Date: August 05, 2025

To,

The Manager
Listing Department
National Stock Exchange (NSE)
Exchange Plaza, 5th Floor
Plot No. C/1, G-Block
Bandra-Kurla Complex
Bandra (E), Mumbai - 400 051
Symbol: SAGILITY

The Manager
Listing Department
Bombay Stock Exchange (BSE)
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001
Scrip Code:544282

Dear Sir/Ma'am,

Subject: Transcript of Investors Call held on July 30, 2025

This is in continuation of the investors/analyst webinar held on July 30, 2025, for discussing the unaudited financial results of the Company for the quarter ended June 30, 2025.

Pursuant to Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirement), Regulations 2015, we attach herewith the transcript of the aforesaid webinar.

This information is also available on the Company's website https://sagilityhealth.com/

This is for your kind information and record.

Thanking You,

For Sagility India Limited

SATISHKUMAR
SAKHARAYAPATTANA
SEETHARAMAIAH

Digitally signed by SATISHKUMAR
SAKHARAYAPATTANA
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Date: 2025.08.05 16:05:54 +05'30'

Satishkumar Sakharayapattana Seetharamaiah
Company Secretary & Compliance Officer
M. No. A16008

Encl: a/a

Sagility India Ltd.

Q1 FY26 Earnings Webinar
Wednesday, 30th July, 2025 at 7:30 PM

MANAGEMENT	• Ramesh Gopalan - Managing Director & Group CEO • Sarvabhouman Srinivasan - Group Chief Financial Officer
MODERATOR	• Siddharth Rangnekar – CDR India
QUESTIONERS	• Abhishek Kumar - JM Financial • Manik Taneja - Axis Capital • Rishi Jhunjhunwala - IIFL Capital • Ruchi Mukhija - ICICI Securities • Bhavik Mehta - JPMorgan • Chirag Kachhadiya - Ashika Stock Broking • Mohit Motwani - Tara Capital • Fawaaz Sheriff - White Whale Capital • Harshit Sachdeva - Columbus Capital • Seema Nayak - ICICI Securities • Raj Vyas - TM Investment Technologies

Siddharth Rangnekar: Good evening, everyone, and welcome to the quarter one FY '26 Earnings Webinar of Sagility India Limited. This is Siddharth Rangnekar from CDR India, and I shall be your host for today. As a reminder, all attendee lines will be in the listen-only mode, and there shall be an opportunity for you to ask questions after the presentation concludes. Please note that this webinar is being recorded.

To introduce the management, we have with us today, Mr. Ramesh Gopalan, Managing Director and Group CEO; and Mr. Sarvabhouman Srinivasan, Group Chief Financial Officer.

Before we begin, I would like to state that some of the statements made on today's discussion could be forward-looking in nature and may involve certain risks and uncertainties. A detailed statement in this regard is available in the quarter one, FY '26 results presentation that has been uploaded to the exchanges.

I would now like to hand over the forum to Mr. Ramesh Gopalan to begin the proceedings of this webinar. Over to you.

Ramesh Gopalan: Thank you. Good evening, everyone, and thank you for joining us today. We've entered FY '26 with continued momentum in our operations. The performance this quarter reflects a differentiated position as a health care focus solutions and service provider across both our payer and provider businesses. This momentum is broad-based across different client relationships and service lines.

Let me give you a sense of the environment under which we are operating. Our payer and provider clients continue to navigate heightened cost pressures as they contend with regulatory evolution policy changes. In addition, resource shortages and new compliance and administrative requirements that these policy changes necessitate add to their challenges. Against this backdrop, Sagility is well positioned as a partner in bringing about better efficiency in their health care operations.

As you're aware, we operate in the non-discretionary services space, supporting clients in their core operations. Over the past 25 years or so, we've built our business around healthcare domain expertise. And over time, increasingly incorporating technology be it analytics, automation, and now AI, in order to manage a range of processes for our clients. This has helped us win and retain clients over decades.

I want to specifically talk about two clients today. Both of whom have reached milestones in the last few months. The first one is our oldest payer. We just completed 25 years with them. What started as a journey in operational excellence has now matured into a very collaborative innovation led engagement where we jointly work on the future state of some of the core health care services.

The other client, is a decades old client. We just celebrated the 10 year partnership with them. They are a technology and services provider to workers' compensation insurance. While we started providing basic transactional support 10 years ago, today we used all of our transformation capabilities not only to reduce cost of operations, but we've also jointly introduced newer services to their insurance clients. These are of course just two examples and have many more such examples.

But essentially, we are very proud to have a very strong and enduring relationship with our clients. Built on trust and performance over the years. So that when they need a partner in their evolution, in the transformation journey, they look at us as a partner who can help us get there.

So with that, let me quickly jump into the financials for this quarter. Q1 FY '26 began on a very strong note with consolidated revenues of ₹15,389 million or approximately $180.4 million. Reflecting a year-on-year growth of 25.8% in INR terms and 23.1% in constant currency. So this is, of course, inclusive of BroadPath. So if you just look at the organic numbers, that those numbers were also strong registering 17.9% in INR terms and 15.4% in constant currency.

And if you look at the growth itself, it was pretty broad based with both our payer and provider businesses contributing. The pay vertical grew 24.7% year-on-year accounting for 88.4% of our total revenue mix. And the provider vertical delivered another strong performance expanding 34.5% year-on-year and contributing 11.6% to overall revenues. On the profitability front, we delivered an adjusted EBITDA of ₹3,687 million or $43.2 million representing an year-on-year increase of 26.5%. This translates to an adjusted EBITDA margin of 24%, underscoring the impact of our focus cost management and delivery efficiencies.

It's important to note that our adjusted EBITDA excludes other income and forex gains. Net profitability also stayed strong. Our adjusted profit after tax for the quarter stood at ₹1,997 million. A solid 38% increase year-on-year supported by strong operating margins and declining finance cost. The continued optimisation of a capital structure and disciplined execution is directly benefiting our bottom line. Srini will cover more about this in his section.

So now let me switch over to new wins. As of June 30, 2025 we have 77 active clients. And during the quarter, we won new business from 18 of our existing clients. That's almost 25% of our client base through a mix of expansions and new SOWs. And we also onboarded four new clients. The total potential annual contract value won from both new and existing clients stands at approximately $32 million.

Amongst these, four new clients, one is a $12 billion regional Blues plan. Another is a $5 billion health system specialising in cancer, diabetes, and other life threatening illnesses. A third is a pharmacy benefit manager, and fourth is a technology TPA firm that owns a proprietary claims platform.

From the existing clients, some of the notable wins are, we are setting up a GCC for a client on a BOT model. So this is for work, that they don't do with us on an outsourced basis. We've also been engaged to do consulting for a client's claims operations. We're optimising not only their operations, but we're also helping them optimise their claims platform performance.

We also have multiple other opportunities like I said, it's broad based across the different service verticals like claims, payment integrity, clinical, RCM, and other administrative processes. In parallel, several cross sell discussions are in progress with BroadPath. We've already submitted four proposals, and we've also won one cross sell opportunity. This is for a very large national payer who is currently a BroadPath client.

Finally, cost pressures that most of our clients is opening up additional opportunities for us. Clients are increasingly interested in proposals that are very bold in terms of cost takeout opportunities. And in wanting us to take out cost, they're giving us more opportunities to help us transform their operations. So these are likely to be larger deals going forward.

In terms of workforce, we close the quarter with the head count of 39,917 employees. This consists of operation specialists, clinicians, and technologists across five countries with deep domain understanding and continually engaged in helping creating beneficial outcomes for our clients. Annualised attrition was stable at 26.6% in line with the trend that we saw last year.

We also remain committed to building a future ready health care workforce with a sharp focus on engagement, capability, and retention. Employee engagement remains a critical pillar of our operating ethos, especially as we scale globally. Our investments in training, particularly within technology and health care domain, flexible delivery models, and remote engagement platforms are ensuring that we retain and grow the right talent pool.

I'd also like to talk to you about a couple of recognitions in the marketplace. One comes from Avasant who was a key industry analyst in our sector. Sagility was named both as a leader in the health care payer business transformation as well as in the clinical and care management business transformation 2025. We also won the most preferred workplace FY '26 award by Marksmen Daily. So these are the KPI slides. I won't, read out each of the numbers. I'll just pause for a couple of seconds for you to take a look at.

So this is the slide I want to spend a little bit of time. Over the last few months, many of you have asked us, what the changes in the environment mean to our business. And so today we wanted to take this opportunity to talk about some of the broad changes happening, in the health care environment in the U.S. and the impact, it has directly not only on our clients, but also on our business.

So first, let's talk about the one big beautiful bill. This has significant changes, especially, in the Medicaid area, right. So we believe that there is likely to be reduction in the Medicaid membership and the funding cuts are expected to impact Medicaid businesses both in terms of revenue and margins. Providers also will face challenges because of the reduction in patient volumes and a rise in uncompensated care. However, our exposure to the Medicaid business is very low. It's in the mid-single digits, which means we don't anticipate too much of an impact because of the drop in memberships. And these drop in memberships are likely to play out over the next several years.

Like, I've always mentioned before, some of these pressures on revenues and margins will also force our clients to look at more ways of optimising on the cost front. And that'll in turn increase the outsourcing by payers and providers to manage their cost.

The next topic is the Medicare utilisation rates. This is something that we spoke about last year. In CY '24, this played out in a number of our large clients. But it also continues to play out to some extent in CY '25 too. This again will strain payer margins. Even though CMS has announced a 5.03% increase in Medicare Advantage payments for CY '26. But again this also represents an opportunity for us, as our clients look to improve efficiencies and lower cost of operations, we are well positioned to partner with them in this journey. We also think this will give us strong tailwinds for higher outsourcing in the clinical area which we've spoken to you in the past.

Third is, tariffs. This is being mentioned over the last few months. However, the impact while there is going to be an impact to providers because of increased cost of imported medical equipment and pharmaceuticals. It's unlikely to have any direct impact on the work that we do for our clients. So we don't see tariffs as something that impacts our business.

Lastly is the growing adoption of generative and agentic AI. This also has been something that we've spoken to you in the past. We are witnessing a growing adoption of these technologies. However, the adoption has been gradual, but it's becoming increasingly clear that process exposure and domain expertise are the key differentiators to help drive meaningful business outcomes.

We've always said that our deep health care expertise and our continued investment in building new AI use cases accelerated with acquisition of BirchAI in 2024 directly impacts the operational work that we do for clients. And it positions us to be the one stop partner of choice when they look at options to transform their operations to deliver better business outcomes.

So with that, what we also thought we will do is, take this opportunity to talk to you a little more about the use cases in AI that we've been building. So currently, we've deployed about 18 AI-based use cases for eight of our existing clients. We're also working on 15 additional use cases that are directly relevant to the work that we do for clients. And like I've mentioned to you in the past, all of our AI use cases are very relevant to the operational work that we do for our clients. And we in fact implement them in the operations, that operational work that we do for our clients. Some examples, Nurse Assist, this is AI-based clinical reviews. This enables automated understanding and application of medical necessity guidelines across unstructured medical records.

We've also built, an Appeals Assist both for payers and the providers. For payers, it's an AI driven real time decision support system. It not only classifies appeals, it extracts information from the appeal letters. It helps in decision making. And the end result of all of that has improved star rating performance for our clients. For providers, it's other end of the spectrum. It analyses the clinical denials. It checks the medical records. It determines whether it makes a valid case for appealing those denials. And if that's the case, it also helps generate these appeal letters.

The third use case is around contract validation. As you know, the contracts between payers and providers are very complex. We're using AI to not only extract some of the key contract terms, but also normalise them across the contracts. The fourth, in a lot of our provider and member engagement work that we do for clients. We're using AI not only for doing audit and analytics, but we are also using it for automating some of the lower threshold engagements, which do not require a human contact. So this is across all of the channels in which providers and networks communicate with our payer clients.

So these are all use cases that we do for our clients. But what we've also simultaneously started doing is, building AI-based use cases for our internal operations. As you know, we have a workforce of close to 40,000 employees. We hire people in the hundreds every month. We train them on client processes before we deploy them in operations. And so today, we are using Agentic AI collaborators to enhance not only our recruitment but also our training outcomes. So essentially, the goal is to have a much more efficient, operational process. But also help us, lower cost in the future and to serve our clients better.

So before I hand over to Srini, I want to emphasise some of the points that we've gone over. We remain sharply focused on execution. We've increased the technology and consulting capabilities that we take to clients that has helped us drive higher wallet share. And like we've said, it's also helped us expand into the relatively under penetrated mid-market segment.

As before, we will selectively continue to leverage acquisitions both for building capabilities as well as for getting market access. Looking ahead, we expect to sustain growth in the low to mid-teen in constant currency. So this is something that we've told you in the past. We continue to maintain the low to mid-teens growth in constant currency organically. And with BroadPath, we are confident of achieving 20% plus growth, for FY '26. Our adjusted EBITDA, we have guided to our 23% to 24% in the last call.

But given the strong performance in Q1, we think, we will achieve a 24% plus EBITDA in FY '26. We continue to generate healthy cash flows to reimburse into capability building and digital transformation. And as a company, we're very excited for the opportunities that lay ahead of us.

With that, I will hand over the session to Srini, and I'll be back to take calls at the end. Thank you. Over to you, Srini.

Sarvabhouman Srinivasan: Thank you, Ramesh. Good evening, everyone. Like Ramesh, shared these numbers, our performance on revenue, EBITDA, and adjusted PAT has been fantastic on a Y-o-Y basis. And we have consistently, we have been consistent and we have met our guidance numbers that we had given in the past.

Also the cash conversion has been on expected lines. And what is, heartening to see is we have reduced our DSO by just by one day. So bringing it down from 76 days to 75 days. So this has been a steady, a good start for this fiscal year, and we hope to continue this momentum. And we are very confident of the guidance that Ramesh just said. Next slide, please. This is just a quick snapshot of the quarter wise performance, and what is interesting to see here is the impact of seasonality that we have in our business.

If you look at the sequential quarter, there is a decline and that has been consistent between the previous year and the current year. We are not too concerned or worried about the drop in the margins because if you look at our Y-o-Y performance in the next slide, you will appreciate how we track our business and how we are working to our targets. Yeah. We can move on, Ramesh.

This is what I just said. If you focus on the Y-o-Y performance, it's been stable on a quarterly Q1 compared to the previous Q1 on pretty much on all parameters and a very healthy margin percentages. And we can move on, Ramesh. I would want to just stay focused on this slide. The right way to look at our business is the full year performance and the trailing 12 months.

If you notice the trailing 12 month basis as well, we have featured a pretty good growth on all the metrics, which is revenue, EBITDA, and PAT. And we have grown stably and steadily. And this is the right way to measure our business. We have time and again said in the past that our business has seasonality. Our H2 is slightly more pronounced than the first half of the year. And there are no surprises for us and it has been pretty much panning out the same way as we had anticipated.

Like Ramesh gave the guidance, we are quite confident of reaching the low teens to mid-teens on the organic basis and with BroadPath including, we will be northward of 20% in terms of growth and sustaining the profitability at 24%.

That is the adjusted EBITDA at 24%. We can move on, Ramesh. Some financial indicators, all of them pretty much on healthy lines, good cash conversion. This cash conversion despite we had repaid about ₹125 crores, almost $14.5 million of debt to the parent company in Q1 of this year.

And, all of these have been planned, and we had shared these details to all of you earlier as well. So no real callouts here. Just to reaffirm that from an operational performance, our ROCE has been above 50%. We can move on, Ramesh. This is again the tabular form of the entire P&L that we have provided. And you will notice the Y-o-Y on revenue is about 25.8%, adjusted EBITDA at 26.5%, and adjusted PAT at 38%.

So, the right way to start or the right way to measure Sagility is not just Q-o-Q but Y-o-Y as we have seasonality. Just reiterating the fact that, this is not a concern for us and it's been on expected lines.

We can move on, Ramesh. These are the adjustments to the adjusted EBITDA, to the reported EBITDA and to the PAT. The first graph on the top is the adjustments to the adjusted EBITDA. The first adjustment A that you see for ₹155 million is an account of the earn outs that we have made, we have provided for the acquisitions that we have done in the past, which is DCI, Birch, and BroadPath.

The adjustment B is the provision for the share based payment awards, which is basically the stock appreciation rights provided to the key employees, which are directly settled by the parent company Sagility BV. This is a non-cash expense for the company, and hence it's been treated as part of adjustments.

And in the past also, we have provided how these numbers would pan out for the future periods. So it's in line. No surprises. Nothing to really call out. The second part of the adjustments are the above two adjustments, adjusted for tax percentage. And the third one is on account of amortisation of the intangibles that got created when Sagility as a business got carved out from HGS. And, we have explained this also in the past. And so this is not an account of our performance and hence been adjusted.

We can move on, Ramesh. There was a request from some of the investor community to share the go forward positions, especially on account of the intangibles to be broken between, what has got created when the carve out happened.

So the last two lines, you will see intangibles A is on account of the carve out, and, B is the intangibles that we had created when we acquired companies like the Birch, DCI, and BroadPath. You would notice that there has been a reduction to the debt. And, we anticipate to repay ₹235 crores of rupees in FY '26 and the rest would get cleared in the next fiscal year. We can move on. A very healthy balance sheet, nothing really to call out from a perspective.

Just start again reiterating the fact that, we repaid debt despite repaying debt, good cash conversion, and a solid balance sheet. Yes, Ramesh. We generated healthy cash flows in Q1 in line with what we had anticipated. Our operating cash flow to the reported EBITDA is about 90% and free cash to the reported EBITDA is at 81%. So pretty much in line with the previous year's performance.

So, nothing really to call out. It's just that, again great effort by the team and good operational performance coupled with solid governance has helped us reach here. That's it from my end. Thank you. And back to you, Ramesh, and happy to take any questions, if any.

Question-and-Answer Session

Siddharth Rangnekar: Thank you, Srini. Participants who wish to ask a question can kindly click the raise hand icon at the bottom centre of your screen. We shall wait for a moment for the question queue to assemble. The first question comes from the line of Abhishek Kumar from JM Financial. Your line has been unmuted. I request you to go ahead.

Abhishek Kumar: Yes. Hi, good evening and thanks for taking my question. Congratulations on a good organic growth despite all the uncertainties. Now my first question is on your outlook. We did 14% plus growth on an organic basis. You still reiterated low to mid-teens. Our business looks very predictable. You're tracking above the upper end of your low to mid-teens outlook. Just conservatism on your part, or you think there are few things that you need to win during the year to achieve or to maintain this 15% plus growth?

Ramesh Gopalan: Abhishek, good question, right? So it's not I mean, is the 15% growth already in the bag now. But, we are reasonably confident that the low to mid-teens will happen, given the state of our pipeline and given what we know about the seasonality to our business, right? So yeah beyond that, obviously there could be positive surprises. The growth could be higher. There could be negative surprises. But broadly, sitting where we are, we are reasonably confident of this range, which is the low to mid-teens. And with the BroadPath like we said, 20% plus is something that we are reasonably confident about.

Abhishek Kumar: So, second question is, on the risk slide that you have put out, very useful, especially couple on two, three of these risks, the mitigation that you have talked about is higher outsourcing. So two part question. One, on the rising Medicare rates, I think this has already started pinching some of the insurers. So in response to that, have you seen some discussions around higher outsourcing already? That's question number one. Question number two is in your top accounts, how has been the or, what is the current level of outsourcing compared to the overall market? Overall market for payer, we understand is maybe early 20s to mid-20s. But compared to that, what is the outsourcing penetration for your top accounts? Because essentially, that will determine how much more they can outsource. Thanks.

Ramesh Gopalan: So Abhishek, these questions have been asked and answered in the past also, relative outsourcing, right? So broadly, the top national payers are the ones who outsourced much more than the broader market. So we've always told you in the past as well that the mid and the lower end of the market is underpenetrated from an outsourcing point of view. Beyond that, the industry numbers in the low 20s is what industry analysts talk about. Any other numbers that I give is highly, what should I say speculative in the sense.

I don't have a firm basis to say, client is outsourcing percentages X or Y. But broadly, we think that the top national payers would have somewhere in the 40s in terms of their current outsourcing. The question is not, is I mean what is the limit? Because there's obviously, there are risk issues because of which clients still want to retain some part of the operations in-house.

But like I've mentioned in the past, with cost pressures mounting, payers are more and more open to looking at ways to reduce cost. And it's not just the labour arbitrage that clients are looking at. Clients are also looking at a more holistic solution in terms of partners who can not only run these operations seamlessly, but people who can also bring transformation and reduce cost of operations beyond the labour arbitrage, right?

So that's one reason why we are very bullish because in this current environment, the cost pressures are severe. So we spoke about Medicare Advantage, but even outside of that across health care, both payers and providers, there's enormous cost pressure. And so all of the clients are looking at ways to lower cost. And that is forcing them to relook at some of even the traditional work that they've outsourced where they've retained some part of it in house. Is there someone who can take the whole thing and run it more efficiently for them? So there are lots of newer models that clients are exploring. And so we are very bullish that given, like I said, not only, do we have a stellar operational performance over the years, but all of the investments that we've made in transformation is positioning us well in being the right partner for not only running those operations, but also effectively taking costs out.

Abhishek Kumar: Sure. Maybe on Medicare cost already impacting or including discussions and on outsourcing? Any evidence?

Ramesh Gopalan: Yeah, all the clients. Like I said, this is just not I mean, Medicare was a topic spoken about. And this Medicare utilisation, we've spoken last year also, right? The Medicare utilisation is not a new phenomenon in '25. Couple of our large clients were impacted by it in '24. And that trends continues to play through in '25. And we've seen those clients giving us more and more work, right? So as you've seen in even in FY '25, our top three, top five, top 10 clients grew in double digits. And a lot of that growth is essentially playing out to the same theme that I just spoke about.

Abhishek Kumar: Thank you so much, and all the best.

Ramesh Gopalan: Thank you.

Siddharth Rangnekar: Thank you. We take the next question from Manik Taneja of Axis Capital. Your line has been unmuted, Manik.

Manik Taneja: Thank you for the opportunity. And Ramesh, congratulations for the steady performance, and good to see some incremental disclosures. I actually wanted to just pick your brains with regards to the typical seasonality that we have in our business. Given some of these industry specific trends that you spoke about, do you think this drives some impact to the seasonality patterns as customers take longer to decide on some parts of their portfolio? And you also mentioned that, that some of these pressures are driving some profitability pressures. Some of these changes are driving productivity pressures while you've raise your -- while you're confident about your adjusted EBITDA margin outlook for the year. Do you think over the medium term, this could pour some risk to our current margin profile?

Ramesh Gopalan: Good. So, Manik, let me take your questions one by one. The first part, the seasonality, like we've spoken in the past, it's not driven by buying cycles, but it's more driven by the open enrolment season. So that's the season when people get the opportunity to switch plans or renew their plans. And so there is a renewed effort by all of our clients to attract newer clients and support incoming new members. So the volume of transaction goes up in that period. And so that cycle is unlikely to change.

So with the acquisition of BroadPath like we've mentioned in the past, BroadPath is also into Medicare advantage sales. So their peak season is likely to be in the Q3 of our fiscal year, which is the October through December time frame. And then we have the other seasonality of Q4. So Q3 and Q4 being the seasonally high quarters for us will continue, even into the future. So I don't think, that is likely to change.

On your second question, that's a good question. So the pricing pressures, like I've mentioned in the previous calls, the pricing pressures are increasing because, like you said, as the client's profitability pressure increases, they want us to do more for less. And so that's not something that is new to us that's been going on for some time. The reason we are confident that our that we can still sustain these margins is because, the way to generate efficiencies for our clients is just not by reducing our labour price. So it's more of how do we bring some of the transformational capabilities to play and how do we generate efficiencies.

And so like I've mentioned in the past, when you generate efficiencies through transformation, you always have an opportunity to retain a part of those efficiencies which can go a long way in retaining the margins.

Manik Taneja: Sure. That's helpful. And, Ramesh, if I can ask one more. With regards to client interest from delivery location standpoint, if you could just talk about how are you seeing the interest from between India and Philippines, from a low-cost standpoint over the course of last 12 months.

Ramesh Gopalan: So broadly, this discussion on let's explore new geographies. That's not as -- we're not seeing it as much as before because now the focus is shifted more to how can you transform, how can you eliminate interactions, how can you eliminate transactions overall and how can you bring about those efficiencies. So but from a pure labour point of view, India and Philippines continue to be the lower cost geographies.

The one change that we are seeing is, people are more interested in exploring India as a geography for even the engagement transactions, especially the voice-based transactions. Previously, as you know, all of that used to be done in the Philippines and clients who wanted this new assure, we used to do it out of Jamaica and Columbia. But now clients are interested in exploring India also. There are newer technologies, like Sanas and so on, which harmonises accent and things like that. And so India is likely to benefit from some of those technologies.

So but overall, I would still say India and Philippines will continue to be the geographies where we see most of the work moving when it comes to offshore locations.

Manik Taneja: Sure. Thank you. Appreciate the responses. I'll get back into the queue.

Siddharth Rangnekar: Thank you, Manik. We take the next question from Rishi Jhunjhunwala from IIFL Capital. Your line has been unmuted, Rishi.

Rishi Jhunjhunwala: Yes. Thanks for the opportunity. So while our peer growth has been fairly decent, what we have also seen is a pretty strong growth on the provider side, which has been growing at 35% plus year-on-year. Can you explain some of the drivers of that and what is the medium term strategy to expand this part of the business?

Ramesh Gopalan: Yeah. So Rishi, one thing, I want to call out as, I mean, you're broadly right. But the revenue split between players and providers, also will vary by quarters because, for example, in the seasonally high quarters of Q3 and Q4, the seasonality is mainly on the payer business. So the proportion of payer revenues will be higher than providers in those quarters. Whereas it'll be the other way. I mean, the proportions will be different in Q1 and Q2.

But broadly, on an annual basis, you're right. Our provider business has been growing a little faster than the payer business. I wouldn't put that to any specific reason. One, like I've said in the past, it's a slightly it's a much smaller base to grow from. And two, we have some very strong relationships even on the provider side, right? So unlike many other competitors who work with smaller provider clients. We have some really sizable provider clients who continue to grow with us. We are also actively looking at expanding our portfolio of services, but I can't say that that has started to generate higher growth in the provider yet. But, we are hoping that we can continue this momentum on provider and even try and see if we can accelerate by expanding our service portfolio.

Rishi Jhunjhunwala: Got it. And second question is, in the past, you have said that look at our growth on a 1H over 1H and 2H over 2H basis rather than quarterly Y-o-Y. Of course, Q-o-Q, there is clear seasonality, but even, on a Y-o-Y basis at times, 1Q, 2Q could have those aberrations. Last two years, we had seen 1Q having an extended decline versus what you've delivered this year. It could probably be a function of you actually doing better or accelerated growth. But do we expect that to spill over in 2Q in terms of relatively lower growth? So, again, on a 1H basis, how do we look at growth there?

Ramesh Gopalan: Look, it's a tough thing at this point to say exactly where Q1 will be with respect to -- Q2 will be with respect to Q1. But to your point, yes, we ideally would want people to look at H1 versus H1 year-on-year. But if you were to take our H1 in FY '26 over H1 of FY '25, I still, think we will fall in the low-to-mid teens, kind of a number. So there is momentum starting the year. Like I said, the pipeline both from new clients and existing client continues to be healthy. I don't see, why, there should be a drop in Q2. But broadly, if you look at H1 versus H1, we will still be in that broad low-to-mid teens from an organic point of view.

Rishi Jhunjhunwala: Okay. Thank you so much. All the best.

Ramesh Gopalan: Thanks, Rishi.

Siddharth Rangnekar: Thank you, Rishi. We take the next question from the line of Ruchi Mukhija from ICICI Securities. Your line has been unmuted, Ruchi.

Ruchi Mukhija: Thank you for the opportunity, and congratulations, Ramesh, on the steady performance. In the deal wins, you announced about GCC win. Could you talk more about how this came to us, and do you see more such deals in the market? And if you could also talk about the scope and the tenure of this deal that we have bagged?

Ramesh Gopalan: Sure, Ruchi. It is an existing client of ours, right? So, while we are setting up, like I said, while we are helping them set up a GCC, it isn't to move any of the work that we currently do for them. So these are work with clients that they have, who have restrictions in terms of giving it to third parties. And so they want to take the advantage of lower cost geographies in delivering some of the work that they are currently doing onshore. So the deal construct is a little fluid. They have a right to, like I said, it's a build operate transfer model. They have a right to take it back over a period of time. It could be, anywhere between two to four years.

So we are helping them in the whole process. We're helping them set up their centres. We're helping them hire. We're helping them train. We're helping them run the business before handing it over back to them. But then, the size, the maximum scale it will reach before they move it in-house and the time frame at which they'll move it in-house, that's a little fluid contractually. They could do it, like I said, anywhere between two to four years.

Ruchi Mukhija: Thank you. Appreciate that. All the best.

Ramesh Gopalan: Thanks. Thanks, Ruchi.

Siddharth Rangnekar: Thank you, Ruchi. We take the next question from the line of Bhavik Mehta from JPMorgan. Your line has been unmuted, Bhavik. Bhavik, you may go ahead.

Bhavik Mehta: Hey, thank you. Just one question. Over the last three months or so, what's happening with the market both of our funding perspective from macro perspective. Have you seen any change in pace of deal conversions or revenue ramp up?

Ramesh Gopalan: Bhavik if I understood your question, you're asking the deal flow, have we seen any change, right? So, in fact, like I said, because of the pressures on margins, people are more keen to look at ways to reduce cost. And so we don't see any negative impact on deal cycles or deal flows. Obviously, the core operational deals being complex, they typically take three to six months from start to finish. But that's been the case even in the past. But, otherwise, we're not seeing any delays or any disruption to the deal cycles.

Bhavik Mehta: And also in terms of conversion of deals to revenues, is that pace also broadly unchanged?

Ramesh Gopalan: Sorry? I didn't get that.

Bhavik Mehta: The conversion from deals to revenues, the revenue ramp up of the deals, what you have called is that...

Ramesh Gopalan: Yeah, that also remains unchanged. Yeah. I mean, most of our deals have a have a ramp up cycle because, as I've mentioned in the past, we don't keep a bench. So we have to hire and staff up for the new deals. And so that takes, a while to ramp up to full capacity. So there's no change to those timelines.

Bhavik Mehta: Okay. Thank you.

Siddharth Rangnekar: Thank you. We take the next question from the line of Chirag Kachhadiya from Ashika Stock Broking. Your line has been unmuted. Chirag, you may go ahead.

Chirag Kachhadiya: So, Ramesh, I have a question on the strategy part, as somewhere the intent of U.S. government is to look on the outsourcing and so in this environment, how do we -- the strategy in our way to remain strong player in the value chain in the U.S. market? And also, the conversation with for your top client, this is still what like, what will the situation one year or two year down the line? We need more consolidation amongst our peer group, or are we going to remain resilient and we'll gain more market share from the competitors?

Ramesh Gopalan: I'm not sure I understood you completely, but let me try to answer because the consolidation are you talking about consolidation of vendors? Are you talking about consolidation of in the peer market?

Chirag Kachhadiya: Yes, I'm talking about consolidation of vendors? Yeah.

Ramesh Gopalan: Vendors. Yeah. The consolidation of vendors is happening. So I might have spoken about this in the past also. Especially with some of our larger clients, when they realise that they have a long tail in the vendor list, they want to consolidate into a few vendors. That doesn't mean, like I've said, big national payers are not going to work with just one vendor. They'll definitely have three or four vendors across their different areas. For every major process, they are most likely to have at least a couple.

But having said that, sometimes they have many more than a few. So and so, consolidation of work from the long tail, into these chosen few vendors is something that, most of the large clients are looking at. And we've gained wallet share on that basis even in the last few years.

In terms of your other question, in terms of the overall market environment like I said. Health care cost is a big concern and that continues to remain a big concern. So overall health care costs are growing. The pressure on our clients is continuing to increase. Margins are highly strained. Utilisation with an aging population, utilisation rates are only likely to go up. So, essentially, the cost pressures are not going to go away. Obviously, they're likely to be higher in some quarters, some years, than other years for our clients. But the overall trend in terms of increasing cost pressures, that is unlikely to go away.

And so ability to not only deliver lower cost, but do similar or exceptional service at lower cost and using all of the transformation capabilities is going to be a very significant task in the future.

Chirag Kachhadiya: Yeah. In continue to this pricing and all, in future, let's say we command a relatively high market share in coming years. So at that time, will we have a pricing power because ultimately it's an outsourcing service. So we think that, if the scope of price increase will prevail in coming years.

Ramesh Gopalan: Like I said, I don't think, at least for the national payers, it is not going to be, that they're going to have one vendor who can start to call the shots. So there'll always be multiple vendors. While, I wouldn't say, as service providers, we'll have the leverage to increase prices. But what I can say is, the more transformation we can do, the more we can help our clients take out cost. We can also start to see some upside, in terms of retaining Manik's questions like I mentioned, retaining some part of those efficiencies for ourselves. But the ask at this point is, how can you reduce my cost? Not working with vendors who want to increase their prices.

Chirag Kachhadiya: And one final question on headcount. So three, four years down the line, let's say, we double our revenues. So headcount will remain in the same range or slightly higher than what it should be?

Ramesh Gopalan: So with the transformational work, the growth will start to become non-linear at some point. So but broadly, it'll -- I mean, will headcount increase if my revenues increase? Will it increase at the same proportion? Unlikely. Because a lot of the deals where we are signing with clients today, not too many of them are on a pure FTE model. Even on a transaction model, if I can deliver those transactions with fewer humans, the clients want a portion of those savings, but the clients are not concerned about how many people I have to deliver those transactions.

So as we start to increase the level of transformation in the work that we do, the relationship between revenue and headcount will start to diminish. And so, it is slightly to become more non-linear as we go forward.

Chirag Kachhadiya: Thank you so much. All the very best.

Ramesh Gopalan: Thank you.

Siddharth Rangnekar: Thank you. We will take the next question from Mohit Motwani from Tara Capital. Your line has been unmuted. Mohit?

Mohit Motwani: Thanks for the opportunity. I had a question on BroadPath. You mentioned about, you are in the discussion to cross-sell proposals with BroadPath clients. And I think you mentioned that you have already cross-sold to one client. So just want to understand, are these new areas of work, which was not getting outsourced previously or, you are trying to replace some existing vendors which were there doing the work for them?

Ramesh Gopalan: Yeah. So we've discussed this. So in the sense let me reiterate, right? BroadPath's client base is other than a couple of clients which are national payers, bulk of the clients are in the mid and the small market segment range, right? And like I've said in the past, the penetration of outsourcing in that bucket is very, very small. So most of the times when we are having these cross sell conversations with clients, we are typically not talking about replacing existing vendor.

It's almost always work being done in-house, which we are trying to get them to outsource. So there is that initial hurdle that we need to cross in terms of do I really want to outsource or not? But like I keep saying, the cost pressures are increasing across the board, right? It's just not the national payers who are facing cost pressures. The cost pressures are even higher for the mid-market and the smaller clients.

And so even though they may not have done that in the past, the propensity to start to listen to, some of these proposals has increased. And that's what makes us bullish that, some of these cross sell conversations will result in revenues in the future.

Mohit Motwani: Sure. And your guidance of adjusted EBITDA margin at 24%. So, does it bake in any improvements in margins of BroadPath? I understand it's just been, I think three to four months few months since we closed the acquisition. But any operational initiative that you have already undertaken to optimise cost on the BroadPath side and any improvement that we should expect in the future quarters?

Ramesh Gopalan: Yeah. So like I mentioned in the past, there are multiple initiatives at play. So on the core operations front, yes, while there might be some efficiency, the focus is more on how do I cross sell and how do I increase the revenue base. And if some of these cross sell BroadPath for the most part other than a very small component, which was done offshore, almost three quarters or more of that revenue came from onshore.

If some of these cross sell are for delivery from a different offshore geographies, then by that very nature, the margins will improve. But, also what we've started doing is to look at the SG&A, so mostly on the G&A side, and we had started to see what kind of synergies we can get in the G&A costs.

So vendor contracts, personnel, we've started to look at all of those. And so optimising the G&A spend will also give a boost to the EBITDA of BroadPath. So broadly, we are expecting, like I guided in the past, we are expecting BroadPath's EBITDA margin to improve from high-single -- low-double digits to mid-double digits over the next couple of years.

Mohit Motwani: Thank you so much for these answers and the best for future endeavours.

Ramesh Gopalan: Thank you.

Siddharth Rangnekar: Thank you, Mohit. We will take the next question from the line of Fawaaz Sheriff from White Whale Capital. Your line has been unmuted.

Fawaaz Sheriff: Hi, thank you for taking my question. I wanted to ask how is the revenues recognised in your business? Is it contract based or time based? And if so, can you give me a split as to how it's been recognised this quarter?

Ramesh Gopalan: Sorry. We may not have spoken with you in the past, but our business, we do core operations work for clients. So this is not a contract or a project. It is regular operations. It's a recurring revenue model for us. So all of the revenue is recognised based on the work that is delivered during the month.

Fawaaz Sheriff: Okay. And so it's 100% is towards transactional, if I'm right, if that's the way it is.

Ramesh Gopalan: Yes.

Fawaaz Sheriff: Okay. Got it. Thank you.

Ramesh Gopalan: Okay, 100%, almost 100%. So we might do some time and material based work, especially on the transformation side if the client is separately paying us for some of those transformational initiatives, we might build them on a project basis. But that given the overall revenue of Sagility, I would say that's more like a small single-digit number.

Fawaaz Sheriff: So on a transactional basis, so it's outcome based if I'm not wrong. So if the hospital or the vendor does well, we do well. Is my understanding right over there?

Ramesh Gopalan: No, not all of our revenues are outcome based. Most of our revenues are effort based, right? So even if it's a transaction based billing, it is the number of transactions that I process. So that's the predominant way. There are some outcome based billing models but not, when you talk of outcome not that if my client overall does well I do well, right?

So it's outcome on the specific process. For example, if I'm working for a provider, trying to collect age receivables, I'll get paid based on the cash that I collect for my client, right? So it's very specific to the outcome of that process. Similarly, if I'm doing payment integrity work, I get paid based on the recoveries that I make on the claims that are paid. So again, it's linked to the outcome of that specific process.

Fawaaz Sheriff: All right. Thank you for answers.

Siddharth Rangnekar: Thank you. We'll take the next question from Harshit Sachdeva from Columbus Capital. Your line has been unmuted, Harshit.

Harshit Sachdeva: Hi, thank you. Great set of numbers. Just wanted to get clarity on any margin levers and client expansion. What does the outlook look for the rest of the year and deal pipelines? And on margins, especially, how do you look to improve margins and any levers that you can pull? You might have talked about it in the past. So thank you.

Ramesh Gopalan: Yeah. So Harshit, I think like, we guided. So we had guided a 23% to 24% EBITDA and we're saying we're likely to do slightly better than that 24% plus EBITDA numbers, right? In our kind of business, the margin levers are essentially the efficiencies that we generate. Efficiencies can be through technology, efficiencies can be through, operational efficiencies, reducing redundancies, better manpower utilisation.

All of those are levers for us. And all of that, in a way that we have to generate consistently on a year-on-year basis because, most of the geographies where we operate, there is a cost inflation. And our contracts are longer term contracts where there is no price inflation. So given that, it's a part of our system to generate efficiencies on a year-on-year basis.

And so those levers are pretty much the same except that the technology lever is essentially now opened up to give us a much larger array of opportunities to improve efficiencies. And that's what we've been talking about, right? Clients realise that, clients want us to use those opportunities to reduce the cost for them. So rather than a COLA (Cost of Living Adjustment), most of the contracts now ask us to reduce price on a go forward basis. And the lever to do that is basically using technology.

Harshit Sachdeva: And the second part of my question was any, what does the client pipeline look like and more expansion during the year, I mean, onboarding new clients with strategies with that?

Ramesh Gopalan: Well, like I said, pipeline looks healthy. Our historical growth has been a mix of growth from existing clients as well as new logos. In the given year, most of the growth will come from existing logos because new logos, like I said, one, the deal cycles three to six months and two, the ramp up times that required. So any new wins that I generate in a year is unlikely to give me a large revenue in the same year. And so most of this revenue will get pushed out to the subsequent year.

So any growth that you see in a given year is basically the logos that I have onboarded the previous year and the continued growth that I see from my existing clients. And like I mentioned in the opening statement, we won new deals or additional work from 18 of our 77 clients. And that's been the historical trend. So we'll continue to pursue a number of opportunities with our existing clients. And that is the healthy pipeline that gives us the confidence to say that, we will still continue to deliver low to mid-teens for the full year.

Harshit Sachdeva: Thank you so much. Thank you.

Ramesh Gopalan: Thank you.

Siddharth Rangnekar: Thank you. We'll take the next question from the line of Seema Nayak from ICICI Securities. Your line has been unmuted, Seema. Seema, you may go ahead. Seema?

Seema Nayak: Yeah. Thanks for taking my question. My question is regarding intangible asset amortisation. It is the highest in last four quarters. So is it led by BroadPath, and how do we see that going forward? And my second question is regarding provider segment growth. This segment has been growing 35% plus for the past three quarters. So are we pivoting more towards provider led growth? Yeah. Those are my questions.

Ramesh Gopalan: Srini, you want to take that?

Sarvabhouman Srinivasan: Yeah. On the intangibles amortisation, Seema, it has always been, we had created intangibles when the business had got carved out. So it had two components. So it's not probably the highest. In FY '24, we had the highest number where one of the intangibles had got completed. So what you see now is the intangibles on amortisation, with respect to the business that got carved out plus the new businesses that we had acquired and where we had created intangibles.

We have shown the split of those in the forward-looking slides as well. And the rest is just an exchange rate adjustment when we convert, because the intangibles that got created in The United States is for the business that was for towards customer relationships. It was a 16 year deal that ₹140 crores of number that you see on the forward-looking table is just adjusted for the exchange. So otherwise, there are no yoyos to the intangibles like you see. So if you still have any questions, you can connect with me separately. I can explain that to you.

Ramesh Gopalan: On the provider, Seema, we discussed, right? So provider is only 10% of our overall revenues. So the growth numbers on that is also a result of the smaller base that we have, right? Are we aggressively looking to grow the provider business? Yes. We are aggressively looking to grow the provider business. Like I've mentioned, our broad provider footprint is with large providers, not just health systems, but also ancillary providers. But broadly, what we deliver to them is, the extended revenue cycle operations as a portfolio.

But what we are also trying to see is, are there other capabilities that we have on the payer side that can be leveraged from the provider side? So our attempt is to try and grow our portfolio of services on the provider side, which will if we do successfully, we'll also further accelerate the growth on the provider side. But today to your question, the growth is higher because of the smaller base and because of the fact, like I said, just like on the payer side, we have some very large relationships on the provider side, which continue to grow for us.

Seema Nayak: Thanks and all the best.

Ramesh Gopalan: Thank you.

Siddharth Rangnekar: Thank you. We will take the next question from the line of Raj Vyas of TM Investment Technologies. Your line has been unmuted, Raj.

Raj Vyas: Congratulation on a good set of numbers. My questions is basically, a general type. So, with the anticipated increase of outsourcing opportunities, what are the major operational changes as we as a company are addressing currently? And looking at the current macroeconomic changes and with respect to inflations and other changes as well. So are we looking on with the newer geographies and verticals, that should typically help expand the market for Sagility in the near term?

Ramesh Gopalan: Okay. So let me try and answer the question on the operational front. Yes, so today, a lot of, like I said, lot of effort goes into transformation of these operations, using all of the technologies available including AI, right? So like some of the examples that I gave in terms of nurse, appeals assistant, so on. There is always a human in the loop, but AI is doing a lot of the work that previously humans used to do, right?

So it means a different set of training. It means a different set of, working for our associates, which is something that we are rewiring and training the whole organisation. And secondly, like I said, we're also introducing AI in some of our internal operations. I mean, just as an example, I said we hire 100s of people every month. We train people for six to eight weeks. And typically, even today, it's either an instructor led training or if it is even self-training, it is more linear.

So everybody goes through the same modules. What we are also trying to attempt with Agentic AI and so on is how do I personalise this training based on the capabilities of each of the individuals that we hire. So the training doesn't have to be a cookie cut for all of the people that we hire. How do we also tailor the kind of people that we hire for a specific client and for a specific process?

Ability, all of the tools available today, Agentic AI and so on gives us that opportunity to personalise to a high degree, right? So that's going to change the way we hire, we train, and we deploy people into operations. So to your question on operationally, how we are adapting to the new environment, a lot of those changes are in play as we speak. To your broader question on macro and markets, I've spoken about this in the past.

So we today, in fact our performance stands out compared to a large part of the market is because of our differentiated positioning in health care. So we like the vertical where we operate. We like the space we are in. And so we're going to continue to play in the health care vertical. In the health care, the work that we do for payers and providers is there more work that we can do that, than we currently do. I already spoke to you about providers.

We're constantly looking at expanding our service portfolio, and so that's something that we'll attempt. Within the larger health care ecosystem, are there other entities, that we can service? That is also something that we are keen to explore. While payers and providers is 100% of our revenues today, can we expand that to a different segment within health care is also something that we look at. But broadly, where we'll operate at least for the foreseeable future will be in the larger health care space and not in any other vertical.

Raj Vyas: Last question from my side. The slide, in the starting highlighted that there is no tangible impact from the tariff thing. But are there any proactive risk assessment, we are looking or so that we try to mitigate the risk or in case tariff impacts, like tariff impacts, in the future?

Ramesh Gopalan: So I don't know how to answer the question. So I'm saying there's no direct impact. So we've done our analysis, and we don't see tariffs impacting us. Tariffs on the way, the tariffs are structured today and the goods on which tariffs are imposed. We don't see it impacting us. If, as situation changes and if the rules of the game change, we will continue to assess and see how it impacts us and we will let you know in the subsequent calls.

Raj Vyas: Okay. Understood. Thank you for answering my questions. Thank you.

Siddharth Rangnekar: Thank you. We will take the last question of the day from the line of Manik Taneja of Axis Capital. You've been unmuted, Manik.

Manik Taneja: Yeah. Hi, thank you once again for the follow-up opportunity. Ramesh, I just wanted to check with you on this adjusted EBITDA margin outlook that you have provided. Earlier, our adjusted EBITDA margin was inclusive of other income. In this quarter's presentation, you basically excluded the other income out of it. So just wanted to wanted to confirm the outlook of 24% plus is X of other income with the way we are reporting now.

Ramesh Gopalan: Yes. That is correct. But we started, excluding other income from the last quarter also, right? Srini, just...

Sarvabhouman Srinivasan: Correct, correct, Ramesh. This was a request from the investor community not to include. So that's the reason why we have shown all the quarterly, we have included a slide, showing the last nine quarters performance as well.

Manik Taneja: Sure. And if you could just also help us with the contribution of BroadPath in the current quarter, if you can call that out.

Sarvabhouman Srinivasan: In terms of EBITDA.

Ramesh Gopalan: So organic and inorganic numbers, Manik.

Manik Taneja: Sure. I understood that. Thank you.

Siddharth Rangnekar: Thank you. That was the last question for the day. Thank you. Members of the management on behalf of Sagility India Limited, that concludes our webinar for the day, and you may log off the event. Thank you, everyone.

Ramesh Gopalan: Thank you, everyone.
