



Issue Opens – November 5, 2024 to November 7, 2024

Price Band
₹28 to ₹30

Face Value
₹10

Issue Size
₹2,106 Cr

Lot Size
500 Shares

Issue Type
Book Built

Issue Size

702,199,262 shares / ₹2,106.6 Cr

Fresh Issue

N/A

Offer for Sale

702,199,262 shares / ₹2,106.6 Cr

Basis of Allotment

Friday, November 8, 2024

Initiation of Refunds

Friday, November 8, 2024

Credit of Shares to Demat

Monday, November 11, 2024

Sagility India Listing Day

Monday, November 12, 2024

research@ganeshstock.com

Objects of The Offer



The Offer comprises the Offer for Sale by the Selling Shareholders. Company will not receive any proceeds from the Offer. The objects of the offer are:

- To achieve the benefits of listing the Equity Shares on the Stock Exchanges and
- To carry out the Offer for Sale of up to 702,199,262 Equity Shares.

Brief profile of the Directors

Ramesh Gopalan - Managing Director and Group CEO- He holds a bachelor's degree in technology specialising in mining machinery from Indian School of Mines, Dhanbad and a post-graduate diploma in management from IIM, Ahmedabad. He has been associated with the Company since January 2022 and the healthcare business of the predecessor company, Hinduja Global Solutions Limited since February 2011. He has more than 31 years of experience in providing consulting and outsourcing services and has also served as the country head for Gridstone Research in India.

Hari Gopalakrishnan - Non-Executive Non-Independent Director - He holds a bachelor's degree in medicine and surgery from University of Kerala and post-graduate diploma in management from IIM, Ahmedabad. He has been associated with the Company as a director since July, 2021. He has more than 16 years of experience and has been associated with Baring Private Equity Asia (BPEA) since 2007 and is currently serving as a partner and global co-head of services, private capital in the BPEA EQT team.

Martin I. Cole - Chairman, Non-Executive Non-Independent Director - He holds a Master's of Public Affairs degree from University of Texas at Austin. He has been associated with the Company as a director since 2024. He has more than 43 years of experience and is currently serving as a director for Western Digital which is publicly traded on the NASDAQ and Western Union which is publicly traded on the NYSE.

William Winkenwerder Jr. - Independent Director - He holds a medical degree from the University of North Carolina and an MBA from University of Pennsylvania. He has been associated with the Company as a director since 2024. He has several years of experience in medical and healthcare services industry and previously served as Assistant Secretary of Defense for Health Affairs States and Principal advisor to the Secretary of Defense at the United States Department of Defense.



About The Company

Sagility India Ltd., was originally incorporated as 'Berkmeer India Private Limited' in July 2021 and they acquired the healthcare services business of their Predecessor Company on January 6, 2022. The company is promoted by Sagility B.V. Netherlands. It provides technology-enabled business solutions and services to clients in the U.S. healthcare industry. All of their clients are located in the U.S. as of June 30, 2024. In the Financial Year 2024, they helped their Payer clients process 105 million claims and handle over 75 million Member and Provider interactions.

Key Business Operations

Sagility is a pure-play healthcare focused services provider, and their clients include Payers (U.S. health insurance companies, which finance and reimburse the cost of health services) and Providers (primarily hospitals, physicians, and diagnostic and medical devices companies).

A) Their services to **Payers** cater to various aspects of their operations including (i) core benefits administration functions such as claims management, enrolment, benefits plan building, premium billing, credentialing, and provider data management and (ii) clinical functions such as utilization management, care management, and population health management.

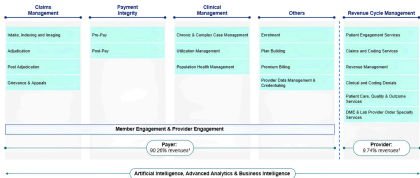
B) Their services to **Providers** include revenue cycle management functions such as financial clearance, medical coding, billing, and accounts receivable follow-up services.

C) Additionally, They also provide some of the services that they provide to Payers to **pharmacy benefit managers** ("PBMs") that manage prescription drugs for Members (i.e., insured persons) under health insurance plans.

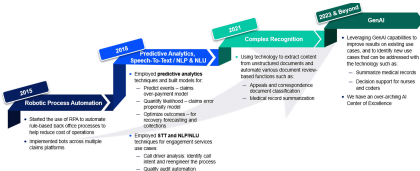
They deliver these services from Their five global service delivery locations in India, the Philippines, the U.S., Jamaica and Colombia.



Core Services provided by Sagility India Ltd.



Metric	As of March 31,		
	2024	2023	2022
Total number of client groups*	44	35	31
Number of New Client Additions	13	7	N/A
Number of clients contributing to more than US\$20 million in revenues **	5	4	3
Number of clients contributing to US\$5 million – US\$20 million in revenues **	7	7	Nil
Number of clients contributing to US\$1 million – US\$5 million in revenues **	12	12	10
Less than US\$1 million in revenues **	20	12	18



Statement of Profit and Loss



Sagility India Ltd.

(All amounts are in Indian Rupees millions, unless otherwise stated)

Particulars	For the period ending				
	30-Jun-24	30-Jun-23	31-Mar-24	31-Mar-23	31-Mar-22
Income					
Revenue from operations	12,333.28	11,160.93	47,535.57	42,184.08	9,234.07
Other income	244.27	114.62	279.47	176.52	209.87
Total income	12,477.55	11,275.55	47,815.04	42,360.60	9,443.94
Expenses					
Employee benefits expense	8,503.72	6,594.03	29,376.44	24,942.01	5,057.13
Other expenses	1,790.09	1,930.08	7,278.23	6,969.95	2,281.09
Total expenses	10,293.81	8,524.11	36,654.67	31,911.96	7,338.22
Earnings before interest expense, taxes, depreciation :	2,183.74	2,751.44	11,160.37	10,448.64	2,105.72
Finance costs	373.74	470.95	1,851.45	2,148.49	652.16
Depreciation and amortization expenses	1,099.87	1,661.40	6,892.11	6,443.38	1,472.10
	1,473.61	2,132.35	8,743.56	8,591.87	2,124.26
Restated Profit/ (Loss) before tax	710.13	619.09	2,416.81	1,856.77	(18.54)
Tax expense:					
Current tax	417.94	293.23	1,115.24	1,243.21	104.27
Deferred tax	69.25	(99.13)	(981.09)	(822.16)	(76.10)
Total tax expense	487.19	194.10	134.15	421.05	28.17
Restated Profit/ (Loss) for the year / period	222.94	424.99	2,282.66	1,435.72	(46.71)
Restated Profit/ (Loss) attributable to Owners of the Company	222.94	424.99	2,282.66	1,435.7	(46.71)
Non-controlling interests	-	-	-	-	-
	222.94	424.99	2,282.66	1,435.7	(46.71)
Restated Earnings/ (Losses) per equity share/ year/ period					
- Basic	0.05	0.10	0.53	0.33	(0.05)
- Diluted	0.05	0.10	0.53	0.33	(0.05)

Strengths



- **Market Leader** - Company is the leader in the large and resilient U.S. Payer and Provider solutions market.
- **Domain expertise** - Company has domain expertise in healthcare operations, with end-to-end service offerings to Payers and Providers.
- **Scalable Tech-Enabled Solutions** - They have a Suite of scalable, technology-enabled services and solutions, supported by proprietary tools and platforms.
- **Deep client relationships** - Company has long-term, expanding client relationships across healthcare Payers and Providers. They served five of the top 10 Payers by enrolment in the U.S. their clients also include one of the largest U.S.-based hospital networks.

Threats

- **Competitive Industry Landscape** - The healthcare services industry is highly competitive and if we are unable to compete effectively, it may adversely affect their business, financial condition.
- **Geography Concentration Risk** - Their business is solely focused on the U.S. healthcare industry and may be adversely affected by factors affecting the U.S. healthcare industry.
- **Anti-outsourcing legislation** - Many organizations and public figures in the U.S. have publicly expressed concern about a perceived association between offshore outsourcing service providers and the loss of jobs in the U.S.
- **No comparable listed peers** - Given their Company's a healthcare-only focus across the Payer and Provider markets, there are no listed service providers in India or abroad that cater to U.S. healthcare enterprises and are comparable to their Company in size and business model.
- **Seasonality factor** - Their business is subject to seasonal fluctuations. They typically see higher demand for their services during the open enrollment period during November and December of each year, when members register for health insurance plans, and modify or cancel existing plans.

Valuation and Outlook



Sagility India Ltd IPO is expected to be priced between ₹28 to ₹30 per share. At this price, the company is valued at Price-to-Earnings (P/E) ratio of 62x. There are no listed peers comparable to the company's size and business model, either in India or abroad so the company can't be compared on the basis of Industry P/E. Therefore, the company's valuation can't be compared with any company.

Sagility India Ltd net profit rose 59% to ₹228 crore despite a dip in operating margin, supported by reduced finance costs and increased other income. Revenue grew 12.7% to ₹4,753.6 crore, while EBITDA rose by 5.9% to ₹1,088 crore, though margins declined by 150 basis points to 22.9%.

The company posted a 47.5% decline in profit to ₹22.3 crore for the quarter ending June 2024, mainly due to decreased operating margins and higher taxes. Revenue increased 9.6% to ₹1,223.3 crore, but EBITDA fell by 26% to ₹193.9 crore, with margins shrinking 777 basis points to 15.85%.

Based on the competitive landscape the company operates in and the revenue concentration risk due to total dependence on the US business, we believe that the company is overpriced at a PE multiple of 62X. Hence, we rate Sagility India Ltd IPO with **"Avoid"** rating both for Listing gains and for Long term investment.

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