

Date: October 31, 2025

To,

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

Dear Sir/Ma'am,

Subject: Transcript of Investors Call held on October 29, 2025

In accordance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are attaching the transcript of the Investors/Analyst Webinar held on October 29, 2025, which was conducted to discuss the unaudited financial results of the Company for the quarter and half year ended September 30, 2025.

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 Limited
(formerly Sagility India Limited, Sagility India Private Limited)

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

Sagility Limited

(Formerly Sagility India Limited, earlier Sagility India Private Limited)

Registered Office - No. 23 & 24, AMR Tech Park, Building 2A, First Floor Hongasandara Village, Off Hosur Road, Bommanahalli, Bengaluru – 560068, Karnataka, India
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Sagility Limited

Q2 FY26 Earnings Webinar

Wednesday, 29th October, 2025 at 7:30 PM

MANAGEMENT	• Ramesh Gopalan - Managing Director & Group CEO • Sarvabhoutman Srinivasan - Group Chief Financial Officer
MODERATOR	• Siddharth Rangnekar – CDR India
QUESTIONERS	• Manik Taneja - Access Capital • Ruchi Mukhija - ICICI Securities • Chirag Kachhadiya – Motilal Oswal • Raj Vyas - Motilal Oswal • Rishi Jhunjhunwala - IIFL • Vamshi Krishna - Kotak Securities • Bhavik Mehta – JPMorgan

Siddharth Rangnekar: Good evening, everyone, and welcome to the quarter two and first half FY '26 Earnings Webinar of Sagility 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. Sarvabhoutman 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 two and first half, 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, Siddharth. Good evening, everyone, and welcome to our Q2 and H1 FY '26 discussion. Let me give some opening remarks. In the first half of FY '26, we continue to demonstrate strong momentum across both Payer and Provider segments, underscoring the depth of our expertise and a proven ability to deliver at scale. The broader U.S. healthcare landscape continues to face ongoing challenges from rising costs, shrinking margins, and growing regulatory complexity. These factors are accelerating the industry shift towards digital transformation and operational efficiency.

In the backdrop of ongoing macroeconomic uncertainties, our client relationships remain very strong. And we continue to engage in deep collaborative discussions with our clients about future possibilities. And in turn, they continue to entrust us with a growing share of the transformational agenda. Our ability to serve as strategic advisors combined with execution excellence enables us to stay embedded in their growth and transformation journey, driving mutual value and long-term partnership continuity.

We are adopting a consulting led approach to help clients modernise traditional delivery frameworks, harnessing next generation capabilities and GenAI-based models to drive efficiency at a very large scale. Through this

consultative and technology driven approach, we are enabling our clients to build resilient future ready operations.

Now moving into H2 FY '26, the AEP or the annual enrolment period has just kicked off. And this is a very crucial season for our Payer clients. We've ramped up operations, and we are deeply engaged in supporting them through one of the most operational intensive phases of the year. Let's move to the next slide.

So now talking about our performance in Q2 and H1. We maintained our momentum building on the strong start to the year. Consolidated revenues for Q2 came in at INR 16,585 million or \$189.4 million. Marking a year-on-year expansion of about 25.2% in INR terms and 20% in constant currency. Organic growth was also strong registering 16%, year-on-year growth in INR terms and 11.1% in constant currency. This performance was supported by continued traction across both payer and provider segments with both of our segments contributing.

The payer business grew 24.2% year-on-year accounting for 88.5% of the total revenue mix, while the provider vertical delivered strong performance expanding 33.4% year-on-year and contributing 11.5% to overall revenues. Operating profitability remained robust with adjusted EBITDA at INR 4,352 million or \$49.8 million representing a year-on-year increase of 25.6%. So this EBITDA translates to an EBITDA margin of 26.2%, very robust. And this reflects our assertion that technology and transformation using levers like GenAI benefit not only our clients but can also help us improve our margins.

It's important to note that our adjusted EBITDA excludes other income and forex gains. And this result highlights very strong operational execution and improved delivery efficiency. Net profitability also stayed strong. Our adjusted profit after tax for the quarter stood at INR 3,010 million, up 84% year-on-year aided by strong EBITDA margins, higher forex gains, and declining finance cost. The consistent optimisation of our capital structure, including steady debt repayments, continues to strengthen cash flows and support investments in technology, analytics, and AI led transformation.

We switch to the half yearly results. We are pleased to report that H1 FY '26 registered a year-on-year revenue growth of 25.5% in INR terms and 21.4% in constant currency terms. And during the first half of the year, we recorded revenues of \$369.9 million, which translates to INR 31,974 million. Organic growth was also strong, registering 16.9% in INR terms and 13.2% in constant

currency. Half yearly adjusted EBITDA of INR 8,039 million grew 26% year-on-year, while our adjusted PAT of INR 5,007 million grew 62.4% year-on-year.

I'm also happy to announce that the Board has announced as approved, an interim dividend of 0.05 or 5 paise per share to be paid in Q3. So let me turn my attention now to the new wins. As of September 30, 2025, we have 82 active clients. During the quarter, we secured business from 24 existing clients, and we also added five new clients. The aggregate annual contract value won from new and existing clients stands at \$34 million.

Some sample client wins include out of these five, there is a regional Blues plan, a provider of home medical supplies and equipment, and a regional health care organisation which offers integrated clinic-based services along with a health insurance plan. BroadPath, as you know, our focus continues to be on cross sell to BroadPath clients.

In Q1, we reported our first cross sell win secured from a subsidiary of a large national Payer. And we are very pleased to announce that we have secured an incremental SOW from the same client. And in addition to that, we've also won a claim, SOW from a mid-sized health plan that serves small and medium-sized businesses. We continue to see good momentum in our cross sell discussions with BroadPath clients, and we have already submitted several proposals in the first half of 2026.

Industry recognitions. I'm happy to state that Sagility has recently been recognised for our commitment to excellence and a people first culture. We've earned the great place to work certification in India, a testament to our strong workplace values and employee engagement. Additionally, Sagility Philippines has been honoured as the winner of the Asia CEO Awards 2025, the Service Excellence Company of the Year. These achievements reflect the dedication of our teams and our unwavering focus to deliver value to both our clients and our people.

At the end of the quarter, we had 44,185 employees across the five countries and also a skilled team of operation specialists, clinicians, and technologists. The deep domain expertise continues to drive impactful outcomes for our Payer and Provider clients. Annualized attrition remains steady at 26.3%, and it's consistent with the last year's trend. Our growth has been matched by strong hiring momentum and stable retention, demonstrating the maturity of our delivery model.

We are leveraging AI not just in the work that we do for our clients, but we are also deeply committed to building a future ready workforce. We are investing in Agentic AI powered learning platforms to drive faster personalised up-skilling across both healthcare and technology domains. This AI enabled adaptive learning ecosystem is designed to enhance workforce capability, support retention, and prepare our teams to lead through transformation. Next slide, please.

Yeah. These are the standard KPIs that we've reported in the past. So you can take a look at our client distribution and so on. But we'll come to the market updates. We started giving you market updates every quarter. And so let's talk about some of the changes in the last quarter. As you know, this tariff discussion has been going on for a long time. It's kind of normalised as a long-term policy measure.

So if you look at the impact on our clients' payers and providers, the tariff driven increase in the cost of imported medical equipment, pharmaceuticals, and so on is impacting our Provider clients more than that of the Payers. And there is no tangible impact to us, in terms of the implication of these tariffs.

The other big change is the marketplace integrity and affordability final rule. So according to this, Payers must upgrade eligibility enrolment and compliance systems and meet stricter verification and reporting rules. So there is a few of that, people focus on the ACA market will start to see reduced membership and premium inflows. But as we've already told you, our exposure to this market segment is very low. And so we don't think, it'll have a substantial impact on us.

In addition, we are well positioned to support payers in their increased demand for automation led eligibility and enrolment validation. Providers will also see shifts in patient coverage. They'll require tighter eligibility checks and revenue cycle vigilance.

The third that we wanted to talk about is the higher act. Many of you would have heard about this. This will have impact across the outsourcing ecosystem, both IT services, and companies like us. There's a proposal to charge a 25% excise tax on outsourcing payments to foreign entities for services to U.S. customers. But this bill, so far hasn't passed either the House or the Senate. But the implication if something like this were to pass, and which is happening even without this is that Payers and Providers are looking at taking out cost, adopting a more technology driven solution to run their operations. And even if the tax were to be imposed, the offshoring benefits

that clients get would more than compensate this excise tax that would be imposed.

And lastly, the H-1B policy, many of you know of these announcements and the subsequent changes. As a company, we have very little exposure to this H-1B program. In fact, we have a large employee base in the U.S., and over 99% of our employees are either and most of them are citizens and a few of them are green card holders. So between these two categories, over 99% of our employees are covered. So this isn't something that is going to be a major impact to us. Let's move on to the next slide.

So we wanted to cover something different today, right? So since our IPO days, the constant question that most of you have asked us is around GenAI. So what is the impact of GenAI to our business? And we've openly acknowledged that GenAI is going to be transformative. It is going to result in some revenue cannibalisation. However, we are also investing in GenAI use cases so that we can deliver significant value to our clients. And we believe that this will help us grow our revenues from both existing and new clients.

Some of you have come back and are saying, okay, if that's the case, how do you think this will play out? And so we thought we'll take the opportunity today to walk you through some of the deal constructs that we are currently working on. So that you can have an understanding of how GenAI is embedded in all of these deal constructs and how it plays out, when we go to market.

So we've given three case studies here. These are active deals that we're working on. The first one is the transformation space. In this, the key, is our domain expertise. The fact that we understand the payer value chain end-to-end. Using domain expertise is the key but then applying GenAI as a lever to take out cost that's what this case is all about. So this is for a large national Payer, who has already used traditional levers like offshoring and automation. And they are now gotten whatever, savings that they can get through these traditional means. They wanted us to unlock further cost savings through next generation levels.

The solution that we proposed, what we call transformation in place. This is essentially first process engineering in terms of looking at the whole end-to-end process. While we were just doing claims for this client, we are looking at some of the upstream processes, which also result in additional work on the claim side. We're using operations, analytics, process reengineering, and GenAI to deliver an additional 20% savings to the client.

So in this specific case, while we are already doing some of the work for this client, the addition of upstream processes will more than compensate the savings that we are committing to the client. And because we are doing an end-to-end and a large savings commitment, we are also likely to take wallet share of some of the work that are being done by other service providers.

The deal construct here is, no more the traditional FTE or transaction rate, but it's more of a per-member-per-month or what we call PMPM. And so, we'll charge them on a PMPM basis. And any savings that we generate, there's a gain share model by which clients will get to retain a large part of the benefits while we will also get to keep some of the benefits. So that's one example of how domain expertise and both GenAI are leveraged to create a more end-to-end solution to generate cost savings. The second example, the example in the middle is one of transformation in an engagement services work. And this is for a regional player who wanted to achieve substantial cost savings and an elevated member and provider engagement experience using our cloud based engagement services in GenAI.

Here, the key level is GenAI. And so we are proposing a GenAI powered cloud-based engagement solution. And we are committing to a 25% to 40% savings across members, brokers, and provider interactions. The way these savings would be generated is through the use of GenAI. And GenAI will help us contain some of the transaction, which means humans will not be required to deal with some of the transactions. It'll be completely automated.

And for those transactions that humans will deal with, it'll also help us in generating productivity improvement through Agent Assist. And the deal construct in this is an upfront commitment on savings. Like I said, 25% to 40%, depending on the various queues. And the way, the deal construct works is while we will charge the client a certain rate for transactions handled by humans, the AI agents, will also be charged at a different rate. And that rate will be a fraction of the cost, that we charge for a human process transaction. So this is an example where GenAI is the primary driver of the cost savings.

And where also you can attribute a specific revenue to GenAI, like I said, we will charge the work done by AI agents at a different rate from human agents. The third example is very different. This is for helping a client increase the revenue. And in this instance, we are proposing a solution. We are stitching together a solution which involves both technology and services.

So this is for another for a national Payer, who currently provides B2B services for health benefit plans, health benefit companies, and other health plans.

They currently provide provider network and claims repricing. They want to sell additional services to their clients by taking over services like Provider payments and Provider engagement. So they came to us and asked us if we can design a solution to help them get into those new service lines. And so with the technology partner, we will provide data aggregation services and this technology partner will help us integrate with our CRM solution so that we can provide both technology and operational services like this provider payments and engagement.

In this case again, we are going to charge the client on a PMPM basis. And this PMPM will cover both our platform and operational expenses. So the first phase is stitching together the solution and delivering this on a PMPM basis. And then there'll be a Phase 2 where we'll again use GenAI to further improve efficiencies of these operational services and deliver further savings to the client.

So just wanted to give you a flavour of the different kinds of engagements that we are getting into where GenAI and other transformational capabilities are playing a very key role. And the key theme in all of this is the scope of these engagements is much larger than the traditional service models where client used to just outsource one part of the service.

And so now these are more complex. These are more end-to-end. And transformation is a key part of all of these deal constructs. Let's move to the next slide, please. The first time we are also introducing a dedicated section that showcases our expertise through a selection of case studies, white papers, solution videos, and, expert talks.

We won't place all these videos here. But I strongly encourage you to go to our website and take a look at some of our solution videos. They'll give you a flavour of some of our AI offerings, including AI enabled virtual agents and nurses that we've spoken to you in the past, which are driving better productivity and engagement across our client operations.

They showcase how Sagility is leveraging advanced technologies to deliver measurable outcomes and transform service delivery. We've also showcased the solutions at leading industry events and webinars, such as the AHIP webinar featuring our Sagi360 and our co-market solution with Availity.

These platforms allow us to demonstrate the power of our AI driven solutions and share insights on what's new and what's next for 2025.

In addition to the 18 use cases that we spoke about last quarter, I'm happy to announce that we've successfully now deployed 25 distinct AI use cases across nine clients. So before I hand over the presentation to Srin, let me summarise by emphasising a few themes.

Our focus on execution remains steadfast, supported by the ongoing strengthening of our AI and technology capabilities. These have helped us deepen engagement with existing clients and extend our reach into the mid-market space. We will as always pursue acquisition selectively. And in those acquisitions, we seek to not only enrich our capabilities, but also expand our market access.

Looking ahead, we expect to sustain organic growth in the low to mid-teens in constant currency. We had earlier guided annual constant currency growth of 20% and an adjusted EBITDA of 24% plus. But now given the good momentum that we are seeing, I'm pleased to increase the revenue guidance in constant currency to 21% plus and an adjusted EBITDA guidance of close to 25% for the full fiscal FY 2026.

Our healthy cash generation will continue to fund investments in AI and tech capabilities and position Sagility strongly for the opportunities ahead. With that, let me hand over to Srin to walk you through the financial performance. Over to you, Srin.

Sarvabhoutman Srinivasan: Thank you, Ramesh. Hi, all. Like Ramesh had shared these numbers earlier, we have got robust revenue growth and solid margin performance and good PAT performance as well. Cash conversion has also been good. DSOs stood at 78 days, which is, one of the best considering that we have significant credit period. And the key takeaway in this slide is 25% plus growth in INR terms, both in revenue as well as in adjusted EBITDA.

Next slide, please. This slide talks about the seasonality, where we have always said that the H1 in our business is slightly lower than the H2. H2 is where we have the open enrolment season. So we have just tried to depict the last two years out of the last 9 quarters movement, and you can actually notice that there is increase between Q2 to Q3.

So we are expecting a better Q3 compared to the previous year. And also sequentially, there is likely to be a growth. Our Q3 as I said has got open enrolments and BroadPath contributes to the member acquisition business.

So that is also likely to accelerate in Q3. If you notice, we have actually added between Q1 to Q2 of last year, Q1 FY 2025, I'm referring to the top right two boxes. We have an increase in headcount of close to 2,500. As against that, we have added close to 4,300 people in this year. And that's the reason why I'm bullish about how the performance is likely to be.

Next slide, please. This is more a longer term view of how Sagility has performed. And besides FY 2024 and 2025, we have also tried showing how our revenues have grown on a trailing 12-month basis. That is for the trailing 12 months ending September. You can see solid growth in revenues, in adjusted EBITDA as well as in adjusted PAT. And this growth is not just in dollar terms, it is also not just in INR terms. It's also in dollar terms.

And the primary reason is the reduction in the interest costs and also the reduction in the amortisation expense that is driving higher PAT growth. And please note that the adjusted EBITDA is excluding other income. Next slide, please. These are some of the financial indicators that we have been showing.

In the trailing 12 months, we have the adjusted EPS stands at 2.15, as shown here. And EPS is constantly growing. That is what I would want to bring to. Even the reported EPS stands at 1.71. We'll come to the details on the cash conversion, but before that, ROCE is stable at 50% plus and we didn't have any debt repayment in this quarter, but there is a scheduled repayment which is happening in H2 more towards the end of Q3 and beginning of Q4.

So we have a repayment and this schedule has already been provided to you. And a cash conversion has been fairly good, I would say in the sense. And you will actually see a reduction in OCF primarily on account of two factors. One, we had close to about \$6 million of unrealised gain. So that's not adding to the cash. And two, we also had advanced tax payments of close to \$19 million. And \$19 million that includes for both Q1 and Q2. For Q1, we paid that money only in July.

And also Q2 was also paid in September. So the tax payout happened for the full H1 in this quarter. So that's another reason as to why there has been a cash outflow resulting in a lower cash conversion. And if we exclude the other income, especially with respect to the unrealised effects, the cash conversion for H1 should have stood at 74%. Next slide, please.

This is a P&L format, sharing all the numbers in one comprehensive view where we have shown sequential quarter growth as well as comparison over the previous years. And also, we have shown the half yearly performance.

Nothing really to call out, other than, I would say a solid operational performance with clear focus on cost management and prudent use of cash and over overall good performance.

Next slide, please. Here are the adjustments to the EBITDA. For some of the new investors who have joined, we do have a difference between our reported EBITDA and adjusted EBITDA and there are three reasons for that. One is on the earn outs that the acquisitions that we have made, there are adjustments that are shown as expenses. And we have as Sagility, we have made three acquisitions.

One is the payment integrity business, one is the BirchAI, and the other one is the BroadPath. So had these been paid upfront as cash, it would have gone out as a purchase consideration. But these are deferred purchase consideration, which are primarily to retain key employees of the acquired entities and hence these are routed through the P&L. The second adjustment, adjusted B that you see on this are pertaining to the share based payment awards.

These are shared appreciation rights given to some senior leaders in the team, and this will be honoured directly by our parent company, Sagility BV and not the current company. And though these flow through our P&L, these are not a liability or a cash that will be settled by this company. It will be settled by Sagility BV, our parent company. Like we have explained in the past, this just flows through the books, but it is not a liability or a cash out flow or not going to dilute the shareholders' interests.

The third adjustment, that you see on the EBITDA is the FX gain adjustment. We have started showing adjusted EBITDA other than other income. So, this time, since the rupee had weakened significantly and so did Peso, our adjusted EBITDA is lower than the reported EBITDA.

We have also shown the bridge on the right hand side between the reported and the adjusted for half years. On the PAT, that is besides the adjustments that I had mentioned as adjustment one and two towards the earn outs and share based payments, we also have adjustments towards amortisation of intangibles.

I know this is a repeat, but there are some new investors. So, then this business got acquired. The excess of cash paid over the purchase consideration was there was a purchase price allocation that was done and

significant portion of, close to \$265 million was treated as amortisation of intangibles towards customer relationships in the U.S. which is continuing.

And every year, we have close to about \$16.5 million of charge as it has a 16 year life. So that's the adjustment. Moving on to the next slide, please. These are some of the go forward positions. As I said, we have a repayment of debt that is likely to happen in the last quarter of this year. And by end of next fiscal, the entire debt will be cleared. This is an external commercial borrowing at 8% coupon rate from the parent company, and these are rupee denominated loan. So this has a structured repayment pattern. As per the RBI norms, it has to stick to the average repayment period, and that's exactly what it is. And these interest rates are competitive and you guys know it better.

Like I said, the share-based payment awards that positions are also given. This we'll get over by FY '29. The earn outs on DCI, Birch is also likely to get over, bulk of it will get over by this year itself by end of March and these are, anyway, contingent upon conditions. So, we have made sufficient provisions and we'll ensure that appropriate action will be taken.

The last two intangibles that I had explained. The one intangibles that you see as A, is the bigger one, which is the \$16.5 million of write off towards the customer relationships in the U.S. The second intangibles B, are largely the intangibles that this company has created on account of acquiring companies like the DCI, which is the payment integrity business, BirchAI, and BroadPath. Next slide, please.

Moving on to balance sheet. No major, call out. Things are robust, stable. We have made the right investments wherever it is required. Despite a reduction in the borrowings that you would see, our cash position has improved. Next slide, please.

This is the cash flow, where we have compared the previous years, full year with the first half of the year. Most likely, the run rate, we will hit or marginally exceed the cash generated compared to the previous year, and that's because in the previous year, you will see the fourth row, you'll see, we had almost INR 48 crores of tax refunds, whereas, in the previous year, that had actually helped and the taxes paid were net of refunds, so we had INR 48 crores there. Whereas, this year, we don't have that.

Our additions to fixed assets have been very prudent, and we have consolidated some sites, which has actually helped us in an optimising operational cost. And nothing really to call out there. So broadly, overall, an

operating cash flow we had generated close to INR 558 crores or INR 5,585 million. And our free cash flows were at INR 4,776 million.

I'll just pause here so that you can absorb. And if there are any specific questions, we'll be happy to answer later. That's all I had. Thank you.

Question-and-Answer Session

Siddharth Rangnekar: Thank you, Srini. Participants who wish to ask a question, kindly click the raise hand icon at the bottom of your screen. We will wait for the questions to assemble. We take the first question from the line of Manik Taneja of Axis Capital. Manik, your line has been unmuted

Manik Taneja: Thank you for the opportunity, and congratulations for a great performance in the current quarter. I just wanted to get your sense on two things. Given that the BroadPath business also is largely linked to the open enrolment business, do you think the revenue seasonality will probably be much higher this year compared to what we've been accustomed to in the prior years?

And similarly, from a margin standpoint, if you could call out the different percentage on margins for second quarter FY '26. And once again, given some of the growth leverage that you will enjoy in the third quarter. How should we be thinking about the margins playing out in the near term? And while you've increased year outlook for margins for FY '26, it would be great to understand how are you thinking about margins over the medium term? Those would be my questions. Thank you.

Ramesh Gopalan: Hi, Manik. Thanks for your questions. First, on BroadPath, yes. Like we mentioned, when we acquired BroadPath, a substantial part of the business is towards helping clients acquire newer members during the AEP for Medicare, right? So and that seasonality for them is more pronounced in Q3. Whereas our open enrolment traditionally was a little more pronounced in Q4, right? So to that extent, yes. Q3, is likely to be a bigger quarter for us. And, like I said, the AEP season has kicked off from the 15th of October, and there's a lot of action going on as we speak.

So, yes, the contribution of BroadPath or the seasonality. If I just look at BroadPath's revenues, their seasonality is heavily skewed in Q3, and their revenues actually dropped in Q4. Whereas, the traditional Sagility's revenues are both, high both in Q3 and Q4. But Q4, traditionally, is a slightly better

quarter for us than Q2, right? So that both those effects will basically mean Q3 and Q4 are both likely to be good quarters for us as a whole.

Your second question on margins. Like I said, we've kind of given the momentum we are seeing. We've increased our adjusted EBITDA margin to closer to 25%. However, look Q3 while the contribution from BroadPath will be higher as a percentage of our overall revenue. And as you know, while it is seasonal and likely to generate better margins for BroadPath than other quarters. As a whole BroadPath margins, as we've discussed in the past are much lower than Sagility's margins, right? So the higher proportion of BroadPath revenue might dampen the margins a little bit in Q3. That's why we are guiding more of a 25%, for the full year. Otherwise, if you look at our Q1 and Q2 performance and look at a traditional Q3, Q4 performance, it could have been even higher, right? But BroadPath's outsize contribution in Q3 will dampen margins a little bit.

And then the medium term question that you asked. Look we broadly maintain that our margins will be in the 24% to 25% range. When we are acquired BroadPath, given that the margins were lower, we did say that it'll dilute our EBITDA margins anywhere between 120 and 150 basis points, which is happening as we speak. It is not reflecting the overall margin because the underlying the traditional business is being more robust. Some of the cost initiatives, like we mentioned are playing out. Some of the transformation that we are doing, like I've historically said, while a large part of the savings from those transformation we pass it back to the clients. We also manage to retain some part of those savings. And that's also helping us improve our margins.

So overall, I would continue to be bullish on margins. We'll guide closer to the start of every fiscal year. But I would think the 24% to 25% range would be at least our baseline goal, even in the medium term.

Manik Taneja: Sure. Thank you, Ramesh, and wish you all the best.

Ramesh Gopalan: Thanks, Manik.

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

Ruchi Mukhija: Thank you for the opportunity, and congratulations on good set of number. I truly appreciate your disclosures on AI. I have couple of questions here. In the AI case studies that you disclosed, from existing client you promised 20% saving. For a regional client they were 25% to 40% saving now committed. Is

that a secular trend that you see more savings in new account versus existing?
Is this some trend we see?

Ramesh Gopalan:

Thanks Ruchi for your question, right. So in this case, I mean, first, I might not have been very clear. All these case studies are with existing clients, right? So it's, even case two, is for an existing client. The nature of savings depends on the kind of work that we are doing, and also on the scope of work, right? So this is, the second client, the savings are much greater. Because the use case for GenAI there, we believe is likely to generate a much greater cost savings than in case one.

Secondly, in the second case, while the bulk of it is GenAI, when we look at the overall scope, there is also some re-shoring that might happen. So we might be able to also provide the client some saving by moving both from higher cost to low cost geographies as well. But bulk of those savings come from GenAI. And GenAI based savings are likely to be different depending on the use case where we deployed.

Ruchi Mukhija:

Okay. You talked about difference in pricing between AI agents and FTE. Could you now help us understand, quantum of the difference even qualitatively?

Ramesh Gopalan:

That's a good question, right? So if in engagements, for example, I'm just on the flight trying to give you numbers. It depends on where the human agent is currently working from, right? So if you take a traditional offshore geography, the broad math would be an AI agent could probably be anywhere between 25% to 35% of a human agent. Whereas the same AI agent, if the human were to be based onshore, could be as low as 10% to 15% or 10% to 12% of the human agent, right?

So it depends on, what base you're comparing with whether the human agent is onshore or offshore.

Ruchi Mukhija:

Okay. The last question is for Srini. Could you quantify how much was the currency led tailwind in the current quarter to our operating margins?

Sarvabhouman Srinivasan: The average FX rates in Q2 was much higher than the Q1. The impact was almost 1.1% improvement in adjusted EBITDA close to about 6 million.

Ruchi Mukhija:

Thank you. All the best for the future.

Sarvabhouman Srinivasan: Thank you.

Siddharth Rangnekar: Thank you, Ruchi. We take the next question from the line of Chirag Kachhadiya from Motilal Oswal. Chirag, your line has been unmuted. You can go ahead.

Chirag Kachhadiya: Yeah. Hello. Congrats on a good set of numbers. Just one question. You mentioned, during the quarter, we have benefit of AI into our margins. So if you can quantify like, what benefit in terms of this point we have due to Generative AI or other efficiency led measures. And also, if you can clarify like, what pass on from this benefit we have given to the clients. That's all.

Ramesh Gopalan: That'd be very difficult to give a specific number saying how much did AI help in improving the margin, right? So the overall reason why I gave some case studies is also to help all of you understand how GenAI, not only how are we using GenAI in deal constructs, but how commercially it also plays up, right?

If you look at my three case studies, case study one also used GenAI, but it'll be very difficult for me to say what revenue did they generate purely from GenAI, because it's not a completely automated transaction. It is assisting humans improve their productivity, right? So it's very difficult to kind of attribute specific numbers.

In case two, yes, some portion of the revenue could be attributed directly to GenAI, because I'm charging separately for a GenAI based transaction where there are no human involvement, right? So in our business, it's not very easy to very specifically quantify that this is the revenue that GenAI is either generating or this is the savings that I'm making purely because of GenAI.

Chirag Kachhadiya: Thank you. We take the next question from the line of Abhishek Kumar of JM Financial. Abhishek, your line has been unmuted.

Abhishek Kumar: Good evening, and congratulations on a good quarter. My first question is on the ACV number that you have started disclosing for last two quarters. I just want to understand what to make of this, because what you were disclosing is, \$32 million to \$34 million ACV per quarter, while our quarterly revenue run rate is now close to \$190 million. So, is it just the net new and this will result in incremental revenue, as we move forward, or I mean, just a definition of ACV will be helpful.

Ramesh Gopalan: Yeah. So thanks, Abhishek, for your question. Yeah. So, essentially, ACV is annual contract value, right? So and what we are disclosing is additional revenue, right? As you know, in our business, bulk or almost all the revenues

is recurring revenues. So we don't include any renewal of contracts in this number. So all of these wins are essentially incremental revenues.

And in the normal course of business, \$32 million ACV should generate \$32 million over a period of four quarters, and it should be recurring year-on-year, right? However, one caveat to that is in our business, I mean, ACV is a little indicative, right? So client might commit to giving us a certain proportion of their business, which could mean certain volumes. But these volumes are not cast in stone, right. So the volumes can go up, volumes can come down. So it's not a very hard coded ACV number. So this is the directional ACV number based on the scope of work that the client has committed. But, it could go up or come down.

But broadly, yes. This is the revenue that these new deals will generate over the course of the year. And then, it's likely to continue to recur in future years.

Abhishek Kumar:

Sure. And given there is, ask from your client to pass on productivity, AI, or otherwise. As you've indicated earlier, some part of this. So, I mean, it's not as simple as \$120 million gets added next year, and so your revenue will be higher by \$120 million. There will be some deflation on the base business.

Ramesh Gopalan:

Yes. That is also true. And also, look, what I want in Q1, I will start generating some of that revenue in Q2, Q3, and Q4, right? So it's not going to be directly additive only in the next year. Part of it will flow through in the current year's growth as well.

Abhishek Kumar:

Okay. One last question. I think last quarter, Ramesh, you mentioned that, when you talk about low-to-mid teens growth, you also build in 1.5 odd percent of AI led deflation every year. That's big then. And now, since you have started using AI to get more business from the three use cases that we saw today. Do you think that calculation, needs a rethink, and now we can actually at least that 1.5% will go away? Any thoughts on those lines? Thank you.

Ramesh Gopalan:

Yeah. It's a good question, Abhishek. Again, look, it's a mix of things, right? Even in the use cases that I spoke about, I'm taking a certain portion of the work that I'm already doing. The scope is being increased by either adding upstream processes to that or adding more volumes to what I already handle, which is basically means clients giving me some of the work that they are already doing.

On the whole portfolio, I'm committing a savings, which means a portion of the work that I'm already doing, I'll be cannibalising a part of that revenue. But

I'm replacing it with additional work that the client is giving, right? So it's always going to be a mix of that when I'm dealing with existing clients. Of course, when I go to a new client and I pitch a completely new service and I bundle the upfront cost commitment, then I will reflect it in the ACP values that I recognise. And so that is not going to be considered a cannibalisation.

But with existing clients, there's going to be a mix of cannibalisation plus additional work that I get. So, I don't know if that's what you are hinting at, but so the cannibalisation will still continue to be there. What percentage, it's going to be is obviously we'll have to wait and see how it plays out. But even this year, there is cannibalization one, because of all of these technologies transformation.

But in our business, there's also cannibalisation when we don't lose work, but the client suddenly asks us to move certain piece of work that we're doing for them from an onshore geography to an offshore geography, right. We retain the same business. We retain the same SOW. We retain the same volumes. But now I'm delivering the same piece of business rather than which I was delivering at \$100. Now I might be delivering it at \$60, right? So there are various forms of cannibalisations that happen in our business. And so the growth that we ultimately put out is net of all of those cannibalisations.

Abhishek Kumar: Sure. That's very insightful. Thank you and good luck.

Siddharth Rangnekar: Thank you. We take the next question from Raj Vyas of Motilal Oswal. Raj, your line has been unmuted.

Raj Vyas: Yeah. Hi. So, first of all congratulations on a very good set of numbers. And, in terms of your slide with respect to the excise, this 25%, this tax. So wanted to understand if it gets implemented or something, we will definitely have a margin compression. So, if we can give some numbers, if it gets implemented, then how much of the if it gets affected on the margins for Sagility?

Ramesh Gopalan: Look, it's not that something we will absorb completely, right? So this is going to play out. First of all, I mean, upfront, I want to say the likelihood of, something like this getting implemented is low. But, yeah, nothing can be ruled out. This is not specific to, firms like us. It's going to impact every outsourcing business, including IT services and firms like us. And thirdly, we deliver from multiple geographies. Is this going to play out? Is it going to be the same level for all geographies? Is it going to be different? We don't know, that also. And, fourthly, to your point that all of these costs will be absorbed by us is also untrue.

So we will have to sit down and negotiate with each client. Obviously, there'll be some amount that we may have to absorb and some we may be able to pass on to clients. So it's going to be a mix of all of that. So at this point, I don't have a specific number. But, if it looks like, this is something that'll pass, we will come back with a more definitive number.

Raj Vyas:

Okay. Secondly, as we have mentioned in the previous concalls as well that, Q3 and Q4 are the seasonally typically the best, at the strongest quarter due to this U.S. open enrolment cycle and Medicare advantage sales. So how we are looking forward for the next H2 FY 2026 and also I've missed the revenue guidance that you have mentioned. So could you please share that as well?

Ramesh Gopalan:

Yeah. So let me give the guidance, right? Previously, we are guided to see the organic constant currency growth of low to mid-teens is a range that we are still committing to. That's the same numbers we had given earlier as well. But combined with BroadPath, we had said, we'll be north of, we we'll do 20%, is what we had guided. Now we are saying we'll probably do 21% plus. So we are increasing that by 100 basis points or more.

Raj Vyas:

And the question with respect to, the seasonality as Q3 and Q4 are typically, seasonally good. So how we are looking for the H2 FY 2026? Can you throw some light on that?

Ramesh Gopalan:

Yeah. We discussed that, right? So BroadPath will have a seasonally strong quarter in Q3. And, Sagility also will have a better H2 compared to H1. So if you look at historically our business, if you look at the revenue split, it's roughly 53% to 54% in H2 compared to a 46% to 47% in H1, right. So that's the typical split of our revenue. So that will continue for us, and that's pretty much, what will be the case for BroadPath as well. But in BroadPath's case, it might be even a little more skewed. I don't have the exact numbers, but the 53:47 or 54:46 that I'm talking about for Sagility. For BroadPath, the skew might be even a little more.

Raj Vyas:

Okay. So thank you. And, that is from my side.

Ramesh Gopalan:

Thank you.

Siddharth Rangnekar:

Thank you, Raj. We'll take the next question from the line of Rishi Jhunjhunwala from IIFL. Rishi, your line has been unmuted.

Rishi Jhunjhunwala: Yes. Thank you so much. So firstly, in your past experience of years when there has been significant INR depreciations, in the following years, how have clients reacted to it? Have you been asked to pass on the benefits of currency to them in any formal manner, or do you think they generally do not interfere with currency movements, when it comes to year end or year beginning pricing for the next year? How have various cycles of, and our depreciation played out for us?

Ramesh Gopalan: Hi, Rishi. Yeah. Good question, right? So in our business, two things I will comment, right. One, clients all of our contracts are negotiated in U.S. dollars. And as a rule, I can't think of any client where we have a COLA clause for any of our offshore delivery, right? So clients don't pay a COLA. So, essentially the cost is, their cost is spent in dollars.

And so they do understand that given the inflationary impact in some of our delivery geographies, currency movement is a lever that we need to use to tackle those inflationary impacts, right? So typically, most clients deal in U.S. dollars. But then given like we've discussed, given all of the transformation levers in play, they're constantly looking to a cost reduction from their current dollar pricing.

So they always deal in dollars, and they also don't get involved in cost of living adjustments in offshore geographies.

Rishi Jhunjhunwala: So, sir is it fair to assume that, the fact that most of the companies across IT services and BPO services are incrementally facing pressure on AI productivity to be passed on to the customers. This rupee depreciation will help offset some of those pressures. And as a result, the impact on absolute EBITDA on that in future years may not be as accentuated if rupee remains stable?

Ramesh Gopalan: Look, the rupee depreciation is not a new thing, right? So the rupee depreciation has been happening over the years. And like I said, some part of it helps us overcome the cost increases especially in our business, salary increases every year has to come out of that. But to a large extent, we rely also on efficiencies that we generate in our operations to fund the rest of the gap. We don't just rely on currency movements to retain stable margins. We also focus a lot on efficiencies, right?

And like you said, AI helps us is another lever for us, right? Rather than just, operational efficiencies, which is more staffing efficiencies and other productivity improvements. Today, I can use AI to also generate additional

efficiencies. Granted, I can't keep all of it to myself. My clients want a large part of it. But I still can't retain a part of it to offset the cost increases, right? So and remember, I operate from multiple geographies.

We always think of depreciation from a rupee point of view. We've had several years where the Philippines pesos appreciated with respect to the dollar, right? And we still have to manage that and still try and keep our margin stable, right? So yeah, I mean it's a play involving a number of currencies that we have, Jamaica and so on. Yes. In some years, it benefits us. In some years, it cannot benefit us much. But our constant endeavour is, is not just to rely on currency, but also on our own internal efficiencies.

Rishi Jhunhunwala: Right, sir. Thank you. The other question is on capital allocation. So now you've announced an interim dividend. How do we think about capital allocation slightly from a medium term perspective? Do you think that the quantum of dividend is going to sequentially improve? And is there a particular payout that we should expect, say, one year, two years, three years down the line?

Ramesh Gopalan: We haven't specifically pegged a percentage of our earnings or cash flows, right? So first of all, we want to just directionally give the message that, we want to start paying dividends. But as you know, we still have debt on our books. We still are keen on doing M&As. So we want to make sure that we have cash left to be able to do all of that. So directionally, yes. We will pay dividends. And as we extinguish debt on our books, the quantum of dividends is likely to go up.

Rishi Jhunhunwala: Understood. And one last question in terms of demand, we are one of the few companies which are effectively have increased our revenue growth guidance now versus where we were at the beginning of the year. How much of that do you attribute to the underlying demand being better in the areas where we operate versus us potentially executing better either from a wallet share gain perspective or from a client addition perspective?

Ramesh Gopalan: Good question, right? So look, wallet share, like I said in our business doesn't happen, that often. So, I would say our growth isn't coming from taking mainly taking wallet share from others. The biggest thing is and we've said this many times. The market is going through a lot of change, right? Our specific clients in the health care industry, especially payers, a lot of them are going through profitability pressures.

So today, the focus is how can you help me take out more cost from my operations, right? And so we are seeing clients more open to talking to us on larger deals, right? So if you're willing to give me a commitment, like the examples we gave, if you're willing to take out 20% cost or 30% cost, I'm willing to give you a larger portion of the pie.

I mean, in fact, in some of the processes, I'm willing to give you the full pie. And most of the time, the full pie basically means work that they are currently still doing, internally, right? And so that's what we think is playing out that improves our revenue growth, right? So and obviously, we're adding more clients as well. But as you know, in our business, initial years, the revenue contribution from newer clients is very small.

So I wouldn't say a large part of the growth is coming from the new clients that we're adding, but they'll of course help us grow in the subsequent years. But a large part is also coming from clients willing to look at larger deal constructs, because they're under pressure to take pass out.

Rishi Jhunjhunwala: Understood. Thank you so much, sir. All the best.

Ramesh Gopalan: Thank you, Rishi.

Siddharth Rangnekar: Thank you. We'll take the next question from Vamshi Krishna of Kotak Securities. Your line has been unmuted.

Vamshi Krishna: Congrats for the strong quarter. So just, Ramesh, just wanted your thoughts on the examples that you have given. Say, some of the larger mature outsourcers you have committed slightly lower of course, material savings. Whereas for some of the regional players, the savings seems to be slightly higher. So is there a flavour in terms of, say, the size of or the scale of clients to where the savings will be different?

Or is it, across various service lines, the extent of savings will be different? And then I have follow-up.

Ramesh Gopalan: Yeah. So, yeah, I mean, Ruchi asked the same question, right? So I mean, see, mature you're right. In a certain sense that mature clients have exhausted a lot of the traditional levers available to them in terms of cost takeout, right, both in terms of sending the work to the best geography where they'll get the most cost advantage, using traditional tools like RPA, and other forms of automation.

So all of that is exhausted. So anything incremental that we generate is through things like AI and so on. So the overall quantum may be slightly lower. But the answer is still it depends on the current process that we're looking at and whether some processes are amenable to complete automation, right?

So if you can, if in a given process, if you can even take 20% of the transactions and 20% or 25% and completely automate them and then generate a productivity increase of 15%, 20% of the balance 75%, 80%. Then you get to the 30%, 35% cost saving number, right?

So ultimately, it depends on the process that you're looking at, what percentage can be completely automated, what level of efficiencies can you generate in a human centred interaction. And also the level of maturity, right? When you do a combined deal to your point, there might still be other traditional tools that you could employ, that you could deploy to generate additional savings.

There could still be some incremental shoring gains that you could get. So those may be possible in slightly less, mature cases. Whereas in more mature clients, the opportunities for those traditional funds may not exist.

Vamshi Krishna:

Just please say so, the processes, what I understand is that maybe claims processing or say, network management, there can be a little higher disruption. So is that the right understanding, or, do you think there are other process or which are the process that you think will be relatively more resilient to others?

Ramesh Gopalan:

Look, yeah, see even in claims, right? So, for example, even in the traditional claims, the productivity of how many claims I can do varies greatly from client to client, right? It all depends on the kind of systems, claims platforms that they use, how they've configured those platforms, what are the processes, right? What are some of the unique processing guidelines they may have, right? So all of that depends, influences what the existing productivity is, right? And so when you may look at a scenario like that and you say, I want to implement AI, then the question becomes, given all of those complexities for this specific client, what is the level of efficiency that you can generate, right?

So even within claims across two clients, the cost savings that you could generate could be very different.

Vamshi Krishna:

Got that. And maybe one for Srini. Say, what is the reason for the increase in other financial liabilities? What does this involve?

Sarvabhouman Srinivasan: Yes. Give me a minute.

Ramesh Gopalan: So, Srini, can you answer the question?

Sarvabhouman Srinivasan: Yeah, yeah.

Vamshi Krishna: Other financial liabilities, which has increased from about ₹300 crores to ₹390 crores, so.

Sarvabhouman Srinivasan: Yeah. Vamshi, I'll get back to you. I'll get the details and get back to you.

Vamshi Krishna: Okay. Thanks.

Siddharth Rangnekar: Thank you, Vamsi. We take the next question from the line of Bhavik Mehta from JP Morgan. Your line has been unmuted.

Bhavik Mehta: Hi, thank you. So couple of questions. Firstly, obviously, we have been growing at around low to mid-teens from an organic perspective, and margins have been going up in the organic business. And we have seen some of your peers over the past couple of years do some growth margin trade off where they want to accelerate growth and invest in the business, which comes at a cost of margin. So given at the scale where you are, is there a thought process in terms of, maybe accelerating the growth from mid-teens to maybe high 10% or 20% plus and maybe dilute the margins to an extent because that will help you scale faster, win more wallet share at a faster pace. I'm just curious to know how are you thinking about growth versus margins?

Ramesh Gopalan: Yeah. I get your question, Bhavik. Look, I don't think we're losing deals, because of our pricing and so on, right? So how much trade off do we really need to do on margins to grow? That's, I'm not fully convinced, right? But, I mean, to the question that people have asked me in the past with AI being able to generate more efficiencies that you can retain, are you going to constantly guide to a higher margin year-on-year?

And our answer has always been no. We're happy staying in the 24% to 25% range. We'd rather use that to grow our business than be focused on improving margins, right? So the improvement that you're seeing in the last couple of quarters is not a conscious effort of sacrificing growth and improving margins. It just so happens that, whatever we've been able to retain has helped us improve margins.

But, to your point, yes. We are happy being in the 24% to 25% range, but we will take all of the gains either in investing more in our capabilities or in aggressively growing revenues.

Bhavik Mehta: Okay. Got it. This second question is, on dividend and good to see dividend announcement coming through. If I take like a three to five year view, is there a certain payout percentage which is there in mind which you'll be comfortable with given your M&A ambitions as well? Because typically, we see mid cap IT companies give a 40%, 50% as payouts as a percent of net profits every year. So is that something we should assume for Sagility as well based on that?

Ramesh Gopalan: At this point at the board level, we haven't narrowed it down to a specific number. But like I said, we just wanted to make a start and give a directional view that we will start paying dividends. But we'll come back to you in a subsequent quarter, Bhavik.

Bhavik Mehta: Okay. Got it, thank you.

Siddharth Rangnekar: Thank you, Bhavik. We take that as the last question. Thank you, members of the management. On behalf of Sagility Limited, that concludes our call for today. You may now log off the event.

Ramesh Gopalan: Thank you, everyone.

Sarvabhouman Srinivasan: Thank you, everyone.

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