate expansion by leveraging Webhelp's engineering know-how in Europe and Latin America
EXL Services	Clairvoyant AI	US$80.1mn	2021	Strengthen data analytics capabilities with additional expertise in data and product engineering, cloud enablement and managed services

Source: Industry, Company, PL

Key end-user industries of BPO services

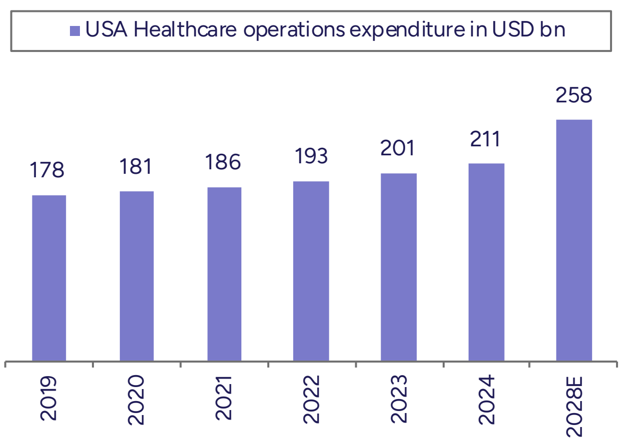
Healthcare

The US healthcare market is undergoing a profound transformation, fueled by demographic shifts, clinical trends, technological advancements, and policy changes. A key driver is the ageing population, with the number of Americans aged 65 and above expected to increase from **~57.8mn in 2022 to ~71.2mn by 2030**, intensifying demand for elderly care and specialized services. Chronic diseases also play a major role, as 6 in 10 US adults live with conditions like diabetes or heart disease, increasing the need for ongoing treatment and medication.

Concurrently, the system is transitioning to value-based care, with CMS aiming to shift most Medicare and Medicaid beneficiaries into such models by 2030, emphasizing prevention, outcomes, and coordinated care. Rising consumer expectations for personalized and on-demand services are pushing payers and providers to invest in digital tools and 24/7 engagement.

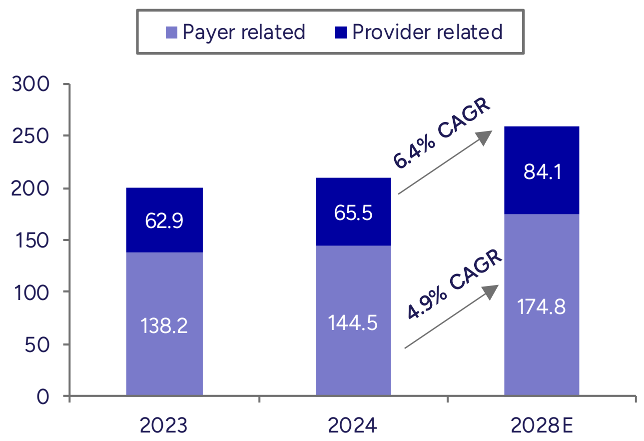
Also, digital adoption in healthcare continues to gain momentum, though progress remains uneven across the industry. As more service providers enter this space, meaningful differentiation now depends on the depth and impact of digital investments. The key to this evolution is interoperability—the ability to integrate data seamlessly across platforms, which demands standardized systems, modular designs, and cross-industry collaboration to navigate privacy and integration challenges. Equally important is organizational readiness, as healthcare enterprises must be equipped both structurally and culturally to support digital and preventive care through real-time analytics and automation.

Exhibit 20: US healthcare operations to grow by 5.2% CAGR by CY28E



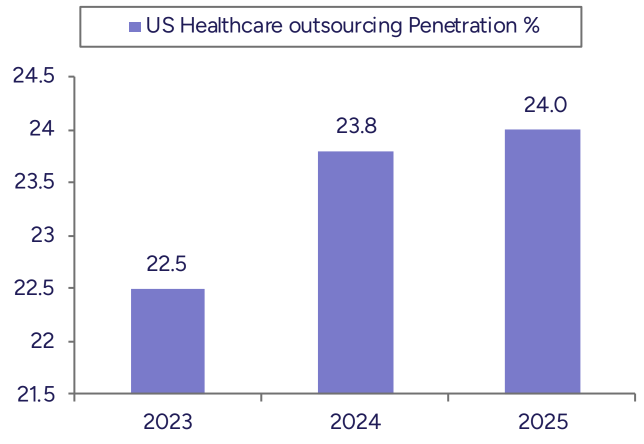
Source: Sagility RHP, PL

Exhibit 21: Payer & provider split of US healthcare operations (%)



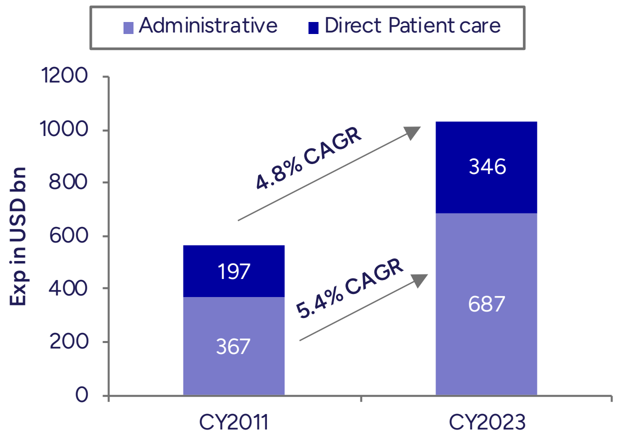
Source: Sagility RHP, PL

Exhibit 22: Increasing outsourcing trend of US healthcare



Source: Sagility RHP, PL

Exhibit 23: US hospitals' admin cost growing faster than patient cost



Source: Trilliant Health, PL

The US healthcare market is primarily structured around 2 key entities responsible for financing and delivering care: healthcare payers and healthcare providers. Healthcare payers refer to organizations that finance or reimburse the cost of healthcare services for insured individuals through health insurance plans. Healthcare providers include licensed individuals and institutions responsible for delivering medical care. This category encompasses doctors, hospitals, clinics, laboratories, and suppliers of durable medical equipment, all of whom play a role in the care delivery process.

Payer-related operations spending is projected to grow at approximately 4.8% YoY, reaching US$149-154bn in 2025. Payer operations spending has outpaced its growth in the previous years, a trend expected to continue due to rising consumer expectations and the evolution of care models. In contrast, provider-related operations spending is expected to grow at a higher YoY rate of ~7.6% between 2024 and 2025, reaching US$68-73bn in 2025, driven by the increasing demand for healthcare services and the growing complexity of administrative functions such as billing.

In 2025, US hospitals spent nearly US$18bn on overturning claim denials alone, and about US$43bn trying to collect payments from insurers

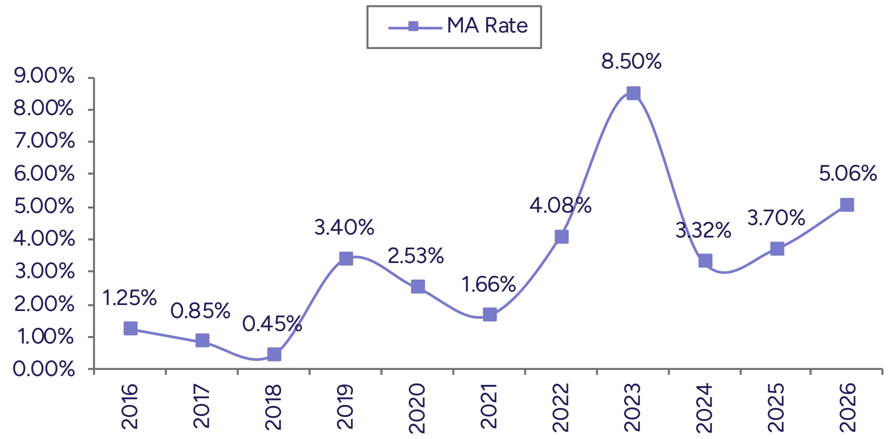
In 2025, US hospitals spent nearly US$18bn on overturning claim denials alone, and about US$43bn trying to collect payments from insurers for care already delivered, according to AHA estimates. Prior authorization, claim denials, repeated documentation requests, and evolving billing and coverage rules require hospitals to staff large billing, coding, utilization management, and appeals teams, while also pulling clinicians away from direct patient care to complete forms, peer-to-peer reviews and medical necessity documentation. In 2024, the average hospital employed about 64 administrative and billing staff dedicated to these functions, roughly 6.5% of total hospital employment. As administrative workloads continue to expand, healthcare organizations face increasing pressure to manage these activities without proportionately expanding their internal workforce. This creates a growing addressable pool of non-clinical, rules-based and process-intensive work, that can be shifted to specialized healthcare BPO providers. This should structurally increase outsourcing penetration in healthcare, as specialized BPO providers are positioned to absorb incremental workload at a lower and more scalable cost than in-house teams.

Exhibit 24: Key drivers of healthcare BPO services

Key process	Outcome expected
Cost reduction / Savings	Buyers look for partners who can deliver measurable cost savings through operational efficiencies or process improvements
BCP / Risk mitigation strategies	Buyers expect strong continuity planning that ensures critical operations continue even during unexpected disruptions, with tested playbooks and clear accountability for incident response
Technical expertise	Buyers look for partners with strong data, analytics, and automation/AI capabilities to modernize payer workflows at scale
Domain expertise	Buyers prioritize the depth of industry knowledge and process understanding, such that the provider can deliver context-aware healthcare operations
Client/Account management	Buyers want effective relationship management with consistent responsiveness, issue handling, and account flexibility
Implementation management	Buyers look for smooth transition execution, including rigorous planning, complete knowledge transfer, and minimal disruption to business-as-usual during go-live

Source: Everest Group, PL

Exhibit 25: MA rate gradually increasing



Source: CMS, PL

Exhibit 26: MLR of key US healthcare providers at the highest in 2025

Payer Co	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	1H2026
United Health	81.8%	82.1%	81.6%	82.4%	79.1%	82.7%	82.2%	83.2%	85.5%	89.1%	88.1%
Humana	84.9%	83.0%	83.5%	85.6%	83.1%	87.1%	86.6%	87.3%	89.8%	90.2%	90.2%
CVS Aetna	84.5%	85.1%	85.8%	83.9%	80.9%	85.7%	84.0%	86.2%	92.5%	91.2%	86.0%
Elevance Health	86.4%	86.8%	84.2%	87.2%	84.6%	87.0%	87.0%	87.0%	88.5%	90.0%	89.7%
Cigna	81.3%	81.9%	78.9%	80.9%	78.3%	84.0%	81.9%	81.3%	83.2%	84.4%	82.2%
Centene	-	86.8%	87.5%	87.6%	86.2%	88.5%	87.9%	87.7%	88.3%	91.9%	89.6%

Source: Company, PL

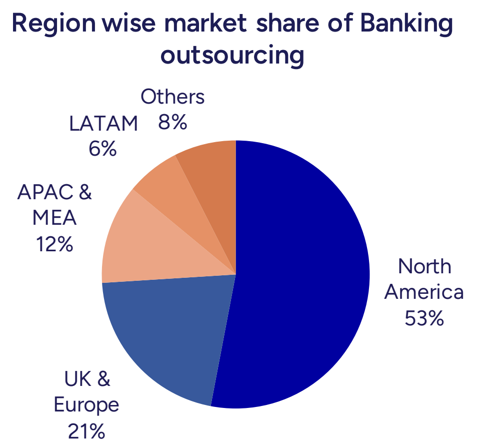
Government initiatives, including the CMS Health Equity Framework and HHS Behavioral Health Roadmap, aim to improve access and reduce disparities. CMS benchmark rates determine the revenue that Medicare Advantage (MA) plans receive per member. Periods of favorable CMS rate increases provide payers with additional financial flexibility to invest in digital transformation and AI-led modernization projects, creating opportunities for BPM providers to move beyond labor arbitrage toward platform-led, BPaaS and outcome-based services. The MLR mandate, which requires insurers to spend a fixed percentage of premium revenue on medical care rather than administration, further pressures providers to minimize overhead. This drives demand for outsourcing partners who can deliver claims processing, prior authorization, member services, and analytics at lower cost and with compliance built in. Together, CMS rate dynamics and MLR thresholds make outsourcing not just a cost lever but a compliance necessity, positioning BPM players as critical enablers of sustainable operations in the healthcare payer ecosystem.

BFSI

The banking landscape continues to evolve, becoming more mature and technology driven as leading providers consolidate their market positions through scale, domain expertise, and digital transformation capabilities. Enterprises are prioritizing operational agility, resilience, and digital scalability to navigate persistent cost pressures, regulatory changes, and evolving customer expectations. Buyers are showing a strong preference for end-to-end transformation partners that can deliver holistic value, combining cost efficiency, compliance assurance, and business agility with proactive guidance on best practices and operating model design.

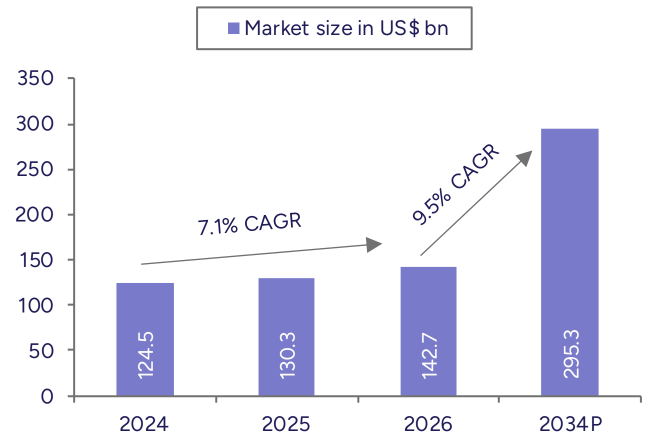
Buyers are consolidating their vendor portfolios toward platform-ready, domain-rich partners with strong automation, data, and regulatory capabilities. The rapid adoption of agentic AI is reshaping priorities toward explainable models, adaptive compliance, and outcome-linked pricing. Banks increasingly expect partners to combine technology innovation with governance discipline to ensure transparent, auditable AI operations. Specialist providers with deep domain IP and co-innovation frameworks are gaining an edge over broad-based peers.

Exhibit 27: Region-wise market share of global banking outsourcing



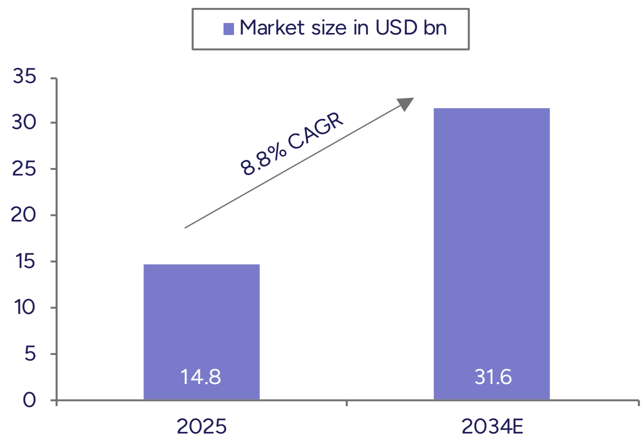
Source: Everest Group, PL

Exhibit 28: Global BFSI BPO market to sustain growth momentum



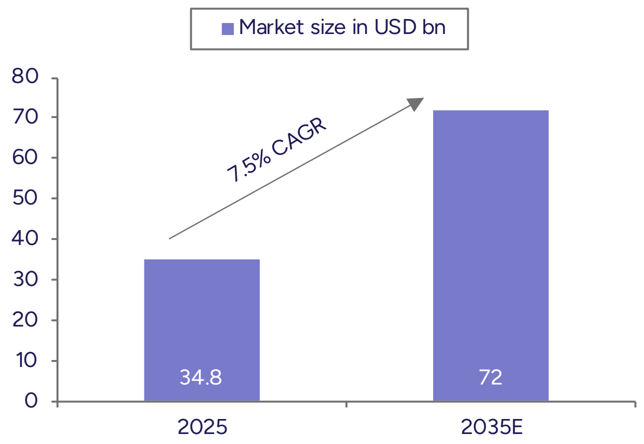
Source: Straits Research, Credence, PL

Exhibit 29: Global mortgage claims processing to grow steadily



Source: Worldwide Market Reports, PL

Exhibit 30: Global outsourced debt collection services market



Source: MarkWide Research, PL

Exhibit 31: Key drivers of BFSI BPO services

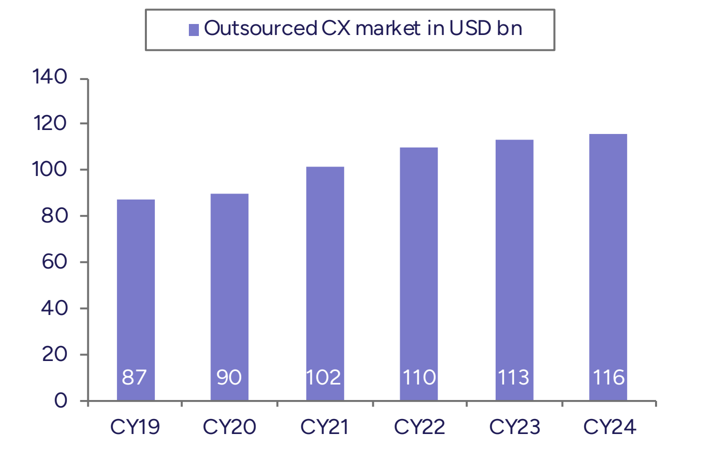
Key process	Outcome expected
Domain-driven transformation and delivery depth	Banks prefer partners with deep expertise in lending, FCC, and payments, combining tech and ops delivery and strong governance across regulated processes
AI- and automation-enabled operations	Providers that apply GenAI and cognitive automation for decision making, STP, and compliance, supported by explainable, human-on-loop frameworks, are the most in demand
Platform and BPaaS readiness	Buyers favor modular, cloud-based BPaaS models that integrate IT + ops for faster modernization and measurable business outcomes
Flexible contracting and engagement models	Hybrid models blending FTE-, outcome-, and consumption-based pricing are gaining traction as buyers link spend directly to delivered value
Data-driven insight and transparency	Clients expect providers to embed real-time analytics and reporting into operations, offering visibility into performance, compliance, and business outcomes to strengthen trust and governance

Source: Everest Group, PL

CX

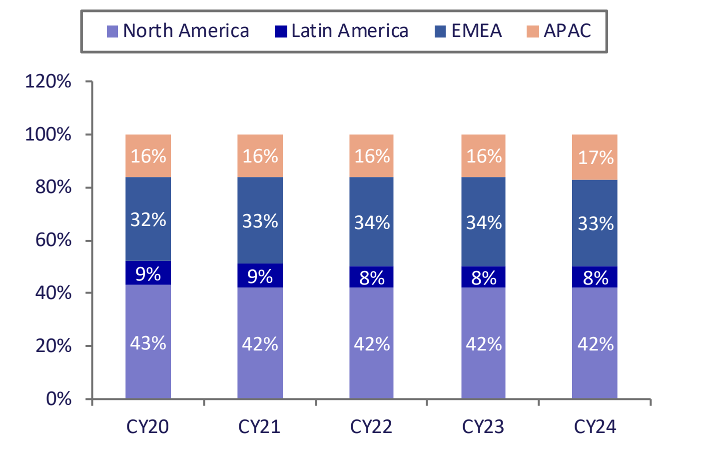
CX management market mainly comprises customer care, technical support, customer acquisition (sales), and operations consulting. Market growth is being driven by an ongoing increase in the number of omnichannel contacts between consumers and brands on the one hand, and between citizens and government agencies on the other. Enterprises are folding scattered, channel-specific vendors into fewer, AI-capable partners as part of broader digital CX consolidation, concentrating growth among the largest providers even as the underlying market matures. AI is simultaneously deflating per-interaction cost and narrowing the traditional labor-cost arbitrage that once anchored offshore CX delivery, forcing providers to embed AI-augmented agent platforms directly into delivery to protect margin rather than compete purely on headcount cost. Enterprises are increasingly partnering with BPM providers to improve customer satisfaction, reduce cost-to-serve, enhance agent productivity, and deliver real-time, personalized experiences. The shift toward outcome-based delivery models, agentic AI, and integrated front- and back-office operations is further expanding the addressable market for outsourced CX services.

Exhibit 32: Global CX outsourcing market logs 5.9% CAGR in CY19-24



Source: Teleperformance, PL

Exhibit 33: Geographic share of global CX outsourcing market



Source: Teleperformance, PL

Peer Analysis

Exhibit 34: Revenue trend of peers

Revenue (US$ mn)	FY21	FY22	FY23	FY24	FY25	FY26
Firstsource Solutions	**685**	**795**	**751**	**765**	**944**	**1,081**
Sagility	**-**	**-**	**514**	**570**	**658**	**815**
Concentrix*	4,720	5,587	6,324	7,115	9,619	9,826
eClerx	211	285	333	354	398	469
EXL Service*	958	1,122	1,412	1,631	1,838	2,088
Genpact*	3,709	4,022	4,371	4,477	4,767	5,080
Inventurus Knowledge Solutions	-	-	-	280	316	364
Infosys BPM	1,129	1,337	1,612	1,615	1,603	1,644
Teleperformance*	6,544	8,415	8,588	9,025	11,121	11,540

*Source: Company, PL, *CY20, CY21, CY22, CY23, CY24, CY25*

Exhibit 35: EBITDA margin trend of peer companies

EBITDA margin	FY21	FY22	FY23	FY24	FY25	FY26
Firstsource Solutions	**15.7%**	**16.2%**	**13.7%**	**15.1%**	**15.1%**	**16.3%**
Sagility	**-**	**-**	**24.4%**	**24.1%**	**26.4%**	**25.3%**
Concentrix*	13.5%	15.6%	16.3%	16.6%	16.2%	15.0%
eClerx	28.6%	30.6%	29.8%	28.1%	26.0%	27.3%
EXL Service*	15.9%	18.9%	17.5%	17.7%	17.3%	17.9%
Genpact*	13.0%	14.1%	12.5%	14.8%	15.3%	15.2%
Inventurus Knowledge Solutions	-	36.3%	35.0%	29.1%	29.7%	34.2%
Infosys BPM	14.9%	15.3%	14.1%	10.9%	12.8%	13.2%
Teleperformance*	19.7%	20.7%	21.5%	20.6%	20.4%	19.7%

*Source: Company, PL, *CY20, CY21, CY22, CY23, CY24, CY25*

Exhibit 36: Segment mix of peer companies

	Segment Mix	FY21	FY22	FY23	FY24	FY25	FY26
HLS	**Firstsource Solutions**	**26.5%**	**29.2%**	**33.5%**	**32.9%**	**34.9%**	**33.4%**
	Sagility	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
	Concentrix*	8.3%	8.8%	9.6%	9.8%	7.6%	7.4%
	EXL Service*	-	-	-	22.5%	23.4%	25.6%
	Genpact**	33.9%	37.7%	36.5%	35.1%	35.5%	34.0%
	Inventurus Knowledge Solutions	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	Teleperformance*	-	12.0%	16.0%	16.0%	7.0%	7.0%
BFSI	**Firstsource Solutions**	**51.9%**	**49.5%**	**43.0%**	**39.3%**	**34.1%**	**32.4%**
	Concentrix*	15.1%	15.4%	15.3%	15.4%	15.1%	15.6%
	eClerx	-	-	-	-	43.3%	40.8%
	EXL Service*	-	-	-	61.2%	58.9%	57.1%
	Genpact*	28.9%	25.4%	26.5%	27.4%	27.0%	26.7%
	Teleperformance*	-	12.0%	14.0%	15.0%	16.0%	17.0%
CPG & Retail	Concentrix*	16.9%	17.6%	18.7%	20.4%	24.6%	24.8%
	eClerx	-	-	-	-	9.3%	8.6%
	Teleperformance*	-	9.0%	8.0%	8.0%	10.0%	12.0%
TMT	**Firstsource Solutions**	**19.3%**	**19.4%**	**21.1%**	**22.3%**	**21.2%**	**21.3%**
	Concentrix*	50.4%	49.5%	48.3%	46.7%	43.7%	43.3%
	eClerx	-	-	-	-	25.8%	25.7%
	Genpact*	37.2%	36.9%	37.0%	37.5%	37.5%	39.3%
	Teleperformance*	-	31.0%	30.0%	31.0%	37.0%	37.0%
Others	**Firstsource Solutions**	**2.3%**	**1.9%**	**2.5%**	**5.5%**	**9.9%**	**13.0%**
	Concentrix*	9.3%	8.7%	8.0%	7.8%	9.1%	8.9%
	eClerx	-	-	-	-	21.6%	24.9%
	EXL Service*	-	-	-	16.3%	17.7%	17.3%
	Teleperformance*	-	36.0%	32.0%	30.0%	30.0%	27.0%

*Source: Company, PL, *CY20, CY21, CY22, CY23, CY24, CY25, **Genpact does not separately disclose Healthcare revenue; figures are based on the combined 'Healthcare & Consumer' segment*

Exhibit 37: Geographic mix of peer companies

	Geography Mix	FY21	FY22	FY23	FY24	FY25	FY26
North America	**Firstsource Solutions**	**67.8%**	**69.1%**	**66.0%**	**64.8%**	**67.6%**	**68.3%**
	Sagility	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
	Concentrix*	21.6%	21.9%	27.1%	22.8%	14.8%	13.8%
	eClerx	70.0%	69.0%	71.0%	74.0%	78.0%	78.0%
	EXL Service*	85.0%	85.9%	85.9%	83.7%	82.3%	82.7%
	Genpact*	27.2%	25.2%	24.4%	21.9%	14.3%	14.4%
	Inventurus Knowledge Solutions	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	Infosys BPM	68.2%	70.1%	65.8%	63.4%	63.0%	61.3%
	Teleperformance*	-	47.7%	53.1%	49.0%	41.0%	39.0%
Europe & APAC	**Firstsource Solutions**	**30.9%**	**29.3%**	**32.9%**	**35.1%**	**32.1%**	**30.5%**
	Concentrix*	34.4%	42.3%	43.2%	41.1%	35.7%	34.7%
	eClerx	23.0%	23.0%	20.0%	18.0%	14.0%	17.0%
	EXL Service*	9.3%	9.4%	9.5%	13.9%	14.8%	14.7%
	Genpact*	72.8%	74.8%	75.6%	78.1%	85.7%	85.6%
	Infosys BPM	26.0%	24.8%	29.1%	31.4%	33.2%	35.0%
	Teleperformance*	-	40.7%	32.6%	30.0%	45.0%	46.0%
RoW	**Firstsource Solutions**	**1.2%**	**1.6%**	**1.1%**	**0.1%**	**0.3%**	**1.2%**
	Concentrix*	44.1%	35.8%	29.7%	36.1%	49.6%	51.5%
	eClerx	7.0%	8.0%	9.0%	8.0%	8.0%	5.0%
	EXL Service*	5.7%	4.7%	4.5%	2.4%	2.8%	2.6%
	Infosys BPM	5.8%	5.1%	5.1%	5.3%	3.8%	3.7%
	Teleperformance*	-	11.5%	14.3%	21.0%	14.0%	15.0%

*Source: Company, PL, *CY20, CY21, CY22, CY23, CY24, CY25*

Exhibit 38: Employee strength of peer companies

No. of employees	FY21	FY22	FY23	FY24	FY25	FY26
Firstsource Solutions	**28,004**	**26,557**	**23,018**	**27,940**	**34,651**	**36,205**
Sagility	**-**	**30,830**	**33,366**	**35,044**	**39,409**	**46,860**
Concentrix*	-	-	-	440,000	450,000	450,000
eClerx	12,000	14,000	16,127	17,354	19,389	22,639
EXL Service*	31,900	37,400	45,400	54,000	59,500	65,000
Genpact*	96,500	109,600	118,900	129,100	140,000	146,500
Inventurus Knowledge Solutions	-	5,413	6,802	13,241	12,661	13,331
Teleperformance*	383,233	206,000	410,000	432,572	446,052	490,000

*Source: Company, PL, *CY20, CY21, CY22, CY23, CY24, CY25*

Exhibit 39: Revenue per employee for peer companies

Revenue/Employee (US$)	FY21	FY22	FY23	FY24	FY25	FY26
Firstsource Solutions	**24,468**	**29,928**	**32,627**	**27,380**	**27,243**	**29,858**
Sagility	**-**	**-**	**15,397**	**16,268**	**16,705**	**17,382**
Concentrix*	-	-	-	16,170	21,375	21,835
eClerx	17,593	20,357	20,630	20,393	20,506	20,712
EXL Service*	30,044	30,008	31,101	30,198	30,897	32,118
Genpact*	38,439	36,699	36,764	34,678	34,051	34,675
Inventurus Knowledge Solutions	-	-	-	21,120	24,959	27,305
Teleperformance*	17,077	40,851	20,947	20,865	24,931	23,552

*Source: Company, PL, * CY20, CY21, CY22, CY23, CY24, CY25*

Exhibit 40: RoE comparison of peer companies

RoE	FY21	FY22	FY23	FY24	FY25	FY26
Firstsource Solutions	**13.0%**	**18.4%**	**16.1%**	**14.6%**	**15.3%**	**15.9%**
Sagility	**-**	**-**	**2.8%**	**3.6%**	**7.3%**	**10.3%**
Concentrix*	8.7%	16.5%	16.4%	9.2%	5.9%	-38.8%
eClerx	20.1%	27.2%	29.8%	25.8%	23.8%	29.0%
EXL Service*	12.9%	16.3%	19.7%	22.4%	21.8%	27.3%
Genpact*	17.5%	19.8%	19.0%	31.0%	22.2%	22.4%
Inventurus Knowledge Solutions	-	-	41.4%	37.3%	33.0%	31.4%
Infosys BPM	14.8%	19.1%	19.5%	16.2%	17.8%	18.1%
Teleperformance*	13.0%	20.0%	18.8%	15.0%	11.9%	11.5%

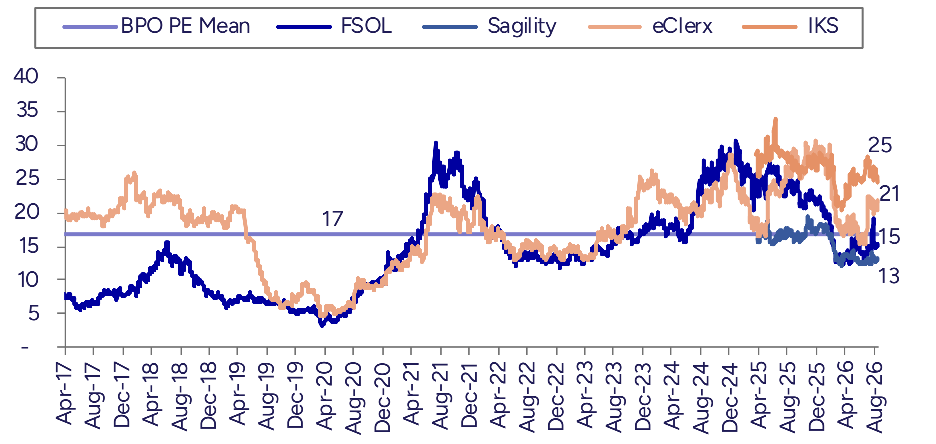
*Source: Company, PL, *CY20, CY21, CY22, CY23, CY24, CY25*

Exhibit 41: RoCE comparison of peer companies

RoCE	FY21	FY22	FY23	FY24	FY25	FY26
Firstsource Solutions	**13.0%**	**14.1%**	**10.5%**	**12.3%**	**12.1%**	**12.9%**
Sagility	**-**	**-**	**3.3%**	**4.3%**	**6.5%**	**9.7%**
Concentrix*	5.1%	10.8%	9.5%	6.3%	4.9%	-11.9%
eClerx	17.3%	24.4%	25.3%	22.1%	19.7%	24.1%
EXL Service*	8.3%	11.8%	14.2%	17.6%	17.5%	21.0%
Genpact*	9.4%	10.2%	10.4%	18.8%	15.0%	14.7%
Inventurus Knowledge Solutions	-	-	43.8%	24.2%	20.9%	25.0%
Infosys BPM	17.5%	22.4%	22.8%	18.1%	15.9%	15.5%
Teleperformance*	6.3%	9.4%	9.6%	8.0%	6.3%	6.6%

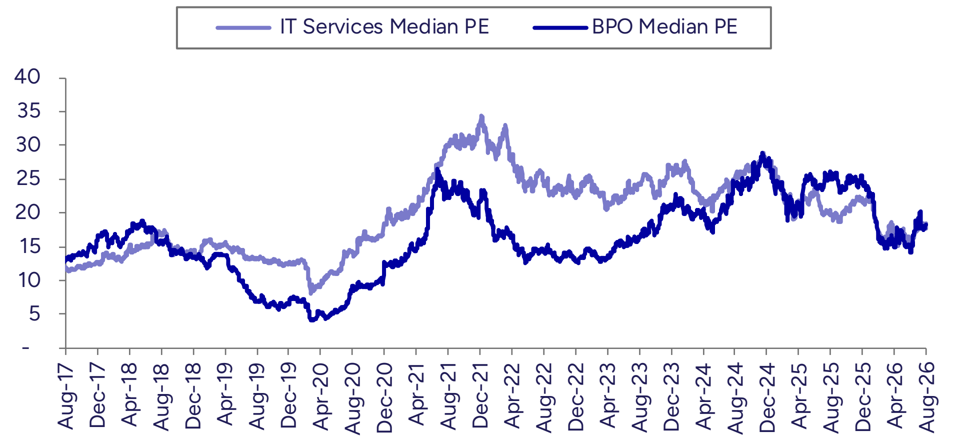
*Source: Company, PL, *CY20, CY21, CY22, CY23, CY24, CY25*

Exhibit 42: FSOL & Sagility are trading at discount to BPO PE mean on 2-year forward P/E



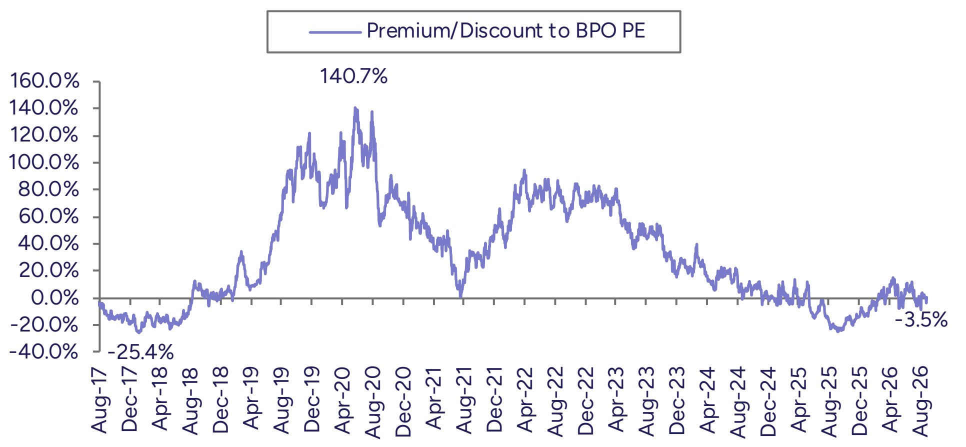
Source: Company, PL, BPO Mean (FSOL, eClerx, IKS, Sagility)

Exhibit 43: BPO companies are trading at marginal discount on 2-year forward P/E chart



Source: Company, PL, IT Services (TCS, INFO, HCLT, WPRO, TECHM, LTM, COFORGE, PSYS, MPHL)

Exhibit 44: IT services 2-year forward P/E premium/discount (%) to BPO industry



Source: Company, PL

Exhibit 45: Peer Valuation

	Rating	Price (INR)	MCap (US$ bn)	TP (INR)	EPS			PE			Rev growth (%) (CC)			EBIT Margin (%)			PEG FY26-28E
					FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	
Firstsource Solutions	BUY	260	2	330	11.2	13.9	16.7	23.2	18.7	15.5	13.7%	11.1%	10.5%	11.7%	12.2%	12.7%	0.7
Sagility	BUY	46	2	60	2.0	2.4	3.0	22.7	19.2	15.3	23.7%	12.4%	13.1%	17.7%	18.0%	18.7%	0.7
eClerx	NR	1,900	2	NA	74.4	83.8	98.2	25.5	22.7	19.3	17.1%	10.6%	13.8%	21.3%	21.0%	21.4%	1.3
IKS	NR	1,780	3	NA	42.3	51.7	63.5	42.1	34.4	28.0	14.8%	35.2%	25.0%	30.3%	26.3%	26.1%	1.2

Source: Company, PL

Exhibit 46: PL Coverage Valaution

	Rating	Price (INR)	MCap (US$ bn)	TP (INR)	EPS			PE			Rev growth (%) (CC)			EBIT Margin (%)			PEG FY26-28E
					FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	
Coforge	BUY	1,935	9	2,120	51.0	60.0	75.8	37.9	32.3	25.5	30.0%	43.1%	15.1%	14.4%	15.5%	15.6%	1.2
HCL Tech	HOLD	1,283	37	1,160	67.3	72.2	77.0	19.1	17.8	16.7	3.9%	2.2%	4.7%	17.9%	17.9%	18.1%	2.4
Infosys	BUY	1,088	47	1,240	73.9	77.9	82.5	14.7	14.0	13.2	3.1%	2.0%	3.5%	21.0%	21.2%	21.4%	2.3
LTM	ACCUMULATE	4,448	14	4,200	181.8	208.0	228.9	24.5	21.4	19.4	5.2%	6.0%	7.0%	15.4%	15.9%	16.1%	1.6
Mphasis	BUY	2,369	5	2,820	99.1	111.9	128.0	23.9	21.2	18.5	6.9%	9.0%	10.7%	15.3%	15.3%	15.4%	1.4
Persistent	ACCUMULATE	5,540	9	5,860	124.7	144.0	183.0	44.4	38.5	30.3	17.4%	20.3%	18.1%	16.2%	16.3%	16.4%	1.4
TCS	BUY	2,270	87	2,500	146.0	156.9	166.4	15.5	14.5	13.6	-2.5%	3.5%	4.5%	25.0%	25.0%	25.3%	2.0
TechM	BUY	1,564	15	1,780	57.3	78.1	88.8	27.3	20.0	17.6	0.4%	6.0%	5.4%	12.6%	14.8%	15.1%	0.7
Wipro	REDUCE	173	19	165	12.9	13.1	13.8	13.4	13.2	12.5	-1.4%	-0.1%	1.6%	17.3%	16.6%	16.9%	3.4

Source: Company, PL

COMPANIES

RATING BUY | CMP INR 260 | TP INR 330

PL Capital
PRABHUDAS LILLADHER

Firstsource Solutions (FSOL IN)

Initiating Coverage

September 02, 2026

Key Data	FISO.BO | FSOL IN
BSE Code	532809
NSE Code	FSL
52-W High / Low	INR 379 / INR 200
Face Value	10
Sensex / Nifty	76,133 / 23,779
Market Cap	INR 181 bn / $ 1,917 mn
Shares Outstanding	697.92 mn
3M Avg. Daily Value	INR 851.39 mn

Shareholding Pattern (%)

Promoters	53.66
FIIs	8.38
Mutual Funds	18.22
Domestic Institution	7.19
Public & Others	12.55
Promoters Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(7.2)	(3.1)	18.3	(25.8)
Relative	(4.4)	(5.5)	22.6	(21.3)

Key Financials - Consolidated

Y/e Mar	FY26	FY27E	FY28E	FY29E
Sales (INR mn)	95,564	112,806	127,972	145,628
EBITDA (INR mn)	15,562	18,588	21,755	25,232
Margin (%)	*16.3*	*16.5*	*17.0*	*17.3*
PAT (INR mn)	7,726	9,599	11,570	13,758
EV (INR mn)	195,380	194,783	192,577	188,833
Total Debt (INR mn)	19,375	19,175	18,975	18,775
C&C Eq. (INR mn)	2,693	3,362	5,368	8,912
EPS (INR)	11.2	13.9	16.7	19.9
Gr. (%)	*31.5*	*24.0*	*20.5*	*18.9*
DPS (INR)	10.9	11.0	13.5	15.0
Yield (%)	*4.2*	*4.2*	*5.2*	*5.8*
RoE (%)	*18.2*	*21.6*	*25.0*	*28.0*
RoCE (%)	*15.3*	*17.4*	*19.9*	*22.3*
EV/Sales (x)	2.0	1.7	1.5	1.3
EV/EBITDA (x)	12.6	10.5	8.9	7.5
PE (x)	23.2	18.7	15.5	13.0
P/BV (x)	4.1	4.0	3.8	3.5

Diversification drives growth & margin expansion

Quick Pointers

- Aspiring for consistent double-digit revenue growth
- Aiming for 15% EBIT margin with 50-75bps margin expansion each year

We initiate coverage on Firstsource Solutions (FSOL) with 'BUY' rating and TP of INR 330, valuing at 18x Sept. FY28E P/E. A diversified business process solutions company serving global clients, FSOL has materially improved its growth profile by reducing dependence on the US mortgage and refinancing business, by expanding into adjacent sub-segments, diversifying across segments and entering newer geographies through focused acquisitions & investments. This, along with a stronger client acquisition engine, has improved the quality and predictability of growth, with large deal wins increasing from 4 in FY24 to 17 in FY26 and the deal pipeline exceeding US$1bn ACV, providing healthy revenue visibility. In parallel, FSOL is transitioning from a labor-arbitrage to a technology-led business model, supported by sustained investments in AI, platforms and delivery capabilities. We expect these investments to increasingly translate into operating leverage, supporting 50–75bps annual EBIT margin improvement in FSOL's long-term 15% margin aspiration. We estimate USD revenue/EBIT/PAT CAGR of 10.4%/19.1%/21.1% over FY26–29E, driven by broad-based revenue growth and gradual margin expansion. Initiate with 'BUY'.

Diversified segment mix driving stable & predictable growth: FSOL has significantly reduced its dependence on BFS, with its revenue share declining from 51.9% in FY21 to 32.4% in FY26, while Healthcare, CMT and Diverse have scaled through organic growth and acquisitions. The diversified portfolio, with relatively uncorrelated growth drivers across segments, reduces earnings volatility and supports more stable and predictable growth, with FY27 growth expected at 10–13% (8–10.5% organic).

Acquisitions to diversify & expand addressable market: FSOL's acquisition strategy has been capability and TAM led, broadening its presence across new verticals, geographies and service lines, including Healthcare, Retail, UK collections, AI and clinical services. The acquisitions also create cross- and up-sell opportunities across the expanded client and delivery footprint, broadening FSOL's growth runway while reducing dependence on individual verticals.

Client acquisition & scaling for broad-based growth: FSOL's new-logo engine has strengthened, with new logos increasing from 31 in FY24 to 47 in FY26, while strategic logos doubled to 24, supported by strong cross-sell and up-sell. The expanding client base, with non-top 10 revenue share rising to 58.7%, alongside a growing US$1mn+ and US$5mn+ client cohort, should broaden the revenue base and reduce customer concentration, supporting more sustainable and diversified growth.

Leadership transformation under new CEO to drive next leg of growth: Since the appointment of the new CEO in Sep'23, FSOL has strengthened its leadership across verticals, aligning the organization with its transformation agenda. The revamped leadership and sales engine have led to a sharp increase in large deal wins from 4 in FY24 to 17 in FY26, providing confidence in execution, sustained growth and margin improvement.

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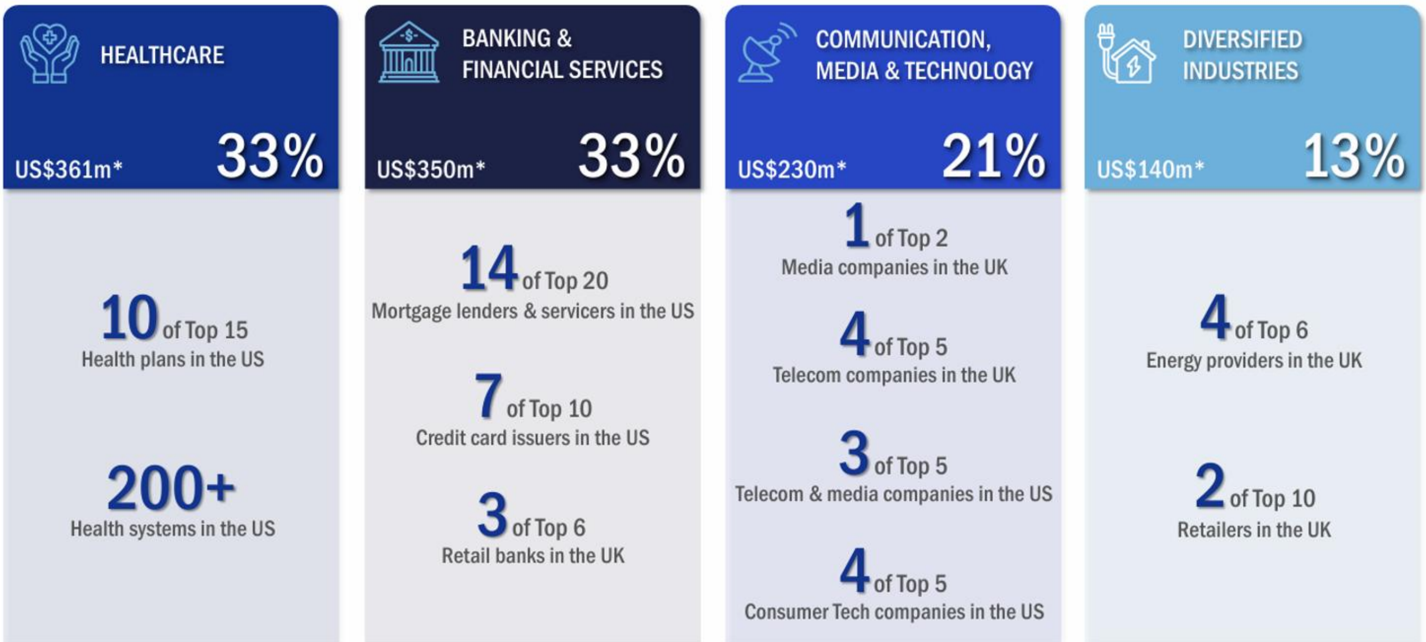
Company Overview

FSOL: Diversified, domain & tech enabled business process solutions provider

Established in 2001, Firstsource Solutions is a flagship company of the RP-Sanjiv Goenka Group. FSOL is a global leader in BPM services, delivering AI-powered, domain-led transformation solutions across healthcare, banking & financial services, and communications, media and technology verticals. It serves some of the world's most prominent enterprises, including 10 of the top 15 US health plans, 14 of the top 20 US mortgage lenders, 4 of the top 5 US consumer technology companies, and 4 of the top 6 energy providers in the UK.

With a global footprint spanning across the US, the UK, India, the Philippines, Mexico, Romania, Turkey, Trinidad & Tobago, South Africa, and Australia, FSOL leverages its differentiated UnBPO™ framework to reimagine traditional outsourcing to deliver real-world, future-focused solutions that drive speed, scale, and smarter decisions – turning transformation into tangible results that matter.

Exhibit 47: Diversified exposure across high-growth industry verticals



Source: Company, PL

Exhibit 48: Core service offerings

Source: Company, PL

A defining aspect of FSOL's strategy is the UnBPO™ framework, which seeks to reimagine traditional outsourcing by shifting the industry focus from labor arbitrage to technology arbitrage. To support this transition, the company launched Firstsource relAI™, a proprietary suite of AI-led platforms, solutions, and offerings designed to embed AI into client operations. It has also invested in Agentic AI Studio and developed domain-specific AI capabilities, including a proprietary mortgage-focused LLM tailored for the US mortgage market.

Exhibit 49: Wide range of partnerships across verticals & horizontals

Source: Company, PL

Over the years, FSOL has built an ecosystem comprising hyperscalers, platform providers, and emerging AI startups. This ecosystem approach enables the company to rapidly deploy industry-specific AI solutions while remaining technology-agnostic and responsive to changing client requirements.

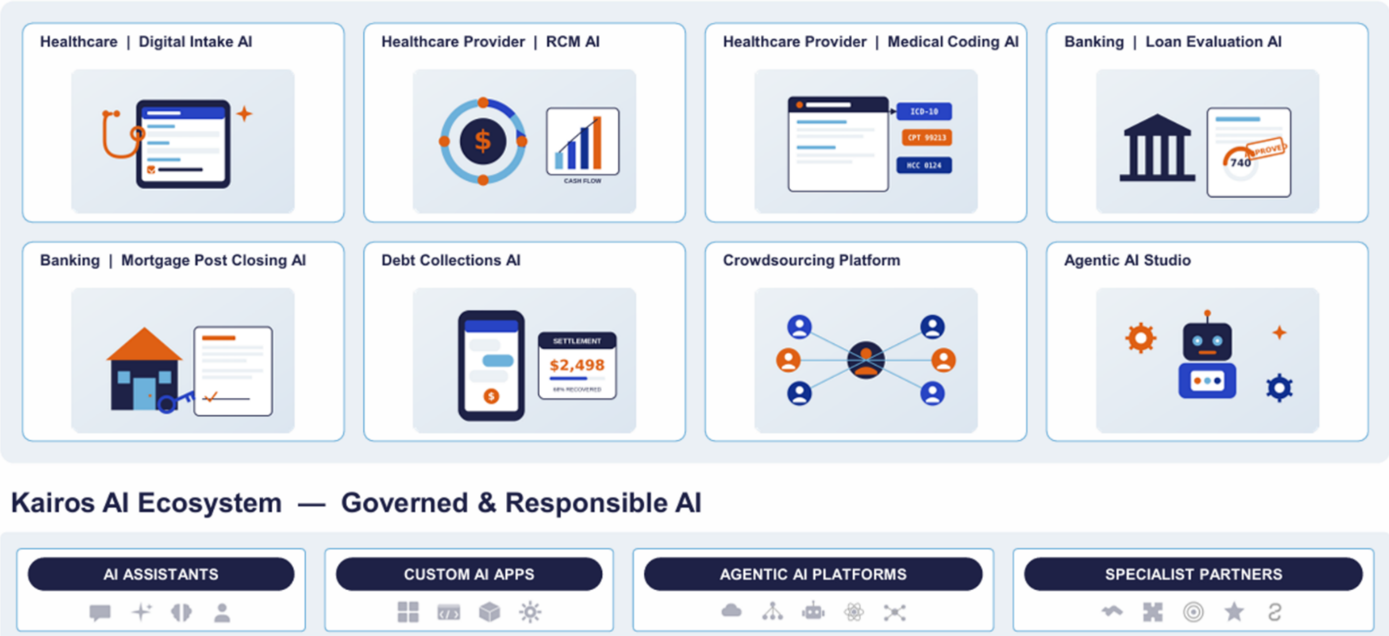
Exhibit 50: End-to-end service offerings

Source: Company, PL

Kairos – Intelligence platform that operates

Launched in Apr'26, Kairos is FSOL's operating system for AI-native business operations. Kairos operates across 4 dimensions: (1) an engagement model spanning transform, implementation and operation as a single continuous motion; (2) a 5-layer intelligence architecture, purpose-built for regulated industries; (3) a portfolio of deep-domain technology assets and accelerators; and (4) an outcome-linked commercial model.

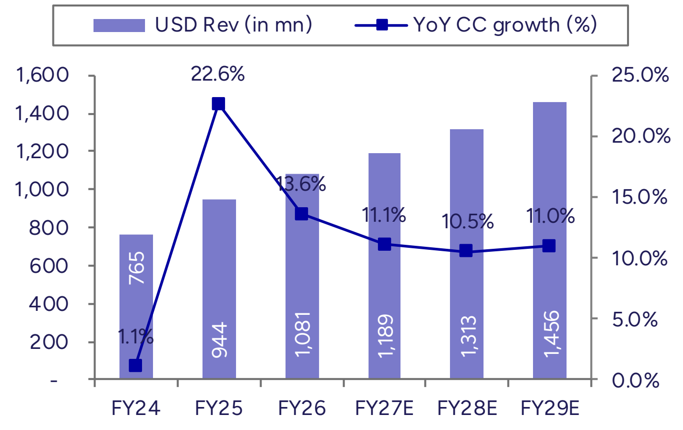
Exhibit 51: Kairos ecosystem – Offerings



Source: Company, PL

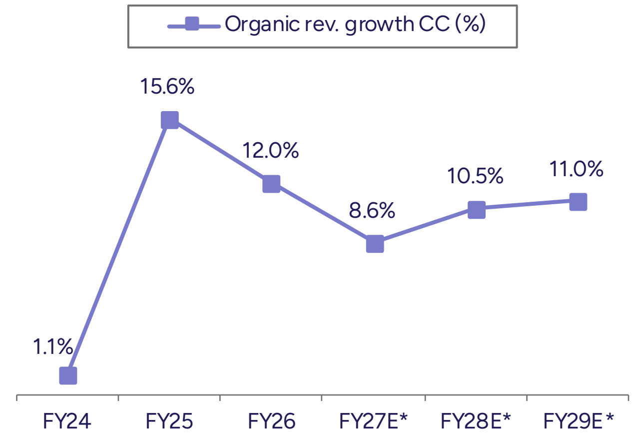
Story in Charts

Exhibit 52: Revenue to clock 10.4% CAGR over FY26-29E



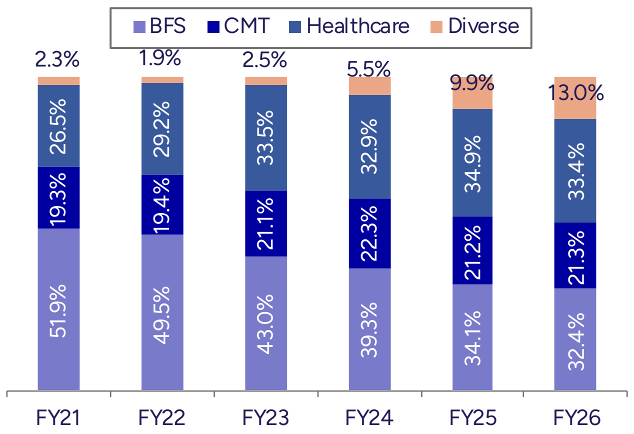
Source: Company, PL

Exhibit 53: Organic growth to drive revenue growth



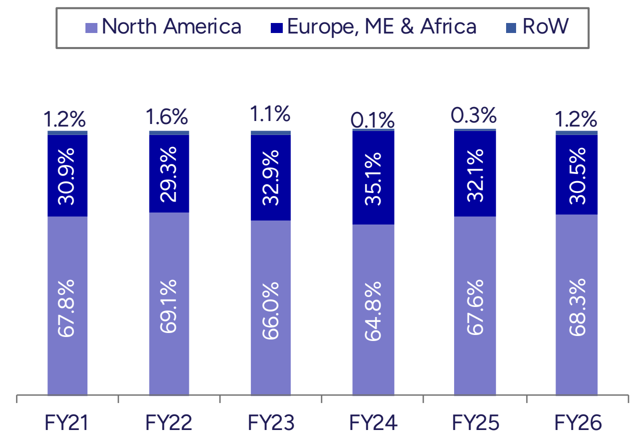
Source: Company, PL (Our assumptions)

Exhibit 54: Diversified mix for balanced growth



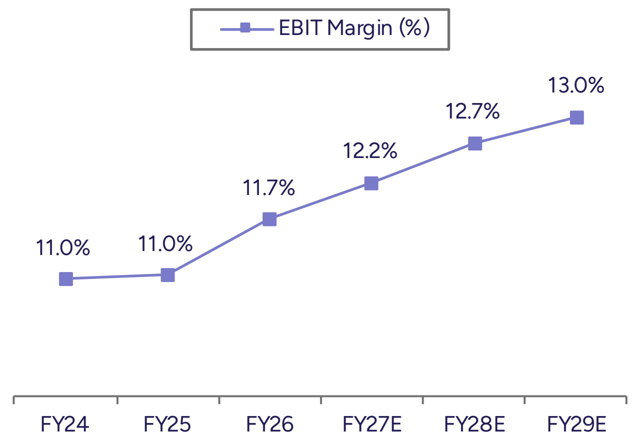
Source: Company, PL

Exhibit 55: North America markets contributes majorly



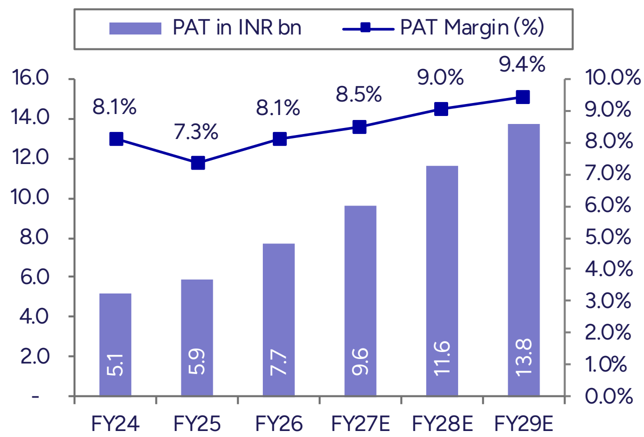
Source: Company, PL

Exhibit 56: Margin to improve by 130bps by FY29E



Source: Company, PL

Exhibit 57: PAT to clock 21.2% CAGR over FY26-29E



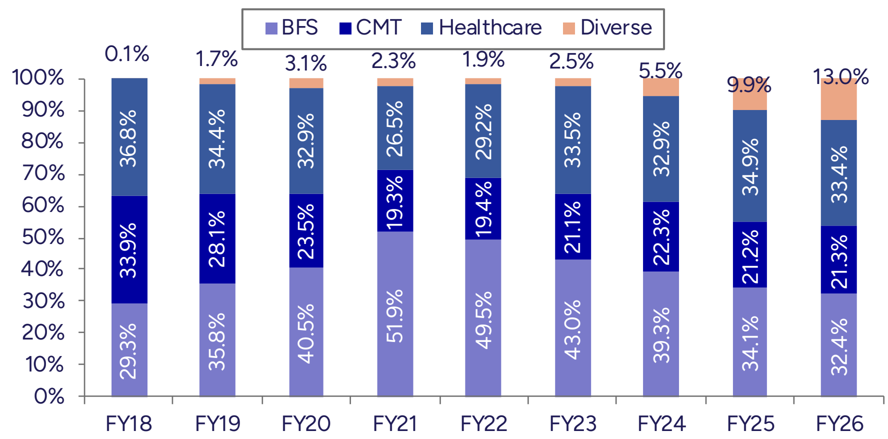
Source: Company, PL

Investment Rationale

Diversified segment mix driving stable & predictable growth

Between FY18 and FY21, the BFS vertical's revenue share expanded from 29.3% to a peak of 51.9%, by ~22%, driven by the US mortgage business riding the zero-rate refinancing boom. The reversal was equally sharp: as the Fed embarked on its fastest hiking cycle in 4 decades, the 30-year mortgage rate moved from ~3% to ~7%, refinancing volumes collapsed. This led to BFS swinging from +52% growth in FY21 to a decline of ~18% by FY23 (Exhibit 60). With BFS at nearly half of revenue, a single segment's macro shock sent FSOL's revenue into a decline (-5.5% in FY23).

Exhibit 58: Diversified segment mix to reduce BFS concentration for steady & predictable growth

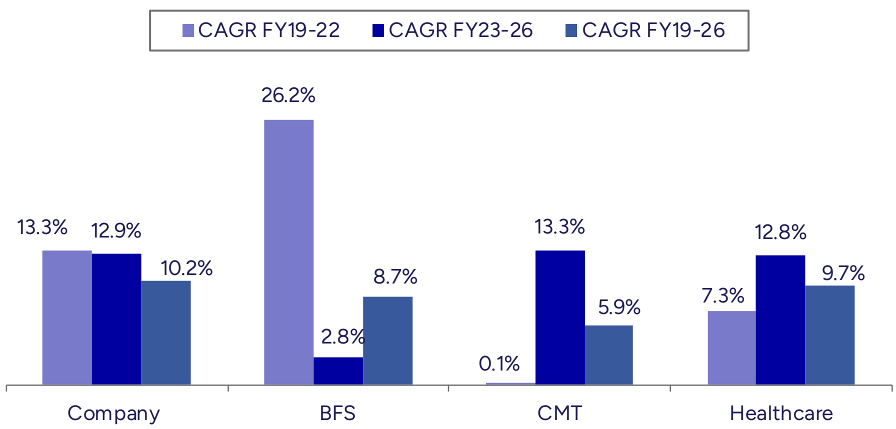


Source: Company, PL

The Diverse segment, contributing a negligible 0.1% to revenue in FY18, has scaled to 13.0% by FY26 driven by strategic acquisitions

The portfolio rebalancing since FY22 has been deliberate, rather than passive. BFS share has been decreased from 51.9% of revenue (FY21) to 32.4% (FY26). Critically, while BFS itself returned to growth (+7% in FY25 & +9% in FY26), the BFS mix has shifted away from rate-sensitive mortgage volumes toward counter-cyclical collections and consulting-led transformation work. The Diverse segment, contributing a negligible 0.1% to revenue in FY18, has scaled to 13.0% by FY26 through the Ascensos and Pastdue Credit acquisitions, while Healthcare has held a steady 33–35% band and CMT has stabilized at ~21%.

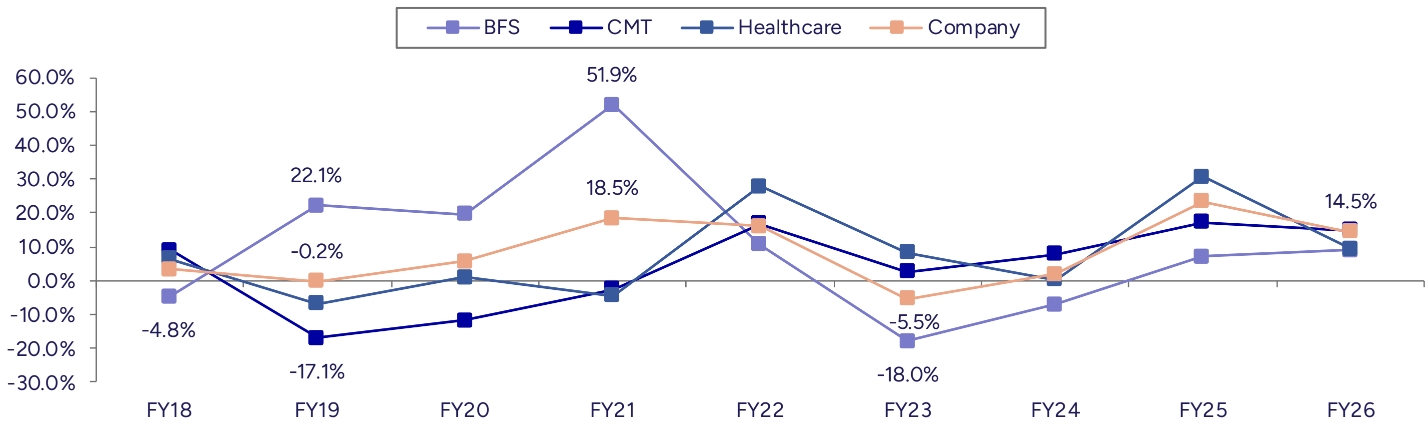
Exhibit 59: Overall growth is now more balanced



Source: Company, PL

The portfolio today spans 4 verticals with 4 largely uncorrelated macro drivers: Healthcare (33.4% of FY26 revenue) is driven by US payer regulatory and cost pressure independent of interest rates; BFS (32.4%) combines counter-cyclical collections with mortgage; CMT (21.3%) rides the CX demand; and Diverse (13.0%) monetizes UK labor-cost inflation in utilities and retail.

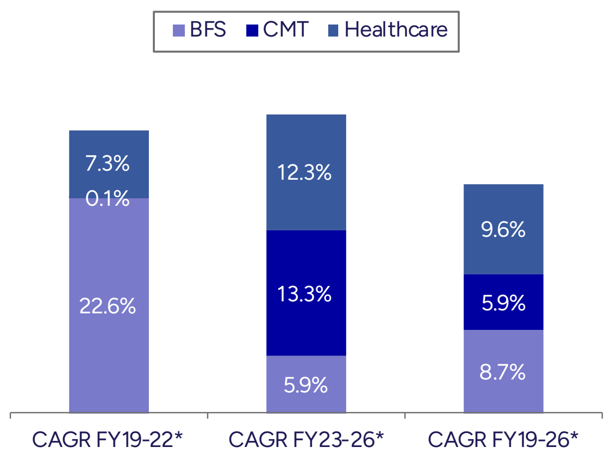
Exhibit 60: Revenue growth now diversified as against concentration in a single vertical earlier



Source: Company, PL

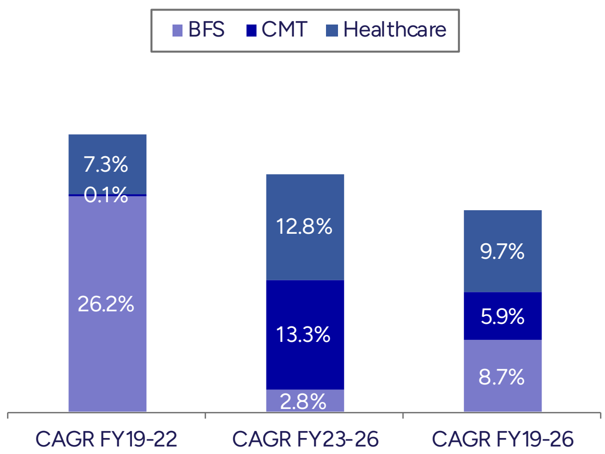
We see this diversification as a structural improvement in growth quality. With FY27 growth guided at 10-13% (organic: 8-10.5%) spread evenly across quarters, we believe the diversified mix underpins FSOL's most durable and predictable earnings trajectory, which can be sustained over the long term.

Exhibit 61: Segmental Organic growth



Source: Company, PL (our assumptions)

Exhibit 62: Consol BFS impacted by mortgage volume decline



Source: Company, PL

Acquisitions to diversify & expand addressable market

FSOL's acquisition strategy over the past 5 years has been consistently capability and TAM-led

FSOL's acquisition strategy over the past 5 years has been consistently capability and TAM-led, rather than for scale, with each deal filling a specific gap in its domain coverage or delivery footprint. The FY22 StoneHill (mortgage loan quality control and due diligence) and ARSI (US legal collections) acquisitions deepened the BFS stack at both ends of the value chain. Subsequent deals have also broadened the portfolio beyond BFS. Quintessence Business Solutions & Services (QBSS) added mid-office revenue cycle management to complete FSOL's front-to-back healthcare payer-provider coverage; Ascensos opened an entirely new retail vertical while adding scaled South Africa/Romania/Trinidad nearshore and multi-lingual CX capabilities; and AccunAI brought in-house AI development capability targeting the fast-growing AI services market.

Exhibit 63: Acquisitions

Acquired company	Acquisition rationale
TeleMedik	Expand and strengthen presence in clinical care services and access to US provider & payer ecosystem
Pastdue Credit Solutions Ltd	Expand into the UK debt collection services market
AccunAI India Services Pvt Ltd	Improve the company's competitive positioning in the fast-growing AI development services market
Ascensos Ltd, UK	Add strategically important vertical of Retail to its existing domain strengths and expands nearshore delivery presence with addition of Ascensos' scaled presence in South Africa, Romania and Trinidad & Tobago Strengthen multi-lingual capabilities for CX services
Quintessence Business Solutions & Services	Expand and strengthen the company's revenue cycle management capabilities targeting the US healthcare industry
StoneHill Group	Expand and strengthen FSOL's US mortgage-based products and services
American Recovery Service Incorporated	Expand and strengthen FSOL's debt collection capabilities

Source: Company, PL

Recent additions extend both geography and clinical depth. Pastdue Credit established FSOL in the ~GBP 2bn UK debt collections market, where it was previously sub-scale, through an FCA-registered platform with utilities, telecom and public-sector relationships carrying minimal overlap with the existing UK book. TeleMedik added Puerto Rico-based clinical and telehealth capabilities, strengthening FSOL's payer/provider positioning with a structural cost advantage for US-territory Medicaid work that cannot be delivered offshore.

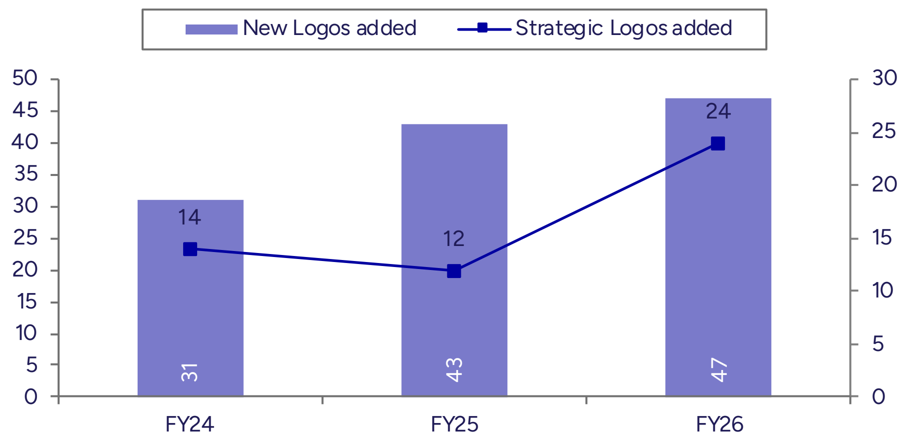
We believe that each acquisition has created concrete cross- and up-sell headroom, rather than standalone revenue. QBSS enabled joint payer-provider healthcare deals (first won within a quarter of closing); Ascensos' retail clients can now be serviced from FSOL's existing India and Philippines offshore centers, while its nearshore footprint is being deployed for cost-pressured UK banking and media clients; Pastdue extends collections (historically FSOL's strongest cross-sell capability in the US) into the UK client base; and AccunAI's AI capabilities are being embedded across delivery. This has expanded FSOL's addressable market across 4 dimensions simultaneously: new verticals (retail), new geographies (UK collections, Puerto Rico), new service lines (RCM, AI development), and new delivery models (nearshore, multi-lingual).

In our view, this acquisition program has meaningfully de-risked and broadened FSOL's growth runway. Rather than concentrating bets, the deals have diversified the revenue base into adjacent domains where FSOL can layer capabilities onto existing relationships and pursue whitespace within its client base.

Client acquisition & scaling leading to broad-based growth

FSOL's new logo engine has scaled meaningfully, increasing from 31 in FY24 to 47 in FY26 and, more importantly, strategic logos (larger, higher potential wins) doubling from 12 in FY25 to 24. This reflects a shift in win quality as the company is increasingly landing new relationships that carry material scale-up potential from the outset.

Exhibit 64: Robust client additions in recent times with focus on strategic clients

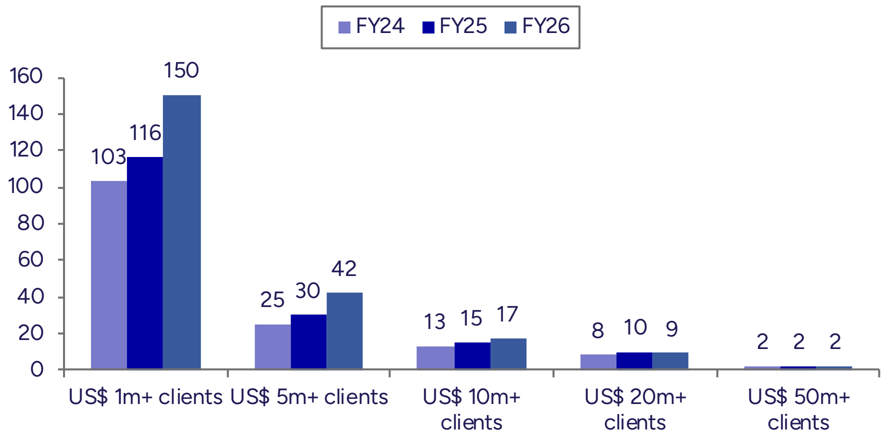


Source: Company, PL

Cross & Up sell opportunities created by strategic acquisitions and investment in adjacencies

Crucially, these logos are being mined and scaled. The US$1mn+ client cohort grew from 103 to 150 over 2 years, while the US$5mn+ bucket expanded from 25 to 42 and US$10mn+ from 13 to 17. Acquisitions have been a key enabler here: QBSS added mid-office RCM to deepen Healthcare wallet share, Ascensos brought retail plus South Africa/Romania nearshore capabilities attractive to UK clients, and Pastdue Credit extended UK collections.

Exhibit 65: Client scaling continues

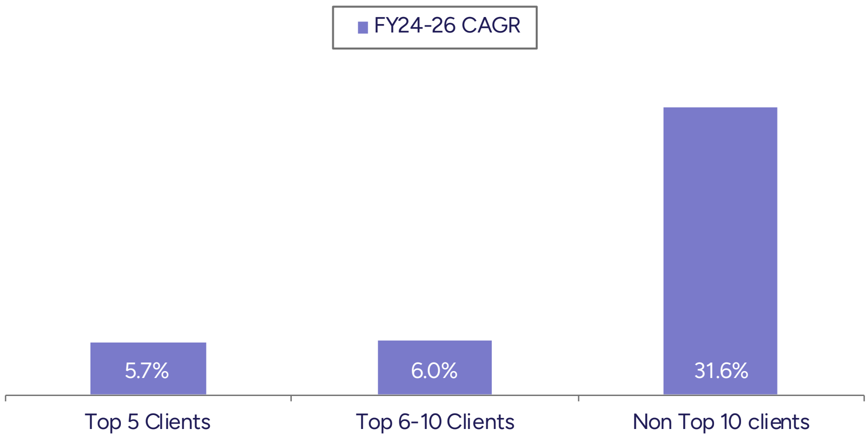


Source: Company, PL

Revenue share of non-top 10 clients has grown from 47.8% in FY24 to 58.7%

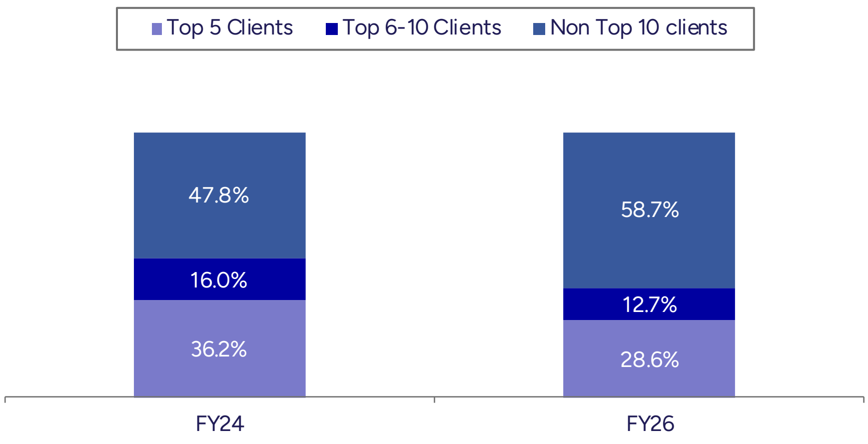
The result is broad basing of the revenue stream beyond the anchor accounts. Revenue share of non-top 10 clients has grown from 47.8% in FY24 to 58.7% in FY26, while top 5 concentration has fallen from 36.2% to 28.6% and top 6-10 from 16.0% to 12.7%. Notably, this diversification occurred while top-clients revenue continued to grow.

Exhibit 66: Non-top clients drive revenue growth



Source: Company, PL

Exhibit 67: Robust scaling of non-top clients reduces concentration mix



Source: Company, PL

In our view, this establishes a healthier and more sustainable growth architecture. We expect the top 10 accounts to deliver steady and low-volatility growth as FSOL mines remaining white space within them, while the bulk of incremental growth will be driven by the rapidly expanding non-top 10 cohort supported by a record deal pipeline (>US$1bn ACV). This dual engine stable base plus broadening mid-tier reduces reliance on any single relationship and, combined with ~50% of strategic logos converting to US$5mn+ relationships within 8 quarters, underpins our confidence in the durability of FSOL's growth trajectory.

Leadership transformation under new CEO to drive next leg of growth

FSOL's transformation has been anchored by leadership overhaul following the induction of Ritesh Idnani as the MD & CEO in Sep'23. He brings deep domain and transformation credentials from senior operating roles at Conduent, BNY Mellon and iGate to lead FSOL's shift from a headcount-led BPO to a domain-deep, AI-native, outcome-accountable services firm. Since his arrival, Idnani has systematically rebuilt the senior team with purpose-fit hires: Sohit Brahmawar as the President & COO (previously leading a 50,000+ person global delivery organization), Hasit Trivedi as the Chief Digital & AI Officer (architect of the relAI, Kairos and Agentic AI Studio platforms), and dedicated payer/provider healthcare leaders (Matthew Barlow and Scott Schrader) appointed precisely as FSOL sharpened its Healthcare segment.

Exhibit 68: Leadership structure - Team with a Mix of Experience and New Talent

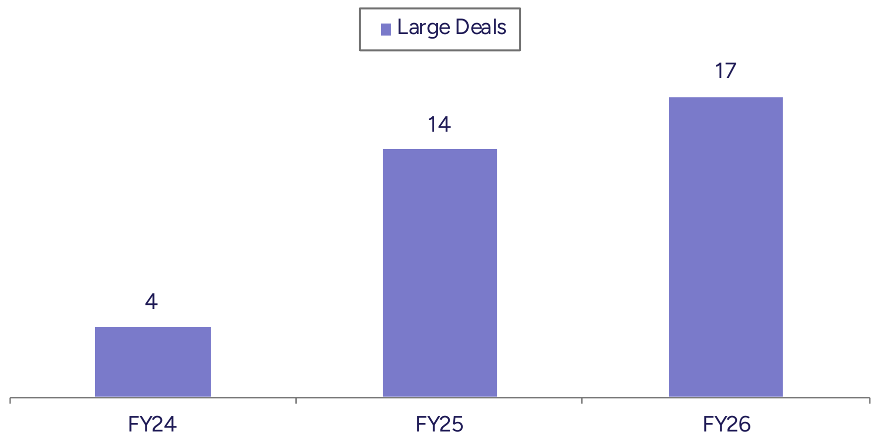
Name	Designation	Joining date
Ritesh Idnani	MD & CEO	Sep'23
Dinesh Jain	CFO	Since inception
Sohit Brahmawar	President & COO	Jun'24
Aniket Maindarkar	Chief Marketing Officer	Feb'24
Hasit Trivedi	Chief Digital & AI Officer	Apr'24
Shamita Mukherjee	CHRO	May'25
Matthew Barlow	Head – Healthcare Payer	Dec'25
Scott Schrader	Head – Healthcare Provider	Dec'25
Vivek Sharma	President – CMT, BFS & Emerging Geographies	Dec'23
Arjun Mitra	President – Collections	Jun'09
Ashish Chawla	President – CX and Consulting	May'21
Rajiv Malhotra	President – EMEA	May'22
Sundara Sukavanam	Head – Enterprise Transformation	Feb'20

Source: Company, PL

Importantly, there has been a targeted upgrade of the leadership bench while also retaining key institutional knowledge, including CFO Dinesh Jain as he refreshed the go-to-market and technology agenda. Each hire has been mapped to a specific strategic priority: delivery transformation and offshore mix (Brahmawar), the AI and platform roadmap (Trivedi), and vertical depth in the high value markets (the healthcare leadership structure). This alignment of leadership capability to strategic intent, combined with a materially reinvigorated sales engine, has been the catalyst behind the turnaround.

The strategy has led to a step-change in large deal wins, which have risen from 4 in FY24 to 14 in FY25 and 17 in FY26 – with the deal engine now consistently delivering 4-5 wins per quarter. This escalation validates that FSOL's repositioning is resonating with clients: larger, multi-year, transformational mandates are being won across verticals and geographies, an increasing proportion from new logos, backed by a record deal pipeline exceeding US$1bn ACV.

Exhibit 69: Large deal momentum has picked up and continues



Source: Company, PL

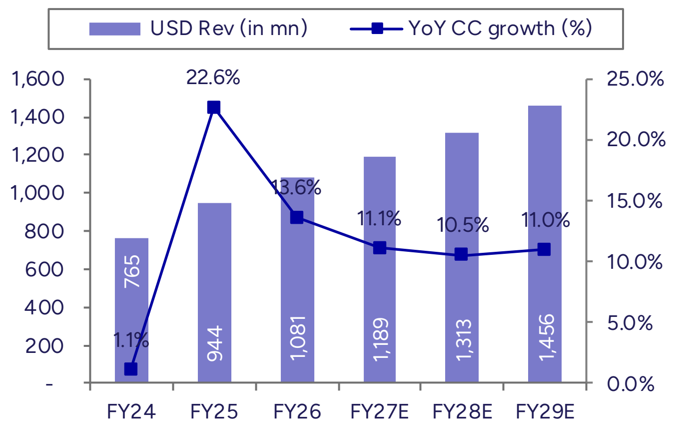
In our view, the depth and relevance of the leadership team materially de-risks the growth outlook and underpins execution continuity. A tenured, experienced bench aligned to a clearly articulated strategy provides confidence that FSOL can sustain its deal momentum and margin trajectory.

Financials & Valuations

FSOL has transitioned from a mortgage-led, volatile growth profile to a more diversified and organically driven growth model, supporting our expectation of 10.4% revenue CAGR over FY26–29E. Revenue growth had slowed sharply in FY23–24, to just 1.1%, following the collapse in US mortgage volumes and the resulting contraction in BFS, while the company undertook a rebalancing of its business mix. The subsequent recovery in BFS, supported by stabilizing mortgage activity and stronger collections growth, alongside the scaling of Healthcare, CMT and Diverse segments through focused acquisitions, has materially improved the growth trajectory, with revenue growth rebounding to 22.6% in FY25 and 13.6% in FY26.

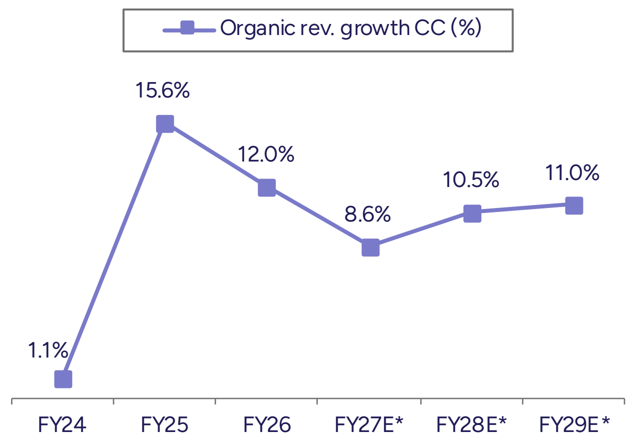
Importantly, the recovery has been largely organic, with organic CC growth of 15.6% in FY25 and 12.0% in FY26. FY26 reported growth also benefited from the partial contribution of Pastdue Credit Solutions from Oct'25 and TeleMedik from Jan'26. We expect growth to moderate to 11.1% YoY CC in FY27E, including 8.6% organic growth, as growth normalizes from the elevated FY25–26 base and near-term Healthcare headwinds weigh on the underlying trajectory. The balance should be supported by full-year contribution from recent acquisitions.

Exhibit 70: Double-digit growth to continue



Source: Company, PL

Exhibit 71: Growth will be largely organic



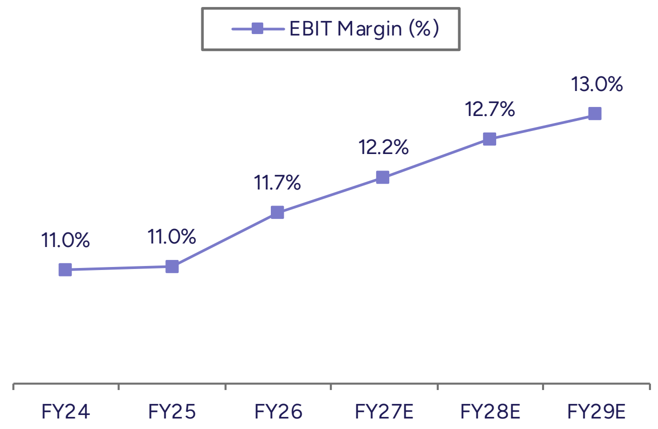
Source: Company, PL **Our Assumptions*

We expect revenue growth to remain resilient at 10.5% in FY28E & 11% in FY29E. While growth is expected to normalize, we believe quality has improved materially, with a broader business mix reducing dependence on BFS and organic growth remaining the primary driver. Strong deal momentum, with large deal wins increasing from 4 in FY24 to 17 in FY26, and the pipeline exceeding US$1bn ACV, should provide further revenue visibility. Together with client mining and the scaling of recent acquisitions, this supports our expectation of ~10% sustainable growth trajectory, despite near-term Healthcare headwinds.

Margins to improve gradually

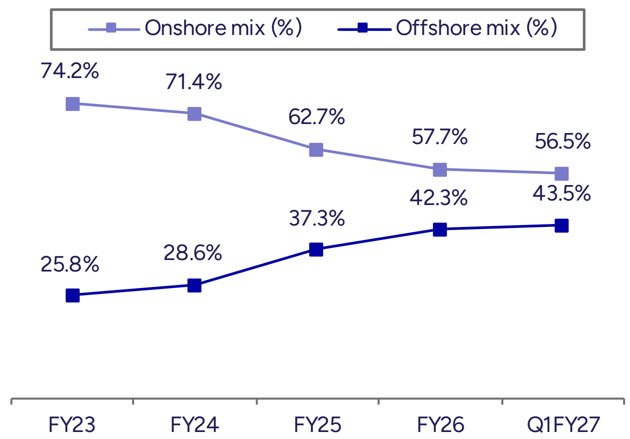
FSOL has historically operated in a 10–12% EBIT margin band, with margin improving from 9.4% in FY23 to 11.7% in FY26. We expect it to reach 12.3% in FY27E and 12.8% in FY28E, implying 50–75bps annual expansion, broadly in line with the management's target. The improvement has been underpinned by a favorable delivery mix, with the offshore mix increasing from 25.8% in FY23 to 42.3% in FY26 and 43.5% in Q1FY27.

Exhibit 72: Margin to improve in the targeted band



Source: Company, PL

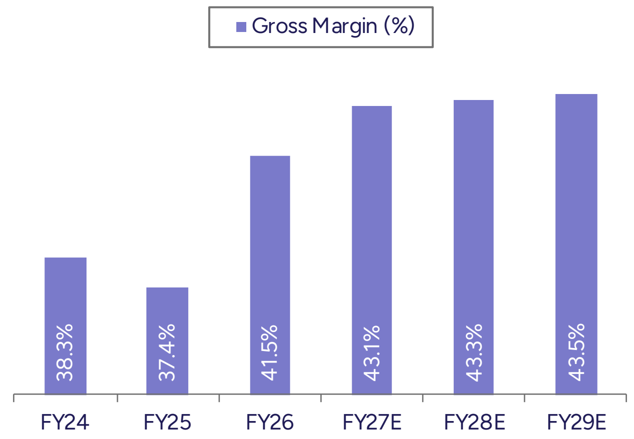
Exhibit 73: Improving offshore mix aids margins



Source: Company, PL

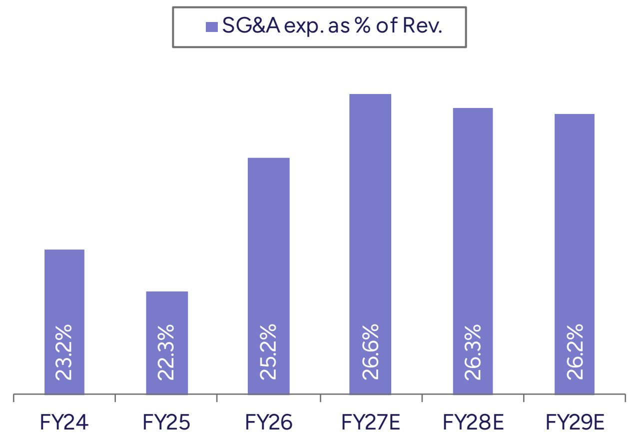
This improvement is more pronounced at the gross margin level, which increased from 35.8% in FY23 to 41.5% in FY26. However, higher SG&A has limited the flow-through to EBIT, with SG&A increasing from 22.1% to 25.2% of revenue. The increase reflects FSOL's investments in its sales and leadership organization, AI capabilities, partnerships and expansion into new growth areas.

Exhibit 74: GM improvement drives EBIT margin



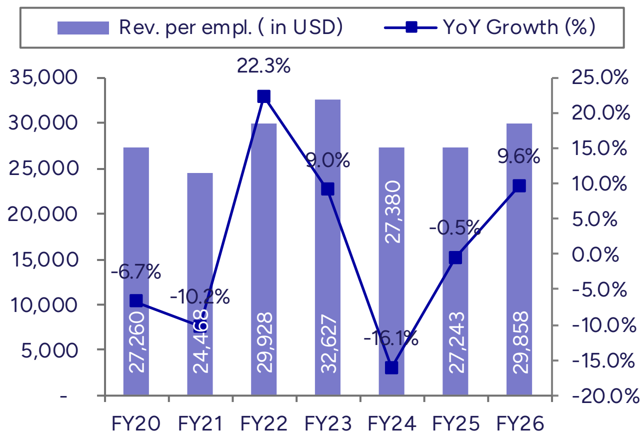
Source: Company, PL

Exhibit 75: SG&A expenses will stabilize after investments



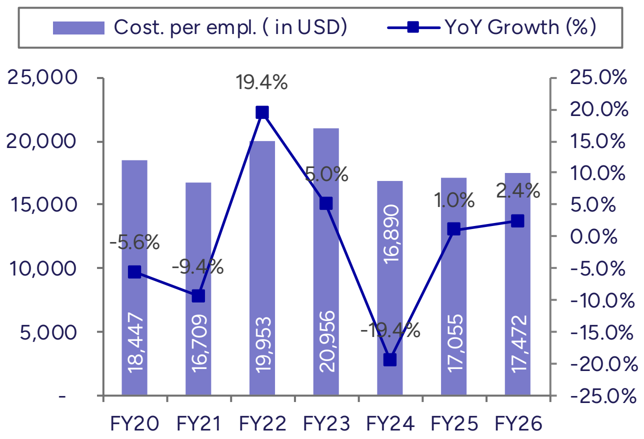
Source: Company, PL

Exhibit 76: Rev. per empl. grew by 4.4% CAGR in FY24-26



Source: Company, PL

Exhibit 77: Cost. per empl. grew by 1.7% CAGR in FY24-26

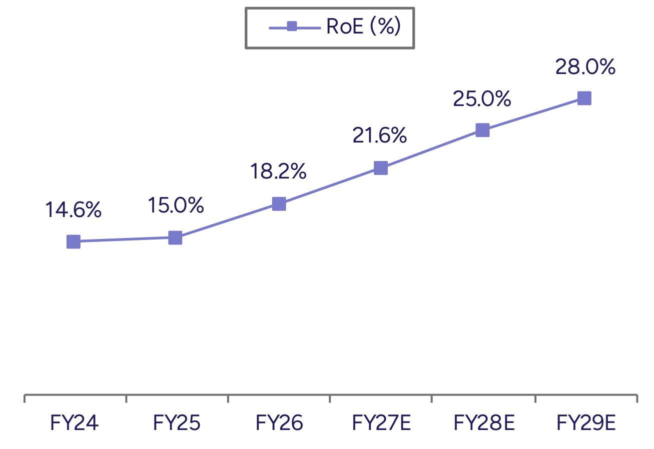


Source: Company, PL

We expect these investments to increasingly benefit from operating leverage as revenue scales, with SG&A/revenue expected to increase before moderating from FY28E. Combined with continued gross-margin improvement, this should support a greater conversion of revenue growth into operating profit.

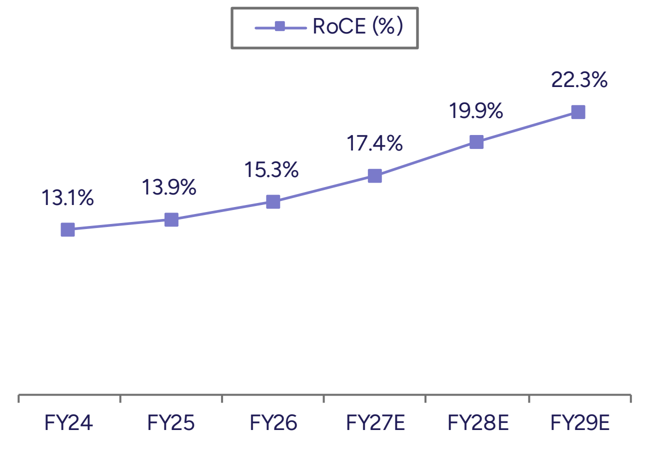
We thus expect EBIT margin to reach 13.0% by FY29E, while retaining scope for further improvement toward the management's 14–15% long-term aspiration. Importantly, near-term margin expansion will be driven by delivery mix, productivity and operating leverage, rather than significant cost-cutting, providing a more sustainable path toward the company's longer term margin ambition.

Exhibit 78: RoE continues to improve



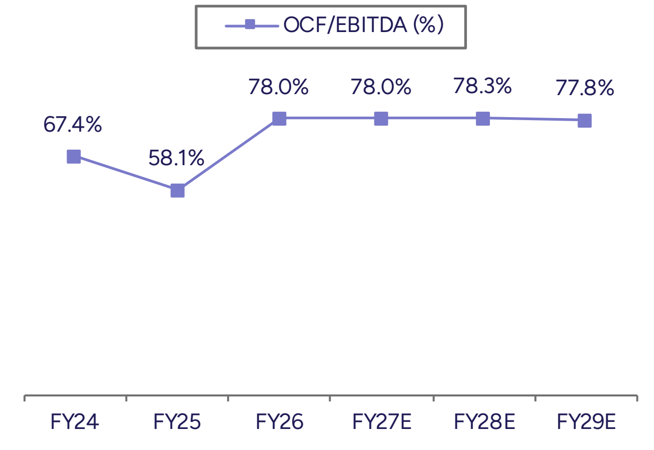
Source: Company, PL

Exhibit 79: So does RoCE



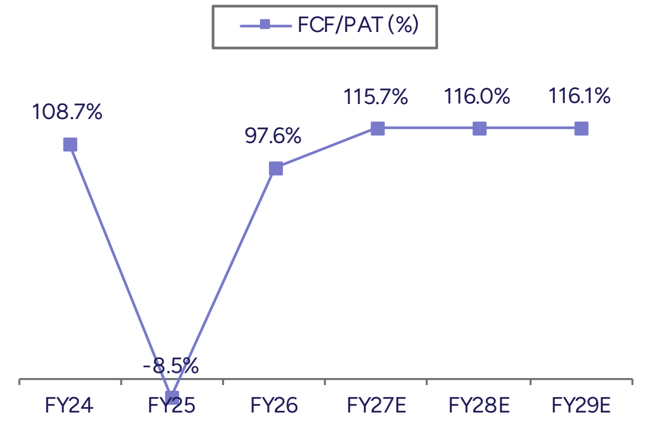
Source: Company, PL

Exhibit 80: OCF to remain steady



Source: Company, PL

Exhibit 81: FCF impacted by acquisitions



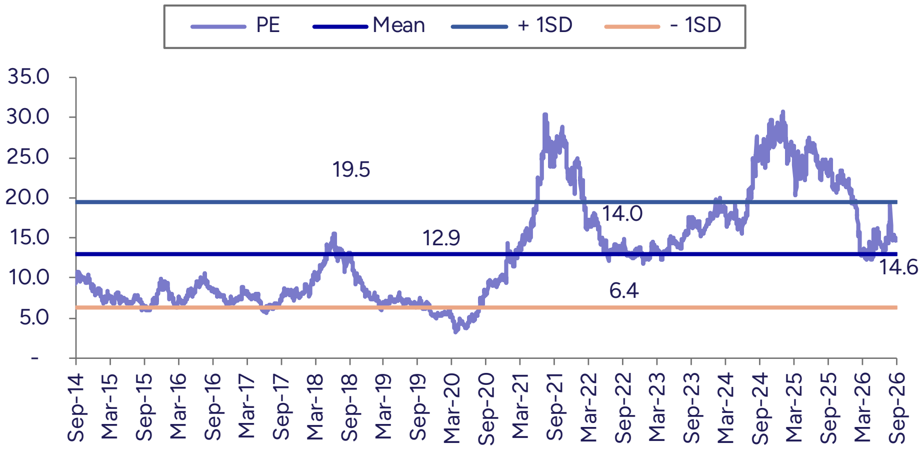
Source: Company, PL

Valuations & Outlook

FSOL is well positioned to deliver stable and predictable double-digit revenue growth, supported by a diversified business mix and reduced dependence on the US mortgage and refinancing business. Expansion into adjacent sub-segments and newer geographies, along with stronger client acquisition and large-deal engine, should further support growth visibility. We estimate USD revenue/EBIT/PAT CAGR of 10.4%/19.1%/21.1% over FY26–29E, driven by broad-based revenue growth and gradual margin expansion.

We initiate coverage on FSOL with 'BUY' rating and TP of INR 330, valuing at 18x Sept. FY28E P/E; the stock currently trades at 14.6x FY29E P/E. We believe the valuation is supported by improving growth quality, stronger revenue visibility and a sustained margin expansion trajectory, with scope to move towards management's long-term 15% EBIT margin aspiration.

Exhibit 82: FSOL is trading at 14.6x FY29E earnings



Source: Company, PL

Key Risks

- FSOL derives significant share of revenue from a few large US- and UK-based clients. Hence, any economic slowdown or downturn in these economies and industries may affect the company's business.

- Overall business environment continues to witness emerging disruptive technologies. Clients seek to cut additional back-office costs amid continued budget pressures, while suppliers create additional services and associated revenues could potentially slow down the growth aspirations of the company.

- FSOL has a relatively high proportion of regulated businesses in its overall portfolio, which enhances the regulatory risk. Operations and clients are spread across multiple geographies and are governed by various regulations and government guidelines. Breach of any of these regulatory provisions can attract regulatory inspections, notices, penalties, and revocation of permits or licenses.

- The market for BPS has become highly competitive over the years, including third-party 'pure-play' BPS providers based largely in India and the Philippines, local/onshore BPS providers in the US and the UK, BPS divisions of global IT companies, and in-house captives of potential clients.

- Contracts with clients are of varying duration. After the term expires, contracts are typically put out for tender through a procurement process. Non-renewal may significantly affect the company's revenue.

- In the BPM industry, talent continuity directly impacts operational performance, client satisfaction and cost efficiency. The accelerating pace of change – driven by automation, AI and agentic technologies – is reshaping roles and skills, increasing pressure to retain agile, multi-skilled talent. Evolving employee expectations, especially across generations, could further complicate retention.

- The company's selling cycle for BPS ranges from months to multiple years and requires significant capital, resources and time from both clients and FSOL, impacting investment cycles.

Annexures

Board of Directors and KMP

Exhibit 83: Board of Directors

Name	Designation
Dr Sanjiv Goenka	Chairman, Non-Executive, Non-Independent Director
Shashwat Goenka	Vice Chairman, Non-Executive, Non-Independent Director
Ritesh Idnani	MD & CEO, Executive Director
Rekha Sethi	Non-Executive, Independent Director
T C Suseel Kumar	Non-Executive, Independent Director
Subrata Talukdar	Non-Executive, Non-Independent Director
Pradip Kumar Khaitan	Non-Executive, Non-Independent Director
Vanita Uppal	Non-Executive, Independent Director
Utsav Parekh	Non-Executive, Independent Director
Dr Rajiv Kumar	Non-Executive, Independent Director
Paras Kumar Chowdhary	Non-Executive, Independent Director

Source: Company, PL

Exhibit 84: KMP & senior management

Name	Designation
Ritesh Idnani	MD & CEO
Dinesh Jain	CFO
Vivek Sharma	President – CMT, BFS, and Emerging Geos
Rajiv Malhotra	President - EMEA
Scott Schrader	President - Healthcare Provider Services
Matthew Barlow	President - Healthcare Payer Services
Arjun Mitra	President - Collections
Ashish Chawla	President – CX and Consulting
Sundara Sukavanam	Head – Enterprise Transformation
Sohit Brahmawar	Chief Operating Officer
Pooja Nambiar	CS
Kumaran Shanmuhan	Chief Strategy Officer
Hasit Trivedi	Chief Digital & AI Officer
Shamita Mukherjee	Chief Human Resources Officer
Aniket Maindarkar	Chief Marketing Officer

Source: Company, PL

Exhibit 85: Operating Metrics

	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Segment Mix (in %)												
BFS	40.8	38.3	37.3	36.4	34.4	32.4	33.4	32.5	33.2	31.7	32.2	33.2
CMT	21.2	22.5	23.6	22.3	21.3	20.3	21.0	22.4	21.7	21.2	19.9	20.6
Healthcare	32.7	33.5	32.9	35.7	36.3	34.0	33.8	33.4	33.5	32.1	34.4	33.0
Diverse	5.3	5.7	6.2	5.6	8.0	13.3	11.8	11.7	11.6	15.0	13.5	13.2
Geography Mix (in %)												
North America	65.1	65.4	65.0	68.2	68.5	66.3	67.7	68.7	69.4	67.2	68.0	66.4
EMEA	34.8	34.5	34.9	31.8	31.4	33.6	31.5	30.1	29.4	31.7	30.6	31.7
RoW	0.1	0.1	0.1	-	0.1	0.1	0.8	1.2	1.2	1.1	1.4	1.9
Delivery Mix (in %)												
Offshore & Nearshore	26.7	30.3	31.4	35.0	35.8	40.1	37.8	41.2	41.6	43.4	43.0	43.5
Onshore	73.3	69.7	68.6	65.0	64.2	59.9	62.2	58.8	58.4	56.6	57.0	56.5
Client Metrics												
>US$1mn	101	104	103	100	105	107	116	141	142	141	150	145
>US$5mn	24	25	25	25	26	28	30	38	39	41	42	45
>US$10mn	14	13	13	13	13	14	15	17	17	18	17	20
>US$20mn	9	9	8	9	11	10	10	11	9	9	9	10
>US$50mn	2	2	2	2	2	2	2	2	2	2	2	2
Top Clients												
Top 5 revenue mix (%)	35.0	35.8	36.7	34.6	32.5	29.2	29.3	29.6	28.9	28.1	28.0	27.4
Top 10 revenue mix (%)	51.3	52.0	52.6	51.5	48.6	43.4	43.7	42.6	42.3	40.7	39.9	39.2
Client Addition												
New logos	12	10	9	10	13	13	7	17	10	9	11	12
Strategic logos	4	7	3	2	3	5	2	9	4	5	6	3
Employee Metrics												
No. of employees	23,953	25,947	27,940	29,231	32,898	34,144	34,651	34,495	35,997	36,689	36,205	36,875
Attrition (%)	39.8	37.7	35.4	32.0	30.9	31.4	29.8	28.9	28.0	27.4	29.7	33.1

Source: Company, PL

Financials

Income Statement (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Net Revenues	**95,564**	**112,806**	**127,972**	**145,628**
YoY gr. (%)	*19.7*	*18.0*	*13.4*	*13.8*
Cost of Goods Sold	55,903	64,187	72,560	82,280
Gross Profit	39,661	48,618	55,412	63,348
Margin (%)	*41.5*	*43.1*	*43.3*	*43.5*
Employee Cost	-	-	-	-
Other Expenses	24,099	30,030	33,657	38,116
EBITDA	**15,562**	**18,588**	**21,755**	**25,232**
YoY gr. (%)	*28.9*	*19.4*	*17.0*	*16.0*
Margin (%)	*16.3*	*16.5*	*17.0*	*17.3*
Depreciation and Amortization	4,341	4,825	5,503	6,262
EBIT	**11,221**	**13,763**	**16,253**	**18,970**
Margin (%)	*11.7*	*12.2*	*12.7*	*13.0*
Net Interest	1,815	1,971	1,917	1,917
Other Income	75	147	128	146
Profit Before Tax	**9,481**	**11,939**	**14,463**	**17,198**
Margin (%)	*9.9*	*10.6*	*11.3*	*11.8*
Total Tax	1,754	2,340	2,893	3,440
Effective Tax Rate (%)	*18.5*	*19.6*	*20.0*	*20.0*
Profit After Tax	**7,726**	**9,599**	**11,570**	**13,758**
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**7,726**	**9,599**	**11,570**	**13,758**
YoY gr. (%)	*31.9*	*24.2*	*20.5*	*18.9*
Margin (%)	*8.1*	*8.5*	*9.0*	*9.4*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**8,709**	**10,316**	**11,570**	**13,758**
YoY gr. (%)	*51.0*	*18.5*	*12.2*	*18.9*
Margin (%)	*9.1*	*9.1*	*9.0*	*9.4*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	8,709	10,316	11,570	13,758
Equity Shares O/s (mn)	**690**	**691**	**691**	**691**
EPS (INR)	**11.2**	**13.9**	**16.7**	**19.9**

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Non-Current Assets				
Gross Block	**28,456**	**31,941**	**35,643**	**39,377**
Tangibles	28,456	31,941	35,643	39,377
Intangibles	-	-	-	-
Acc: Dep / Amortization	**16,794**	**21,620**	**27,123**	**33,385**
Tangibles	16,794	21,620	27,123	33,385
Intangibles	-	-	-	-
Net Fixed Assets	**13,013**	**11,673**	**9,872**	**7,344**
Tangibles	11,662	10,322	8,521	5,992
Intangibles	1,351	1,351	1,351	1,351
Capital Work In Progress	299	299	299	299
Goodwill	42,655	42,655	42,655	42,655
Non-Current Investments	658	658	658	658
Net Deferred Tax Assets	2,024	2,024	2,024	2,024
Other Non-Current Assets	5,042	5,928	6,710	7,635
Current Assets				
Investments	502	502	502	502
Inventories	-	-	-	-
Trade Receivables	20,786	23,451	26,541	30,203
Cash & Bank Balance	2,693	3,362	5,368	8,912
Other Current Assets	3,643	3,958	4,479	5,097
Total Assets	**93,200**	**96,397**	**100,994**	**107,215**
Equity				
Equity Share Capital	6,970	6,970	6,970	6,970
Other Equity	36,875	38,153	40,391	43,779
Total Networth	**43,845**	**45,123**	**47,361**	**50,749**
Non-Current Liabilities				
Long Term Borrowings	1,897	1,897	1,897	1,897
Provisions	-	-	-	-
Other Non Current Liabilities	10,783	10,783	10,783	10,783
Current Liabilities				
ST Debt / Current of LT Debt	17,478	17,278	17,078	16,878
Trade Payables	5,579	6,561	7,425	8,449
Other Current Liabilities	11,728	12,865	14,560	16,569
Total Equity & Liabilities	**93,200**	**96,397**	**100,994**	**107,215**

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
PBT	8,498	11,939	14,463	17,198
Add. Depreciation	4,341	4,825	5,503	6,262
Add. Interest	1,815	1,971	1,917	1,917
Less Financial Other Income	75	147	128	146
Add. Other	2,465	(147)	(128)	(146)
Op. Profit before WC Changes	17,119	18,588	21,755	25,232
Net Changes-WC	(3,082)	(1,748)	(1,833)	(2,172)
Direct Tax	(1,897)	(2,340)	(2,893)	(3,440)
Net Cash from Op. Activities	**12,140**	**14,500**	**17,030**	**19,620**
Capital Expenditures	(3,963)	(3,392)	(3,609)	(3,641)
Interest / Dividend Income	41	147	128	146
Others	(602)	-	-	-
Net Cash from Invt. Activities	**(4,524)**	**(3,246)**	**(3,481)**	**(3,495)**
Issue of Share Cap. / Premium	(500)	-	-	-
Debt Changes	2,019	(200)	(200)	(200)
Dividend Paid	(3,801)	(7,605)	(9,333)	(10,370)
Interest Paid	(1,788)	(1,971)	(1,917)	(1,917)
Others	(2,597)	(93)	(93)	(93)
Net Cash from Fin. Activities	**(6,668)**	**(9,868)**	**(11,543)**	**(12,580)**
Net Change in Cash	**1,044**	**669**	**2,006**	**3,545**
Free Cash Flow	10,183	11,108	13,421	15,979

Source: Company, PL

Quarterly Financials (INR mn)

Y/e Mar	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Net Revenues	**23,122**	**24,431**	**25,835**	**27,249**
YoY gr. (%)	*20.1*	*16.2*	*19.5*	*22.9*
Raw Material Expenses	13,618	14,312	14,766	15,316
Gross Profit	9,504	10,119	11,068	11,933
Margin (%)	*41.1*	*41.4*	*42.8*	*43.8*
EBITDA	**3,760**	**4,027**	**4,304**	**4,513**
YoY gr. (%)	*30.9*	*26.8*	*29.3*	*30.0*
Margin (%)	*16.3*	*16.5*	*16.7*	*16.6*
Depreciation / Depletion	1,096	1,112	1,161	1,146
EBIT	**2,665**	**2,915**	**3,143**	**3,367**
Margin (%)	*11.5*	*11.9*	*12.2*	*12.4*
Net Interest	428	433	520	518
Other Income	(13)	36	(17)	61
Profit before Tax	**2,224**	**2,518**	**2,606**	**2,910**
Margin (%)	*9.6*	*10.3*	*10.1*	*10.7*
Total Tax	448	313	554	534
Effective Tax Rate (%)	*20.2*	*12.4*	*21.2*	*18.4*
Profit After Tax	**1,776**	**2,205**	**2,052**	**2,376**
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**1,776**	**2,205**	**2,052**	**2,376**
YoY gr. (%)	*28.5*	*45.5*	*27.7*	*40.3*
Margin (%)	*7.7*	*9.0*	*7.9*	*8.7*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**1,757**	**3,206**	**2,052**	**3,093**
YoY gr. (%)	*27.1*	*124.7*	*27.7*	*82.7*
Margin (%)	*7.6*	*13.1*	*7.9*	*11.4*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**1,757**	**3,206**	**2,052**	**3,093**
Avg. Shares O/s (mn)	690	692	691	691
EPS (INR)	**2.6**	**3.2**	**3.0**	**3.4**

Source: Company, PL

Key Financial Metrics

Y/e Mar	FY26	FY27E	FY28E	FY29E
Per Share (INR)				
EPS	11.2	13.9	16.7	19.9
CEPS	17.5	20.9	24.7	29.0
BVPS	63.5	65.3	68.5	73.4
FCF	14.8	16.1	19.4	23.1
DPS	10.9	11.0	13.5	15.0
Return Ratio (%)				
RoCE	15.3	17.4	19.9	22.3
ROIC	11.2	13.1	14.8	16.3
RoE	18.2	21.6	25.0	28.0
Balance Sheet				
Net Debt : Equity (x)	0.4	0.3	0.3	0.2
Net Working Capital (Days)	58	55	55	55
Valuation (x)				
PER	23.2	18.7	15.5	13.0
P/B	4.1	4.0	3.8	3.5
P/CEPS	14.8	12.4	10.5	9.0
EV/EBITDA	12.6	10.5	8.9	7.5
EV/Sales	2.0	1.7	1.5	1.3
Dividend Yield (%)	4.2	4.2	5.2	5.8
FCFF Yield (%)	5.7	6.2	7.5	8.9
PEG Ratio	0.7	0.8	0.8	0.7

Source: Company, PL

Key Operating Metrics

Y/e Mar	FY26	FY27E	FY28E	FY29E
Revenue (USD mn)	1,081	1,189	1,313	1,456

Source: Company, PL

Sagility (SAGILITY IN)

Initiating Coverage

September 02, 2026

Scaling the US healthcare outsourcing value chain

Quick Pointers

- Sustains growth momentum by expanding wallet share in all client cohorts
- Adj & reported EBITDA margin to converge by FY29E

We initiate coverage on Sagility (SAGILITY) with BUY rating and TP of INR 60, valuing at 18x Sept. FY28E P/E. SAGILITY is a pure-play, US-based healthcare-focused BPO, providing services to healthcare payers (~90% of revenue) and providers (~10%). The company's USD revenue grew at a strong 16.6% CAGR over FY23–26, supported partly by focused acquisitions that broadened its capabilities and clients base, while strategic mining of the non-top 10 client portfolio has helped reduce top 10 clients' concentration from ~92% in FY24 to ~84% in FY26. We believe SAGILITY is well positioned to sustain its growth momentum as rising MLRs among payers and increasing cost pressures on providers drives greater outsourcing opportunity. SAGILITY's end-to-end healthcare capabilities enable it to capture a broader share of this opportunity. We estimate USD revenue/adj EBITDA/PAT CAGR of 12.5%/17.0%/22.3% over FY26–29E, driven by sustained growth, increasing wallet share and gradual margin improvement. Initiate with 'BUY'.

Non-top 10 clients emerging as primary growth driver: Diversification of SAGILITY's client portfolio has led to revenue from non-top 10 clients growing at 40.0% CAGR during FY23–26, nearly 3x the growth of top 10 clients. Continued wallet-share expansion within the top 10 accounts provides a stable growth base, while the non-top 10 cohort is transitioning from rapid client additions toward deeper monetization of its expanding client base.

Payer cost pressure – A structural tailwind for outsourcing demand: US payer profitability is under sustained pressure, with median MLR across SAGILITY's 6 major payer clients rising 620bps to 90.1% in 2025, increasing the need to reduce admin costs. This creates a structural outsourcing tailwind across claims, utilization management, payment integrity and member engagement.

Building a scalable healthcare BPaaS platform through disciplined acquisitions: SAGILITY's disciplined, capability-led acquisitions have expanded its service portfolio, technology capabilities and client base, transforming it into a technology-enabled healthcare BPaaS platform. BroadPath has added 30+ mid-market payer relationships, while CareSeed has added ~30 health plan relationships, alongside capabilities in payment integrity, GenAI, HEDIS and risk adjustment, collectively broadening SAGILITY's TAM.

Provider segment at inflection point: SAGILITY's Provider segment is emerging as an underappreciated growth engine, growing at 20.9% CAGR over FY23–26, ahead of company and Payer growth, while contributing only ~10% to revenue. Rising provider admin costs and healthcare complexity should sustain outsourcing demand, supporting above-company growth and greater Provider contribution in the medium term.

Key Data

Key Data	SAGL.BO | SAGILITY IN
BSE Code	544282
NSE Code	SAGILITY
52-W High / Low	INR 57 / INR 35
Face Value	10
Sensex / Nifty	76,133 / 23,779
Market Cap	INR 215 bn / $ 2,276 mn
Shares Outstanding	4681.33 mn
3M Avg. Daily Value	INR 1,099.71 mn

Shareholding Pattern (%)

Promoters	50.95
FIIs	9.99
Mutual Funds	13.45
Domestic Institutions	7.97
Public & Others	17.64
Promoter's Pledge (INR bn)	110.77

Stock Performance (%)

	1M	3M	6M	12M
Absolute	5.2	14.8	17.2	7.0
Relative	8.5	12.0	21.5	13.4

Key Financials - Consolidated

Y/e Mar	FY26	FY27E	FY28E	FY29E
Sales (INR mn)	71,929	86,794	100,891	116,077
EBITDA (INR mn)	17,604	21,095	25,050	29,076
Margin (%)	*24.5*	*24.3*	*24.8*	*25.0*
PAT (INR mn)	9,575	11,301	14,192	16,701
EV (INR mn)	214,143	204,700	191,105	174,319
Total Debt (INR mn)	5,776	-	-	-
C&C Eq. (INR mn)	5,679	3,346	6,941	8,727
EPS (INR)	2.0	2.4	3.0	3.5
Gr. (%)	*73.0*	*18.0*	*25.6*	*17.7*
DPS (INR)	0.2	0.2	0.2	0.3
Yield (%)	*0.3*	*0.4*	*0.5*	*0.6*
RoE (%)	*10.6*	*11.1*	*12.5*	*13.1*
RoCE (%)	*9.9*	*11.1*	*12.3*	*12.7*
EV/Sales (x)	3.0	2.4	1.9	1.5
EV/EBITDA (x)	12.2	9.7	7.6	6.0
PE (x)	22.7	19.2	15.3	13.0
P/BV (x)	2.3	2.0	1.8	1.6

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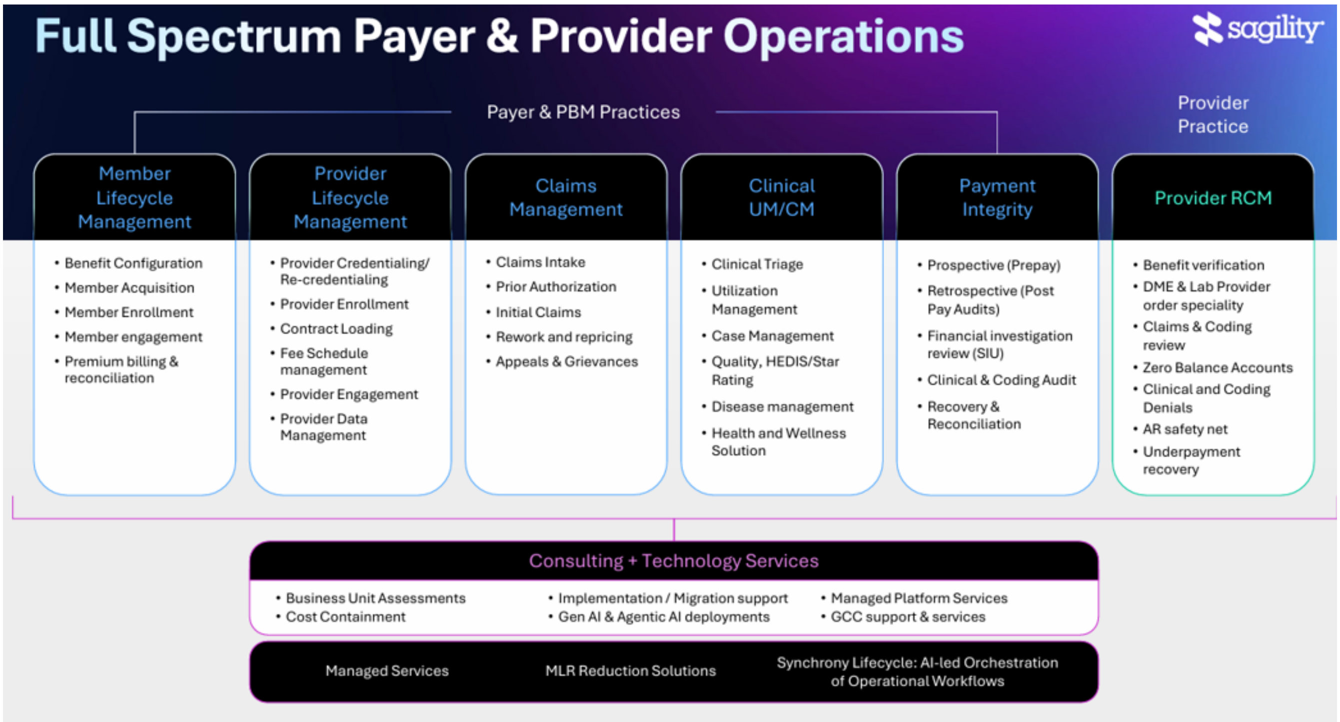
Company Overview

SAGILITY: Pure-play healthcare BPM set for AI-led care transformation

SAGILITY is a pure play, US-based healthcare-focused BPM services provider. Clients include payers (US health insurance companies, which finance and reimburse the cost of health services) and providers (primarily hospitals, physicians, and diagnostic and medical devices companies). SAGILITY serves a complex and high-stakes industry where deep domain understanding is essential, which is reflected in strong client relationships and outcomes. With over 2 decades of domain expertise and a comprehensive suite of solutions, it continues to help healthcare organizations navigate complexity, improve operational efficiency, and enhance member and patient experiences. SAGILITY serves over 80 healthcare clients, including 7 of the top 10 payers in the US, with average client tenure spanning 18 years.

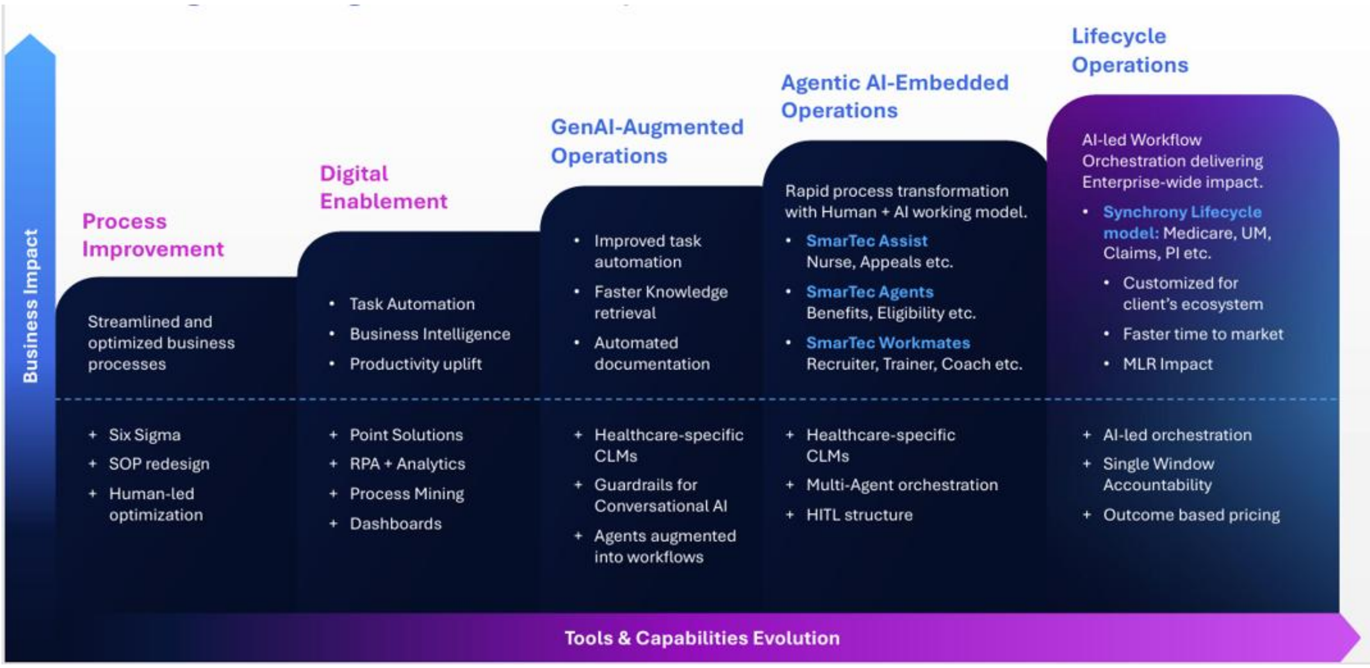
SAGILITY maintains a scalable, multi-shore delivery network across 5 countries – India, Philippines, Jamaica, Colombia, and the US – having a talent team of operations specialists, technologists, data scientists, AI engineers, and clinical experts. Its service capabilities span across claims management, payment integrity, revenue cycle management, clinical services, and member & provider engagement, bringing deep expertise across the healthcare value chain.

Exhibit 86: End-to-end service offerings



Source: Company, PL

Exhibit 87: Capabilities powering growth



Source: Company, PL

Strengthening of strategic client partnerships

SAGILITY's relationships are not static; they are evolving continuously. As clients grow, pivot, and innovate to meet the demands of a dynamic healthcare landscape, SAGILITY supports them by scaling, adapting, and co-creating solutions that move the industry forward. Where enterprise systems are required, SAGILITY pursues a partnership-first strategy with trusted vendors. It has built a partnership-led ecosystem to strengthen its AI, cloud, analytics, and healthcare capabilities, rather than relying solely on in-house development.

Exhibit 88: Partnership ecosystem

Source: Company, PL

SAGILITY's technology strategy combines proprietary capabilities with the partnership ecosystem to enable scalable, intelligence-driven operations. The approach is built on a partnership-first model for enterprise platforms, complemented by internally developed, domain-rich capabilities that embed intelligence within workflows. This model is built on:

- System of intelligence, which processes fragmented data into actionable insights
- System of orchestration and action, which translates intelligence into coordinated execution

These capabilities are further strengthened through assets such as CoreIQ, SmarTec agents, and modular frameworks that enable faster solution deployment and consistent application across use cases. This combined approach allows SAGILITY to move beyond isolated automation toward integrated, AI-led operating models that deliver improved decision-making, execution speed, and measurable outcomes.

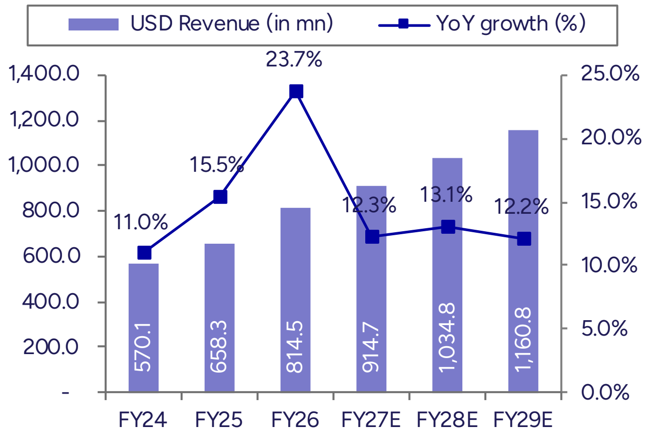
Exhibit 89: Strategic Acquisitions to expand TAM

Acquired company	Year	Acquisition rationale
Careseed LLC	FY27	Strengthens its healthcare analytics capabilities and expand into quality measurement and risk adjustment solutions. The acquisition adds a proven, NCQA-certified HEDIS reporting platform with a strong presence among 30 mid-sized US health plans, enhancing SAGILITY's position in the payer ecosystem.
Broadpath Global	FY25	Broadens its client base, add new capabilities, and deepen its presence in the US healthcare market. The deal brings over 30 new clients and strengthens SAGILITY's positioning among the top ten US health plans. It also provides cross-sell opportunities across mid-market payers, TPAs, PBMs, and providers..
Birch Technologies	FY24	Integrates cloud-based GenAI customer support capabilities into its healthcare operations. The acquisition enhances SAGILITY's ability to deliver AI-driven call and workflow optimization solutions, supporting operational cost efficiencies and revenue growth
Devlin Consulting Inc	FY23	Deepens presence in the US payer segment by adding specialized payment integrity and audit solutions. The acquisition enhances SAGILITY's ability to identify and prevent claim payment leakages for health plans, strengthens its analytics-led service portfolio, and expands long-term payer relationships
Indian healthcare services business of HGS	FY22	To consolidate and scale its healthcare BPM operations by integrating a mature delivery platform serving US payer and provider clients. The transaction provided SAGILITY with an established talent base, operational infrastructure, and ongoing client programs
Jamaican healthcare services business of HGS	FY22	To strengthen and diversify its global delivery footprint for US healthcare clients. The acquisition provided SAGILITY with an established nearshore delivery center, enabling improved service accessibility, time zone alignment, and operational continuity for payer and provider clients
Sagility Holdings Inc (US) (formerly Betaine Bidco Inc (US))	FY22	HGS international entered into stock sale and purchase agreement to transfer the ownership of all the issued and outstanding shares of Sagility Operations Inc (formerly HGS healthcare operations)
Philippines healthcare services business of HGS	FY22	To expand and diversify its global delivery network for US healthcare clients. The Philippines center provided an established, large-scale offshore delivery capability with strong healthcare process talent

Source: Company, PL

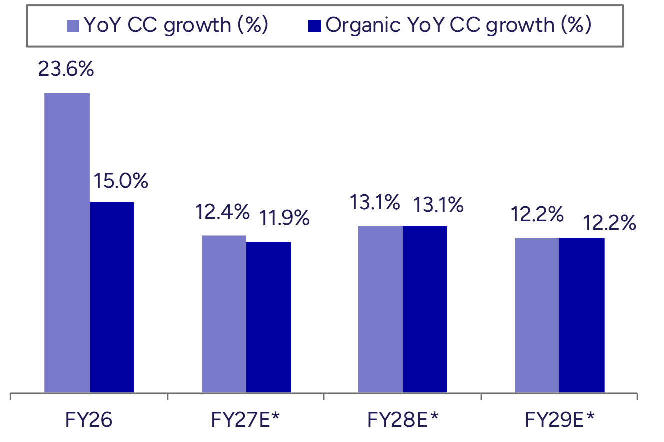
Story in Charts

Exhibit 90: Revenue to clock 12.5% CAGR in FY26-29E



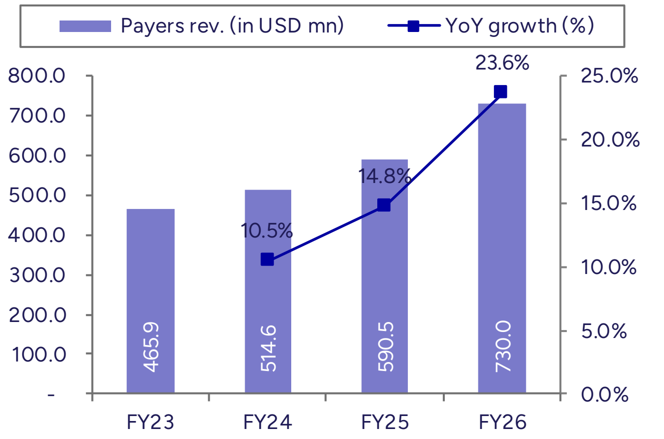
Source: Company, PL

Exhibit 91: Organic growth to continue in double digits



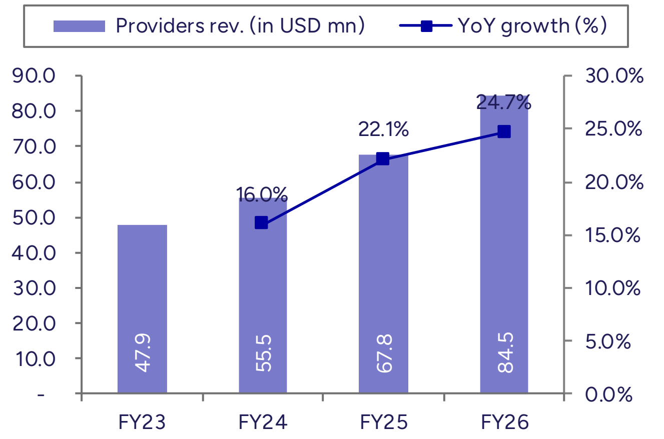
Source: Company, PL (our assumptions)

Exhibit 92: Payers segment grew by 16.1% CAGR in FY23-26



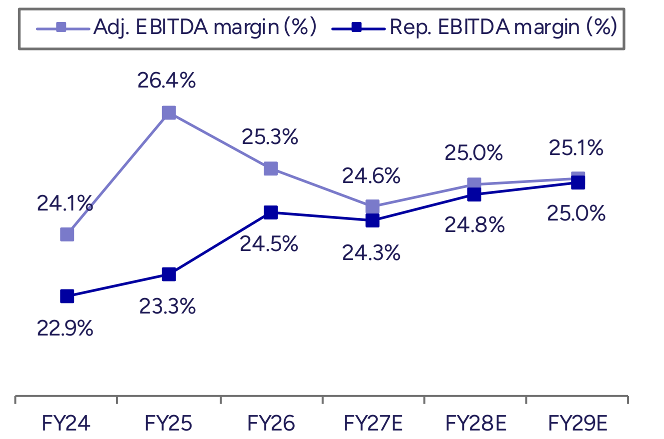
Source: Company, PL

Exhibit 93: Providers segment grew by 20.9% CAGR in FY23-26



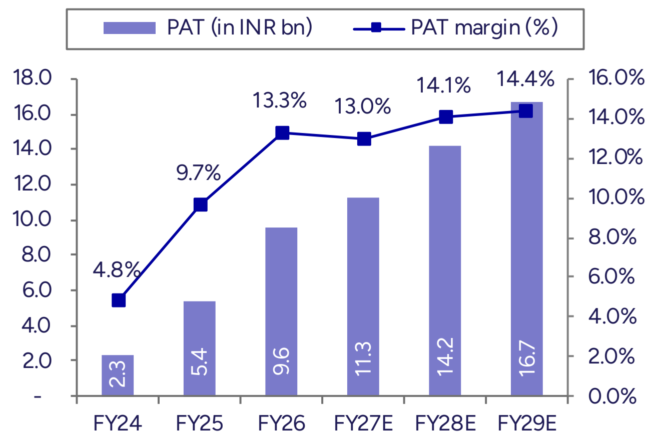
Source: Company, PL

Exhibit 94: Adj & reported EBITDA margin to largely converge in FY29E



Source: Company, PL

Exhibit 95: PAT to clock 22.6% CAGR in FY26-29E



Source: Company, PL

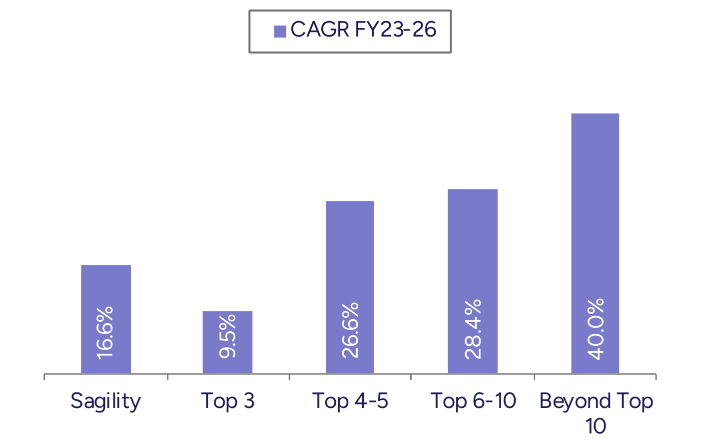
Investment Rationale

Client diversification – Non-top-10 clients emerging as primary growth driver

The non-top 10 portfolio has grown substantially faster than top 10 clients– revenue rising from US$47.8mn to US$131.1mn, at 40.0% CAGR from FY23-26 aided by acquisitions and client scaling

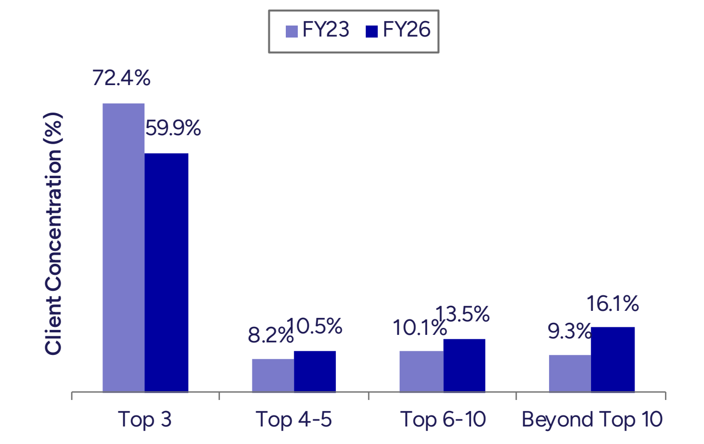
SAGILITY's reported FY23–26 revenue CAGR of 16.6% marks a significant divergence in growth across its client portfolio. Revenue from the top 10 clients increased from US$466.0mn in FY23 to US$683.4mn in FY26 –13.6% CAGR – with average revenue per top 10 client rising from US$46.6mn to US$68.3mn, YoY growth accelerating from 11.8% in FY24 to 14.7%. This demonstrates continued wallet-share expansion within SAGILITY's largest relationships and underscores the resilience of its core franchise. The non-top 10 portfolio, however, has grown substantially faster – revenue rising from US$47.8mn to US$131.1mn, at 40.0% CAGR, with average revenue per client up 89.3% YoY in FY26 alone (to US$1.8mn from US$1.0mn in FY25) after 2 years of dilution from rapid client additions.

Exhibit 96: Non-top 3 clients drive growth



Source: Company, PL

Exhibit 97: Top clients' concentration reducing

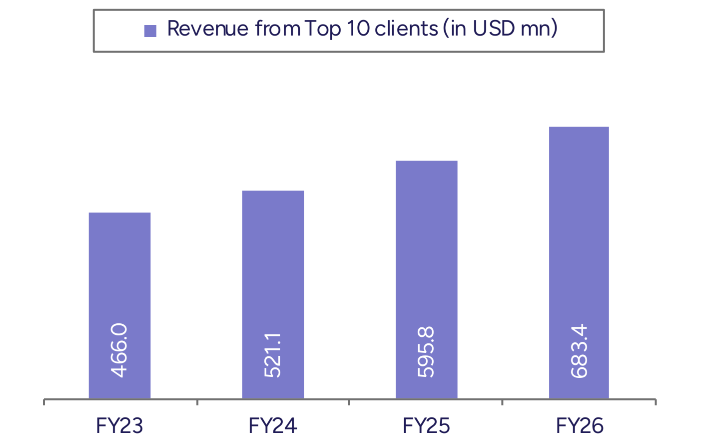


Source: Company, PL

The client base expanded from 25 to 72 accounts over FY23–26

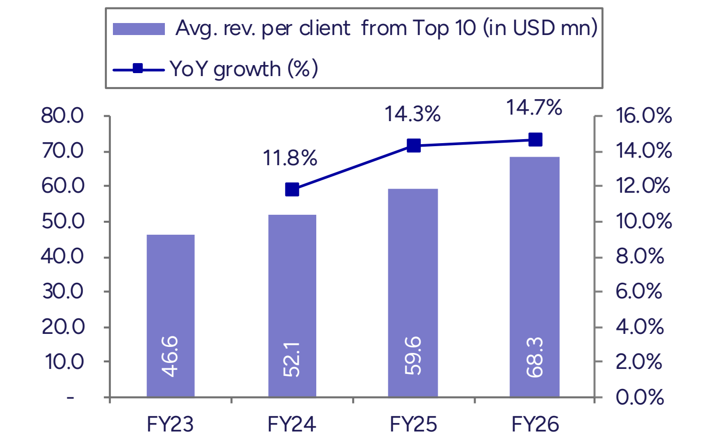
This trajectory reflects 2 distinct phases. The client base expanded from 25 to 72 accounts over FY23–26, with the bulk of additions (31) concentrated in FY25 as BroadPath integration diluted average revenue per client to US$1.0mn that year (Exhibit 101), as newly acquired, single-practice-area relationships entered below the existing average. FY26 marks the inflection: with only 7 net additions, average revenue per client nearly doubled to US$1.8mn, still modestly below the FY23 base of US$1.9mn, but the clearest evidence that cross-selling into the enlarged client base, rather than further logo accumulation, is now the primary growth driver within this cohort.

Exhibit 98: Top 10 clients' revenue mix growing steadily



Source: Company, PL

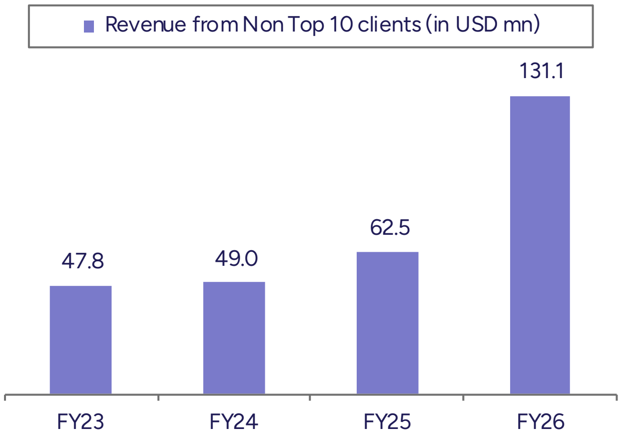
Exhibit 99: Avg revenue per top 10 clients also steadily growing



Source: Company, PL

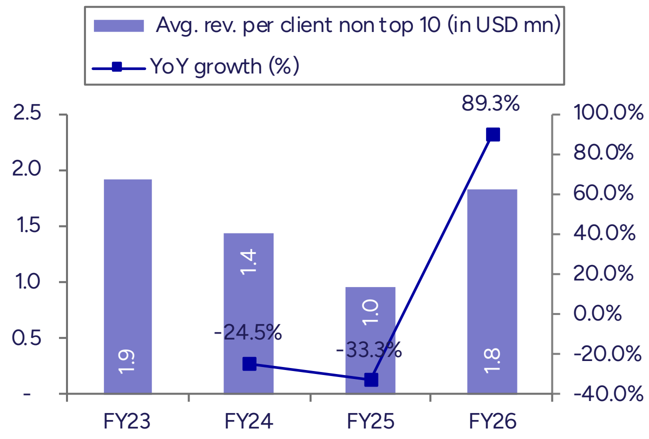
The practice area penetration data confirms substantial headroom. Within the ~30 mid-market accounts added through BroadPath, 63% (30 clients) use only 1 of SAGILITY's 5 practices, 20% (13 clients) use 2, and just 4.6% (3 clients) have adopted all 5. Given SAGILITY's breadth across member and provider lifecycle management, claims management, clinical UM/CM, and payment integrity, this low penetration represents the clearest visible runway for wallet-share expansion over the next 2–3 years. The broader mid-market cohort, which includes select accounts beyond the non-top 10 definition, grew 28.5% YoY to US$166mn on a TTM Dec'25 basis, providing early confirmation that this cross-selling thesis is converting into revenue. The addition of 17 new organic logos in FY26, together with CareSeed's roughly 30 additional mid-sized health plan relationships, further expands the pool of under-penetrated accounts available for future cross-selling.

Exhibit 100: Revenue from non-top 10 growing at robust pace



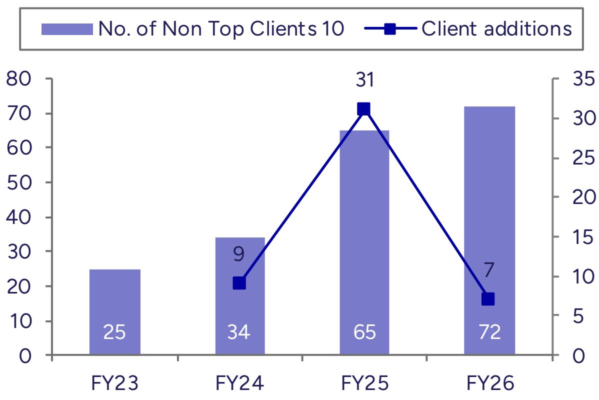
Source: Company, PL

Exhibit 101: Scaling of non-top 10 clients improving



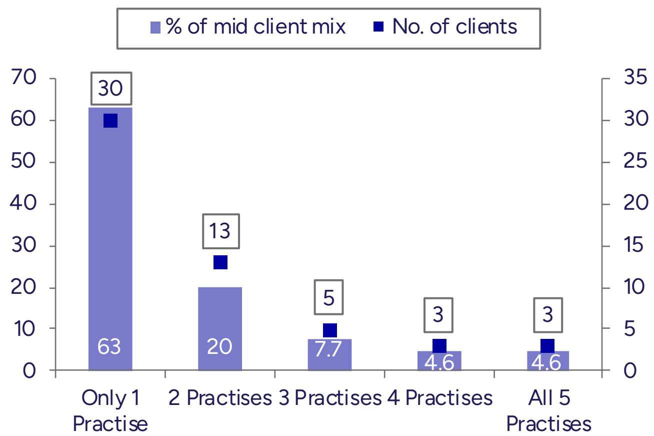
Source: Company, PL

Exhibit 102: Acquisitions aid in client additions



Source: Company, PL

Exhibit 103: Strong opportunity for expansion in mid-clients mix



Source: Company, PL

We view this as 2 complementary and simultaneously active growth engines: continued wallet-share expansion within strategic top 10 accounts (14.7% YoY per-client growth in FY26) alongside a non-top 10 cohort now compounding at nearly 3x the top 10 rate, with per-client monetization only beginning to recover from BroadPath-related dilution. If the non-top 10 cohort sustains even half its FY26 per-client growth rate as practice-area penetration deepens, its contribution to total company revenue could approach 20–22% by FY28 from current 16.1%, meaningfully improving the durability and diversification of SAGILITY's organic growth profile without any deceleration required in the core franchise.

Payer cost pressure – A structural tailwind for outsourcing demand

The median MLR across SAGILITY's 6 major payer clients has risen from 83.9% in 2018 to 90.1% in CY25

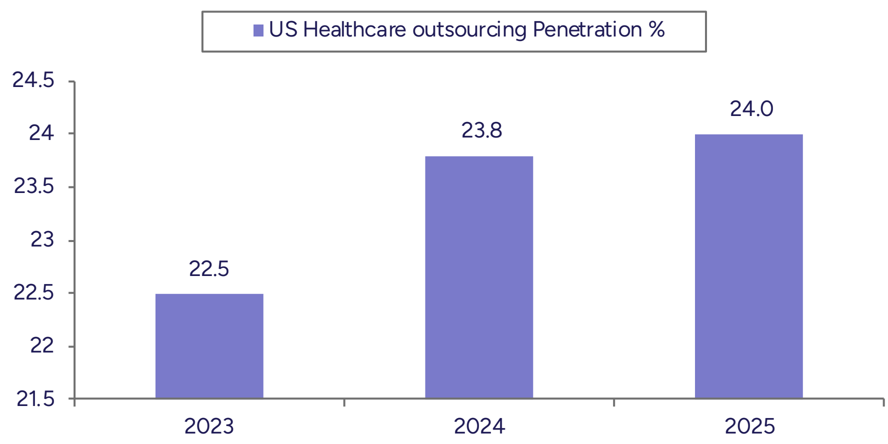
The US managed healthcare industry is experiencing a sustained deterioration in underwriting profitability that is structurally favorable for SAGILITY's outsourcing business. The median MLR across SAGILITY's 6 major payer clients has risen from 83.9% in 2018 to 90.1% in CY25 – a 620bps compression in 7 years – with the steepest deterioration concentrated in 2023–25 as post-pandemic utilization normalized at permanently higher levels. At the individual payer level, the pressure is acute: CVS Aetna peaked at 92.5% in 2024, Centene reached 91.9% in 2025, Humana has sustained above 89% for 2 consecutive years, and even United Health, historically the most disciplined operator, saw its MLR expand to 89.1% in 2025 from 82.2% in 2022.

Exhibit 104: MLR has increased drastically in recent years for top payers in the US

MLR	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24	CY25	1H2026
United Health	81.8%	82.1%	81.6%	82.4%	79.1%	82.7%	82.2%	83.2%	85.5%	89.1%	88.1%
Humana	84.9%	83.0%	83.5%	85.6%	83.1%	87.1%	86.6%	87.3%	89.8%	90.2%	90.2%
CVS Aetna	84.5%	85.1%	85.8%	83.9%	80.9%	85.7%	84.0%	86.2%	92.5%	91.2%	86.0%
Elevance Health	86.4%	86.8%	84.2%	87.2%	84.6%	87.0%	87.0%	87.0%	88.5%	90.0%	89.7%
Cigna	81.3%	81.9%	78.9%	80.9%	78.3%	84.0%	81.9%	81.3%	83.2%	84.4%	82.2%
Centene		86.8%	87.5%	87.6%	86.2%	88.5%	87.9%	87.7%	88.3%	91.9%	89.6%
Median	**84.5%**	**84.1%**	**83.9%**	**84.8%**	**82.0%**	**86.4%**	**85.3%**	**86.6%**	**88.4%**	**90.1%**	**88.9%**

Source: Company, PL

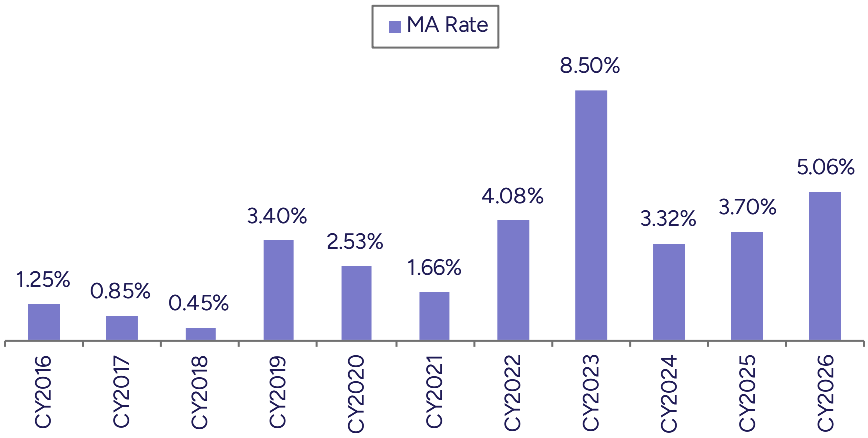
Exhibit 105: Outsourcing increasing in US healthcare to manage rising costs



Source: Sagility RHP, PL

The structural driver behind this deterioration is the persistent mismatch between MA reimbursement rates and underlying medical cost inflation. CMS MA rates averaged just 2.1% per annum over 2016–22 – well below medical cost trend of 4–6% annually – before a partial correction in 2022–23 (4.08% and 8.50%, respectively) that proved insufficient to offset the concurrent surge in post-COVID utilization. Rates have since stabilized at 3.32–5.06% in 2024–26, but with medical costs now structurally elevated, the relief has been incomplete. The consequence is that the largest MA sponsors – United Health, Humana, CVS Aetna, and Elevance – are simultaneously managing membership growth ambitions against significantly compressed unit economics, creating sustained pressure to reduce the administrative cost base.

Exhibit 106: MA rate increase is not linear to increasing MLR for payers



Source: CMS, PL

This dynamic is the most direct and durable demand driver for SAGILITY's services. When health plan operating margins compress, administrative outsourcing is not discretionary – it is the primary lever available to management. Unlike technology capital expenditure or network renegotiation, which carry multi-year implementation timelines, outsourcing of claims processing, utilization management, payment integrity, and member engagement can be contracted and ramped within months, with cost savings visible within the same budget year. The correlation is evident in SAGILITY's recent performance: as payer MLRs inflected sharply from 2022, SAGILITY's organic CC revenue growth accelerated from 10.5% in FY24 to 14.9% in FY25 and 15.0% in FY26 – with the pipeline and ACV data suggesting the demand environment remains favorable heading into FY27.

Exhibit 107: **Operating margin of top payers impacted by high MLR**

Operating margin	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24	CY25
United Health	7.0%	7.6%	7.7%	8.1%	8.7%	8.3%	8.8%	8.7%	8.1%	4.2%
Humana	3.2%	7.9%	5.4%	4.9%	6.5%	3.8%	4.1%	3.8%	2.2%	2.1%
CVS Aetna	5.8%	5.2%	2.1%	4.7%	5.2%	4.5%	2.5%	3.8%	2.3%	1.2%
Elevance Health	6.5%	5.5%	6.8%	6.9%	6.1%	6.7%	5.9%	5.7%	5.5%	4.4%
Cigna	10.6%	9.4%	8.6%	5.3%	5.1%	4.6%	4.7%	4.4%	3.8%	3.3%
Centene	3.1%	2.5%	2.4%	2.4%	2.8%	1.4%	0.9%	1.9%	2.0%	-3.9%
Median	**6.2%**	**6.5%**	**6.1%**	**5.1%**	**5.6%**	**4.5%**	**4.4%**	**4.1%**	**3.0%**	**2.7%**

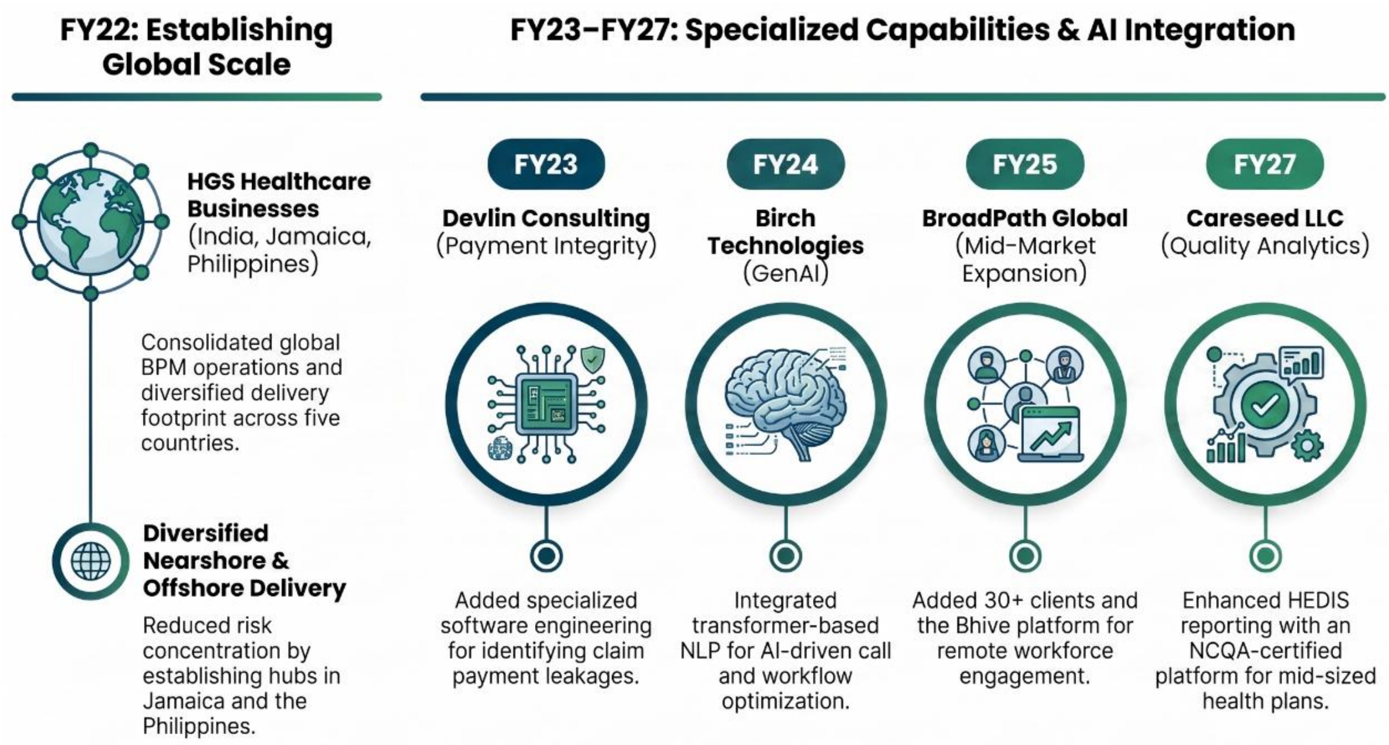
Source: Company, PL

Critically, this is not a cyclical tailwind contingent on MLR normalization reversing. Even if payer profitability recovers modestly as CMS rate adjustments and benefit redesign take effect, the operational complexity of running a MA plan – Star compliance, HEDIS reporting, prior authorization under the new CMS PA Rule, HCC risk adjustment – continues to intensify regardless of the MLR environment. Health plans that have begun outsourcing administrative and clinical workflows rarely insource them; the embedded nature of vendor relationships, compliance infrastructure, and system integrations makes reversal structurally unattractive. The MLR crisis accelerated the outsourcing decision; the regulatory and operational complexity of US healthcare ensures the relationship is durable once established.

Building a scalable healthcare BPaaS platform through disciplined acquisitions

SAGILITY has pursued a highly disciplined, capability-led acquisition strategy that has fundamentally transformed the company from a scaled healthcare BPM provider into an integrated, technology-enabled healthcare BPaaS platform. Rather than pursuing acquisitions purely for scale, the management has systematically acquired capabilities, technologies and customer relationships that would have taken years to build organically. Each acquisition has addressed a specific strategic gap–expanding delivery capabilities, strengthening domain expertise, accelerating digital transformation, broadening the client base and increasing participation in higher value healthcare workflows. As a result, SAGILITY today competes across a materially larger addressable market with a significantly broader value proposition than it did at inception.

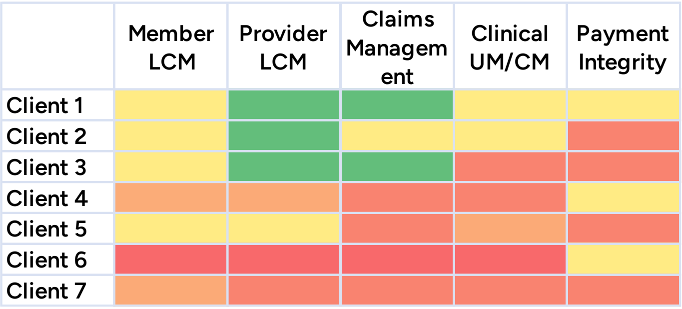
Exhibit 108: Focused acquisitions has expanded TAM, capabilities & client penetration



Source: Company, NotebookLM, PL

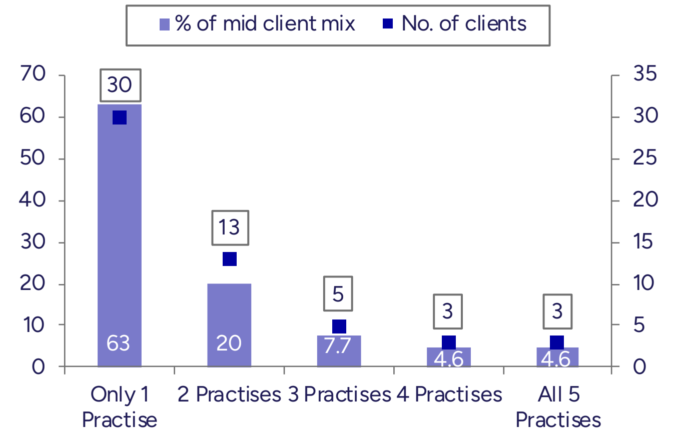
The foundation of this strategy was established through the acquisition of HGS' healthcare businesses across India, the US, the Philippines and Jamaica in FY22. These transactions created the operating backbone of the company by providing a scaled global delivery platform, an experienced healthcare workforce, long-standing payer and provider relationships, and deep domain expertise across healthcare operations. Beyond providing immediate scale, these acquisitions have diversified SAGILITY's delivery footprint across offshore and nearshore locations, improving service resiliency, operational flexibility and cost competitiveness while creating a platform capable of supporting long-term growth across the US healthcare market.

Exhibit 109: Top clients still have potential for wallet expansion



Source: Company, PL Note – Green (High exposure), Yellow (Mid exposure), Orange (Low exposure)

Exhibit 110: Mid clients: Massive scope for cross-sell & upsell



Source: Company, PL

After establishing the delivery platform, the management shifted its focus toward expanding solution depth and technology differentiation. The acquisition of Devlin Consulting strengthened SAGILITY's Payment Integrity franchise by adding proprietary audit platforms, advanced claims analytics and outcome-based payment integrity capabilities, enabling the company to capture a larger share of healthcare cost-containment spending. Birch Technologies accelerated SAGILITY's AI strategy through cloud-native GenAI, NLP and intelligent customer engagement capabilities, embedding AI across member engagement, provider interactions and healthcare workflows. Acquired most recently, CareSeed significantly expands SAGILITY's presence in healthcare quality measurement, HEDIS reporting, Stars performance and risk adjustment–adjacent, high-value segments that are becoming increasingly critical as US healthcare transitions toward value-based care. Collectively, these acquisitions have materially expanded SAGILITY's technology stack and increased its ability to deliver higher value, platform-led solutions.

These acquisitions have significantly broadened SAGILITY's presence within the fragmented mid-market payer ecosystem

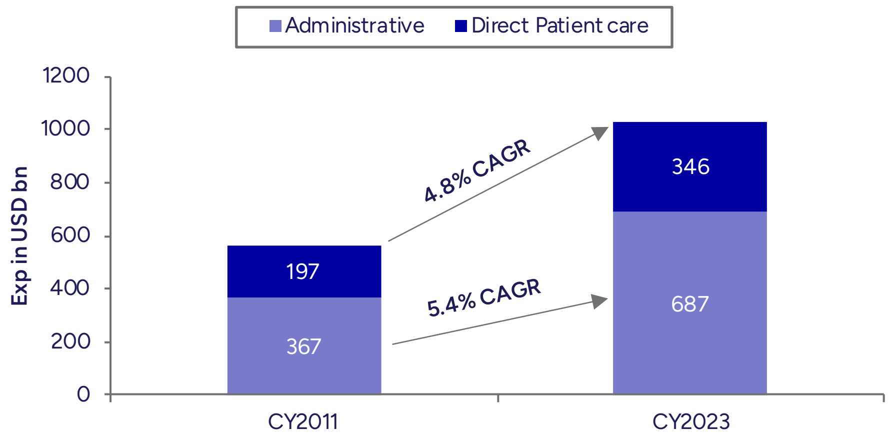
The acquisition of BroadPath represents an equally important strategic milestone by expanding SAGILITY's addressable customer base. Historically, the company has maintained strong relationships with large national health plans; however, BroadPath provides access to more than 30 additional regional and mid-market payers, while also strengthening relationships across TPAs, PBMs and healthcare providers. In addition, BroadPath introduced new capabilities, including member acquisition, provider enrollment and credentialing, while its proprietary Bhive platform enhances remote workforce engagement and operational efficiency. Combined with CareSeed's relationships across ~30 mid-sized health plans, these acquisitions have significantly broadened SAGILITY's presence within the fragmented mid-market payer ecosystem–a segment that remains substantially underpenetrated but offers attractive long-term outsourcing potential.

We believe the strategic significance of these acquisitions extends well beyond incremental revenue contribution. Collectively, they have expanded SAGILITY along 5 structural growth vectors: (1) a broader service portfolio spanning payment integrity, quality measurement, member acquisition, provider operations and AI-enabled engagement; (2) a materially larger addressable market through expansion into regional health plans, TPAs, PBMs and adjacent healthcare workflows; (3) deeper technology differentiation through proprietary platforms, advanced analytics and GenAI capabilities; (4) greater cross-selling opportunities that increase wallet share across existing payer relationships; and (5) a diversified global delivery model that improves scalability and operating leverage. These strategic enhancements reinforce one another, creating a stronger competitive position than any single acquisition could have delivered independently.

Provider segment at inflection point

SAGILITY's Provider segment is emerging as an underappreciated growth engine, with revenue increasing from US$47.9mn in FY23 to US$84.5mn in FY26, implying 20.9% CAGR, materially ahead of the company's 16.6% consolidated growth and 16.1% CAGR for the Payer segment. Despite this outperformance, Provider's contribution to revenue has remained broadly stable at 9.3% in FY23 versus 10.4% in FY26, as faster growth in the segment has been partly masked by the expansion of the Payer business, including payer-focused acquisitions. In our view, the relatively stable revenue mix therefore understates the underlying momentum in Provider and leaves scope for the segment to become a more meaningful contributor to SAGILITY's growth over the medium term.

Exhibit 111: Provider admin exp. growing faster than patient care costs is an opportunity for outsourcing

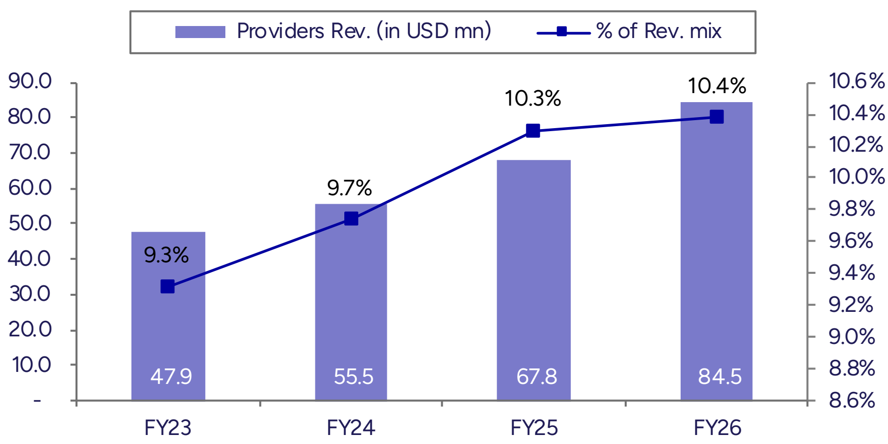


Source: Trilliant Health, PL

US hospital administrative and other non-direct-patient-care expenditure reached US$687bn in 2023, nearly twice the US$346bn spent on direct patient care

Growth is increasingly being supported by structural pressure on healthcare providers to improve operating efficiency. Trilliant Health's analysis of CMS HCRIS data shows that US hospital administrative and other non-direct-patient-care expenditure reached US$687bn in 2023, nearly twice the US$346bn spent on direct patient care. The data highlights the growing cost and complexity of healthcare administration and the increasing pressure on providers to rationalize non-clinical operations.

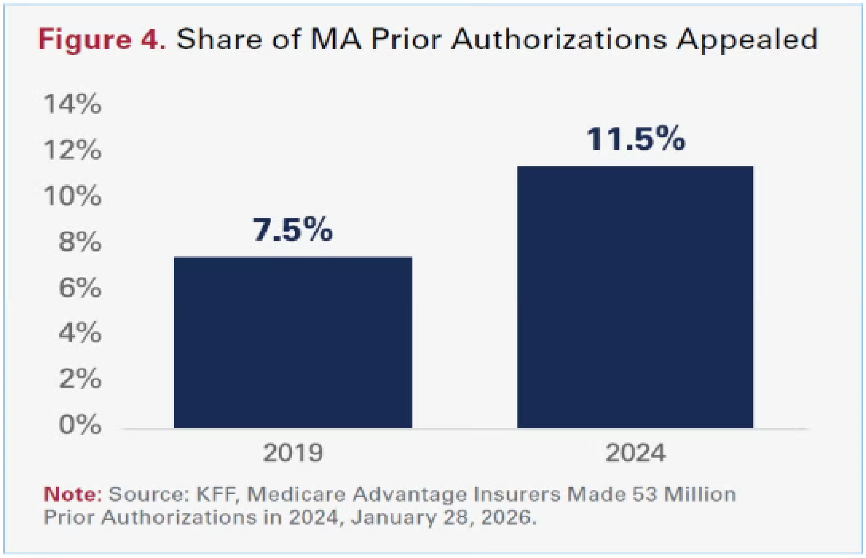
Exhibit 112: Provider segment grows at 20.9% CAGR in FY23-26, higher than FSOL's



Source: Company, PL

The complexity of provider-payer interactions is also increasing the amount of administrative work embedded in the healthcare system. For example, the share of MA prior authorizations that were appealed increased from 7.5% in 2019 to 11.5% in 2024, pointing to rising requirements around clinical review, documentation, utilization management and claims-related workflows. For providers, this increases the operational burden associated with reimbursement and payer interactions, strengthening the case for outsourcing processes that are non-core but operationally intensive.

Exhibit 113: Rising appeals leading to increased admin costs for providers



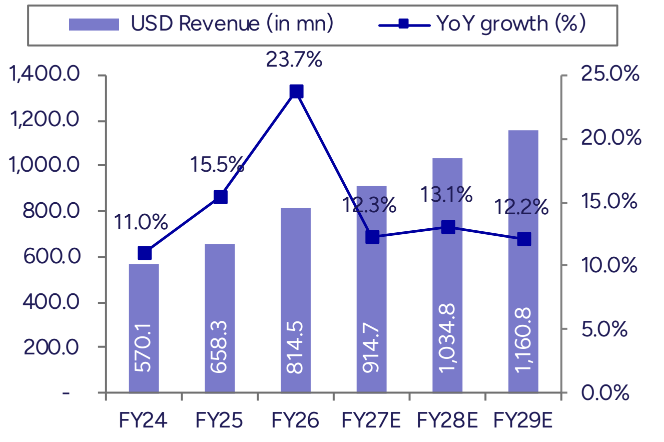
Source: Industry, KFF, PL

SAGILITY is well positioned to capture this opportunity given its ability to address multiple elements of the provider workflow, including revenue cycle management, claims and billing, coding, denials management, payment-related processes, provider enrollment and credentialing. Importantly, the company's Provider business is still relatively small at ~10% of revenue, providing a long runway for expansion. We expect the segment to sustain growth ahead of the company average as providers face continued cost pressure and increasingly look to external partners to improve administrative efficiency, while SAGILITY can leverage its healthcare domain expertise and existing payer relationships to deepen its provider offerings.

Financials & Valuation

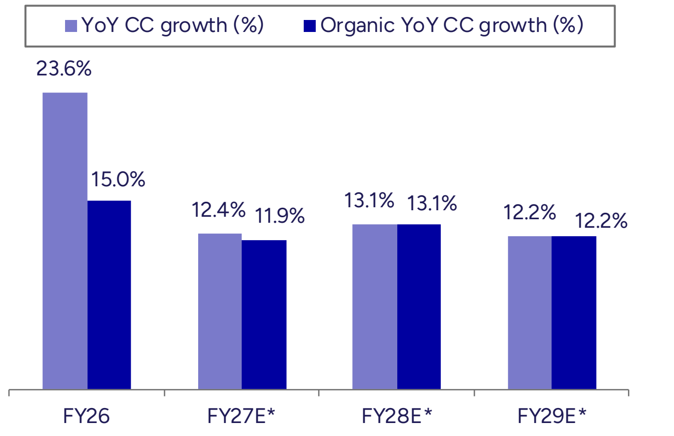
SAGILITY's organic revenue grew at 12.2% CAGR over FY23–26, establishing a strong foundation for sustaining double-digit growth momentum. We believe this foundation can be sustained over the medium term, supported by structural outsourcing tailwinds across payers and providers, alongside continued client mining, cross-sell opportunities, and wallet-share expansion. Accordingly, we forecast revenue to grow at 12.5% CAGR in FY26-29E.

Exhibit 114: Revenue to clock 12.5% CAGR in FY26-29E



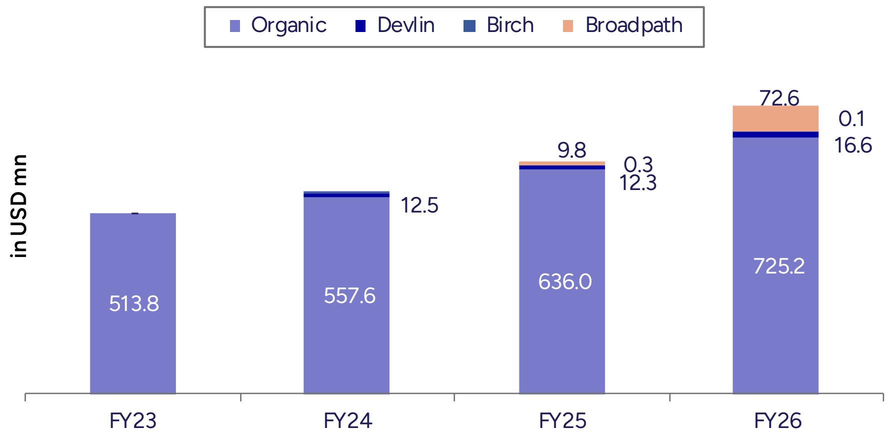
Source: Company, PL

Exhibit 115: Organic revenue to drive growth



Source: Company, PL **Our Assumptions*

Exhibit 116: Organic revenue grew by 12.2% CAGR in FY23-26



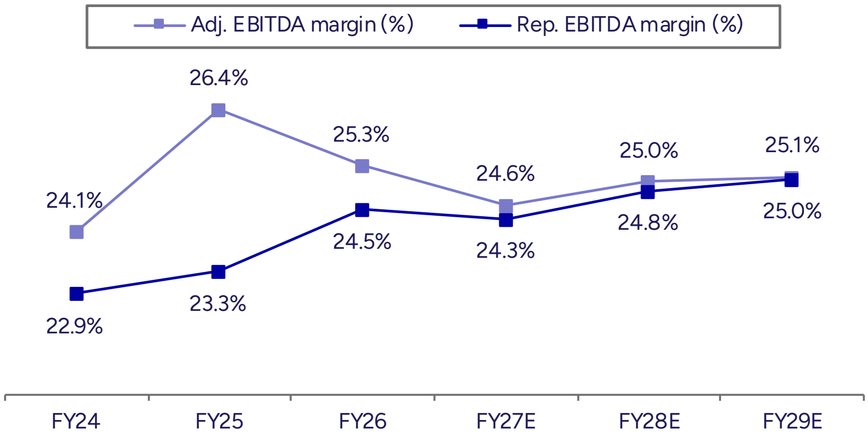
Source: Company, PL (Our assumptions)

Continued outsourcing demand driven by payer cost pressures and rising provider administrative complexity along with increasing monetization of SAGILITY's existing client base, provide an opportunity for maintaining growth momentum. Driven by this, we expect revenue to increase from US$814.5mn in FY26 to US$1.16bn in FY29E, implying ~12.5% CAGR.

Margin

We expect SAGILITY's adjusted EBITDA margin to remain within the management's 24–25% guidance band over FY27–28E, with our estimates at 24.6% in FY27E and 25.0% in FY28E. While revenue growth and operating leverage should support profitability, these benefits are likely to be offset by higher employee costs, including the impact of the new labor code in Karnataka. Accordingly, we do not assume a meaningful structural expansion in underlying margins and expect adjusted EBITDA margin to remain broadly range bound.

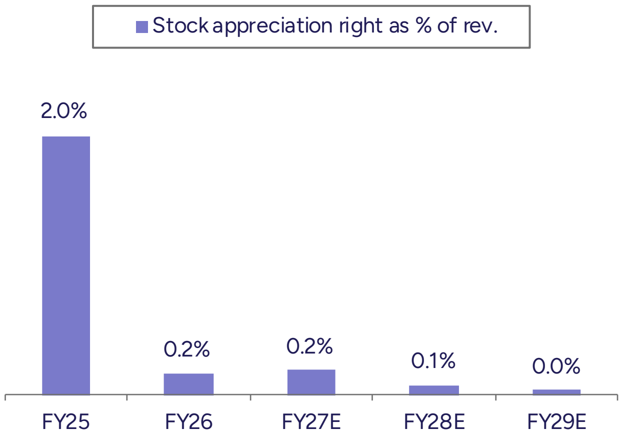
Exhibit 117: Adj & reported EBITDA margin to largely converge in FY29E



Source: Company, PL

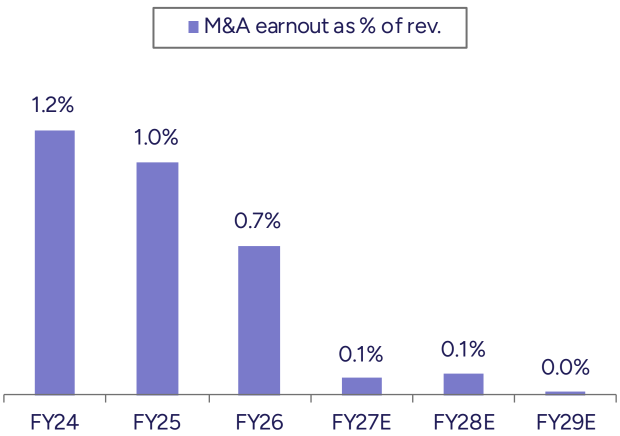
Reported earnings improvement should come from the narrowing gap between adjusted and reported EBITDA margin. M&A earnouts and stock appreciation rights, which currently impact reported profitability, are expected to reduce over the forecast period. M&A earnouts are estimated to decline from 0.7% of revenue in FY26 to ~0.1% in FY27–28E, while stock appreciation rights remain limited at 0.1–0.2% of revenue. As these costs normalize, reported EBITDA margin should increasingly converge with adjusted profitability. We therefore forecast reported EBITDA margin to improve from 24.5% in FY26 to 25.0% in FY29E.

Exhibit 118: SAR to be negligible from FY28E



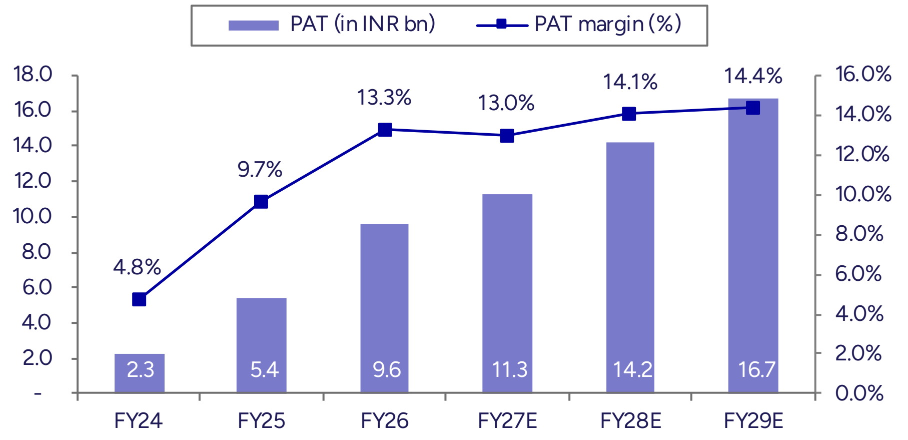
Source: Company, PL

Exhibit 119: M&A earnout to be negligible from FY27E



Source: Company, PL

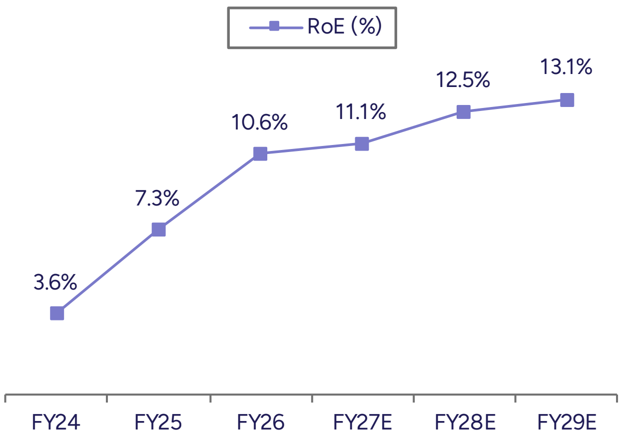
Exhibit 120: PAT to clock 22.3% CAGR in FY26-29E



Source: Company, PL

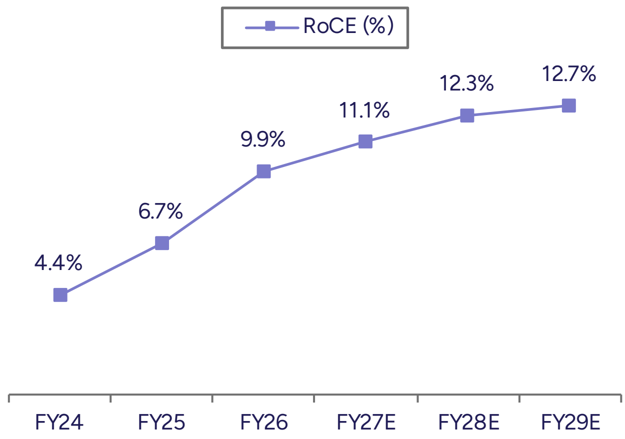
We expect PAT to grow at 22.3% CAGR over FY26–29E, driven by steady revenue growth and stable EBITDA margin. Below EBITDA, we expect a meaningful improvement in PAT margin in FY28E, due to the full repayment of loans in FY27E, which should materially reduce finance costs.

Exhibit 121: RoE to improve gradually



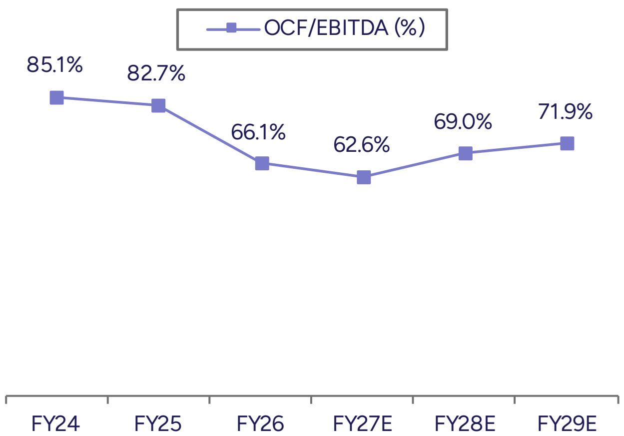
Source: Company, PL

Exhibit 122: RoCE to also improve gradually



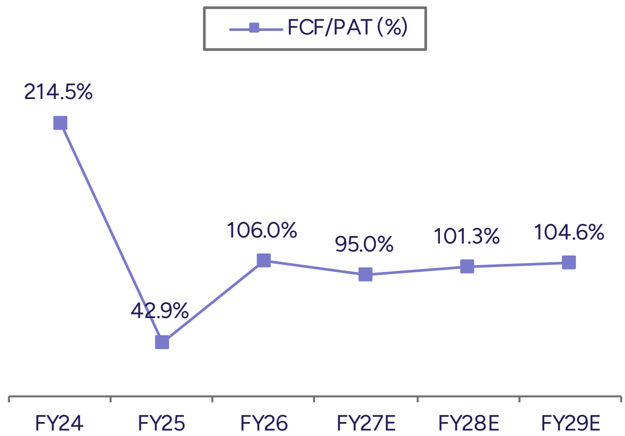
Source: Company, PL

Exhibit 123: OCF/EBITDA to be steady



Source: Company, PL

Exhibit 124: FCF impacted by acquisitions in FY25

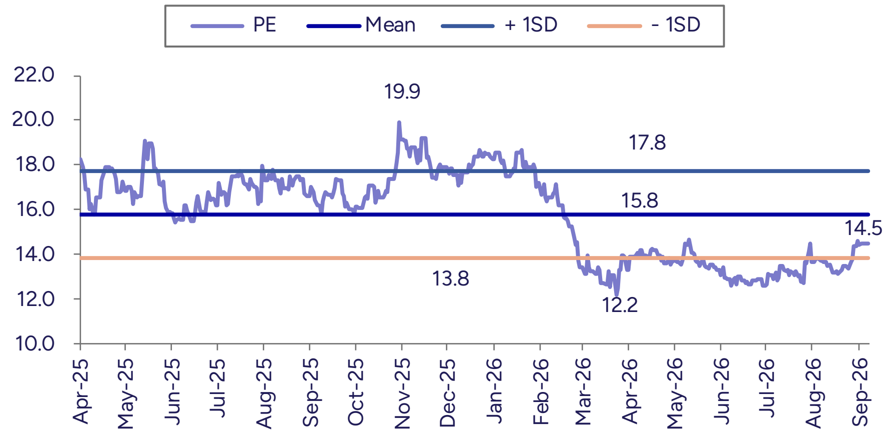


Source: Company, PL

Valuations & Outlook

We initiate coverage on SAGILITY with 'BUY' rating and TP of INR 60, valuing the company at 18x Sept. FY28E P/E, versus the current valuation of 14.5x FY29E P/E. We believe the valuation is supported by SAGILITY's sustained double-digit growth and resilient profitability, with organic growth increasingly driving the business. Given the structural outsourcing opportunity across US payers and providers and SAGILITY's expanding position across the healthcare value chain. We estimate USD revenue/adj EBITDA/PAT CAGR of 12.5%/18.2%/20.4% over FY26–29E, driven by sustained client growth and wallet-share expansion, while the narrowing gap between reported and adjusted EBITDA should support stronger earnings conversion.

Exhibit 125: SAGILITY is trading at PE of 14.5x of FY29E earnings



Source: Company, PL

Key Risks

- SAGILITY derives its entire revenue from the US healthcare industry, exposing it to regulatory, economic, and outsourcing-related developments in that market. Client overlaps within the sector, including consolidation, mergers, acquisitions or restructuring among healthcare payers and providers, may result in vendor rationalization, contract renegotiation, volume reallocation or pricing pressure.

- A significant portion of revenue is concentrated among a few large clients, with the top 10 client groups contributing significant portion of the total revenue. Hence, any downturn in these clients may affect the company's business.

- SAGILITY's revenue is linked to client-driven transaction volumes across payer and provider operations. These volumes may fluctuate due to factors such as membership trends, cost pressures, regulatory changes, outsourcing decisions, or strategic reprioritization by clients, adversely impacting business.

- Clients continue to enhance in-house capabilities and explore digital-led operating models, intensifying competitive dynamics. This competitive intensity, along with clients' continued focus on cost efficiency, could result in evolving commercial constructs and pricing dynamics not favorable to SAGILITY.

- SAGILITY operates in a competitive talent market, which may affect its ability to attract and retain skilled professionals across key roles. SAGILITY also relies on deep domain expertise and long-standing client relationships managed by senior leadership, where attrition may affect client confidence and continuity of service.

- Clients across the Payer and Provider segments are increasingly prioritizing measurable outcomes in areas such as cost optimization, automation, and member engagement, supported by technology-led solutions. SAGILITY's ability to effectively scale AI-led solutions while ensuring accuracy, safety, and compliance, will remain key to delivering consistent outcomes and sustaining competitiveness.

- SAGILITY processes significant volumes of protected health and personal data, making data privacy and security a critical priority, breach of which can lead to non-compliance or penalties.

Annexures

Board of Directors and KMP

Exhibit 126: Board of Directors

Name	Designation
Marty Cole	Chairman, Non-Executive, Non-Independent Director
Ramesh Gopalan	MD and Group CEO
Anil Chanana	Independent Director
Ginger Dusek	Independent Director
Venkat Krishnaswamy	Independent Director
Dr Shalini Sarin	Independent Director
Dr William Winkenwerder	Independent Director
Hari Gopalakrishnan	Non-Executive, Non-Independent Director
Jimmy Mahtani	Non-Executive, Non-Independent Director

Source: Company, PL

Exhibit 127: KMP & senior management

Name	Designation
Ramesh Gopalan	MD and Group CEO
Srinivas Rathnam Mattapalli	Group CFO
Daniel B. Bailey	Executive Vice President, Global General Counsel
Chris Shiffert	Executive Vice President, Chief Growth Officer
Siby Joy	Executive Vice President, Client Services
Dr. Rajaram Nataraja	Senior Vice President, Client Services
Titus Leo	Senior Vice President, Client Services
Anand Natampalli	Executive Vice President, Client Services
Roopam Narayan	Executive Vice President, Solutions & Practice
Madan Moudgal	Executive Vice President, Chief Digital Officer
Sreepathy Viswanathan	Executive Vice President, Chief Corporate Development Officer
Mohit Saxena	Executive Vice President, Chief Delivery Officer
Anand Biradar	Senior Vice President, GTM Strategy & Enablement, and Enterprise Transformation
Tina Vas	Executive Vice President, Chief Human Resources Officer
Manish Dube	Senior Vice President, Global Head of Enterprise Tech
Shwetank Verma	Senior Vice President, Global Technology Engineering & Workplace Solutions
Satishkumar Sakharayapattana Seetharamaiah	Company Secretary and Compliance Officer

Source: Company, PL

Exhibit 128: Operating Metrics

Particulars	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Segment Mix (in %)												
Payer	89.5	91.1	90.8	89.1	89.2	89.3	89.7	88.4	88.5	90.4	90.8	89.6
Provider	10.5	8.9	9.2	10.9	10.8	10.7	10.3	11.6	11.5	9.6	9.2	10.4
Client Metrics												
> $20mn	-	-	-	-	-	-	7	7	8	8	9	9
$5mn - $20mn	-	-	-	-	-	-	6	6	6	7	7	8
$1mn - $5mn	-	-	-	-	-	-	12	17	17	22	21	21
< $1mn	-	-	-	-	-	-	50	47	51	44	45	71
Top Client revenue (in %)												
Top 3	-	-	-	-	-	-	66.2	64.7	63.1	60.1	59.9	60.1
Top 5	-	-	-	-	-	-	77.9	76.3	74.4	71.1	70.4	70.1
Top 10	-	-	-	-	-	-	90.5	89.4	87.6	84.6	83.9	84.1
Number of Client groups												
Active	-	-	-	-	-	-	75	77	82	81	82	109
New clients addition	-	-	-	-	-	-	36	4	5	3	5	27
Employee metrics												
No. of employees	36,525	36,639	35,044	35,858	38,830	39,595	39,409	39,917	44,185	48,522	46,860	47,307
LTM Attrition (in %)	26.1	21.2	30.4	27.3	25.8	21.8	32.5	27.6	26.3	22.8	38.1	28.6
Delivery Sites												
Number of Delivery Sites	-	-	-	-	-	-	33	33	34	35	31	29
New Site addition (Gross)	-	-	-	-	-	-	9	2	1	1	4	-

Source: Company, PL

Financials

Income Statement (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Net Revenues	71,929	86,794	100,891	116,077
YoY gr. (%)	*29.1*	*20.7*	*16.2*	*15.1*
Cost of Goods Sold	44,508	53,986	62,552	71,851
Gross Profit	27,422	32,808	38,338	44,225
Margin (%)	*38.1*	*37.8*	*38.0*	*38.1*
Employee Cost	-	-	-	-
Other Expenses	9,818	11,713	13,289	15,149
EBITDA	17,604	21,095	25,050	29,076
YoY gr. (%)	*35.6*	*19.8*	*18.7*	*16.1*
Margin (%)	*24.5*	*24.3*	*24.8*	*25.0*
Depreciation and Amortization	4,874	5,444	6,154	7,081
EBIT	12,730	15,651	18,895	21,996
Margin (%)	*17.7*	*18.0*	*18.7*	*18.9*
Net Interest	-	-	-	-
Other Income	(13)	(487)	283	573
Profit Before Tax	12,717	15,164	19,178	22,568
Margin (%)	*17.7*	*17.5*	*19.0*	*19.4*
Total Tax	3,142	3,863	4,986	5,868
Effective Tax Rate (%)	*24.7*	*25.5*	*26.0*	*26.0*
Profit After Tax	9,575	11,301	14,192	16,701
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	9,575	11,301	14,192	16,701
YoY gr. (%)	*77.6*	*18.0*	*25.6*	*17.7*
Margin (%)	*13.3*	*13.0*	*14.1*	*14.4*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	9,247	11,150	14,192	16,701
YoY gr. (%)	*71.5*	*20.6*	*27.3*	*17.7*
Margin (%)	*12.9*	*12.8*	*14.1*	*14.4*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	9,575	11,301	14,192	16,701
Equity Shares O/s (mn)	4,731	4,731	4,731	4,731
EPS (INR)	2.0	2.4	3.0	3.5

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Non-Current Assets				
Gross Block	51,965	54,532	57,559	61,041
Tangibles	17,333	19,937	22,964	26,446
Intangibles	34,632	34,595	34,595	34,595
Acc: Dep / Amortization	22,459	27,903	34,057	41,138
Tangibles	8,234	10,412	12,874	15,706
Intangibles	14,225	17,491	21,184	25,432
Net Fixed Assets	29,506	26,629	23,501	19,903
Tangibles	9,099	9,525	10,090	10,740
Intangibles	20,407	17,104	13,411	9,163
Capital Work In Progress	393	393	393	393
Goodwill	64,051	64,051	64,051	64,051
Non-Current Investments	-	-	-	-
Net Deferred Tax Assets	1,514	1,514	1,514	1,514
Other Non-Current Assets	1,101	1,101	1,101	1,101
Current Assets				
Investments	3,359	9,359	19,359	34,359
Inventories	-	-	-	-
Trade Receivables	18,390	21,401	24,877	28,622
Cash & Bank Balance	5,679	3,346	6,941	8,727
Other Current Assets	1,663	2,609	3,085	3,567
Total Assets	126,011	131,056	145,595	163,129
Equity				
Equity Share Capital	46,793	46,793	46,793	46,793
Other Equity	49,798	60,101	73,228	88,676
Total Networth	96,591	106,893	120,021	135,469
Non-Current Liabilities				
Long Term Borrowings	-	-	-	-
Provisions	2,161	2,161	2,161	2,161
Other Non Current Liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	5,776	-	-	-
Trade Payables	2,217	3,261	3,599	4,161
Other Current Liabilities	10,983	10,457	11,530	13,054
Total Equity & Liabilities	126,011	131,056	145,595	163,129

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
PBT	12,389	15,164	19,178	22,568
Add. Depreciation	4,874	5,444	6,154	7,081
Add. Interest	788	487	(283)	(573)
Less Financial Other Income	(13)	(487)	283	573
Add. Other	(391)	(151)	-	-
Op. Profit before WC Changes	17,660	20,944	25,050	29,076
Net Changes-WC	(1,895)	(3,736)	(2,660)	(2,260)
Direct Tax	(3,735)	(3,863)	(4,986)	(5,868)
Net Cash from Op. Activities	**12,030**	**13,345**	**17,403**	**20,948**
Capital Expenditures	(1,874)	(2,604)	(3,027)	(3,482)
Interest / Dividend Income	137	(487)	283	573
Others	(5,370)	(6,000)	(10,000)	(15,000)
Net Cash from Invt. Activities	**(7,107)**	**(9,091)**	**(12,744)**	**(17,910)**
Issue of Share Cap. / Premium	-	-	-	-
Debt Changes	(2,350)	(5,776)	-	-
Dividend Paid	(234)	(848)	(1,064)	(1,253)
Interest Paid	(587)	-	-	-
Others	(1,843)	-	-	-
Net Cash from Fin. Activities	**(5,014)**	**(6,624)**	**(1,064)**	**(1,253)**
Net Change in Cash	**(91)**	**(2,369)**	**3,595**	**1,786**
Free Cash Flow	10,108	10,742	14,376	17,466

Source: Company, PL

Quarterly Financials (INR mn)

Y/e Mar	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Net Revenues	**16,585**	**19,712**	**20,243**	**19,635**
YoY gr. (%)	*25.2*	*35.7*	*29.1*	*27.6*
Raw Material Expenses	10,070	12,211	12,580	12,224
Gross Profit	6,515	7,501	7,663	7,411
Margin (%)	*39.3*	*38.1*	*37.9*	*37.7*
EBITDA	**4,151**	**5,144**	**4,847**	**4,665**
YoY gr. (%)	*27.6*	*31.2*	*25.4*	*34.8*
Margin (%)	*25.0*	*26.1*	*23.9*	*23.8*
Depreciation / Depletion	1,215	1,235	1,242	1,280
EBIT	**2,936**	**3,909**	**3,605**	**3,385**
Margin (%)	*17.7*	*19.8*	*17.8*	*17.2*
Net Interest	-	-	-	-
Other Income	331	(196)	27	(359)
Profit before Tax	**3,267**	**3,713**	**3,632**	**3,026**
Margin (%)	*19.7*	*18.8*	*17.9*	*15.4*
Total Tax	760	709	1,055	707
Effective Tax Rate (%)	*23.3*	*19.1*	*29.0*	*23.4*
Profit After Tax	**2,508**	**3,004**	**2,577**	**2,319**
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**2,508**	**2,676**	**2,577**	**2,168**
YoY gr. (%)	*68.8*	*6.7*	*(3.7)*	*(15.9)*
Margin (%)	*15.1*	*13.6*	*12.7*	*11.0*
Extra Ord. Income / (Exp)	-	328	-	151
Reported PAT	**2,508**	**3,004**	**2,577**	**2,319**
YoY gr. (%)	*68.8*	*19.8*	*(14.2)*	*(10.0)*
Margin (%)	*15.1*	*15.2*	*12.7*	*11.8*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**2,508**	**2,676**	**2,577**	**2,168**
Avg. Shares O/s (mn)	4,731	4,731	4,679	4,679
EPS (INR)	**0.5**	**0.6**	**0.6**	**0.5**

Source: Company, PL

Key Financial Metrics

Y/e Mar	FY26	FY27E	FY28E	FY29E
Per Share (INR)				
EPS	2.0	2.4	3.0	3.5
CEPS	3.1	3.5	4.3	5.0
BVPS	20.4	22.6	25.4	28.6
FCF	2.1	2.3	3.0	3.7
DPS	0.2	0.2	0.2	0.3
Return Ratio (%)				
RoCE	9.9	11.1	12.3	12.7
ROIC	9.3	10.5	10.8	10.8
RoE	10.6	11.1	12.5	13.1
Balance Sheet				
Net Debt : Equity (x)	-	-	-	-
Net Working Capital (Days)	82	76	77	77
Valuation (x)				
PER	22.7	19.2	15.3	13.0
P/B	2.3	2.0	1.8	1.6
P/CEPS	15.0	13.0	10.7	9.1
EV/EBITDA	12.2	9.7	7.6	6.0
EV/Sales	3.0	2.4	1.9	1.5
Dividend Yield (%)	0.3	0.4	0.5	0.6
FCFF Yield (%)	4.6	4.9	6.6	8.0
PEG Ratio	0.3	1.1	0.6	0.7

Source: Company, PL

Key Operating Metrics

Y/e Mar	FY26	FY27E	FY28E	FY29E
Revenue (in US$ mn)	815	915	1,035	1,161

Source: Company, PL

Notes

Notes

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Coforge	BUY	2120	1686
2	Cyient	HOLD	1040	979
3	Fractal Analytics	Buy	1010	845
4	HCL Technologies	HOLD	1160	1221
5	Infosys	BUY	1240	1047
6	KPIT Technologies	SELL	460	639
7	L&T Technology Services	HOLD	3350	3293
8	Latent View Analytics	Accumulate	320	298
9	LTM	Accumulate	4200	4037
10	Mphasis	BUY	2820	2288
11	Persistent Systems	Accumulate	5860	5575
12	Tata Consultancy Services	BUY	2500	2050
13	Tata Elxsi	Reduce	3350	3697
14	Tata Technologies	SELL	610	758
15	Tech Mahindra	BUY	1780	1510
16	Wipro	Reduce	165	178

PL's Recommendation Nomenclature (Absolute Performance)

BUY	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

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