Coforge | BUY

Quietly strong

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Coforge met elevated expectations. Revenues grew 5.9% cc QoQ (4.5% QoQ in USD terms), in-line with consensus expectation of 5.8%. Importantly, after "noisy" print (read one-offs) over past few quarters, Coforge delivered clean results. These were not only devoid of any one-offs, but also had no GAAP to non-GAAP EBITDA adjustments. This should help quieten a key investor concern, in our view. In this context, margin performance was better than what the headline suggests. The underlying like-for-like improvement was 100 bps QoQ, ahead of JMFe: 60bps. Similarly, improvement in OCF (8% QoQ) was impressive given one-time client's upfront payment in the base quarter. Capex, another of investors' grudge, normalised too, driving 86% FCF/PAT (Q1: -56%). Though these are positive signs, management's outlook appeared measured. Coforge's quarterly bookings, barring Sabre deal, have stagnated around USD 500mn zipcode over the past four quarters, even though its quarterly revenue run-rate is up c.USD 100mn (+25%). This, along with steady-state in Sabre and furloughs in 3Q, could weigh on near-term growth, in our view. Management's stance to maintain margins at 14% while reinvesting for growth could possibly be to lift plateauing deal TCV. That stance however limits flow through of 2Q beat on EPS estimates. Our FY26-28E EPS has changed by -2% to +1%. We however raise our target PER to 35x, as absence of noise improves confidence on earnings. BUY.

- **2QFY26- uncluttered:** Revenue grew 5.9% cc QoQ (25.7% YoY cc growth) vs JMFe: 5.2%. Growth was led by Travel (+6.3% QoQ USD) and Americas (6.6%) likely due to Sabre deal ramp up. EBIT margin expanded 83bps to 14%, in-line with JMFe: 13.8%. Margins were aided by a reduction in SG&A expenses. Interestingly, there were no adjustments or one-offs to margins reported in the quarter. GAAP and reported margins were the same. PAT grew 68% YoY and reached INR 3,758mn (excl. minority interest) vs JMFe : INR 3,639mn. Cash conversion improved this quarter with Data Centre related capex ending, FCF/PAT stood at 86% vs -56% in 1Q. Utilization and attrition were stable while headcount increased by 709 (697 billable; 2.2%QoQ), Additionally, COFORGE reported that revenue per billable IT personnel (per annum) grew 3% QoQ to reach c.USD 70k.

- **Deal wins, order book and outlook:** Coforge won USD 514mn of TCV, taking LTM TCV to USD 3.6bn (book-to-bill: 2.1x). They signed five large deals, two in North America (two net new insurance deals and one in travel) and APAC, taking 1HFY26 large-deal tally to 10 vs 14 deals in FY25. 12-M EOB increased 6% QoQ (27% YoY) to USD 1.63bn (0.96x LTM revenues). Management is seeing demand improve on the margin. They reiterated their view that 2H will be a growth half, though did qualify it with seasonal softness. Strong traction is expected in Banking, Insurance, public sector and travel verticals. Within the others vertical, they expect Healthcare to reach a book of business of USD 100mn by end of FY26, and expect Public sector outside India to reach USD 200mn in the coming quarters. Q4 is expected to be a seasonally strong quarter while Q3 is expected to see furloughs similar to last year. Management indicated a clear pathway to achieve 14% EBIT margin in FY26, which they expect to hold as they prioritise growth. However, Q3 will see 100-150bps of impact from wage hikes, offset by ESOP costs, D&A expenses and other levers. On cash conversion, management is intent on maintaining FCF/PAT in the 75-80% range, a positive.

- **EPS largely unchanged- Retain BUY:** There were no adjustments/one-offs reported to margins in the quarter, this increases confidence on margins/earnings driving higher multiples. We have raised our target multiple to 35x from 32x earlier. Maintain BUY.

Recommendation and Price Target	
Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,040
Upside/(Downside)	15.9%
Previous Price Target	1,850
Change	10.3%

Key Data – COFORGE IN	
Current Market Price	INR1,760
Market cap (bn)	INR588.9/US$6.7
Free Float	97%
Shares in issue (mn)	333.5
Diluted share (mn)	340.6
3-mon avg daily val (mn)	INR3,385.9/US$38.5
52-week range	2,005/1,191
Sensex/Nifty	84,212/25,795
INR/US$	87.9

Price Performance

%	1M	6M	12M
Absolute	8.4	21.4	14.3
Relative*	5.2	15.0	8.7

** To the BSE Sensex*

Financial Summary (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	92,060	1,21,259	1,62,303	1,88,862	2,17,316
Sales Growth (%)	14.5	31.7	33.8	16.4	15.1
EBITDA	15,343	20,099	29,557	35,723	40,952
EBITDA Margin (%)	16.7	16.6	18.2	18.9	18.8
Adjusted Net Profit	8,602	9,298	13,968	19,095	22,276
Diluted EPS (INR)	26.3	27.6	41.0	53.2	62.0
Diluted EPS Growth (%)	-4.7	4.9	48.8	29.6	16.7
ROIC (%)	29.3	19.3	19.2	20.1	21.6
ROE (%)	25.6	18.6	20.3	23.9	24.0
P/E (x)	67.0	63.9	42.9	33.1	28.4
P/B (x)	14.9	9.2	8.0	7.2	6.2
EV/EBITDA (x)	38.3	30.2	20.6	17.0	14.7
Dividend Yield (%)	3.5	3.5	0.9	1.2	1.5

Source: Company data, JM Financial. Note: Valuations as of 24/Oct/2025

Key Highlights from the call

- **Demand:** Coforge reported 5.9% cc QoQ growth in Q2 FY26, with broad-based performance across key verticals. Growth was led by the Travel vertical, driven by driven by ramp-ups in existing programs and steady execution of large transformation engagements. Management noted that the Sabre deal has now reached steady state, with no further ramp-up expected from Q3. Beyond travel, they mentioned that BFSI and insurance verticals also exhibited positive trends, aided by structural tailwinds such as real-time payments, regulatory shifts, and rising demand for specialized products. Leadership underlined healthy traction in strategic and top accounts, with the top-5 and top-10 clients growing 6.2% and 9.8% QoQ, respectively. They noted that the demand outlook is improving, supported by an expanding pipeline and client additions across core and emerging verticals.

Demand was observed to be broad based. Growth was led by the Travel vertical.

- **AI-driven service portfolio:** Leadership underscored that they are fundamentally transforming their delivery model through an AI-driven service portfolio, embedding intelligence across every stage of the value chain. Management highlighted that the next 18–24 months will be marked by technological confusion and competing standards, as the AI ecosystem remains nascent with immature protocols and evolving tools. In this environment, they highlighted that enterprises increasingly seek partners who can bridge deep industry knowledge with practical AI implementation expertise. They highlighted that their platforms – Code Insight AI, BlueSwan, and ForgeX, are central to this strategy, enabling code intelligence, integrated automation, and rapid transformation. They noted that AI has mutated demand, with enterprises now seeking holistic adoption rather than isolated pilots.

- **Outlook:** Management remains confident of delivering another strong year in FY26. Leadership emphasized continued focus on robust organic growth, complemented by selective acquisitions. They expect growth to be broad-based, with BFSI and travel continuing to see strong demand. The firm aims an FCF to PAT ratio in the range of 75-80% going forward. They expect H2 FY26 to deliver robust growth, with leadership highlighting that Q4 has traditionally been one of the strongest quarters.

Management confident of delivering a strong FY26. Q4 has traditionally been the strongest quarter in a fiscal.

- **Margins:** Q2 FY26 EBIT margin stood at 14%, a 251bps expansion QoQ, driven by operational efficiencies and lower ESOP costs. The quarter's reported EBIT was adversely impacted by ~78bps due to hedge losses amounting to INR 307mn, while a 20bps upside came from lower ESOP expenses. Management highlighted that the Q1 base included one-time employee bonus provision, exceptional legal expense, and acquisition-related expenses, normalizing in Q2 and aiding the overall margin expansion. Leadership reiterated that once the firm achieves its targeted 14% EBIT margin for FY26, it will serve as a minimum threshold, with the focus towards growth rather than further margin expansion. The company announced an organization-wide wage hike effective 1st October, which is expected to have a 100–150bps adverse impact in Q3, partly offset by reductions in ESOP costs, lower D&A as a percentage of revenue, and ongoing efficiency levers.

EBIT Margins to reach 14% by FY26 end.

Q3 Headwind of wage hikes will be partially offset by Tailwind of lower ESOP costs, lower D&A as a % of revenue, and other levers

- **Bookings:** Leadership reported that Q2FY26 was a strong quarter for Coforge in terms of order intake and deal closures. The company highlighted total order intake of USD 514mn, including 5 large deal wins spread across North America (two in Insurance and one in Travel) and APAC. The company mentioned that the executable order book rose to a record USD 1.63bn, up 26.7% YoY, underscoring continued strength in proactive deal pursuits. Management highlighted increasing velocity and median size of large deals, with the firm already closing 10 large deals in H1 FY26 compared to 14 large deals across FY25.

Total order intake of USD 514mn including 5 large deal wins. Executable order book grew 27% YoY. Large deal win momentum to sustain.

- **Segments:** Growth in Q2FY26 was led by the **Travel** vertical, which posted a 6.4% QoQ in USD terms increase as the large Sabre engagement entered steady state with strong delivery. **Emerging verticals** – including healthcare, retail, and hi-tech also saw healthy traction, growing 5.9% QoQ. **The Government (outside India)** vertical grew 0.4% QoQ, but management expects acceleration in the coming quarters. The **Insurance** vertical grew 1.8% QoQ, supported by higher deal flow in P&C and Life segments and increased adoption of AI-led platforms for underwriting and risk management. The **BFS** vertical saw a 4% QoQ growth, aided by demand in real-time payments, regulatory-driven modernization, and data transformation programs. Leadership also highlighted strong contributions from newer verticals like **Healthcare** (approaching USD 100mn book of business) and **Public Sector** (crossing USD 150mn, moving towards USD 200mn),

Sabre deal has now entered steady-state

- **Hedge losses:** Coforge reported a higher hedge loss of INR 307mn in Q2FY26, compared to INR 158mn in the previous quarter. Management attributed the sequential increase to currency movements and elevated exposure to the pound and euro, which acted as a headwind relative to the US dollar. The company also cited a growing India business mix this quarter, further influencing currency realization. They also mentioned that the rise in hedge volumes was driven by the inclusion of Cigniti, which previously did not hedge as a standalone entity, thereby expanding Coforge's overall hedge book.

- **Cigniti acquisition:** Management highlighted that the Cigniti acquisition has been one of the most successful integrations undertaken by them, both strategically and operationally. They noted that the merger process has received NCLT approval, with creditor and shareholder meetings scheduled shortly, and completion expected by Dec 2025/Jan 2026. Management highlighted that this deal brought not just marquee clients but also deep technical expertise and leadership talent to the firm.
- **Supply:** Coforge ended the quarter with a total headcount of 34,896, adding 709 employees sequentially. Utilization stood at 82.3%, broadly stable QoQ, and LTM attrition was 11.4%. The company noted that their attrition levels are among the lowest in the industry. Management highlighted the emergence of non-linearity in the delivery model, with revenue per employee rising from USD 67,000 to USD 69,000, supported by AI-driven productivity initiatives.

Exhibit 1. 2QFY26 result summary

	2Q26 A	1Q26 A	*Change (QoQ)*	Estimate (JMFe)	*Variance (vs. JMFe)*	Estimate (Consensus)	*Variance (vs. consensus)*	*QoQ estimate*	
								JMFe	*Consensus*
USD-INR	86.27	83.38	*3.5%*	87.08	*-0.9%*	86.91	*-0.7%*	*4.4%*	*4.2%*
CC growth (QoQ) – reported	5.9%	8.0%	*-210bp*	5.2%	*69bp*	5.8%	*10bp*	*5.2%*	*5.8%*
Revenue (USD mn)	462	442	*4.4%*	472	*-2.1%*	470	*-1.7%*	*6.6%*	*6.2%*
Revenue (INR mn)	39,857	36,886	*8.1%*	41,085	*-3.0%*	40,840	*-2.4%*	*11.4%*	*10.7%*
EBITDA (INR mn)	7,294	6,442	*13.2%*	7,439	*-2.0%*	7,172	*1.7%*	*15.5%*	*11.3%*
EBITDA margin	18.3%	17.5%	*84bp*	18.1%	*19bp*	17.6%	*74bp*	*64bp*	*10bp*
EBIT (INR mn)	5,580	4,858	*14.9%*	5,665	*-1.5%*	5,610	*-0.5%*	*16.6%*	*15.5%*
EBIT margin	*14.0%*	*13.2%*	*83bp*	*13.8%*	*21bp*	*13.7%*	*26bp*	*62bp*	*57bp*
PAT - adjusted (INR mn)	3,758	2,471	*52.1%*	3,639	*3.3%*	3,608	*4.2%*	*47.3%*	*46.0%*
EPS - adjusted(INR)	11.21	7.40	*51.5%*	10.90	*2.9%*	10.80	*3.8%*	*47.3%*	*46.0%*

Source: Company, JM Financial estimates

2QFY26 result review

Exhibit 2. Key financial summary

	1QFY25	2QFY25	3QFY25	4QFY25	FY25	1QFY26	2QFY26
Cons. revenues (USD mn)	**291.4**	**369.4**	**397.1**	**403.5**	**1,456.4**	**442.4**	**462.1**
Change (QoQ/YoY)	*7.2%*	*32.8%*	*40.8%*	*40.7%*	*30.2%*	*54.5%*	*25.1%*
Cons. revenues (INR mn) – excl. FX	**23,999**	**30,690**	**33,228**	**34,222**	**121,702**	**36,930**	**39,547**
Change (QoQ/YoY)	*1.7%*	*27.9%*	*8.3%*	*3.0%*	*32.2%*	*7.9%*	*7.1%*
Cost of revenues	16,097	20,701	22,166	22,471	81,319	24,308	26,306
Gross profit	**7,902**	**9,989**	**11,062**	**11,751**	**40,383**	**12,622**	**13,241**
Gross margin	***32.9%***	***32.5%***	***33.3%***	***34.3%***	***33.2%***	***34.2%***	***34.0%***
SG&A costs	3,824	5,148	5,872	6,003	20,369	6,180	5,959
Operating profit (EBITDA)	**4,078**	**4,841**	**5,190**	**5,748**	**20,014**	**6,442**	**7,282**
Operating margin	***17.0%***	***15.8%***	***15.6%***	***16.8%***	***16.4%***	***17.4%***	***18.4%***
Depreciation & amortization	815	1,176	1,222	1,131	4,194	1,540	2,029
EBIT	**3,263**	**3,665**	**3,968**	**4,494**	**15,820**	**4,902**	**5,563**
EBIT margin	***13.6%***	***11.9%***	***11.9%***	***13.2%***	***13.0%***	***13.3%***	***14.1%***
Other income	256	-173	-328	-300	-2,087	-1,205	19
Profit before tax	3,531	3,492	3,640	4,317	13,733	3,697	5,582
Income tax expense	654	799	874	874	3,265	792	1,328
Net income from operations	**2,877**	**2,693**	**2,766**	**3,443**	**10,468**	**2,905**	**4,254**
Share of minority interest	61	314	404	447	1,226	390	496
PAT - Adjusted	**2,816**	**2,379**	**2,362**	**2,996**	**9,242**	**2,515**	**3,758**
Change (QoQ/YoY)	*20.2%*	*-17.9%*	*0.2%*	*24.1%*	*10.5%*	*-14.0%*	*52.1%*
Exceptional item (Adjusted for Tax)	**953**	**290**	**161**	**261**	**1,665**	**749**	**0**
PAT - Reported	**1,863**	**2,022**	**2,155**	**2,612**	**9,256**	**3,220**	**3,758**
Adjusted Basic EPS	**42.22**	**34.67**	**34.69**	**42.96**	**27.00**	**7.41**	**11.23**
Change (QoQ/YoY)	*11.4%*	*-17.9%*	*0.1%*	*23.8%*	*-1.1%*	*-13.8%*	*51.6%*

Source: Company, JM Financial

Revenue in the quarter grew 5.9% cc QoQ and 25.7% cc YoY. Growth was led by Travel vertical and Americas likely due to ramp up of Sabre deal.

GAAP EBITDA margin for the quarter stood at 18.3% (+84bps QoQ), There was no disclosure of non-GAAP EBITDA made this quarter as there were no one-offs or adjustments reported.

Exhibit 3. Vertical portfolio

	2Q25	3Q25	4Q25	1Q26	2Q26
Distribution					
BFS	29.4%	27.5%	30.2%	27.7%	27.6%
Insurance	19.1%	18.8%	18.2%	15.5%	15.1%
Travel and Transportation	18.5%	18.1%	18.8%	22.9%	23.3%
Others	25.9%	28.7%	25.5%	26.7%	27.0%
Revenue (USD mn and QoQ growth)					
BFS	108.6	109.2	121.9	122.5	127.5
Change	*17.2%*	*0.6%*	*11.6%*	*-1.1%*	*4.1%*
Insurance	70.6	74.7	73.4	68.6	69.8
Change	*13.1%*	*5.8%*	*-1.6%*	*1.2%*	*1.8%*
Transportation	68.3	71.9	75.9	101.3	107.7
Change	*29.6%*	*5.2%*	*5.5%*	*31.5%*	*6.3%*
Others	95.7	114.0	102.9	118.1	124.8
Change	*56.3%*	*19.1%*	*-9.7%*	*13.0%*	*5.6%*

Source: Company, JM Financial

All verticals saw growth in the quarter, growth was led by Travel, Others and BFS verticals

Exhibit 4. Horizontal portfolio

	2Q25	3Q25	4Q25	1Q26	2Q26
Distribution					
Engineering	42.4%	41.9%	45.4%	45.9%	46.1%
Intelligent Automation	9.1%	8.9%	8.7%	8.4%	7.9%
Data and intergation	23.2%	22.4%	22.1%	20.4%	21.2%
Cloud and infrastructure management (CIMS)	17.2%	19.1%	16.2%	17.9%	17.1%
Business Process Management(BPM)	8.1%	7.6%	7.7%	7.5%	7.7%
Revenue (USD mn and QoQ growth)					
Engineering	156.6	166.4	183.2	203.1	213.0
Change	*67.4%*	*6.2%*	*10.1%*	*10.8%*	*4.9%*
Intelligent Automation	33.6	35.3	35.1	37.2	36.5
Change	*-1.4%*	*5.1%*	*-0.7%*	*5.9%*	*-1.8%*
Data and integration	85.7	89.0	89.2	90.2	98.0
Change	*7.3%*	*3.8%*	*0.3%*	*1.2%*	*8.5%*
Cloud and Infrastructure Management (CIMS)	63.5	75.8	65.4	79.2	79.0
Change	*13.6%*	*19.4%*	*-13.8%*	*21.1%*	*-0.2%*
Business Process Management(BPM)	29.9	30.2	31.1	33.2	35.6
Change	*9.2%*	*0.9%*	*2.9%*	*6.8%*	*7.2%*

Source: Company, JM Financial

Exhibit 5. Key manpower metrics

Manpower Base	2Q25	3Q25	4Q25	1Q26	2Q26
IT	22,886	23,015	23,510	24,097	24,375
Addition	4,966	129	495	587	278
BPS	7,548	7,966	7,844	7,916	8,335
Addition	431	418	-122	72	419
Total Billable	**30434**	**30,981**	**31,354**	**32,013**	**32,710**
As a % of Total	*93.7%*	*93.6%*	*93.6%*	*93.6%*	*93.7%*
Sales & Marketing	575	583	586	594	622
Addition	133	8	3	8	28
Others	1474	1530	1557	1580	1564
Addition	341	56	27	23	-16
Total	**32483**	**33,094**	**33,497**	**34,187**	**34,896**
Headcount additions	5871	611	403	690	709
- As % of opening base	22.1%	1.9%	1.2%	2.1%	2.1%
Operating metrics					
Utilization - IT services (blended)	82.2%	81.3%	82.0%	82.1%	82.3%
Attrition - quarterly annualized	11.7%	11.9%	10.9%	11.3%	11.4%

Source: Company, JM Financial

Utilization and attrition remained stable. Headcount grew 2% sequentially, slightly tempered due to expectations of a seasonally soft quarter in 3Q. Most of the increase was in billable employees.

EOB grew 6% QoQ to reach 1,6bn, this now represents 0.95x LTM revenue. LTM TCV now stands at USD 3.6bn, growing 86% YoY.

Exhibit 6. Key client metrics

	1Q25	3Q25	4Q25	1Q26	2Q26
Client wins and order book					
New customer wins	13	14	10	6	9
Fresh order intake	515	501	2126	507	513
Change (YoY)	*65%*	*42%*	*174%*	*61%*	*1%*
Orders executable over next 12 months	1305	1365	1505	1545	1635
Change (YoY)	40%	40%	48%	44%	27%
Pending order book	2921	3025	4748	4817	4863
Change (YoY)	33%	34%	72%	73%	66%
Revenue concentration					
Top 5 clients	18.7%	19.8%	18.0%	20.7%	21.0%
Next 5 clients	9.5%	10.2%	9.7%	8.6%	9.8%
Top 10 clients	28.2%	30.0%	27.7%	29.3%	30.8%
Revenue growth					
Top 5 clients	13.9%	14.6%	-6.4%	24.1%	8.6%
Next 5 clients	2.1%	16.2%	-2.1%	-4.3%	22.0%
Top 10 clients	9.6%	15.2%	-4.9%	14.1%	12.6%

Source: Company, JM Financial

Exhibit 7. New client addition

New Clients Added	1Q25	3Q25	4Q25	1Q26	2Q26
Americas	7	7	6	3	4
EMEA	6	7	0	2	2
Rest of World	0	0	4	1	3

Source: Company, JM Financial

Exhibit 8. Order-book distribution

Fresh order Intake	1Q25	3Q25	4Q25	1Q26	2Q26
Americas	245	294	1828	272	281
EMEA	184	93	170	140	122
Rest of World	86	114	128	95	110
Total Fresh order intake	**515**	**501**	**2126**	**507**	**514**

Source: Company, JM Financial

Retain BUY; TP revised to INR 2,200

We have revised our YoY cc growth expectations by (92bps)-88bps over FY26-28E. Revenue estimates have been cut by 1.1%-0.4% over the same period. EBITDA margin expanded 83bps in 2Q. We have raised our EBITDA Margin estimates by (3) bps-49bps over FY26-28E. We have slightly increased our gross margins and lowered SG&A expenses (%). EBIT margin estimates, however, saw limited changes as D&A expense offsets some of the decline in operating expenses. Changes to growth/margin estimates and increases to non-operating income drives (0.4%)-2.6% changes to our PAT estimates. However, our EPS estimates were impacted due to an increase in the diluted sharecount, largely driven by an increase in outstanding ESOPs. EPS estimates are revised (1.9%)-1.1% over FY26-28E. We now value Coforge at 35x 12 M fwd earnings. Maintain BUY with a revised TP of 2,040.

Exhibit 9. What has changed

	Old			New			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Exchange rate (INR/USD)	86.97	88.50	88.50	86.98	88.50	88.50	*0.0%*	*0.0%*	*0.0%*
YoY – CC growth	27.3%	13.5%	15.1%	26.4%	14.4%	15.1%	*-92bp*	*88bp*	*-5bp*
Consolidated revenue (USD mn)	1,887	2,142	2,466	1,866	2,134	2,456	*-1.1%*	*-0.4%*	*-0.4%*
Growth in USD revenues (YoY)	29.6%	13.5%	15.1%	28.1%	14.4%	15.1%	*-147bp*	*88bp*	*-5bp*
Consolidated revenue (INR mn)	164,147	189,566	218,213	162,303	188,862	217,316	*-1.1%*	*-0.4%*	*-0.4%*
EBITDA margin	18.2%	18.7%	18.4%	18.2%	18.9%	18.8%	*-3bp*	*22bp*	*49bp*
EBIT margin	13.9%	14.2%	14.1%	13.9%	14.1%	14.3%	*5bp*	*-15bp*	*18bp*
PAT (INR mn)	14,063	19,177	21,705	14,234	19,095	22,276	*1.2%*	*-0.4%*	*2.6%*
Diluted EPS	41.70	54.20	61.35	41.79	53.16	62.02	*0.2%*	*-1.9%*	*1.1%*

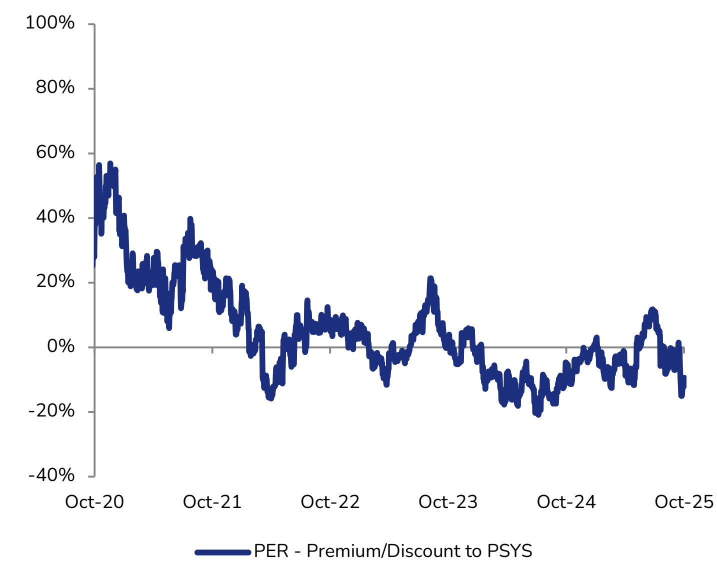
Source: JM Financial estimates

Exhibit 10. JMFe vs. Consensus estimates

	Consensus estimates			JMFe			Difference		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales (USD mn)	1,850	2,167	2,481	1866	2134	2456	0.8%	-1.5%	-1.0%
Sales (INR mn)	164,094	192,171	220,002	161,838	188,862	217,316	-1.4%	-1.7%	-1.2%
EBITDA (INR mn)	28,738	33,838	38,847	29,092	35,723	40,952	1.2%	5.6%	5.4%
EBITDA margin	*17.5%*	*17.6%*	*17.7%*	*18.0%*	*18.9%*	*18.8%*	*46bp*	*131bp*	*119bp*
EBIT (INR mn)	22,190	26,694	31,034	22,611	26,540	31,009	1.9%	-0.6%	-0.1%
EBIT margin	*13.5%*	*13.9%*	*14.1%*	*14.0%*	*14.1%*	*14.3%*	*45bp*	*16bp*	*16bp*
PAT	14,261	18,411	21,700	14,234	19,095	22,276	-0.2%	3.7%	2.7%
Diluted EPS (INR)	41.7	53.8	63.3	41.8	53.2	62.0	0.1%	-1.2%	-2.1%

Note: Consensus estimates as of 13th Oct and may not reflect changes in estimates post result. Source: Visible Alpha, JM Financial estimates

Exhibit 11. Coforge – PER premium/discount to PSYS
Discount fell recently owing to sharp a rise in PSYS stock post results

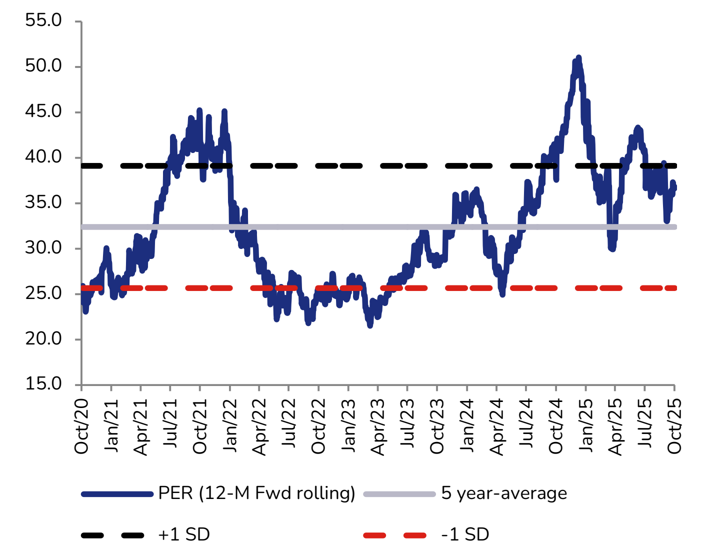


Source: Bloomberg, JM Financial

Exhibit 12. Coforge – PER premium/discount to NSE IT
Coforge trading at c.65% premium to NSE IT

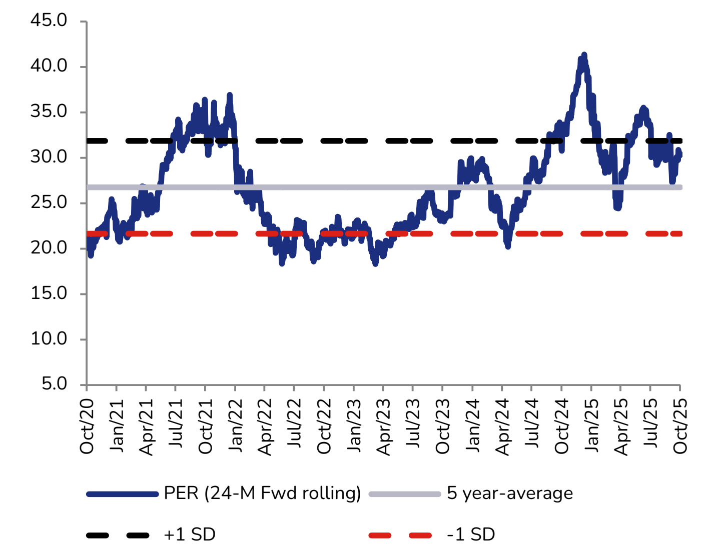
Source: Bloomberg, JM Financial

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	1,21,259	1,62,303	1,88,862	2,17,316
Sales Growth	*14.5%*	*31.7%*	*33.8%*	*16.4%*	*15.1%*
Other Operating Income	-1,426	-1,788	-1,699	-1,218	-1,511
Total Revenue	**92,060**	**1,21,259**	**1,62,303**	**1,88,862**	**2,17,316**
Cost of Goods Sold/Op. Exp	61,873	81,434	1,06,369	1,23,066	1,42,136
Personnel Cost	0	0	0	0	0
Other Expenses	14,844	19,726	26,377	30,072	34,227
EBITDA	**15,343**	**20,099**	**29,557**	**35,723**	**40,952**
EBITDA Margin	*16.7%*	*16.6%*	*18.2%*	*18.9%*	*18.8%*
EBITDA Growth	*7.3%*	*31.0%*	*47.1%*	*20.9%*	*14.6%*
Depn. & Amort.	3,186	4,457	6,947	9,183	9,943
EBIT	12,157	15,642	22,611	26,540	31,009
Other Income	-1,186	-437	-354	458	561
Finance Cost	0	-1,351	-1,612	-1,676	-2,072
PBT before Excep. & Forex	9,785	12,108	18,680	24,105	27,988
Excep. & Forex Inc./Loss(-)	1,186	1,746	1,965	1,218	1,511
PBT	10,971	13,854	20,645	25,323	29,498
Taxes	2,093	3,330	4,755	5,951	6,932
Extraordinary Inc./Loss(-)	-261	-1,665	-749	0	0
Assoc. Profit/Min. Int.(-)	276	1,226	1,923	277	290
Reported Net Profit	8,341	7,633	13,219	19,095	22,276
Adjusted Net Profit	**8,602**	**9,298**	**13,968**	**19,095**	**22,276**
Net Margin	*9.3%*	*7.7%*	*8.6%*	*10.1%*	*10.3%*
Diluted Share Cap. (mn)	327.4	337.4	340.6	359.2	359.2
Diluted EPS (INR)	**26.3**	**27.6**	**41.0**	**53.2**	**62.0**
Diluted EPS Growth	*-4.7%*	*4.9%*	*48.8%*	*29.6%*	*16.7%*
Total Dividend + Tax	22,463	24,687	6,560	8,646	10,808
Dividend Per Share (INR)	60.8	61.4	16.3	20.5	25.7

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Profit before Tax	10,449	12,536	20,911	25,323	29,498
Depn. & Amort.	3,186	4,683	6,947	9,183	9,943
Net Interest Exp. / Inc. (-)	1,081	459	-1,263	-2,070	-2,237
Inc (-) / Dec in WCap.	-2,800	-2,689	-7,073	-3,608	-7,488
Others	779	1,341	0	0	0
Taxes Paid	-3,661	-3,959	-4,755	-5,951	-6,932
Operating Cash Flow	**9,034**	**12,371**	**14,767**	**22,877**	**22,785**
Capex	-2,655	-6,144	-20,351	-11,114	-11,871
Free Cash Flow	*6,379*	*6,227*	*-5,584*	*11,763*	*10,914*
Inc (-) / Dec in Investments	0	1,185	0	0	0
Others	177	-19,524	2,996	-2,950	166
Investing Cash Flow	**-2,478**	**-24,483**	**-17,355**	**-14,064**	**-11,705**
Inc / Dec (-) in Capital	0	22,015	3,783	11,894	12,233
Dividend + Tax thereon	-4,664	-4,976	-5,348	-6,924	-8,752
Inc / Dec (-) in Loans	967	2,323	0	0	0
Others	-1,657	-2,425	1,612	1,676	2,072
Financing Cash Flow	**-5,354**	**16,937**	**46**	**6,646**	**5,553**
Inc / Dec (-) in Cash	**1,202**	**4,825**	**-2,542**	**15,459**	**16,632**
Opening Cash Balance	6,025	3,548	7,956	3,364	6,628
Closing Cash Balance	7,227	8,373	5,414	18,823	23,261

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Shareholders' Fund	36,266	63,792	73,810	85,981	99,504
Share Capital	618	669	669	669	669
Reserves & Surplus	35,648	63,123	73,141	85,312	98,835
Preference Share Capital	0	0	0	0	0
Minority Interest	1,003	19,498	20,278	20,278	20,278
Total Loans	4,366	9,740	5,882	5,882	4,882
Def. Tax Liab. / Assets (-)	-5,117	3,701	1,282	282	-718
Total - Equity & Liab.	**36,518**	**96,731**	**1,01,252**	**1,12,423**	**1,23,946**
Net Fixed Assets	23,762	67,911	78,257	80,188	82,115
Gross Fixed Assets	7,397	18,161	24,179	26,110	28,037
Intangible Assets	16,133	49,726	54,078	54,078	54,078
Less: Depn. & Amort.	0	0	0	0	0
Capital WIP	232	24	0	0	0
Investments	0	0	0	0	0
Current Assets	31,732	51,101	52,144	65,285	78,775
Inventories	0	0	0	0	0
Sundry Debtors	14,279	29,682	28,903	33,633	38,700
Cash & Bank Balances	3,548	7,956	3,364	6,628	10,737
Loans & Advances	0	0	0	0	0
Other Current Assets	13,905	13,463	19,877	25,024	29,338
Current Liab. & Prov.	18,976	22,281	29,150	33,051	36,944
Current Liabilities	18,731	22,281	25,806	33,051	36,944
Provisions & Others	245	0	3,344	0	0
Net Current Assets	12,756	28,820	22,995	32,235	41,831
Total – Assets	**36,518**	**96,731**	**1,01,252**	**1,12,423**	**1,23,946**

Source: Company, JM Financial

Dupont Analysis					
Y/E March	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
Net Margin	9.3%	7.7%	8.6%	10.1%	10.3%
Asset Turnover (x)	2.4	1.7	1.5	1.7	1.7
Leverage Factor (x)	1.2	1.4	1.5	1.4	1.4
RoE	25.6%	18.6%	20.3%	23.9%	24.0%

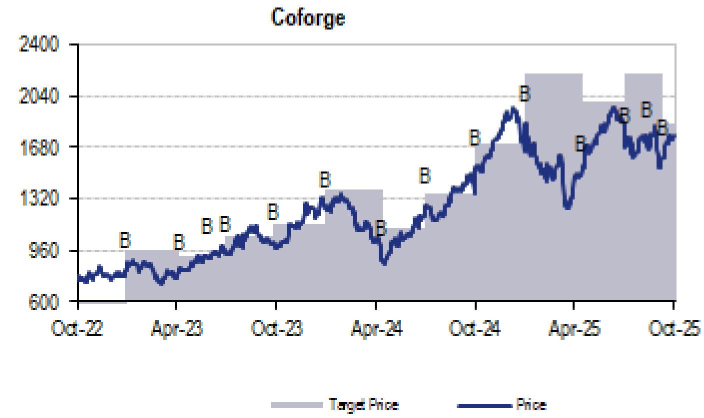
Key Ratios					
Y/E March	**FY24A**	**FY25A**	**FY26E**	**FY27E**	**FY28E**
BV/Share (INR)	118.1	190.9	220.8	245.6	284.2
ROIC	29.3%	19.3%	19.2%	20.1%	21.6%
ROE	25.6%	18.6%	20.3%	23.9%	24.0%
Net Debt/Equity (x)	0.0	0.0	0.0	0.0	-0.1
P/E (x)	67.0	63.9	42.9	33.1	28.4
P/B (x)	14.9	9.2	8.0	7.2	6.2
EV/EBITDA (x)	38.3	30.2	20.6	17.0	14.7
EV/Sales (x)	6.4	5.0	3.8	3.2	2.8
Debtor days	57	89	65	65	65
Inventory days	0	0	0	0	0
Creditor days	89	80	71	79	76

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
21-Jan-23	Buy	958	
27-Apr-23	Buy	924	-3.5
20-Jun-23	Buy	924	0.0
21-Jul-23	Buy	1,060	14.7
19-Oct-23	Buy	1,146	8.1
23-Jan-24	Buy	1,388	21.1
3-May-24	Buy	1,114	-19.7
24-Jul-24	Buy	1,354	21.5
24-Oct-24	Buy	1,706	26.0
24-Jan-25	Buy	2,198	28.8
6-May-25	Buy	2,000	-9.0
25-Jul-25	Buy	2,200	10.0
3-Sep-25	Buy	2,200	0.0
1-Oct-25	Buy	1,850	-15.9

Recommendation History



APPENDIX I

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New Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
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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