

Coforge reported 3.4% cc QoQ growth (for continuing business), meeting expectations (JMFe: 3.2% on reported). An in-line print however understates the fact that it came atop of a strong 3Q (8.4% cc QoQ). A better gauge of underlying momentum, in our view, therefore is pro-forma YoY growth, which was strong at 20%+. Unabated large deal momentum (Sabre and otherwise) suggests growth can accelerate further. Coforge reported a record USD 2.1bn TCV. Even excluding the USD 1.56bn Sabre deal, TCV was healthy at USD 566mn (book-to-bill: 1.4x). 12-M Executable order book (EOB)-to-LTM revenue ratio has improved from 0.91x at FY24-end to 1.03x currently, reflecting improved visibility. Management's remark of a better organic growth in FY26 underscores the point. Besides, on track Sabre ramp suggests conversion could be faster. We therefore believe our FY26E USD revenue growth assumption of 30% cc (Organic: 25% vs 15% in FY25; JMFe) is achievable. Management's view that FY26 exit EBIT margins can expand to 14% (from 13.2% currently) means growth is not coming at the expense of profitability, especially from the Sabre deal. We however suspect it could come at a higher finance cost, as factoring/credit insurance of receivables of a B-/B3 rated Sabre could be higher. Our FY26-27E EPS is therefore little changed (-1% to +2%). It however still leaves a 25% EPS CAGR over FY25-28E. Such strong growth merits premium valuation. We continue to value the stock at 38x (15% discount to our target PER for PSYS). We reiterate BUY with a revised TP of INR 10,000 (from INR 9,610).

- **4QFY25 – meets expectations:** Revenues (ex-AdvantageGO) grew 3.4% cc QoQ vs JMFe: 3.2%. Similar contribution of AdvantageGo in 3Q/4Q means even reported growth was similar. Growth was broad-based led by BFS (+13% QoQ), Govt. outside India (+9%) and Travel (+7% QoQ). Others segment (incl. Retail, Hi-tech, Mfg) however dragged (-8%) after a strong 3Q (+19% QoQ). Large deal ramps and GCC deals are likely infusing some lumpiness across verticals, in our view. Reported EBITDA margin (non-GAAP) expanded 135bps to 16.9%, above JMFe: 16.6%. Lower ETR helped offset higher minority share (likely due to higher profitability of Cigniti). OCF/non-GAAP EBITDA was 109%.
- **Deal wins, order book and outlook:** Coforge won USD 2.1bn of TCV, including USD 1.56bn Sabre Deal. Coforge recorded five large deals, including a USD 62mn TCV deal from Cigniti's top-3 client, indicating early success of cross-sell. 12-M EOB increased 10% QoQ (YoY not like-for-like) to USD 1.5bn (1.03x LTM revenues). In fact, NTM Revenues (our FY26E est.) to 12-M EOB ratio works out to be 1.26x, in-line with historical conversion rates. Besides, management indicated large deal momentum to sustain. Management therefore believes they can achieve its FY27E revenue target of USD 2bn ahead of schedule. Management also indicated that EBIT margins could improve from FY25-exit rate of 13.2% to 14% by FY26-end, aided also by 80bps ESOP cost reduction.
- **EPS broadly unchanged; Retain BUY:** We had already built Sabre-led strong growth for FY26 (29%). Our FY26E USD revenue is therefore largely unchanged. We now build 50bps higher EBIT margin. Higher finance charges/lower USD-INR assumption however offset that, resulting in (1)-2% changes to FY26-27E EPS. Valuation is reasonable. BUY.

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	10,000
Upside/(Downside)	33.4%
Previous Price Target	9,610
Change	4.1%

Key Data – COFORGE IN

Current Market Price	INR7,497
Market cap (bn)	INR501.4/US\$6.0
Free Float	91%
Shares in issue (mn)	61.1
Diluted share (mn)	70.8
3-mon avg daily val (mn)	INR5,589.2/US\$66.3
52-week range	10,027/4,287
Sensex/Nifty	80,797/24,461
INR/US\$	84.3

Price Performance

%	1M	6M	12M
Absolute	13.4	-0.7	67.2
Relative*	5.8	-1.2	53.0

* To the BSE Sensex

Financial Summary

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	92,060	1,22,139	1,60,391	1,82,286	2,08,440
Sales Growth (%)	14.5	32.7	31.3	13.7	14.3
EBITDA	15,343	19,869	26,535	31,606	36,314
EBITDA Margin (%)	16.7	16.3	16.5	17.3	17.4
Adjusted Net Profit	8,602	10,553	13,442	18,244	22,107
Diluted EPS (INR)	131.4	156.4	190.0	257.8	312.4
Diluted EPS Growth (%)	-4.7	19.1	21.5	35.7	21.2
ROIC (%)	29.3	19.8	18.4	21.4	24.1
ROE (%)	25.6	21.1	19.8	23.3	23.7
P/E (x)	57.1	47.9	39.5	29.1	24.0
P/B (x)	12.7	7.9	7.3	6.2	5.2
EV/EBITDA (x)	29.9	24.1	17.8	14.6	12.4
Dividend Yield (%)	0.8	1.0	1.0	1.0	1.1

Source: Company data, JM Financial. Note: Valuations as of 05/May/2025

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key Highlights from the call

- **Demand:** Coforge reported 3.4% cc QoQ growth for Q4FY25 on a continuing basis (ex- AdvantageGo for 3Q and 4Q), despite a challenging environment. The quarter's growth was led by the BFSI vertical (13.4% QoQ), The government (outside India) vertical (8.5% QoQ) and travel vertical (7.5% QoQ). However, Other Emerging Verticals declined by 8.3% QoQ, attributed by management to a normalization following a sharp rise in Q3. Management noted that every segment and geography contributed positively on a full-year basis. Top 5 and top 10 clients saw sequential declines of 5.9% and 4.6%, respectively, however they saw growth YoY. Engineering service line grew strongly in the quarter aided by ramp up of Sabre deal and new leadership driving the service line.
- **M&A activity:** The quarter saw divestment of AdvantageGo. AdvantageGo accounted for c.1.7% of topline and had negative margins. The revenue impact from divestment will be offset by two acquisitions. i) Xclerai Inc. – Specialist in ServiceNow implementation- with quarterly revenue run rate of c.USD 6 Mn. ii) – Rythmos Inc. – Cloud engineering and data practice – with quarterly revenue run rate of c.USD 2 Mn. These acquired assets have margins in line with that of the company.
- **Outlook:** Management expressed confidence heading into FY26, underpinned by a record signed order book that is 47.7% higher YoY. They noted that organic growth for FY26 will be better than FY25. The company's large deal engine remains strong, and the current pipeline shows high conviction of closure despite broader macro challenges. Management affirmed that the velocity and size of large deal closures are expected to sustain, supported by proactive engagement in solution-based managed services deals and wallet share expansion strategy. FY26 is expected to be a year of strong growth, with management reiterating their guidance to reach USD 2 billion in revenues ahead of FY27, with no perceived risk to that milestone and they expect to reach that goal earlier than anticipated. Management cited three core drivers behind this confidence: a culture of execution intensity, focus on large managed services deals, and differentiated solutions with SME-led industry focus. Further, EBIT margins are projected to expand to 14% by the end of FY26, aided by ESOP cost tailwinds and operating leverage.
- **Margins:** Coforge reported an adjusted EBITDA margin of 18% for FY25 vs pro forma margin of 17% in FY24. EBIT for Q4FY25 stood at 13.2%, marking a 123 bps sequential improvement. The company has guided for EBIT to expand to 14% by the end of FY26, supported by multiple levers including scale benefits, normalization of ESOP costs (declining from 1.8% to 1% by H2FY26), and the absence of wage hikes in Q1FY26. While visa costs may create a modest headwind in Q1, these are considered manageable. The divestiture-related impact from the AdvantageGo business is now behind, further strengthening the margin outlook. Management also highlighted that gross margins should expand as scale benefits from large deals begin to play out. The structural shift toward large managed services deals is not expected to impact profitability.
- **Bookings:** Q4FY25 was a landmark quarter for Coforge in terms of deal wins and order intake. The company reported a record quarterly intake of USD 2.136 billion, contributing to a total FY25 order intake of USD 3.5 billion, which marks a 75% YoY increase. The executable order book stood at USD 1.5 billion at the end of the year, compared to USD 1 billion a year earlier. The quarter included five large deal wins, including a USD 62 million TCV contract. The company continues to focus on transformation and legacy modernization themes. The USD 1.56 billion Sabre deal remains on track and will ramp up over three-quarters. The stable quarterly run rate was reported to be around 10-20 Mn. The company also emphasized that GCC-driven business now constitutes roughly 10% of total revenue, and a meaningful portion of the pipeline contains GCC related elements.
- **AI:** Management emphasized Coforge's strategic investments and capabilities in AI and Gen AI. The company has developed and deployed over 200 real-world AI solutions, available via the Coforge Quasar AI marketplace. Coforge is building agentic AI solutions, which management believes are gaining strong market traction. Engineering teams were reported to be utilizing tools such as GitHub Copilot, achieving up to 30% reductions in

Demand was observed to be broad based. Growth was led by BFS, Other emerging vertical saw QoQ decline due to very strong Q3. AdvantageGo business was divested but revenue impact will be offset by acquisitions

FY26 to see higher organic growth than FY25 driven by robust bookings and pipeline. Management confident of reaching FY27 2 bn target before anticipated

EBIT Margins to reach 14% in the near term

ESOP costs to reduce to 1 ppt. and aid margin expansion. EBIT margins to reach 14% by end of FY26 and Reported EBITDA margins to reach 18% by FY27.

Highest ever deal wins at 2.136 bn in a single quarter. Executable order book grew 47% YoY. Large deal win momentum to sustain

30% reduction in time and cost for large modernization projects through the use of AI tools such as GitHub Copilot

time and cost across large-scale modernization projects. As of quarter end, 94% of employees have undergone AI training, and 50% of engineers are proficient with GitHub Copilot. The QE business, now a horizontal unit led by a Cigniti executive, is leveraging AI capabilities to drive deal wins. Management noted there has been no disruption to Cigniti offerings from AI; instead, AI integration is enhancing their competitiveness.

- **Segments and geographies:** On a full-year basis, travel led the vertical-wise growth with 33.7% YoY growth, followed by government (outside India) at 27.1%, BFS at 20.4%, and insurance at 13%. The emerging verticals saw a standout 67.9% YoY increase (aided by Cigniti acquisition). Regionally, Asia showed segmental margin improvement in the quarter, driven by performance in Australia and ASEAN, which had previously underperformed but are now firing under new management in the area. Coforge maintained balanced growth across geographies, verticals, and service lines, with no over-reliance on a single vector in FY25. Management noted that the demand environment in travel was impacted due to macro uncertainty. Caution over expansion was observed in Europe, while APAC remained resilient. However, they remain confident on the vertical on the back of large deals supported by demand in areas such as GCC setups, M&A integrations, and loyalty programs.
- **Supply:** Coforge added 8,771 employees over FY25, with 403 additions in Q4. The company maintained a healthy utilization rate of 82%, which includes freshers. Attrition stood at 10.9%, which management noted is among the lowest in the industry. During the quarter, approximately 600 employees were let go due to the AdvantageGo divestiture. Engineering headcount increased significantly to support the ramp-up of the Sabre deal. A new leader has been appointed to oversee the engineering business, which is reportedly seeing renewed momentum. Headcount additions will continue in subsequent quarters as large deal execution scales up.

Travel vertical is impacted due to macro uncertainty, however Asia remains resilient and large deal pipeline is strong

600 employees were let go in relation with AdvantageGo business, net of that quarter saw c.1000 headcount increase. Headcount to grow as large deals ramp up.

Exhibit 1. 4QFY25 result summary

	4Q25 A	3Q25 A	Change (QoQ)	Estimate (JMFe)	Variance (vs. JMFe)	Estimate (Consensus)	Variance (vs. consensus)	QoQ estimate	
								JMFe	Consensus
USD-INR	84.51	83.56	1.1%	84.68	-0.2%	85.43	-1.1%	1.3%	2.2%
CC growth (QoQ) – reported	3.4%	8.4%	-500bp	3.2%	15bp				
Revenue (USD mn)	404	397	1.6%	403	0.0%	411	-1.9%	1.6%	3.6%
Revenue (INR mn)	34,099	33,182	2.8%	34,154	-0.2%	35,150	-3.0%	2.9%	5.9%
EBITDA (INR mn)	5,748	5,144	11.7%	5,662	1.5%	5,862	-1.9%	10.1%	14.0%
EBITDA margin	16.9%	15.5%	135bp	16.6%	28bp	16.7%	18bp	107bp	117bp
EBIT (INR mn)	4,494	3,922	14.6%	4,297	4.6%	4,544	-1.1%	9.5%	15.9%
EBIT margin	13.2%	11.8%	136bp	12.6%	60bp	12.9%	25bp	76bp	111bp
PAT - adjusted (INR mn)	2,612	2,155	21.2%	2,571	1.6%	2,892	-9.7%	19.3%	34.2%
EPS - adjusted(INR)	38.82	32.28	20.3%	38.51	0.8%	43.32	-10.4%	19.3%	34.2%

Source: Company, JM Financial estimates

4QFY25 result review

Exhibit 2. Key financial summary

	3Q24	4Q24	FY24	1QFY25	2QFY25	3QFY25	4QFY25
Cons. revenues (USD mn)	282.0	286.8	1,118.7	291.4	369.4	397.1	403.5
Change (QoQ/YoY)	11.6%	1.7%	11.4%	7.2%	32.8%	40.8%	40.7%
Cons. revenues (INR mn) – excl. FX	23,283	23,592	92,060	23,999	30,690	33,228	34,222
Change (QoQ/YoY)	1.8%	1.3%	14.5%	1.7%	27.9%	8.3%	3.0%
Cost of revenues	15,543	15,543	61,873	16,097	20,701	22,166	22,471
Gross profit	7,740	8,049	30,187	7,902	9,989	11,062	11,751
Gross margin	33.2%	34.1%	32.8%	32.9%	32.5%	33.3%	34.3%
SG&A costs	3,666	3,783	14,844	3,824	5,148	5,872	6,003
Operating profit (EBITDA)	4,074	4,266	15,343	4,078	4,841	5,190	5,748
Operating margin	17.5%	18.1%	16.7%	17.0%	15.8%	15.6%	16.8%
Depreciation & amortization	811	846	3,186	815	1,176	1,222	1,131
EBIT	3,263	3,420	12,157	3,263	3,665	3,968	4,494
EBIT margin	14.0%	14.5%	13.2%	13.6%	11.9%	11.9%	13.2%
Other income	-307	-459	-1,426	256	-173	-328	-300
Profit before tax	2,956	2,961	10,731	3,531	3,492	3,640	4,317
Income tax expense	516	564	2,093	654	799	874	874
Net income from operations	2,440	2,397	8,638	2,877	2,693	2,766	3,443
Share of minority interest	48	55	276	61	314	404	447
PAT - Adjusted	2,392	2,342	8,362	2,816	2,379	2,362	2,996
Change (QoQ/YoY)	32.2%	-2.1%	1.2%	20.2%	-17.9%	0.2%	24.1%
Exceptional item (Adjusted for Tax)	0	96	261	953	290	161	261
PAT - Reported	2,392	2,246	8,101	1,863	2,022	2,155	2,612
Adjusted Basic EPS	39.2	37.01	135.69	42.22	34.67	34.69	42.96
Change (QoQ/YoY)	32.2%	-5.7%	0.2%	11.4%	-17.9%	0.1%	23.8%

Source: Company, JM Financial

Revenue in the quarter grew 3.4% cc QoQ on continuing basis with AdvantageGo removed from 3Q and 4Q

EBITDA margin according to GAAP financials for the quarter stood at 15.5% vs reported EBITDA margin of 16.9% and Adjusted EBITDA margin of 18.7%.

Exhibit 3. Vertical portfolio

	4Q24	1Q25	2Q25	3Q25	4Q25
Distribution					
BFS	33.7%	31.8%	29.4%	27.5%	30.2%
Insurance	21.6%	21.4%	19.1%	18.8%	18.2%
Travel and Transportation	17.6%	18.1%	18.5%	18.1%	18.8%
Others	19.5%	21.0%	25.9%	28.7%	25.5%
Revenue (USD mn and QoQ growth)					
BFS	96.7	92.7	108.6	109.2	121.9
Change	6.4%	-4.1%	17.2%	0.6%	11.6%
Insurance	61.9	62.4	70.6	74.7	73.4
Change	-0.1%	0.7%	13.1%	5.8%	-1.6%
Transportation	50.5	52.7	68.3	71.9	75.9
Change	0.6%	4.5%	29.6%	5.2%	5.5%
Others	55.9	61.2	95.7	114.0	102.9
Change	-29.4%	9.4%	56.3%	19.1%	-9.7%

Source: Company, JM Financial

Exhibit 4. Horizontal portfolio

	4Q24	1Q25	2Q25	3Q25	4Q25
Distribution					
Engineering	35.1%	32.1%	42.4%	41.9%	45.4%
Intelligent Automation	11.2%	11.7%	9.1%	8.9%	8.7%
Data and intergation	25.2%	27.4%	23.2%	22.4%	22.1%
Cloud and infrastructure management (CIMS)	19.1%	19.2%	17.2%	19.1%	16.2%
Business Process Management(BPM)	9.4%	9.4%	8.1%	7.6%	7.7%
Revenue (USD mn and QoQ growth)					
Engineering	100.7	93.5	156.6	166.4	183.2
Change	2.3%	-7.1%	67.4%	6.2%	10.1%
Intelligent Automation	32.1	34.1	33.6	35.3	35.1
Change	0.8%	6.1%	-1.4%	5.1%	-0.7%
Data and integration	72.3	79.8	85.7	89.0	89.2
Change	-0.3%	10.5%	7.3%	3.8%	0.3%
Cloud and Infrastructure Management (CIMS)	54.8	55.9	63.5	75.8	65.4
Change	2.8%	2.1%	13.6%	19.4%	-13.8%
Business Process Management(BPM)	27.0	27.4	29.9	30.2	31.1
Change	3.9%	1.6%	9.2%	0.9%	2.9%

Source: Company, JM Financial

Exhibit 5. Key manpower metrics

Manpower Base	4Q24	1Q25	2Q25	3Q25	4Q25
IT	16,930	17,920	22,886	23,015	23,510
Addition	33	990	4,966	129	495
BPS	6,313	7,117	7,548	7,966	7,844
Addition	103	804	431	418	-122
Total Billable	23,243	25,037	30,434	30,981	31,354
As a % of Total	94.0%	94.1%	93.7%	93.6%	93.6%
Sales & Marketing	388	442	575	583	586
Addition	20	54	133	8	3
Others	1095	1133	1474	1530	1557
Addition	-37	38	341	56	27
Total	24,726	26,612	32,483	33,094	33,497
Headcount additions	119	1,886	5871	611	403
- As % of opening base	0.5%	7.6%	22.1%	1.9%	1.2%
Operating metrics					
Utilization - IT services (blended)	81.7%	81.6%	82.2%	81.3%	82.0%
Attrition - quarterly annualized	11.5%	11.4%	11.7%	11.9%	10.9%

Source: Company, JM Financial

Exhibit 6. Key client metrics

	3Q24	4Q24	1Q25	3Q25	4Q25
Client wins and order book					
New customer wins	8	10	13	14	10
Fresh order intake	775	314	515	501	2126
Change (YoY)	157%	-41%	65%	42%	174%
Orders executable over next 12 months	1019	1070	1305	1365	1505
Change (YoY)	17%	19%	40%	40%	48%
Pending order book	2753	2776	2921	3025	4748
Change (YoY)	45%	29%	33%	34%	72%
Revenue concentration					
Top 5 clients	23.0%	21.0%	18.7%	19.8%	18.0%
Next 5 clients	11.3%	11.9%	9.5%	10.2%	9.7%
Top 10 clients	34.3%	32.9%	28.2%	30.0%	27.7%
Revenue growth					
Top 5 clients	2.7%	-7.1%	13.9%	14.6%	-6.4%
Next 5 clients	-1.3%	7.1%	2.1%	16.2%	-2.1%
Top 10 clients	1.3%	-2.4%	9.6%	15.2%	-4.9%

Source: Company, JM Financial

Signed 5 large deals in the quarter, including 1.6 Bn Sabre deal

Executable order book was USD 1,505 Mn (+47% YoY)

Exhibit 7. New client addition

New Clients Added	3Q24	4Q24	1Q25	3Q25	4Q25
Americas	5	7	7	7	6
EMEA	2	2	6	7	0
Rest of World	1	1	0	0	4

Source: Company, JM Financial

Exhibit 8. Order-book distribution

Fresh order Intake	3Q24	4Q24	1Q25	3Q25	4Q25
Americas	627	126	245	294	1828
EMEA	102	96	184	93	170
Rest of World	46	92	86	114	128
Total Fresh order intake	775	314	515	501	2126

Source: Company, JM Financial

Retain BUY; TP revised to INR 10,000

Coforge reported in-line growth of 3.4% QoQ cc in 4QFY25. Deal wins were exceptional in the quarter and large deal momentum remains strong for the company. This should allow the company to achieve high growth despite macro uncertainty and a challenging demand environment. We largely maintain our growth expectations. We revise our revenue expectations by -1.1% - 1.4% over FY26-27E. Margins expanded c.120 bps in the quarter and management expects to reach their EBIT target of 14% by end of FY26. We raise our EBIT margin estimates by c.50 bps for FY26-27E. We believe divestment of AdvantageGo and new acquisitions (at company average margin) can add 40 bps to FY26 margins. PAT estimates are impacted by lower other income on account of increased investment in working capital to drive growth. We have revised our PAT estimates by -1.1%-1.9% for FY26-27E. We continue to value Coforge at 38x 12 M fwd earnings. Maintain BUY with a revised TP of 10,000.

Exhibit 9. What has changed

	Old			New			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Exchange rate (INR/USD)	86.33	86.33	-	84.39	84.22	84.22	-2.3%	-2.4%	-
YoY – CC growth	29.4%	16.8%	-	29.2%	13.9%	14.3%	-20bp	-295bp	-
Consolidated revenue (USD mn)	1,873.97	2,189.29	-	1,901	2,164	2,475	1.4%	-1.1%	-
Growth in USD revenues (YoY)	28.2%	16.8%	-	30.1%	13.9%	14.3%	181bp	-295bp	-
Consolidated revenue (INR mn)	161,780	189,001	-	160,391	182,286	208,440	-0.9%	-3.6%	-
EBITDA margin	16.7%	17.3%	-	16.5%	17.3%	17.4%	-18bp	4bp	-
EBIT margin	12.8%	13.5%	-	13.3%	14.0%	14.4%	49bp	48bp	-
PAT (INR mn)	13,587	17,899	-	13,442	18,244	22,107	-1.1%	1.9%	-
EPS	192.02	252.95	-	189.97	257.83	312.42	-1.1%	1.9%	-

Source: JM Financial estimates

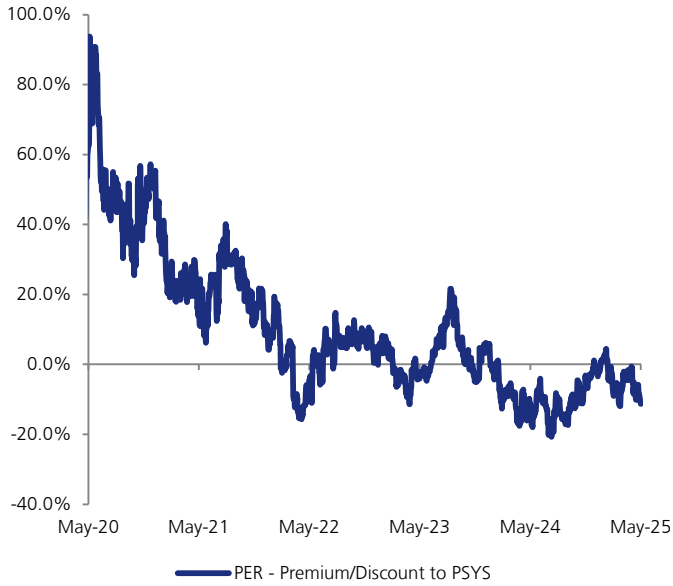
Exhibit 10. JMFe vs. Consensus estimates

	Consensus estimates			JMFe			Difference		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales (USD mn)	1,832	2,116	-	1901	2164	2475	3.7%	2.3%	-
Sales (INR mn)	156,595	180,884	-	160,391	182,286	208,440	2.4%	0.8%	-
EBITDA (INR mn)	26,396	31,214	-	26,535	31,606	36,314	0.5%	1.3%	-
EBITDA margin	16.9%	17.3%	-	16.5%	17.3%	17.4%	-31bp	8bp	-
EBIT (INR mn)	20,771	25,023	-	21,268	25,551	29,966	2.4%	2.1%	-
EBIT margin	13.3%	13.8%	-	13.3%	14.0%	14.4%	bp	18bp	-
EPS (INR)	206.0	254.0	-	190.0	257.8	312.4	-7.8%	1.5%	-

Note: Consensus estimates as of 24th Apr and may not reflect changes in estimates post result. Source: Visible Alpha, JM Financial estimates

Exhibit 11. Coforge – PER premium/discount to PSYS

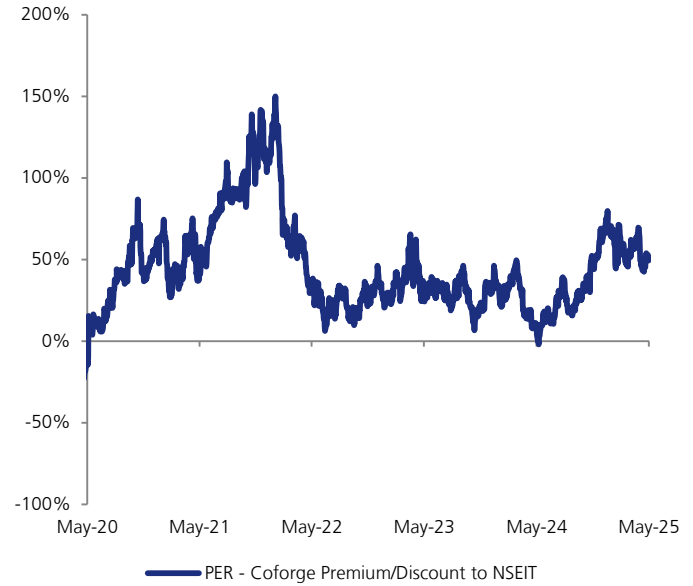
Discount to PSYS rising while growth differential narrowing



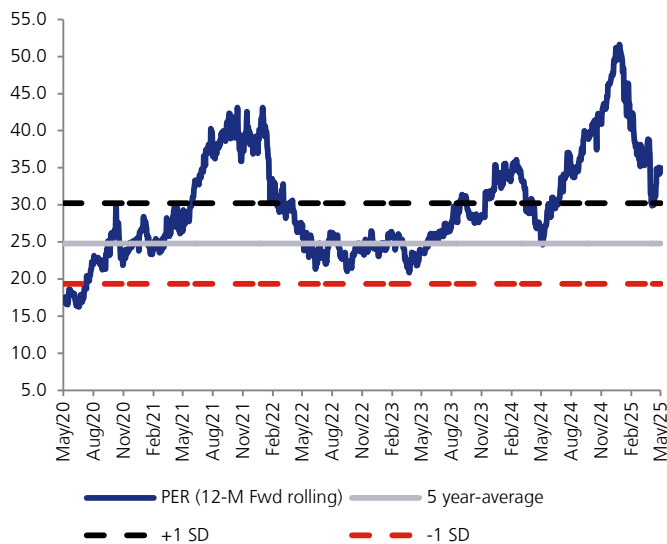
Source: Bloomberg, JM Financial

Exhibit 12. Coforge – PER premium/discount to NSE IT

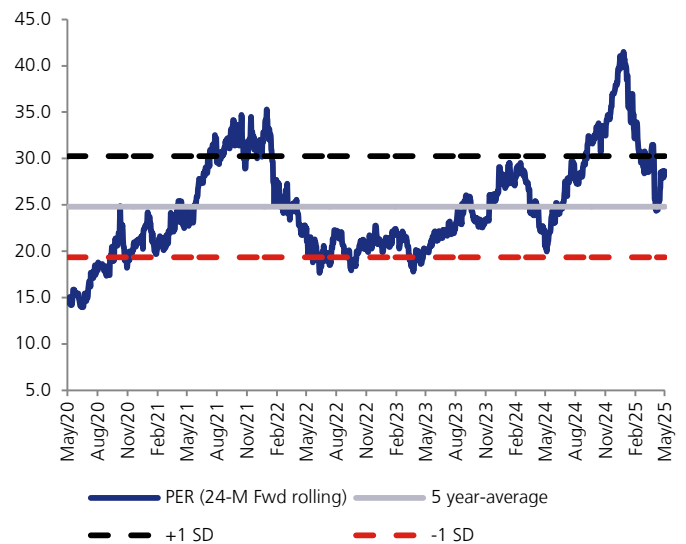
Coforge trading at c.50% premium to NSE IT



Source: Bloomberg, JM Financial

Exhibit 13. Price-to-Earnings 12M-Fwd - Valuation chart

Source: Bloomberg, JM Financial

Exhibit 14. Price-to-Earnings 24M-Fwd - Valuation chart

Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	92,060	1,22,139	1,60,391	1,82,286	2,08,440
Sales Growth	14.5%	32.7%	31.3%	13.7%	14.3%
Other Operating Income	-1,426	-545	-1,299	-841	-86
Total Revenue	92,060	1,22,139	1,60,391	1,82,286	2,08,440
Cost of Goods Sold/Op. Exp	61,873	81,423	1,07,047	1,20,925	1,38,776
Personnel Cost	0	0	0	0	0
Other Expenses	14,844	20,847	26,809	29,755	33,350
EBITDA	15,343	19,869	26,535	31,606	36,314
EBITDA Margin	16.7%	16.3%	16.5%	17.3%	17.4%
EBITDA Growth	7.3%	29.5%	33.5%	19.1%	14.9%
Depn. & Amort.	3,186	4,344	5,266	6,055	6,348
EBIT	12,157	15,525	21,268	25,551	29,966
Other Income	-1,186	806	681	1,019	1,624
Finance Cost	0	-1,351	-1,980	-1,860	-1,710
PBT before Excep. & Forex	9,785	14,584	18,670	23,870	29,794
Excep. & Forex Inc./Loss(-)	1,186	396	1,299	841	86
PBT	10,971	14,980	19,969	24,710	29,880
Taxes	2,093	3,201	4,992	6,178	7,470
Extraordinary Inc./Loss(-)	-261	-1,665	0	0	0
Assoc. Profit/Min. Int.(-)	276	1,226	1,535	289	304
Reported Net Profit	8,341	8,888	13,442	18,244	22,107
Adjusted Net Profit	8,602	10,553	13,442	18,244	22,107
Net Margin	9.3%	8.6%	8.4%	10.0%	10.6%
Diluted Share Cap. (mn)	65.5	67.5	70.8	70.8	70.8
Diluted EPS (INR)	131.4	156.4	190.0	257.8	312.4
Diluted EPS Growth	-4.7%	19.1%	21.5%	35.7%	21.2%
Total Dividend + Tax	4,493	6,172	6,472	6,472	6,813
Dividend Per Share (INR)	60.8	76.7	76.8	76.8	80.8

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	10,449	12,536	19,969	24,710	29,880
Depn. & Amort.	3,186	4,683	5,266	6,055	6,348
Net Interest Exp. / Inc. (-)	1,081	459	-2,032	-2,999	-3,484
Inc (-) / Dec in WCap.	-2,800	-2,689	-1,913	-1,421	-5,128
Others	779	1,341	0	0	0
Taxes Paid	-3,661	-3,959	-4,992	-6,178	-7,470
Operating Cash Flow	9,034	12,371	16,298	20,167	20,146
Capex	-2,655	-6,144	-6,862	-6,981	-7,479
Free Cash Flow	6,379	6,227	9,437	13,186	12,667
Inc (-) / Dec in Investments	0	1,185	0	0	0
Others	177	-19,524	52	1,139	1,774
Investing Cash Flow	-2,478	-24,483	-6,810	-5,842	-5,705
Inc / Dec (-) in Capital	0	22,015	6,246	12,633	15,202
Dividend + Tax thereon	-4,664	-4,976	-5,262	-5,321	-5,601
Inc / Dec (-) in Loans	967	2,323	0	0	0
Others	-1,657	-2,425	1,980	1,860	1,710
Financing Cash Flow	-5,354	16,937	2,964	9,172	11,310
Inc / Dec (-) in Cash	1,202	4,825	12,452	23,497	25,751
Opening Cash Balance	6,025	3,548	7,956	12,628	23,203
Closing Cash Balance	7,227	8,373	20,408	36,125	48,954

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	36,266	63,792	71,972	84,895	1,01,400
Share Capital	618	669	669	669	669
Reserves & Surplus	35,648	63,123	71,303	84,226	1,00,731
Preference Share Capital	0	0	0	0	0
Minority Interest	1,003	19,498	19,498	19,498	19,498
Total Loans	4,366	9,740	9,340	9,340	8,340
Def. Tax Liab. / Assets (-)	-5,117	-3,224	-4,224	-5,224	-6,224
Total - Equity & Liab.	36,518	89,806	96,586	1,08,509	1,23,014
Net Fixed Assets	23,762	60,986	62,581	63,507	64,639
Gross Fixed Assets	7,397	11,236	12,831	13,757	14,889
Intangible Assets	16,133	49,726	49,726	49,726	49,726
Less: Depn. & Amort.	0	0	0	0	0
Capital WIP	232	24	24	24	24
Investments	0	0	0	0	0
Current Assets	31,732	51,101	63,264	78,254	96,399
Inventories	0	0	0	0	0
Sundry Debtors	14,279	29,682	32,957	34,959	39,975
Cash & Bank Balances	3,548	7,956	12,628	23,203	33,449
Loans & Advances	0	0	0	0	0
Other Current Assets	13,905	13,463	17,679	20,093	22,976
Current Liab. & Prov.	18,976	22,281	29,259	33,253	38,024
Current Liabilities	18,731	22,281	29,259	33,253	38,024
Provisions & Others	245	0	0	0	0
Net Current Assets	12,756	28,820	34,005	45,001	58,375
Total - Assets	36,518	89,806	96,586	1,08,509	1,23,014

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	9.3%	8.6%	8.4%	10.0%	10.6%
Asset Turnover (x)	2.4	1.8	1.6	1.7	1.7
Leverage Factor (x)	1.2	1.4	1.5	1.4	1.3
RoE	25.6%	21.1%	19.8%	23.3%	23.7%

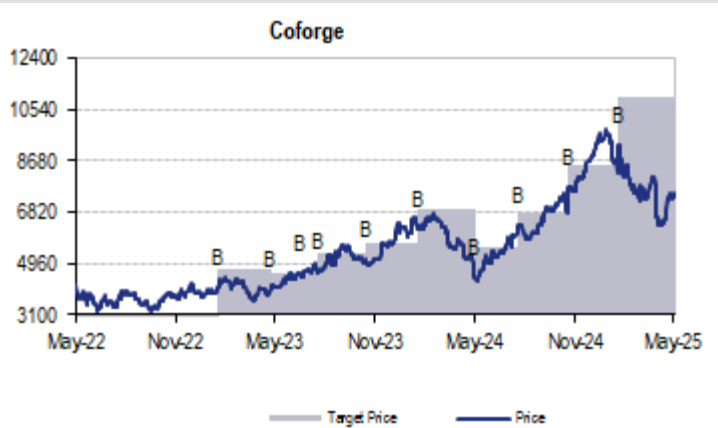
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	590.7	954.7	1,027.9	1,212.5	1,448.2
ROIC	29.3%	19.8%	18.4%	21.4%	24.1%
ROE	25.6%	21.1%	19.8%	23.3%	23.7%
Net Debt/Equity (x)	0.0	0.0	0.0	-0.2	-0.2
P/E (x)	57.1	47.9	39.5	29.1	24.0
P/B (x)	12.7	7.9	7.3	6.2	5.2
EV/EBITDA (x)	29.9	24.1	17.8	14.6	12.4
EV/Sales (x)	5.0	3.9	3.0	2.5	2.2
Debtor days	57	89	75	70	70
Inventory days	0	0	0	0	0
Creditor days	89	80	80	81	81

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
21-Jan-23	Buy	4,790	
27-Apr-23	Buy	4,620	-3.5
20-Jun-23	Buy	4,620	0.0
21-Jul-23	Buy	5,300	14.7
19-Oct-23	Buy	5,730	8.1
23-Jan-24	Buy	6,940	21.1
3-May-24	Buy	5,570	-19.7
24-Jul-24	Buy	6,770	21.5
24-Oct-24	Buy	8,530	26.0
24-Jan-25	Buy	10,990	28.8

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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