



Coforge's management hosted an investor and analyst meet where the CEO & Executive Director, Mr Sudhir Singh, and his management team presented business progress and medium to long-term priorities. The company highlighted its competitive positioning, strategic focus area, operational improvements, and market presence. The event's central theme focused on partnerships, core AI integration through its platforms, emerging revenue verticals, and an increasing footprint in untapped regions. Overall, Coforge aims to deliver sequential growth by leveraging its capabilities and execution intensity while maintaining its EBIT margins at 14%.

#### Key Takeaways:

- Strengthening Revenue Vertical by AI Integration:** Coforge is aggressively embedding AI across its service delivery to accelerate transformation. This includes shifting from mere decision support to AI-powered decision execution. Its platforms, such as the Quasar platform (GenAI) and AgentSphere, are central to this strategy, with over 300 paid AI deployments and 100 managed APIs. Moreover, tools like Code Insight AI use advanced LLMs to reverse-engineer legacy code, accelerating modernisation projects and de-risking critical updates for clients. The company is integrating GenAI and intelligent automation across its delivery using proprietary platforms such as Code Insight AI, BlueSwan, and ForgeX to transform technology and BPO services.
- Operational Efficiency Provides Cutting-Edge Position:** Management, in its opening remarks, mentioned that its operational discipline has led to a significant improvement in profitability, resulting in a global footprint in 25 countries and 33 delivery centres. Its strong execution focus and exceptional client-centric approach, reinforced by a relentless pursuit of growth, right talent and deal pipeline and partnerships, sets it apart from the rest of the peer group. Additionally, its "Mission Zero" initiative, anchored by Evolve Ops AI, targets zero-touch operations and zero disruption. This automation-led model has enabled over 25 clients to go a full year without a P1 incident.
- Focus on Key Growth Drivers Provides Long-term Growth Visibility:** Coforge has laid down certain measures for the smooth execution of projects for its clients across key revenue verticals. The healthcare vertical is projected to grow from \$177 Bn (2025) to \$244 Bn (2029). Therefore, the company has been AI-focused on areas such as Payor, i.e AI-enabled member experiences, and AI-led business process automation. In Life Sciences, AI is applied in R&D and drug discovery, along with the digital supply chain. For Provider, AI is used for Patient & Clinician Experiences and Population Health Analytics. In BFSI, the company is witnessing a shift from traditional to digital is driven by hyper-personalisation, embedded finance & invisible banking, digital payments & tokenisation, and regulatory change & compliance. Its commitment is to deliver outcomes, accelerate innovation, and be the partner banks rely on, being uniquely positioned to help banks navigate regulatory pressure and reimagine customer experience. For a top 10 global bank, a niche low-code-no-code platform initially implemented in CY20 for a single business unit has grown to deliver ~30-40% YoY growth in CY25, expanding its adoption across Retail, Corporate, Wholesale, and Wealth. In TTH, with 30 years of experience, Coforge is servicing 60 Airlines through 5000+ Domain Certified Engineers. The strategy is to accelerate transformation through AI, such as Functional Specialisation augmented by AI, Legacy Modernisation simplified by AI, and Cloud Transformation accelerated by AI.
- Untapping New Regions Through Focused Verticals via Partnerships:** As per management, the West Coast region currently accounts for 14% of revenue but houses 216 Fortune 1000 Companies, targeting high-potential verticals like Hi-Tech (\$175 Bn potential spend) and Retail/CPG (\$35 Bn potential spend) through AI-led transformation and supply chain modernisation. Case studies demonstrate strong results: a Hi-Tech SaaS client saw a 10% increase in sales via a Deal Support Hub; a Retail case achieved a 15% cut in inventory costs and a 30% reduction in waste with persona-driven dashboards and agentic AI; and a Manufacturing case boosted preventive maintenance revenue by 30% using AI-driven personalisation. Strategic partnerships with Zscaler (SecureEdge2Cloud) and ServiceNow (focusing on Hi-Tech Deal Desk and RetailX Store Operations) are in place to capitalise on these opportunities.

#### Valuation & Recommendation

Coforge is well-positioned for growth, given its multiple long-term contracts with leading global brands. The stock has seen a sharp run-up post Q2 results with a stable macro environment, resulting in a higher valuation. However, its positive outlook, recent deal wins, and AI integration will drive revenue growth. Management remains committed to setting new performance and capability benchmarks, aiming to be a leader in the evolving industry, especially with the pivot towards AI. We recommend a **BUY** on the stock and value the company at 38x multiple to its FY27E earnings to arrive at a TP of Rs 2,300/share, implying an upside of 18% from the CMP.

(CMP as of 08<sup>th</sup> December, 2025)

CMP (Rs)	1,948
Upside /Downside (%)	18%
High/Low (Rs)	2,005/1,191
Market cap (Cr)	65,375
Avg. daily vol. (6m)Shrs.	18,35,800
No. of shares (Cr)	34

#### Shareholding (%)

	Mar-25	Jun-25	Sept-25
Promoter	0.0	0.0	0.0
FIIs	40.2	37.4	34.1
MFs/UTI	36.9	37.9	38.7
Banks/FIs	0.0	0.0	0.1
Others	22.9	24.7	27.2

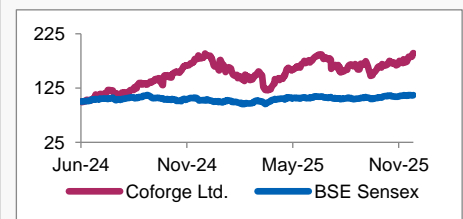
#### Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	12,051	16,147	19,345
EBIT	1,266	2,195	2,663
Net Profit	963	1,655	2,026
EPS (Rs)	29	50	61
PER (x)	67.6	39.3	32.1
P/BV (x)	10.2	8.1	6.5
EV/EBITDA (x)	37.9	23.2	19.1
ROE (%)	19.3	23.0	22.4

#### Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	-1.6%	0.8%
EBIT	4.3%	6.8%
PAT	3.7%	5.5%

#### Relative Performance



Source: AceEquity, Axis Securities

#### Results Gallery

[Q2FY26](#)  
[Q1FY26](#)

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**Change in Estimates**
**(Rs Cr)**

	New		Old		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	16,147	19,345	16,410	19,196	-1.6%	0.8%
EBIT	2,195	2,663	2,105	2,494	4.3%	6.8%
PAT	1,655	2,026	1,596	1,921	3.7%	5.5%

**Key Risks to our Estimates and TP**

- The lack of demand improvement due to the potential threat of recession from the world's largest economies.
- The rising subcontracting cost and any cross-currency headwinds may impact operating margins negatively.
- Execution risks around large deal ramp-ups and seasonal factors.

**Financials (Consolidated)**
**Profit & Loss**
**(Rs Cr)**

Y/E March	FY23	FY24	FY25	FY26E	FY27E
<b>Net sales</b>	<b>8,014</b>	<b>9,179</b>	<b>12,051</b>	<b>16,147</b>	<b>19,345</b>
Change (YoY, %)	25%	15%	31%	34%	20%
Operating expenses	6,744	7,751	10,357	13,474	16,209
<b>EBITDA</b>	<b>1,270</b>	<b>1,428</b>	<b>1,694</b>	<b>2,674</b>	<b>3,136</b>
Change (YoY, %)	15.3	12.4	18.6	57.9	17.3
Margin (%)	15.8	15.6	14.1	16.6	16.2
Depreciation	249	319	428	479	474
<b>EBIT</b>	<b>1,022</b>	<b>1,109</b>	<b>1,266</b>	<b>2,195</b>	<b>2,663</b>
Interest paid	81	126	135	161	171
Other income	62	50	165	142	174
<b>Pre-tax profit</b>	<b>951</b>	<b>1,045</b>	<b>1,296</b>	<b>2,151</b>	<b>2,666</b>
Tax	206	209	333	496	640
Effective tax rate (%)	22	20	26	23	24
<b>Net profit</b>	<b>745</b>	<b>836</b>	<b>963</b>	<b>1,655</b>	<b>2,026</b>
Exceptional items	(52)	12	-	(25)	-
<b>Adjusted net profit</b>	<b>693</b>	<b>847</b>	<b>963</b>	<b>1,680</b>	<b>2,026</b>
Change (YoY, %)	(3.1)	22.3	13.7	74.4	20.6
<b>Adj.EPS</b>	<b>24</b>	<b>25</b>	<b>29</b>	<b>50</b>	<b>61</b>
Dividend per share	13	15	15	20	26
Dividend Payout (%)	57	61	53	40	42

Source: Company, Axis Securities

**Balance Sheet**
**(Rs Cr)**

Y/E March	FY23	FY24	FY25	FY26E	FY27E
Share capital	61	62	67	67	67
Reserves & surplus	3,021	3,565	6,312	7,967	9,993
Shareholders' funds	3,083	3,627	6,379	8,034	10,060
Total Debt	338	437	701	1	1
Other liabilities	436	509	1,375	2,491	2,749
<b>Current liabilities &amp; provisions</b>	<b>1,739</b>	<b>1,532</b>	<b>2,780</b>	<b>2,356</b>	<b>2,614</b>
Current liabilities	1,739	1,435	2,086	2,356	2,614
Provisions	0	0	0	0	0
Total liabilities	2,514	2,381	4,162	4,848	5,363
<b>Total equity &amp; liabilities</b>	<b>5,683</b>	<b>6,108</b>	<b>12,491</b>	<b>14,833</b>	<b>17,373</b>
Net fixed assets	446	447	768	598	424
Investments	0	0	0	0	0
Other non-current assets	2,632	3,058	6,961	6,961	6,961
<b>Current assets</b>	<b>2,606</b>	<b>2,603</b>	<b>4,762</b>	<b>7,281</b>	<b>9,996</b>
Inventories	0	0	0	0	0
Sundry Debtors	1,613	1,804	2,577	3,454	4,138
Cash & Liquid	579	335	883	3,116	5,174
Other Current Assets	415	463	1,301	712	685
<b>Total assets</b>	<b>5,683</b>	<b>6,108</b>	<b>12,491</b>	<b>14,833</b>	<b>17,373</b>

Source: Company, Axis Securities

**Cash Flow**
**(Rs Cr)**

Y/E March	FY23	FY24	FY25	FY26E	FY27E
<b>Pre tax</b>	<b>745</b>	<b>836</b>	<b>963</b>	<b>1,655</b>	<b>2,026</b>
Depreciation	249	319	428	479	474
Change in working capital	300	(447)	(363)	(711)	(399)
Other operating activities	71	64	(30)	44	(3)
<b>Cash flow from operations (a)</b>	<b>1,364</b>	<b>771</b>	<b>999</b>	<b>1,467</b>	<b>2,097</b>
Capital expenditure	9	(55)	(551)	(300)	(300)
Change in investments	(343)	(427)	(3,903)	-	-
Other investing activities	62	50	165	142	174
<b>Cash flow from investing (b)</b>	<b>(273)</b>	<b>(431)</b>	<b>(4,289)</b>	<b>(158)</b>	<b>(126)</b>
Equity raised/(repaid)	0	1	5	-	-
Debt raised/(repaid)	(170)	75	532	1,110	258
Dividend (incl. tax)	(186)	(508)	(508)	(661)	(859)
Change in minorities	(11)	13	1,850	-	-
Other financing activities	(338)	(391)	(349)	(161)	(171)
<b>Cash flow from financing (c)</b>	<b>(966)</b>	<b>(583)</b>	<b>3,823</b>	<b>924</b>	<b>87</b>
Net change in cash (a+b+c)	125	(244)	533	2,233	2,058
Opening cash balance	454	579	335	883	3,116
Closing cash balance	579	335	868	3,116	5,174

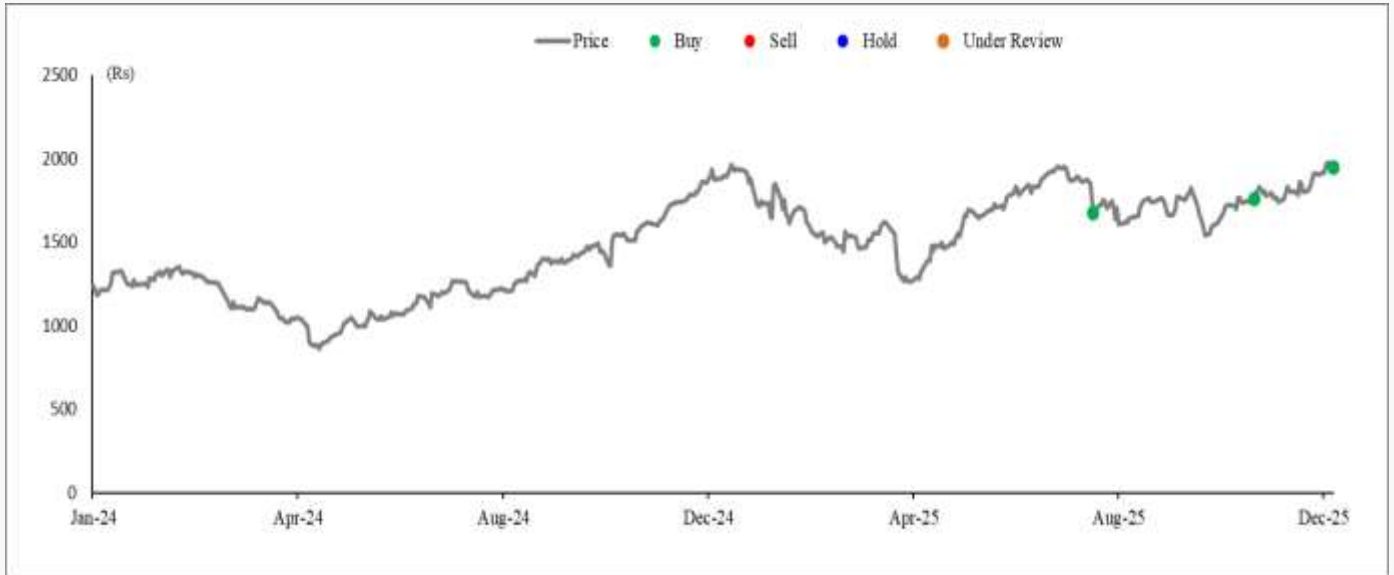
Source: Company, Axis Securities

**Ratio Analysis**
**(%)**

Y/E March	FY23	FY24	FY25	FY26E	FY27E
Book Value (Rs)	461	108	191	240	301
Adj EPS (Rs)	119	25	29	50	61
Adj EPS growth (%)	17	17	17	16	16
EBITDA margin (%)	16	16	14	17	16
Pre-tax margin (%)	12	11	11	13	14
Debt/Equity (x)	0	0	0	0	0
ROCE (%)	21	22	15	16	16
ROE (%)	26	24.9	19.3	23.0	22.4
<b>Financial leverage ratios</b>					
Debt / Equity (x)	0.1	0.1	0.0	0.0	0.0
Interest Coverage (x)	15.8	11.4	12.5	16.6	18.3
Interest / Debt (%)	0.2	0.4	0.8	0.0	0.0
<b>Working Capital &amp; Liquidity Ratio</b>					
Inventory days	0	0	5	4	3
Receivable days	73	72	78	78	78
Payable days	35	38	38	38	38
<b>Valuation ratio</b>					
PER (x)	87.4	77.9	67.6	39.3	32.1
Adjusted PER (x)	81.7	79.0	67.6	38.8	32.1
P/BV (x)	21.1	18.0	10.2	8.1	6.5
EV/EBITDA (x)	51.1	45.6	37.9	23.2	19.1
Market Cap. / Sales (x)	8.1	7.1	5.4	4.0	3.4

Source: Company, Axis Securities

## Coforge Price Chart and Recommendation History



Date	Reco	TP	Research
24-Jul-25	BUY	1,870	Result Update
27-Oct-25	BUY	1,980	Result Update
09-Dec-25	BUY	2,300	Company Update

Source: Axis Securities Research

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<b>Ratings</b>	<b>Expected absolute returns over 12 – 18 months</b>
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward-looking estimates for the stock, but we refrain from assigning a valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events.
NO STANCE	We do not have any forward-looking estimates, valuations or recommendations for the stock.

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