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Q4FY26 Result Update
11th May 2026

Alldigi Tech Ltd

Steady growth with improving margins and expanding global reach

CMP: INR 840

Rating: Buy

Target Price: 1,196

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)	12,740
52w H/L (INR)	1,090 /680
Avg Yearly Vol (in 000')	11.209

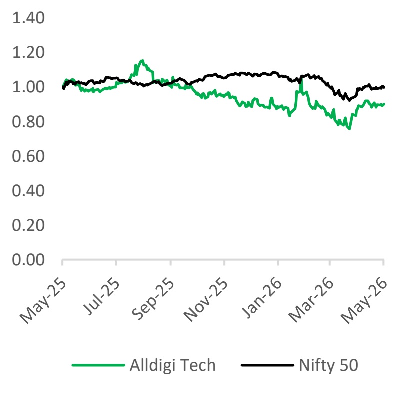
Shareholding Pattern %

(As on March, 2026)

Promoters	73.4
Public & Others	26.6

Stock Performance (%)	1m	6m	12m
Alldigi Tech	-1.2	-5.2	-13.2
Nifty 50	-1.7	-5.5	-0.7

ALLDIGI Vs Nifty



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All Digitech Limited delivered a steady performance in Q4 FY26 with revenue reaching INR 1,547 million, up 5.9% YoY, as a 11.9% rise in international business offset a 4.7% domestic decline. EBITDA margins for the quarter expanded significantly by 416 bps YoY to 28.2%, while Q4 PAT surged 49.7% to INR 289 million, aided by a tax reversal. For the full year, revenue grew 9.6% to INR 5,987 million and adjusted PAT rose 35.5% to INR 900 million, excluding prior-year divestment gains. Performance was led by the Tech and Digital segment, which saw 22.3% YoY revenue growth and 44% margins, while the BPM segment remained flat at INR 1,104 million as international growth balanced a strategic domestic exit.

Investment Rationale

Pivot Toward High-Margin Digital Services: The Tech & Digital (T&D) segment is becoming the primary earnings engine, delivering 22.3% YoY revenue growth and maintaining industry-leading margins of 44.0%. This shift in revenue mix toward high-margin recurring payroll and HRMS services provides a strong valuation floor.

Strategic Geographic Re-rating and International Mix Expansion: The company has demonstrated a clear success in its "International First" strategy, with international revenue growing 11.9% YoY in Q4. This has shifted the total revenue mix to 67.3% international, up from 63.6% in the previous year. By focusing on global markets, All Digitech is not only benefiting from higher realization and INR depreciation tailwinds but also insulating itself from the pricing pressures and lower margins typical of the domestic Indian BPM landscape.

Portfolio Rationalization in BPM Toward Niche Verticals: Management is undergoing a deliberate and disciplined exit from low-margin domestic BPM contracts, which now constitute only 10% of the portfolio. By reallocating resources toward high-growth, specialized verticals such as Healthcare Revenue Cycle Management (RCM), International Insurance, and Collections, the company is improving the quality of its order book. The doubling of headcount in the RCM vertical within just one quarter indicates strong demand and a clear path toward maintaining sustainable segment margins.

Outlook and Valuation: We maintain our positive stance on Alldigi Tech following a steady Q4 FY26 print, with the company delivering 416 basis points of year-on-year EBITDA margin expansion to 28.2% and adjusted PAT growth of 35.5% to INR 900 million for the full year. Looking ahead, we expect revenue to accelerate toward mid-teens growth in FY27, supported by a strengthening T&D pipeline, continued international mix expansion — which reached 67.3% of revenues in Q4 FY26 — and the deliberate exit from low-margin domestic BPM business now largely complete. EBITDA margins are expected to sustain in the 25–27% range over FY27–28**. We value Alldigi Tech at a PE of 13x to its FY29E EPS of INR 92, which yields a target price of INR 1,196 per share. We maintain our rating of " Buy" 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)
FY25	5,463	1,295	833	54.7	23.70%	9.74	15.4
FY26	5,987	1,621	822	54.0	27.08%	8.40	15.6
FY27E	6,804	1,916	998	65.5	28.16%	7.36	12.83
FY28E	7,827	2,211	1,173	77.0	28.24%	6.34	10.9
FY29E	9,012	2,583	1,403	92.0	28.67%	5.38	9.1

Source: Company reports, Arihant Capital Research

Exhibit 2: Financial Overview

	Q4FY26	Q3FY26	Q4FY25	QoQ (%)	YoY(%)
Revenue from operations	1,546.7	1,526.8	1,461.0	1.3%	5.9%
Employees benefits expense	836.5	802.2	825.5	4.3%	1.3%
Other expenses	273.6	266.0	284.0	2.9%	-3.7%
EBITDA	436.6	458.6	351.5	-4.8%	24.2%
EBITDA Margin (%)	28.2%	30.0%	24.1%	-95.74	416.90
Depreciation and amortisation expense	159.0	144.0	121.7	10.4%	30.6%
EBIT	277.6	314.6	229.8	-11.8%	20.8%
EBIT Margin (%)	17.9%	20.6%	15.7%	-169.86	221.89
Other income	21.9	23.4	46.1	-6.4%	-52.5%
Finance costs	26.7	20.0	15.0	33.5%	78.0%
Exceptional Item	-37.9	-40.2	-8.0	NA	NA
PBT	234.9	277.8	252.9	-15.4%	-7.1%
Total tax expense	-53.9	69.6	60.0	-177.4%	-189.8%
PAT	288.8	208.2	192.9	38.7%	49.7%
Segment Revenue (In Mn)	**Q4FY26**	**Q3FY26**	**Q4FY25**	**QoQ (%)**	**YoY(%)**
Business Process Management (BPM)	1,103.5	1,139.7	1,098.7	-3.2%	0.4%
Technology and Digital (T&D)	443.2	387.1	362.3	14.5%	22.3%

Source: Company reports, Arihant Capital Research

Q4FY26 Concall highlights

Financial Performance FY26

Revenue from operations grew 9.6% year on year to INR 5,987 million. EBITDA rose 25% year on year to INR 1,620 million, with margins expanding 340 basis points to 27.1% from 23.7% in FY25. PAT for the full year stood at INR 822 million, broadly stable year on year, with PAT margins at 13.7%. Operating cash flow for the full year was INR 1,441 million, with OCF-to-EBITDA conversion at 88.9%. Cash collections for the full year grew 9% year on year to INR 6,261 million, with a closing cash balance of INR 1,477 million.
Management noted that constant currency revenue growth was approximately 6.3%, with the remaining 3.3% attributable to INR depreciation.

Financial Performance Q4 FY26

Quarterly revenue stood at INR 1,547 million, up 5.9% year on year and 1.3% quarter on quarter. EBITDA was INR 437 million, up 24.2% year on year. PAT of INR 289 million grew 49.7% year on year and 38.6% quarter on quarter, aided partly by a prior-quarter leave policy alignment that management characterised as a one-time item. Quarterly OCF was INR 453 million, with conversion at 103.8%.

Tech & Digital (T&D) Segment

T&D revenue for Q4 was INR 443 million, up 22.3% year on year and 14.5% quarter on quarter, taking the full year to INR 1,562 million, reflecting 16.5% year-on-year growth. Segment EBITDA margin remained strong at 44% in Q4, with full-year segment margin at INR 666 million, up 28.9% year on year. Employee records processed reached 191.5 lakh for FY26, with Q4 volumes at 49.9 lakh. New ACV additions for the full year stood at INR 401 million. Over 60% of ACV wins have consistently come from international clients.
Two product initiatives were highlighted: HRMS Version 2, an integrated payroll and HRMS console with AI enablement targeting approximately INR 30 million in annual efficiency gains, and Pulse HR.AI, an internally focused AI tool aimed at reducing manual effort in query and input handling to improve accuracy and turnaround times.

BPM Segment

BPM revenue for Q4 was INR 1,104 million, up 0.4% year on year, with full-year revenue at INR 4,424 million, up 7.3% year on year. International BPM revenue grew 8.7% year on year in Q4, with international contribution rising to 78% of CXM revenue from 73% in FY25. Segment margin for Q4 was INR 150 million, with the full year at INR 623 million, up 16.8% year on year. New ACV additions for the full year were INR 541 million.
For FY27, three targeted verticals were identified: healthcare and RCM, international insurance, and international collections. RCM operations, which commenced approximately one quarter ago, have since doubled in headcount with further expansion underway.

Management Guidance

Mid-teens revenue growth is targeted for FY27, with T&D expected to outpace BPM. EBITDA margin improvement of 100–200 basis points year on year is guided, supported by operating leverage, international mix expansion, and AI-driven efficiency. Overall international revenue share is targeted to increase beyond 67%. BPM segment margins of 13–14% are expected to be maintained. On CapEx, annual facility spend is guided at INR 200–250 million, with a new Chennai office adding a one-time outlay of approximately INR 200 million; depreciation is expected to rise sub-10% year on year.

Exhibit 10:Key Financials

Income Statement

Year End-March	FY25	FY26	FY27E	FY28E	FY29E
Gross Sales	5,463	5,987	6,804	7,827	9,012
Net Sales	5,463	5,987	6,804	7,827	9,012
YoY (%)	16%	10%	14%	15%	15%
Personnel/ Employee benefit expenses	3,129	3,311	3,767	4,310	4,936
YoY (%)	18%	6%	14%	14%	15%
Manufacturing & Other Expenses	1,040	1,055	1,120	1,306	1,493
YoY (%)	16%	1%	6%	17%	14%
Total Expenditure	**4,169**	**4,366**	**4,888**	**5,616**	**6,428**
YoY (%)	12%	5%	12%	15%	14%
EBITDA	**1,295**	**1,621**	**1,916**	**2,211**	**2,583**
YoY (%)	12%	25%	18%	15%	17%
EBITDA Margin (%)	23.7%	27.1%	28.2%	28.2%	28.7%
Depreciation	427	586	597	664	739
EBIT	**868**	**1,036**	**1,319**	**1,546**	**1,845**
EBIT Margin (%)	15.9%	17.3%	19.4%	19.8%	20.5%
Interest Expenses	44	87	95	105	116
Non-operating/ Other income	108	94	106	122	141
PBT	**1,100**	**964**	**1,330**	**1,564**	**1,870**
Tax-Total	267	142	333	391	467
Exceptional Item	169	-78	0	0	0
Net Profit	**833**	**822**	**998**	**1,173**	**1,403**
PAT Margin	15.2%	13.7%	14.7%	15.0%	15.6%
Adj PAT	**664**	**900**	**998**	**1,173**	**1,403**
Adj PAT Margin	12%	15%	15%	15%	16%
Shares o/s/ paid up equity sh capital	15	15	15	15	15
Adj EPS	55	54	65	77	92
Dividend payment	488	518	564	579	594
Dividend payout (%)	59%	63%	57%	49%	42%
Retained earnings	345	304	434	594	808

Balance sheet

Year-end March	FY25	FY26	FY27E	FY28E	FY29E
Sources of Funds					
Equity Share Capital	152	152	152	152	152
Reserves & Surplus/ Other Equity	2,443	2,357	2,791	3,385	4,193
Other Liabilities	80	187	196	206	216
Total Liabilities	**4,193**	**5,191**	**6,008**	**7,161**	**8,297**
Total Funds Employed	**7,872**	**8,771**	**9,966**	**11,892**	**13,930**
Application of Funds					
Net Fixed Assets	**1,058**	**2,089**	**2,414**	**2,667**	**2,946**
Capital WIP	0	0	0	0	1
Investments/ Notes/ Fair value measurement	827	591	672	773	890
Current assets	**2,919**	**2,791**	**3,205**	**4,008**	**4,742**
Inventory	0	0	0	0	0
Days	0	0	0	0	0
Debtors	719	693	1,001	1,151	1,306
Days	56	55	54	54	53
Other Current Assets	74	79	94	113	136
Cash and Cash equivalent	814	847	805	1,257	1,615
Current Liabilities/Provisions	**1,084**	**1,069**	**1,015**	**1,193**	**1,287**
Creditors / Trade Payables	444	580	486	618	660
Days	29	29	26	29	27
Liabilities	341	145	158	173	191
Net Current Assets	**1,835**	**1,721**	**2,190**	**2,815**	**3,455**
Total Asset	**4,193**	**5,191**	**6,008**	**7,161**	**8,297**
Total Capital Employed	**2,358**	**3,470**	**3,818**	**4,346**	**4,843**

Source: Company reports, Arihant Capital Research

Key Financials

Cash Flow Statement

Year End-March	FY25	FY26	FY27E	FY28E	FY29E
Retained Earning	**833**	**822**	**998**	**1,173**	**1,403**
Adjustments: Add					
Depreciation and amortisation	427	586	597	664	739
Interest adjustment	-64	-7	-11	-17	-25
Trade receivables	-62	26	-308	-150	-155
Trade payables	25	136	-94	132	41
Other Liabilities and provisions	168	-197	13	16	19
Other Assets	-152	-113	-93	-106	-121
Taxes	154	-18	-2	-2	-2
Net cash from operating activities	**637**	**871**	**555**	**1,153**	**1,330**
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-703	-1,616	-922	-917	-1,018
Net Sale/(Purchase) of investments	-157	330	26	21	24
Others	7	-38	-52	-68	-88
Net cash (used) in investing activities	**-853**	**-1,324**	**-949**	**-964**	**-1,082**
Interest expense	165	1,057	368	306	152
Dividend paid	-457	-488	-518	-564	-579
Other financing activities	-693	-907	-564	-579	-594
Net cash (used) in financing activities	**-40**	**668**	**368**	**306**	**152**
Closing Balance	**823**	**886**	**841**	**1,315**	**1,688**
FCF	**168**	**262**	**-177**	**447**	**547**
Capex (% of sales)	546	587	340	391	451

Key Ratios

Year-end March	FY25	FY26	FY27E	FY28E	FY29E
Solvency Ratios					
Debt / Equity	-	-	-	0.00	0.00
Net Debt / Equity	-0.07	0.33	0.44	0.35	0.25
DuPont Analysis					
Sales/Assets	1.30	1.15	1.13	1.09	1.09
Assets/Equity	1.62	2.07	2.04	2.02	1.91
RoE	32.1%	32.8%	33.9%	33.2%	32.3%
Per share ratios					
Reported EPS	54.7	54.0	65.5	77.0	92.0
Dividend per share	32.0	34.0	37.0	38.0	39.0
BV per share	170.3	164.7	193.2	232.1	285.2
Cash per Share	53.4	55.6	52.8	82.5	106.0
Revenue per Share	358.5	392.8	446.5	513.6	591.3
Profitability ratios					
Net Profit Margin (PAT/Net sales)	15.2%	13.7%	14.7%	15.0%	15.6%
EBITDA / Net Sales	23.7%	27.1%	28.2%	28.2%	28.7%
EBIT / Net Sales	15.9%	17.3%	19.4%	19.8%	20.5%
ROCE (%)	27.9%	25.1%	26.4%	25.9%	26.3%
Activity ratios					
Inventory Days	0.0	0.0	0.0	0.0	0.0
Debtor Days	55.8	55.4	53.7	53.7	52.9
Creditor Days	28.8	28.8	26.1	28.8	26.7
Leverage ratios					
Interest coverage	19.6	11.9	13.8	14.7	16.0
Debt / Asset	0.0	0.0	0.0	0.0	0.0
Valuation ratios					
EV / EBITDA	9.74	8.40	7.36	6.34	5.38
PE (x)	15.37	15.57	12.83	10.92	9.13

Source: Company reports, Arihant Capital Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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