IPO NOTE





SAGILITY INDIA LIMITED 04.11.2024





- ♦ Sagility India Limited, formerly known as Berkmeer India Private Limited, provides healthcare-focused solutions and services to Payers (US health insurers who fund and reimburse the cost of healthcare services) and Providers (primarily hospitals, physicians, diagnostics and medical technology companies).
- Sagility India is technology-enabled, pure-play healthcare focused solutions and services provider to Payers - U.S. health insurance companies, which finance and reimburse the cost of health services; and Providers -primarily hospitals, physicians, and diagnostic and medical devices companies.
- Services to payers span their entire operational spectrum, including centralized claims administration and clinical services functions. These include claims administration, payment integrity, clinical management and other services.
- For providers, the company offers revenue cycle management services to assist them in managing their billing and claiming treatment costs from payers.
- ♦ In addition, the Company also offers some of the services it provides to Payers to Pharmacy Benefit Managers ("PBMs") who manage prescription drug coverage for members (i.e., insureds) under health benefit plans.
- ♦ The company's customers are all based in the USA. As of March 31, 2024, the Company's five largest customer groups (i.e. the customer companies together with their subsidiaries) had an average tenure of service of 17 years. In January 2024, the company served five of the ten largest payers in the US (source: Everest Report). In addition, the company acquired 20 new customers in the financial years 2024 and 2023.
- ♦ As of March 31, 2024, Sagility India had 35,044 employees, of which 60.52% were women. As of March 31, 2024, 1,687 of the employees held certifications, including 374 certified medical coders, 1,280 registered nurses in the US, Philippines and India, and 33 employees with other degrees such as dentistry, surgery and pharmacy.
- The company's revenue from operations grew by 9.61% to ₹ 1,223.33 Cr for the quarter ended June 30, 2024, from ₹ 1,116.09 Cr for the quarter ended June 30, 2023, and by 12.69% to ₹ 4,753.60 Cr in FY2024 from ₹ 4,218.4 Cr in FY Year 2023. The company reported EBITDA margins of 23.48% and 17.85% for FY2024 and for the quarter ended June 30, 2024, respectively.

Issue Details		
Price Band (in ₹ per share)	28-30	
Issue size (in ₹ Crore)	1966.16-2106.60	
Fresh Issue (in ₹ Crore)	NA	
OFS (in ₹ Crore)	1966.16-2106.60	
Issue open date	05.11.2024	
Issue close date	07.11.2024	
Tentative date of Allotment	08.11.2024	
Tentative date of Listing	12.11.2024	
Total number of shares (lakhs)	7023.35-7023.26	
No. of shares for QIBs (75%) (lakhs)	5253.26-5253.19	
No. of shares for NII (15%) (lakhs)	1050.65-1050.64	
No. of shares for S-HNI (33%)(lakhs)	350.22-350.21	
No. of shares for B-HNI (66%)(lakhs)	700.43	
No. of shares for retail investors (10%) (lakhs)	700.43	
No of shares for Employee Reservation (lakhs)	19.00	
Minimum order quantity	500.00	
Face value (in ₹)	10.00	
Amount for retail investors (1 lot) (in ₹)	14000-15000	
Maximum no. of shares for Retail investors at Lower Band	7000 (14 lots)	
Maximum no. of shares for Retail investors at Upper Band	6500 (13 lots)	
Maximum amount for retail investors at lower band - upper band (in ₹)	196000-195000	
Minimum no. of shares for sHNI (2 Lakhs) at upper band	7000 (14 lots)	
Maximum no. of shares for sHNI (10 Lakhs) at upper band	33000 (66 lots)	
Minimum number of shares for bHNI at upper band	33500 (67 lots)	
Exchanges to be listed on	BSE & NSE	

Promoters

- SAGILITY B. V
- SAGILITY HOLDINGS B. V

Objects of the Offer

- Achieve the benefits of listing the Equity Shares on the Stock Exchanges.
- ♦ Carry out the Offer for Sale of up to 702,199,262 Equity Shares of the face value of Rs. 10 each by the Promoter Selling Shareholder.





BRIEF FINANCIALS				
PARTICULARS (Rs. Cr) *	Q1FY25	FY24	FY23	FY22
Share Capital	4679.27	4285.28	1918.67	1918.67
Net Worth	7608.16	6443.13	6206.67	4026.62
Revenue from Operations	1223.33	4753.56	4218.41	923.41
EBITDA	218.37	1116.04	1044.86	210.57
EBITDA Margin (%)	17.85%	23.48%	24.77%	22.80%
Profit/(Loss) After Tax	22.29	228.27	143.57	(4.67)
EPS (in Rs.)	0.20^	0.53	0.33	(0.05)
Net Asset Value (in Rs.)	16.25	15.03	14.48	9.39
Current Borrowing	943.91	1933.52	2347.94	4239.23
P/E [#]	150.00^	56.60	NA	NA
P/B [#]	1.85	2.00	NA	NA

Profit & Loss Statement

Particulars (In Crores)	JUL 2021- MAR 2022	FY2023	FY2024
INCOME			
Revenue from operations	923.41	4218.41	4753.5
Other income	20.99	17.65	27.9
Total Income	944.39	4,236.06	4,781.50
YoY Growth (%)	-	356.839	12.69%
Employee benefit expenses	505.71	2494.20	2937.6
Employee Expenses-% of Revenue	53.55%	58.88%	61.449
Other Expenses	228.11	697.00	727.8
EBIDTA	210.57	1044.86	1116.04
EBIDTA Margin (%)	22.80%	24.77%	23.489
Depreciation and amortisation expense	147.21	644.34	689.2
EBIT	63.36	400.53	426.83
EBIT Margin (%)	6.86%	9.49%	8.989
Finance cost	65.22	214.85	185.1
Profit before tax	-1.85	185.68	241.6
Tax expenses			
Current tax	10.43	124.32	111.52
Deferred Tax	-7.61	-82.22	-98.1
Total tax expenses	2.82	42.11	13.42
Profit for the year	-4.67	143.57	228.27
PAT Margin (%)	-0.51%	3.40%	4.80%
Earnings per share			
Basic earnings per share ()	-0.05	0.33	0.5

Cashflow Statement

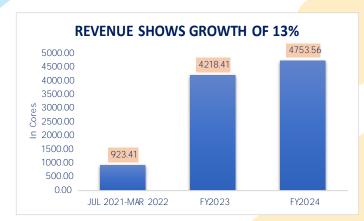
Particulars (In Crores)	JUL 2021- MAR 2022	FY2023	FY2024
Cash generated from operating activities	-22.56	1026.62	2 1099.5
Income tax paid (net of refunds)	-9.34	-169.84	I -126.31
Net cash generated from operating activities	-31.89	856.78	973.2
Net cash used in investing activities	-7714.00) -129.06	-469.0
Net cash used in financing activities	8116.35	-544.62	2 -751.34
Net increase/ (decrease) in cash and cash equivalents	370.46	183.10	-247.14
Cash and cash equivalent as at 1 April		373.80	585.29
Effect of movement in exchange rates on cash and cash equival	ents 3.34	28.38	5.98
Cash and cash equivalent as at year end	373.80	585.29	344.13

Particulars (In Crores)	JUL 2021- MAR 2022	FY2023	FY2024
Assets			
Non-current assets			
Property, plant and equipment	265.27	7 295.47	7 388.13
Capital Work-in-Progress	5.35	0.31	5.70
Right-of-use assets	552.50		
Goodwill	5218.28		
Other intabgible assets	2584.8		
Financial Assets			
Other Financial Assets	35.61	37.26	47.5
Deferred tax assets (net)	11.25	61.43	135.3
Other tax assets (net)	8.70	57.15	74.0
Other non-current assets	8.06		
Total non- current assets	8689.86	8797.05	8944.27
Current assets	0005.00	8737.03	0344.27
Financial assets			
Trade receivables	926.20	1068.58	3 1181.34
Cash and cash equivalents	373.80		344.1
Other Financial Assets	41.51	26.87	35.16
Current tax assets (net)	41.01	20.07	33.10
	64.91	112.68	159.30
Other current assets	1406.42		
Total Current Assets		1793.42	1719.92
Total assets	10096.28	10590.48	10664.20
Equity and liabilities			
Equity	4040.45	1010 (4005.0
Equity share capital	1918.67	1918.67	4285.2
Other equity			
Shares pending issuance	6697.9	1 6697.9	
Securities premium	0.00	-	4324.1
Common control adjustment deficit accour			
Other components of equity	35.49		652.4
Total equity	4026.62	6206.67	6443.13
Liabilities			
Non-Current liabilities			
Financial liabilities			
Borrowings	4184.22	2 2323.70	1664.7
Lease liabilities	459.31	434.57	7 471.35
Other financial liabilities	-	5.60	14.15
Provision for employee benefit obligations	80.14	103.31	147.71
Deferred Tax Liabilities (Net)	461.03	460.20	471.04
Total Non-Current liabilities	5184.70	3327.36	2768.95
Current liabilities			
Financial liabilities			
Borrowings	55.01	24.24	268.8
Lease Liabilities	89.24	113.34	126.84
Trade payables			
Due to MSME	2.71	0.00	17.36
Due to other than MSME	112.25	213.46	
Other financial liabilities	515.81	568.6	644.5
Contract liabilities	10.96	10.62	23.59
Other current liabilities	26.16	39.42	25.5
Provision for employee benefit obligation			67.3
Current tax liabilities (net)	10.16	13.94	15.48
Total Current liabilities			1452.12
	884.96	1056.44	
Total liabilities	6069.66	4383.81	4221.07
Total equity and liabilities	10096.28	10590.48	10664.20



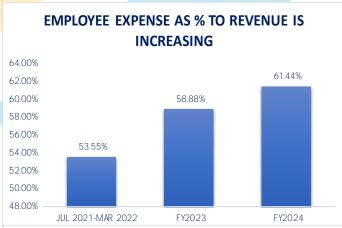


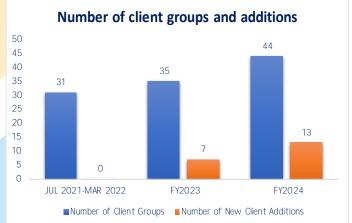
PERFORMANCE





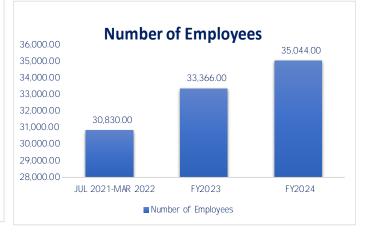
















INDUSTRY REVIEW

The US economy and the role of healthcare – an overview

- According to the IntelMhalteonadomiMadaletaDR offundhe United (2,284.5 trillion) in 2023 and is projected it to st 4.2%.
- Healthcare is an intricate segment of the US economy US\$4.7 trillion (389.6 trillion) in 2023 as per the C MS

Healthcare enterprise segments

- The US healthcare market comprises of two primary e healthcare payers and healthcare providers:
 - Healthcare payers: Healthcare payers are enttes that pay for
 - members through health insurance plans.

 Healthcare providers: Healthcare providers are individuals or care services or aid in care delivery such as doct etc.

US healthcare operations spend

- The healthcare operatons spend (defned by and limited CAGR of approximately 3.2% from 2014 to 2023 and was
- This spend is expected to grow at a CAGR of approxima in 2028, driven by the rise in aging population, incr initatives aimed at enhancing healthcare services, amo

Healthcare operations outsourcing market

- The total outsourced operatons spend in the US health As a result, in 2023, the aggregate outsourcing penet 23.5%, resulting in a total outsourced operations spend
- The healthcare payer market had a r-2e44 a 60 % elwy hill eqhehe ob vider market had a relatively-2110 w5/6% rionut2s0o2u3r.ciFnugrtpheenre, t sourced operations market is expected to outpace the g

Generative AI and its value promise for healthcare

- Generative Al refers to the application of articial int text, images, videos, audio, and more. This technolog datasets. Some of the prominent GenAl models in the m
- GenAl has the potental to improve organizational produ efciency, optmizing processes, and enhancing the over tons in healthcare, most can be grouped into the foll

Support	Generate	Stimulate
Compilation and summarisation Integrate information from various sources for a coherent view and gather robust insights such as population health Analyse medical charts to create concise summaries for quicker evaluation	Content generation Create customized reports, e.g., pattern identification for claims fraud detection Generate personalized member communication material	Advanced search Efficient and quick extraction of pertinent information from extensive clinical, claims, and medical databases
Assist in translating various types of content for patient and member education in local languages	Medical coding Streamline medical coding tasks by analysing clinical notes and generating appropriate medical codes	Analytics Analyse vast clinical datasets to discern trends, patterns Support healthcare organizations with decision making





COMPETITIVE STRENGTHS OF THE COMPANY

Leader in the large and resilient U.S. Payer and Provider solutions market

- With per capita healthcare expenditure amounting to US highest spender on healthcare among leading economie front aomfoldebafoukictons to support Payers and Providers) and is expected to reach approximately US\$258.9 billi2028.
- Growth in the U.S. healthcare market is expected to b ton and increasing prevalence of chronic diseases. Wh winds, challenges faced by the healthcare market are

Domain expertise in healthcare operations, with end-to-end service offerings to Payers and Providers

- They provide en at beloehd nosle or gvyices to Pay epil a ay notha Ptruor veiobe fr toble ii er with over 24 eyxepaers i eonfe et hænd Butshien e es fsect ve use of tece experts e in their opteernadt, oncsom pTrhee hyenpsrioweidsee revnide e of erir
- Theirentaebolhed health care set recovoid cefs rofneo bocfuas ses dehobe a about rhocs as reens der apart among business services from sofce estenoviology pto a insleest Report). Set forth below are Payer and Provider fpared to their key compettors.

Deep, long-term, expanding client relationships across healthcare Payers and Providers

- All of their clients are Payers and Providers based in the U.S. (Source: Everest Report).
- Their clients also i-bnacsleuddehoosnpeitoafltmheetwoarrkgsesitn UteSr.ms
 of the top 6 PBMs by claims volume (Source: 170 Ever
 DMEs and radiology companies. As of June 30, 2024, th
 with the Business.

Multi-shore, scalable and flexible delivery model with certified data protection and service standards

- They hav-sehoaremusletrvice delivery model, whereby they produced (U.S., Colombia, Jamaica, India and the Philippines).
- As of June 30, 2024, they had 35,858 employees service payers process 105 million claims and handle over 171 the location of service delivery in consultation with fexible work from home model with many of their emplored.

Experienced management and board, motivated employee base, marquee sponsor support and a sustainability focused culture

- Their Key Managerial Personnel and Senior Management operate, and are experienced across Payer and Provide sourcing, and technology transformaton.
- Their Key Managerial Personnel and Senior Management erage of 23 years as of June 30, 2024, and have sever have a combined experience of over 65 years of experi





RISK FACTORS

They rely heavily on key suppliers for raw materials, and disruptions in supply could impact their operations and results.

The healthcare servic<mark>es industry</mark> is highly compett ve

their business, fnanc<mark>ial condit</mark>on and results of operat

- The healthcare services industry is highly competive Increased competiton may lead to pricing pressures an contract terms, that could adversely afect their ope
- A change in any of the above may result in lower den ness, results of operatons and fnancial conditon. If they could lose clients and market share, be compel could adversely afect their business, results of ope

One of their Independent Directors has received summons in relation to an ongoing investigation by SEBI of Linde India Limited and the matter is currently pending.

• Dr. Shalini Sarin, one of their Independent Director India Liimidatehedd is a member of the audit committee of Lon the board of Linde, she received summons dated Summons der Sectons 11(2) and 11C(2), (3) and (5) of SEBI sæctki-onpoercauton and certain information in relation respect to certain related party transactions by Lingelated party transactions.

Anti-outsourcing legislation could adversely affect their business, financial condition and results of operations and impair their ability to service their customers.

 Many organizations and public figures in the U.S. hav between ofshore outsourcing service providers and th itng or restricting outsourcing by U.S. companies are islatures to address concerns over the perceived ass the U.S.

Any failure to protect their proprietary technologies or information or their intellectual property rights may have an adverse effect on their business, financial condition, and results of operations.

- They rely on unpatented proprietary t-botwnohogycooolds formaton to develop and maintain their compettive pos
- They seek to protect their proprietary technologies sions in their agreements with their employees, subprevent the unauthorized disclosure or use of such in

If they fail to deliver services in accordance with contractual requirements, they could be subject to significant costs or liability and their business, reputation and results of operations could be adversely affected.

They contract with Payers to deliver a variety of secontractual requirements Sla And solo is e existing by the yaga e e m e et accuracy targets and turnaround times when finalizing

Their Company does not have any comparable listed peers and, therefore, investors must rely on their own examination of t h e i r C o mp a n y .

• Given the stractor and proverus across the Payer and Proverus providers in India or abroad that cater to U.S. heal and business model. Accordingly, these acroeounnoting in raatops of any other listed entty. Therefore, investors must es of investing in the Equity Shares.





PEER COMPARISON





OUR VIEWS

- Sagility India Ltd was established inheallutlhyca 2:000 2:13 earnod c January 2022, establishing itselefnaabslead sspool cuitablnisz efobrpr viders.
- Sagility holds a market share of approximately 1.23% as a Leader in the 2023 Avasant and Everest rankings.
- projected to reach 18.2% of GDP by 2028, growing at a
 - The U.S. leads global healthcare spending, with per claton, chronic diseases, and a talent shortage in hea
 - Sagility f-e-ncause esdos not uncons for U.S. payers, of ering s ment process-ip not site and disowell pture market share in the ment.
 - However, tshebucsoimpeasnsy is solely focused on the US heal tors afecting the US healthcare industry, including a outsourcing and other trends.
 - The company operates in the healthcare service indust from healthcare specialists, broad based IT and busing providing products or solutons for healthcare industriverse impacts.
 - As of June 2024, Sagility served fve of the top 10 U. service scope, including processmiintellemonates processmiintellemonates
 - Sagislisty at egy focuses on expanding services with existationships with new clients across U.S. healthcare pl
 - Advanced technology applications such as generative Al, enhances Sea gicil entry in areas like payment integrity, cl
 - The March 2024 acquisiton of Birch A-bastede 6 gent Allein sons black liberated tons f-tom recease to mer support, streamlining healthcare tr
 - The company recorded significant goodwill and intangib goodwill or other intangible assets may adversely afe bles as on June 30, 2024, stood at Rs 5679.26 crore 18.94% of total assets as of June 2024.
 - Total income of 4,781.50 crore, net proft of 228.27 In 1QFY2025, Total income of 1,247.76 crore, net pro
 Adjusted EBITDA for FY24 was 1,171.4 crore with a ma
 - of EBITDA, indicating strong operational cash generation

 Client concentration is notable, with top 10 clients of
 - Client concentraton is notable, with top 10 clients ced its clienstcablaesedewailtsh (I>a\$r2gOe million) increasing from
 - The issuance being an 100% Ofer for Sale (OFS), no fuits valuatons and listing beneft
 - This is sue is a vailable at P/E of 56.60x and 150.00x sively priced.sDesstpriotneg the icsh, no \$ao gg illiciaty of erings, stable tonships positon-tietr masinave psrtomme instinogoploom tgunity in the he

We recommend to SUBSCRIBE this issue for long-term gains.

Sources: Company website and red herring prospectus

Report Prepared By
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Research Desk
Canara Bank Securities Ltd

SEBI: RESEARCH ANALYST REGISTRATION: INH000001253 BSE: INB 011280238, BSE F&O: INF 011280238 NSE: INB 23180232, F&O: INF 231280232, CDS: 231280232





Analyst Certification

We/I, Sankita V, MBA, Mcom Research Analysts, authors and the names subscribed to this report, herebyiewsifexphastsed of this research report accurately reflect our views about the subject issuer (s) or securities. We also certifipethsation past, is, ourvib be directly or indirectly related to the specific recommendation (s) or view (s) in this report. It is also confirmed that has salouve this employer of the companies mentioned in the report in the preceding twelve months affected direct serve employer of the companies mentioned in the report.

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CANARA BANK SECURITIES LTD (CBSL), a wholly owned subsidiary of CANARA BANK, is a SEBI registered intermedianty sefficious tooks institutional and retail clients; we also run a proprietary trading desk. CBSL is member of BSE & NSE. Westarce they do recompanied to the subject of the research analysts nor their associates nor his/her relative of this research report (ii) holds ownership of one percent or more in the securities are surly and two public in the past twelve months (v) have received any compensation for investarising the date of publication of the research report of any soften three dates are past twelve months (vi) have received any compensation for any soften three dates are past twelve months (vi) have received any compensation for any soften three dates are publicated as amplifyier of subject company in the past twelve months (vi) have received any compensation for any soften three dates are publicated as amplifyier of subject company in the preparation of Research report discloses that he /she has not is a mightifyier of subject company (ix) is involved in market making activity of the company.

We shall adhere to SEBI guidelines from time to time.

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The client should not regard the inclusion of the projections and forecasts described herein as a replace BSatisor different should not regard the inclusion of the projections and forecasts described herein as a replace BSatisor different should not regard the inclusion of the projections and forecasts described herein as a replace BSatisor different should not regard the inclusion of the projections and forecasts described herein as a replace BSatisor different should not regard the inclusion of the projections and forecasts described herein as a replace BSatisor different should not regard the inclusion of the projections and forecasts described herein as a replace BSatisor different should not require the projection of client should only consider the projections and forecasts described in the research reports after cathefulfpremaltiantining although the projections and forecasts described in the research reports after cathefulfpremaltiantining although the projections and forecasts described in the research reports after cathefulfpremaltiantining although the projections and forecasts described in the research reports after cathefulfpremaltiantining although the projections and forecasts described in the research reports after cathefulfpremaltiantining although the projections and forecasts described in the research reports after cathefulfpremaltiantining although the projections and forecasts described in the research reports after cathefulfpremaltiantining although the projection of the p ing the assumptions underlying such projections and forecasts. Past performance is not a guide for future upon projections and forecasts. a loss of original capital may occur. Actual results may differ materially from those set forth Hoopkingestables see Forth Hoopkingestables see Forth Hoopking established to the control of the control may be subject to change without notice. We do not provide tax advice to our clients, and all investdioscansustricently diadylaed potential investment. CBSL or its research team involved in the preparation of the research reports, accept nordabilities of carenty into sarising out of the use of these reports. The technical levels and trend etc mentioned in our reports are purely based to the technical levels and trend etc mentioned in our reports are purely based to the technical levels and trend etc mentioned in our reports are purely based to the technical levels and trend etc mentioned in our reports. used by us and these charts/levels are believed to be reliable. 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The opinions and projections expressed herein are entirely batters an acetalatianswand are given as part of the normal research activity of CBSL and are given as of this date and may be subject estionhadreger Apmojepthioonherein constitutes a view as of the date of this report and there can be no assurance that future resultsnow it weaths with the after that future resultsnow it weaths a view as of the date of this report and there can be no assurance that future resultsnow it weaths a view as of the date of this report and there can be no assurance that future resultsnow it weaths a view as of the date of this report and there can be no assurance that future resultsnow it weaths a view as of the date of this report and there can be no assurance that future resultsnown it weaths a view as of the date of this report and there can be no assurance that future resultsnown it were the view as of the date of this report and the view as of the date of the view as of the date of the view as of the date of the view as of th or projection. The report has not been prepared by or in conjunction with or on behalf of or at then iterativa into fither to on any of its directors or any other person. Any opinions and projections contained herein are entirely based on deataintations. Any opinions and projections contained herein are entirely based on deataintations. tors of the company or any other persons in the research team accepts any liability whatsoever for auselousstherises are formal or its contents or otherwise arising in connection therewith. 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