

CMP: INR 1033

Rating: Buy

Target Price: 1,249

Stock Info

BSE	532633
NSE	ALLDIGI
Bloomberg	ALLDIGI IN
Reuters	ALLS.NS
Sector	BPO/ITeS
Face Value (INR)	10
Equity Capital (INR Mn)	152
Mkt Cap (INR Mn)	14,844
52w H/L (INR)	1,250 /691
Avg Yearly Vol (in 000')	22.999

Shareholding Pattern %

(As on Jun, 2025)

Promoters 73.4

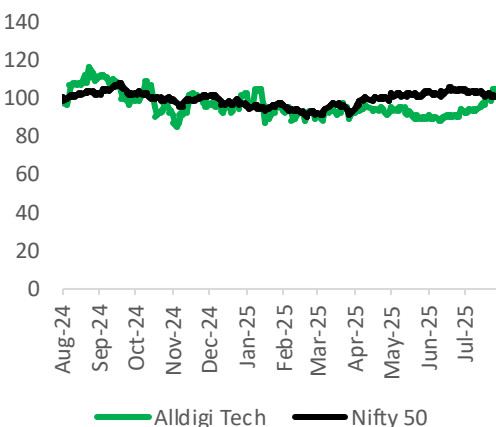
Public & Others 26.6

Stock Performance (%)

Alldigi Tech 1m 9.89 3m 8.40 12m 2.90

Nifty 50 -4.54 3.41 0.07

ALLDIGI Vs Nifty



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Alldigi Tech reported revenue for the quarter was INR 1439 Mn (below the estimated INR 1,509 Mn) Up 11.3% YoY/ down 1.5% QoQ. EBITDA for Q1FY26 was INR 366 Mn, up by 17.2% YoY and up by 4% QoQ, in line with our estimate of INR 366 Mn. EBITDA margin up by 130bps YoY and up by 130 bps QoQ to 25.4% in Q1FY26, beat our estimate of 24.3%. PAT stood at INR 149 Mn below our estimates of INR 214 Mn, down by 22.8% QoQ / 53.4% YoY. PAT down as Q4FY25 includes the Income tax refund received along with interest thereby resulting in higher PAT and OCF as compared to Q1FY26. Q1FY25 includes gain on LLC divestment resulting in higher PAT & OCF as compared to Q1FY26. In BPM segment, revenue stood at INR 1076 Mn, marking a growth of 9.1% YoY but a decline of 2.0% QoQ. International revenue was INR 833 Mn, up 17.8% YoY and 1.8% QoQ. Margins improved to INR 149 Mn, registering a 2.6% YoY increase. The total FTE count stood at 5,158, reflecting a 7.6% YoY rise but a 3.2% QoQ decline. In the Tech & Digital segment, revenue stood at INR 363 Mn, up 18.5% YoY and flat QoQ, impacted by Q4FY25 seasonality. International revenue came in at INR 119 Mn, registering a growth of 26.5% YoY and 7.2% QoQ. Margins rose to INR 158 Mn, reflecting a 46.6% YoY and 2.8% QoQ increase. The FTE count stood at 698, up 9.3% YoY and 2.1% QoQ. In Q1FY26, 45.4 lakh employee records were processed (against 15.3 lakh as of 30th June), showing a growth of 11.7% YoY and 2.6% QoQ. Net employee added : ~ 4.76 lacs, up by 11.7% YoY. SP4 migration completed for 218 India customers (92% of revenue), remaining by end-July; Manila migrations scheduled for Q3. HRMS V2 upgrade finished, with initial clients onboarded on the new platform.

Investment Rationale

Strong BPM International Growth with Expanding Client Base: The BPM international business posted a strong 17.8% YoY revenue growth, aided by improved productivity, reduced bench requirements, and higher revenue per FTE (INR 3.30 lakh vs INR 3.15 lakh). In Q1FY26, the company added 11 new clients with an annual contract value (ACV) of ~INR 95 Mn, along with INR 108 Mn ACV from account mining and hunting in BPM. Management highlighted a robust pipeline, including bids for two Fortune 500 client RFPs, and expects high-teen revenue growth for the next 4–6 quarters. Net employee records processed grew 11.7% YoY, underscoring healthy client traction across geographies.

Tech & Digital Segment Momentum with SaaS Opportunity: The T&D segment recorded 18.6% YoY growth in Q1FY26, driven by both new client wins and expansion with existing clients. Key growth drivers include multi-country payroll contracts with higher revenue per employee per month, entry into the SaaS market via Buzzily, and strategic sales partnerships. The international T&D business contributed significantly to the new wins in Q1 and is expected to keep margins trending higher due to this shift in mix. This segment's scalability offers strong earnings leverage going forward.

Outlook and Valuation: The company expects steady growth in FY26, supported by strong momentum in both its BPM and Tech & Digital segments, with a particular boost from the faster-growing international business. Management has guided for revenue of INR 6,300–6,400 Mn (~17% YoY growth) and EBITDA of INR 1,600–1,700 crore (~26% margin), driven by higher-value contracts, new client additions, and a strong sales pipeline including bids from Fortune 500 companies. Capex is expected at INR 150–200 Mn, while depreciation will remain at INR 130–140 Mn per quarter. The company also improved working capital efficiency, with DSO reducing by 4 days following a INR 150 Mn receivables clearance. The company is also focusing on expanding its SaaS offerings and multi-country payroll contracts, which should further improve margins. **We expect Alldigi Tech's revenue, EBITDA, and PAT to grow at a CAGR of 17.1%, 18.0%, and 23.2%, respectively, over FY26-FY28E. We used DCF model to arrive at a target price of INR 1,249 per share. Accordingly, we have maintained our "BUY" rating on the stock**

Exhibit 1: Financial Overview

Year-end March (INR Mn)	Net Sales	EBITDA	PAT	EPS (INR)	EBITDA Margin (%)	EV/EBITDA	P/E (x)
FY24	4,694	1,156	640	42.0	24.62%	10.41	19.4
FY25	5,463	1,295	833	54.7	23.70%	9.44	14.9
FY26E	6,271	1,527	763	50.1	24.35%	8.16	16.3
FY27E	7,270	1,775	942	61.8	24.42%	7.12	13.17
FY28E	8,594	2,124	1,158	76.0	24.72%	5.98	10.7

Source: Company reports, Arihant Capital Research

Exhibit 2: Financial Overview

In Mn	Q1FY26	Q4FY25	Q1FY25	QoQ (%)	YoY(%)
Revenue from operations	1,439.1	1,461.0	1,293.2	-1.5%	11.3%
Employees benefits expense	841.9	825.5	753.1	2.0%	11.8%
Other expenses	231.7	284.0	229.7	-18.4%	0.9%
EBITDA	365.5	351.5	310.4	4.0%	17.8%
EBITDA Margin (%)	25.4%	24.1%	24.0%	133.90	139.53
Depreciation and amortisation expense	134.2	121.7	98.2	10.3%	36.7%
EBIT	231.3	229.8	212.2	0.7%	9.0%
EBIT Margin (%)	16.1%	15.7%	16.4%	34.36	-33.64
Other income	29.3	46.1	28.4	-36.4%	3%
Finance costs	19.1	15.0	9.2	27.3%	108%
Exceptional Item	0.0	-8.0	170.8	NA	NA
PBT	241.5	252.9	402.2	-4.5%	-40.0%
Total tax expense	92.6	60.0	82.7	54.3%	12.0%
PAT	148.9	192.9	319.5	-22.8%	-53.4%
Segment Revenue (In Mn)	Q1FY26	Q4FY25	Q1FY25	QoQ (%)	YoY(%)
Customer Experience Management (CXM)	1,076.40	1,098.70	948.00	-2.03%	13.5%
Employee Experience Management (EXM)	362.70	362.30	345.00	0.11%	5.1%

Q1FY26 Concall highlights

Guidance

- **Revenue** - INR 6,300–6,400 Mn, ~17% YoY growth.
- **EBITDA** - INR 1,600–1,700 with a ~26% margin, supported by a favourable international business mix.

BPM – International Business

- Reduction in FTEs due to improved productivity and lower bench requirements, with revenue per FTE rising from INR 3.15 lakh to INR 3.30 lakh.
- Increased “feet-on-street” in the US with dedicated BPM targets for all international sales teams is expected to boost Annual Contract Value (ACV) over the next 3 quarters.
- 2 ongoing RFP submissions for Fortune 500 clients, supporting revenue growth in the high-teens for the next 4–6 quarters.
- BPM segment margins are expected to remain around 15%, with scope for further improvement led by international business growth.

BPM – Domestic Business

- Operations to continue at steady levels despite a temporary decline in one client’s business during Q1. The expanded Bangalore facility with additional seating will help sustain Domestic CXM revenue at FY25 levels.
- EBITDA margins for the domestic BPM business are expected to remain stable throughout FY26.

EXM – Tech & Digital Business

- Anticipated YoY growth of over 18% in FY26, driven by international expansion, multi-country payroll contracts with higher per-employee-per-month (PEPM) realisations, strengthened sales partnerships, and entry into the SaaS segment via Buzzily.
- New business in Q1FY26 was largely driven by the international segment, a trend expected to persist through FY26.
- Revenue mix shift towards high-margin international business is expected to lift both realisations and EBITDA margins.

Other Highlights

- Consolidation of operations into a larger facility at SS Plaza, BTM Layout, adding 200 seats and taking total capacity to 1,200 seats. This has led to an increase in Right-of-Use assets and lease liabilities.
- Un-allocable expenses expected to remain at INR 30–40 Mn per quarter, with tax refunds being netted off. No cost allocation from Digitide towards shared expenses.
- Trade receivables outstanding INR 150 Mn has been collected; Days Sales Outstanding (DSO) reduced by 4 days.
- Annual salary increments factored entirely into Q1FY26 expenses.
- Depreciation to remain in the INR 130–140 Mn per quarter range in FY26. Capex is projected at INR 150–200 Mn for the year.

Aldigi Tech Ltd.- Q1FY26 Result Update

Exhibit 3: DCF Valuation

Valuation Assumptions

g (World Economic Growth)	3%
Rf	7%
Rm	13%
Beta	0.9
CMP (INR)	1033

Valuation Data

Total Debt (long term borrowings) (2025)	632
Cash & Cash Equivalents (2025)	823
Number of Diluted Shares (2025)	15
Tax Rate (2025)	24%
Interest Expense Rate (2025)	8%

WACC

We	96.1%
Wd	3.9%
Ke	12.5%
Kd	6.3%

MV of Equity	15,743
Total Debt	632
Total Capital	16,375

WACC 12.232%

FCFF & Target Price												
FCFF & Target Price	Explicit Forecast Period						Linear Decline Phase					Terminal Yr
	Year	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	
EBIT * (1-Tax Rate)	748	885	1,088	1,310	1,546	1,785	2,016	2,227	2,405	2,537	2,613	2,692
Dep	539	607	688	922	1,078	1,252	1,413	1,559	1,686	1,778	1,831	1,886
Purchase of Assets	564	654	773	979	1,151	1,332	1,504	1,661	1,794	1,892	1,949	2,008
Changes in Working Capital	-244	-134	-175	-220	-226	-286	-319	-345	-380	-398	-409	-423
FCFF	966	971	1,177	1,473	1,699	1,991	2,244	2,471	2,676	2,821	2,904	2,993
% Growth in Post Tax EBIT		18.3%	22.9%	20.5%	18.0%	15.5%	13.0%	10.5%	8.0%	5.5%	3.0%	3.0%
As % of Post Tax EBIT												
Dep	72.1%	68.6%	70.3%	70.3%	69.8%	70.2%	70.1%	70.0%	70.1%	70.1%	70.0%	70.1%
Purchase of Assets	75.5%	74.0%	74.7%	74.7%	74.5%	74.6%	74.6%	74.6%	74.6%	74.6%	74.6%	74.6%
Changes in Working Capital	-32.6%	-15.1%	-23.8%	-23.8%	-20.9%	-22.9%	-22.6%	-22.1%	-22.5%	-22.4%	-22.3%	-22.4%
FCFF	966	971	1,177	1,473	1,699	1,991	2,244	2,471	2,676	2,821	2,904	2,993
Terminal Value												32,420
Total Cash Flow	966	971	1,177	1,473	1,699	1,991	2,244	2,471	2,676	2,821	2,904	35,413

Enterprise Value (EV)	18,845
Less: Debt	632
Add: Cash	823
Equity Value	19,037
Equity Value per share (INR)	1,249
% Returns	20.9%
Rating	BUY

		Terminal Growth (%)							
		2.25%	2.50%	2.75%	3.00%	3.25%	3.50%	3.75%	4.00%
WACC (%)	1249.1								
	11.48%	1,295	1,321	1,348	1,376	1,406	1,438	1,473	1,509
	11.73%	1,256	1,279	1,305	1,331	1,359	1,389	1,421	1,454
	11.98%	1,218	1,241	1,264	1,289	1,315	1,343	1,372	1,403
	12.23%	1,183	1,204	1,226	1,249	1,274	1,299	1,327	1,356
	12.48%	1,149	1,169	1,190	1,211	1,234	1,258	1,284	1,311
	12.73%	1,117	1,136	1,155	1,176	1,197	1,220	1,243	1,268
	12.98%	1,087	1,104	1,122	1,142	1,162	1,183	1,205	1,229
	13.23%	1,058	1,074	1,091	1,109	1,128	1,148	1,169	1,191

Source: Company reports, Arihant Capital Research, Figures are in INR Mn. except share price and percentage data

Exhibit 10: Key Financials
Income statement (INR mn)

Year End-March	FY24	FY25	FY26E	FY27E	FY28E
Gross Sales	4,694	5,463	6,271	7,270	8,594
Net Sales	4,694	5,463	6,271	7,270	8,594
YoY (%)	20%	16%	15%	16%	18%
Personnel/ Employee benefit expenses	2,642	3,129	3,585	4,134	4,869
YoY (%)	19%	18%	15%	15%	18%
<i>Manufacturing & Other Expenses</i>	896	1,040	1,159	1,361	1,600
YoY (%)	9%	16%	11%	17%	18%
Total Expenditure	3,538	4,169	4,744	5,495	6,469
YoY (%)	34%	12%	18%	16%	20%
EBITDA	1,156	1,295	1,527	1,775	2,124
YoY (%)	34%	12%	18%	16%	20%
EBITDA Margin (%)	25%	24%	24%	24%	25%
Depreciation	336	427	539	607	688
EBIT	820	868	988	1,168	1,436
EBIT Margin (%)	17%	16%	16%	16%	17%
Interest Expenses	38	44	49	54	59
Non-operating/ Other income	69	108	121	141	166
PBT	851	1,100	1,060	1,255	1,544
Tax-Total	211	267	297	314	386
Net Profit	640	833	763	942	1,158
PAT Margin	14%	15%	12%	13%	13%
Shares o/s/ paid up equity sh capital	15	15	15	15	15
Adj EPS	42	55	50	62	76
Dividend payment	457	488	518	564	579
Dividend payout (%)	71%	59%	68%	60%	50%
Retained earnings	183	345	245	378	579

Balance sheet

Year-end March	FY24	FY25	FY26E	FY27E	FY28E
Sources of Funds					
Equity Share Capital	152	152	152	152	152
Reserves & Surplus/ Other Equity	2,302	2,443	2,687	3,065	3,644
Networth	2,455	2,595	2,840	3,217	3,796
Unsecured Loans/ Borrowings/ Lease Liabilities	447	632	685	743	809
Other Liabilities	93	80	84	89	93
Total Liabilities	3,676	4,193	4,601	5,188	6,028
Total Funds Employed	6,996	7,872	8,640	9,764	11,385
Application of Funds					
Net Fixed Assets	782	1,058	1,195	1,482	1,731
Capital WIP	0	0	0	0	0
Investments/ Notes/ Fair value measurement	563	827	950	1,101	1,301
Current assets	2,430	2,919	3,147	3,380	3,884
Inventory	0	0	0	0	0
Days	0	0	0	0	0
Debtors	657	719	953	1,097	1,300
Days	55	56	55	55	55
Other Current Assets	93	74	89	106	128
Cash and Cash equivalent	817	814	626	494	515
Current Liabilities/Provisions	865	1,084	1,200	1,358	1,561
Creditors / Trade Payables	419	444	495	574	679
Days	31	29	29	29	29
Liabilities	173	341	376	420	478
Net Current Assets	1,565	1,835	1,948	2,022	2,323
Total Asset	3,676	4,193	4,601	5,188	6,028
Total Capital Employed	2,111	2,358	2,653	3,166	3,705

Key Financials

Cash Flow Statement					
Year End-March	FY24	FY25	FY26E	FY27E	FY28E
Retained Earning	640	833	763	942	1,158
Adjustments: Add					
Depreciation and amortisation	336	427	539	607	688
Interest adjustment	-31	-64	-73	-87	-107
Trade receivables	-65	-62	-234	-144	-203
Trade payables	38	25	51	79	105
Other Liabilities and provisions	85	168	35	45	58
Other Assets	-18	-152	-77	-87	-100
Taxes	-33	154	0	0	0
Net cash from operating activities	491	637	468	764	984
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-400	-703	-676	-894	-936
Net Sale/(Purchase) of investments	-26	-157	-1	-11	-34
Others	-70	7	-28	-51	-66
Net cash (used) in investing activities	-496	-853	-705	-955	-1,036
Interest expense	-4	165	29	33	39
Dividend paid	-305	-457	-488	-518	-564
Other financing activities	-482	-693	-518	-564	-579
Net cash (used) in financing activities	-30	-40	29	33	39
Closing Balance	820	823	633	500	521
FCF	60	168	-150	-31	161
Capex (% of sales)	431	546	564	654	773

Key Ratios					
Year-end March	FY24	FY25	FY26E	FY27E	FY28E
Solvency Ratios					
Debt / Equity	-	-	-	-	-
Net Debt / Equity	-0.15	-0.07	0.02	0.08	0.08
Debt / EBITDA	0.00	0.00	0.00	0.00	0.00
Current Ratio	-0.32	-0.15	0.03	0.14	0.14
DuPont Analysis					
Sales/Assets	1.28	1.30	1.36	1.40	1.43
Assets/Equity	1.50	1.62	1.62	1.61	1.59
RoE	26.1%	32.1%	26.9%	29.3%	30.5%
Per share ratios					
Reported EPS	42.0	54.7	50.1	61.8	76.0
Dividend per share	30.0	32.0	34.0	37.0	38.0
BV per share	161.1	170.3	186.3	211.1	249.1
Cash per Share	53.6	53.4	41.1	32.4	33.8
Revenue per Share	308.0	358.5	411.5	477.1	563.9
Profitability ratios					
Net Profit Margin (PAT/Net sales)	12.5%	13.6%	15.2%	12.2%	13.0%
EBITDA / Net Sales	24.6%	23.7%	24.3%	24.4%	24.7%
EBIT / Net Sales	17.5%	15.9%	15.7%	16.1%	16.7%
ROCE (%)	29.2%	27.9%	29.0%	30.5%	32.2%
Activity ratios					
Inventory Days	0.0	0.0	0.0	0.0	0.0
Debtor Days	54.5	55.8	55.4	55.1	55.2
Creditor Days	31.1	28.8	28.8	28.8	28.8
Leverage ratios					
Interest coverage	21.6	19.6	20.3	21.8	24.4
Debt / Asset	0.0	0.0	0.0	0.0	0.0
Valuation ratios					
EV / EBITDA	10.41	9.44	8.16	7.12	5.98
PE (x)	19.38	14.89	16.26	13.17	10.71

Source: Company reports, Arianth Capital Research

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Absolute Return

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