RATING BUY | CMP INR 1,686 | TP INR 2,120

PL Capital PRABHUDAS LILLADHER

Q1FY27 Result Update

# Coforge (COFORGE IN)

July 28, 2026

☑ Estimate Change | ☑ Target | ■ Reco.

**Change in Estimates**

| | Current | | Previous | |
|---|---|---|---|---|
| | FY27E | FY28E | FY27E | FY28E |
| Rating | BUY | | BUY | |
| Target Price | 2,120 | | 1,980 | |
| Sales (INR bn) | 245 | 288 | 246 | 287 |
| % Chng. | (0.4) | 0.3 | | |
| EBITDA (INR bn) | 49 | 58 | 49 | 56 |
| % Chng. | - | 3.6 | | |
| EPS (INR) | 59.9 | 75.7 | 58.5 | 70.5 |
| % Chng. | 2.4 | 7.4 | | |

**Key Data** COFO.BO | COFORGE IN

| | |
|---|---|
| BSE Code | 532541 |
| NSE Code | COFORGE |
| 52-W High / Low | INR 1,989 / INR 1,008 |
| Face Value | 2 |
| Sensex / Nifty | 76,766 / 23,985 |
| Market Cap | INR 747 bn / $ 7,790 mn |
| Shares Outstanding | 442.92 mn |
| 3M Avg. Daily Value | INR 5,691.43 mn |

**Shareholding Pattern (%)**

| | |
|---|---|
| Promoters | - |
| FIIs | 24.31 |
| Mutual Funds | 30 |
| Domestic Institutions | 12.62 |
| Public & Others | 33.07 |
| Promoter's Pledge (INR bn) | - |

**Stock Performance (%)**

| | 1M | 3M | 6M | 12M |
|---|---|---|---|---|
| Absolute | 12.9 | 40.4 | (0.5) | (2.2) |
| Relative | 13.4 | 40.6 | 6.7 | 3.0 |

**Key Financials - Consolidated**

| Y/e Mar | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| Sales (INR bn) | 121 | 164 | 245 | 288 |
| EBITDA (INR bn) | 17 | 30 | 49 | 58 |
| *Margin (%)* | *14.3* | *18.6* | *20.0* | *21.0* |
| PAT (INR bn) | 8 | 17 | 25 | 32 |
| EV (INR bn) | 558 | 563 | 743 | 717 |
| Total Debt (INR bn) | 11 | 7 | 58 | 41 |
| C&C Eq. (INR bn) | 9 | 11 | 25 | 34 |
| EPS (INR) | 26.3 | 51.0 | 60.0 | 75.8 |
| *Gr. (%)* | *(4.7)* | *94.1* | *17.5* | *26.3* |
| DPS (INR) | 16.2 | 12.2 | 12.1 | 12.1 |
| *Yield (%)* | *1.0* | *0.7* | *0.7* | *0.7* |
| *RoE (%)* | *16.8* | *21.5* | *15.5* | *13.1* |
| *RoCE (%)* | *16.9* | *23.5* | *14.7* | *11.5* |
| EV/Sales (x) | 4.6 | 3.4 | 3.0 | 2.5 |
| EV/EBITDA (x) | 32.4 | 18.5 | 15.1 | 12.4 |
| PE (x) | 64.1 | 33.0 | 28.1 | 22.3 |
| P/BV (x) | 8.4 | 5.9 | 3.1 | 2.8 |

## Inline quarter, Encora complements core business

**Quick Pointers**

- Inline quarter, Growth to accelerate from Q2
- Strong deal wins of USD 691 mn (excl. Encora), up 6.5% QoQ

**Coforge reported an in-line Q1FY27 performance, whereas outlook seems to be even more encouraging. The management commentary was incrementally constructive with an anticipation of closing highest ever large strategic deals in Q2 vs Q1 which saw 4 large deal wins. Organic revenue grew 5.2% QoQ CC excluding planned portfolio exits (1.1% QoQ CC reported), broadly in line with our expectations, while consolidated EBIT margin expanded to 16.0%, exceeding full year FY27E guided band. A record executable order book of US$2.23bn (+44% YoY) and robust order intake (USD 691m, up6.5% QoQ) provide healthy visibility for H2FY27 growth. Including Encora deal TCV, the combined opportunity is even more bigger. With successful integration of Encora, Coforge gets to participate in a broader client portfolio and scale the potential strategic accounts to a higher revenue band. The combination of Neuron platform and ModSquad practice further compliments to generate new leads within these accounts. The company also sharpened its AI strategy around the Neuron platform with outcome-based revenues now account for 6-7% of revenue and AI-led (Engineering + Data + Cloud) revenues now contribute 86% of revenues. Encora integration has progressed ahead of plan, with early synergy realization reflected in Q1 profitability. A ~40% reduction in G&A expenses was the primary contributor to the stronger-than-expected margin performance. While we maintain our FY27E/FY28E CC revenue growth estimates at 43%/15% YoY, respectively, the record deal pipeline and incremental cross-sell opportunities from Encora provide confidence in sustaining double-digit organic growth. We marginally raise our EBIT margin estimates to 15.5%/15.6% (from 15.3%/15.5%) to reflect early Encora synergies, operating leverage and wage hike deferral. We assign 28x to FY28E EPS that translates a TP of INR 2,120. Maintain our BUY rating.**

**Revenue:** Coforge reported revenue of USD 592.2 mn in Q1, up 22.3% QoQ in CC terms and 21.1% in USD terms, broadly in line of our estimates of 22% QoQ CC growth. Growth was led by Healthcare, Insurance, BFSI & TTH segment which grew by 11.6%, 4.6%, 2.9% and 1.7% QoQ CC organically respectively. Government segment reported QoQ CC decline of 8% due to discontinuation of low margin portfolio. Geographic growth was driven by Americas & EMEA regions. Organic growth for the quarter was 1.1% QoQ CC & excluding exited business, organic growth at 5.2% QoQ CC

**Operating Margin:** EBIT margin came in at 16.0%, a contraction of 60 bps QoQ, slightly below our estimate & above consensus estimate of 16.2% & 15.6% respectively. Margins are guided to likely sustain or improve further driven by integration synergies continuing to accrue, additional G&A savings from Encora from Q2 onwards, and unlikely wage hikes expected in FY27.

**Quarter Summary**

| Y/e Mar | Q1'27E | Q1'27A | % Var. | Q1'26A | YoY gr. (%) |
|---|---|---|---|---|---|
| Net Sales (INR bn) | 56 | 55 | -2.0 | 37 | 49.0 |
| EBITDA (INR bn) | 12 | 11 | -8.0 | 6 | 83.0 |
| *Margin (%)* | *20.5* | *20.3* | *-20 bps* | *17.1* | *320 bps* |
| PAT (INR bn) | 6 | 6 | - | 3 | 100.0 |

*Source: Company, PL*


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## In line numbers, Deal wins momentum continues

- Revenue at USD 592.2 mn, up 22.3% QoQ CC USD & 21.1% QoQ in USD, broadly in line of our estimates of 22% QoQ CC growth. Encora's 2 months of contribution to revenue was USD 100.7mn. Organic growth for the quarter was 1.1% QoQ CC. Excluding exited business organic growth at 5.2% QoQ CC.

- Vertical wise growth was led by Healthcare, Insurance, BFSI & TTH segment which grew by 11.6%, 4.6%, 2.9% and 1.7% QoQ CC organically respectively. Government segment reported QoQ CC decline of 8% due to planned discontinuation of a USD 15 mn low-margin India Government portfolio and a USD 4 mn revenue impact from the divestment of a data-center asset.

- Geo wise, Americas & EMEA reported 3.5% & 8.4% QoQ CC organic growth respectively, while RoW declined 22% QoQ CC due to impact of the government portfolio decline

- EBIT margin declined by 60 bps QoQ to 16.0 % (16.7% organic EBIT margin) and was slightly below our estimate & above consensus estimate of 16.2% & 15.6% respectively.

- Fresh order intake came at USD 691 mn, up 6.5% QoQ and 12M executable order book came at USD 2.23 bn up 27.2% QoQ & 44.2% YoY.

- Net headcount increased by 10,451 QoQ with 1,195 being organic additions, attrition declined by 40 bps QoQ to 10.4% and utilization remained flat at 82.5%

- Adj. PAT from continuing operations came at Rs. 5.7 bn, in line with our estimates

- Declared interim dividend of INR 4.0 per share

### Conference Call Highlights

- Unlike broader industry commentary around AI-led productivity offsetting discretionary spending, Management highlighted strong demand across legacy modernization, AI-ready data foundations, cloud modernization, cybersecurity, MLOps and managed AI services. Management believes AI productivity deflation is being more than offset by new transformation opportunities and described FY27 demand tailwinds as structural.

- Encore integration is progressing significantly ahead of plan, with synergy realization exceeding expectations. Management highlighted that operational integration was completed on Day 1 itself, with all 45 legal entities migrated onto common ERP systems immediately. Cost synergies are ahead of plan, reflected in consolidated EBIT margin already reaching 16% versus FY27 guidance of 15.5%.

- Management guided EBITDA margins of ~20.5%-21.0% & an EBIT margin of 15.5% or higher for the consolidated company (16.5%-17.0% standalone), further elaborating that only marginal integration costs will be incurred in Q2 & none in Q3.

- Management turned highly constructive on FY27, expecting another industry-leading growth year. Despite exiting low-margin India government and data center businesses, the company delivered 1.1% QoQ CC organic growth (5.2% excluding portfolio exits) and reiterated that Q2 onwards will witness robust growth supported by the strongest large deal pipeline in its history.

- Q1 order intake stood at US$691mn (excluding Encora acquisition/pipeline), while executable order book reached a record US$2.23bn (+44% YoY). Importantly, management clarified that recently announced framework agreements and the US$230mn UK public sector deal are not included in Q1 order intake.

- Management highlighted that around 6-7% of revenue now comes from outcome-based contracts spanning subscription-based AI Mod Squads, risk-reward modernization programs and business outcome-linked pricing models, reflecting gradual evolution toward AI-enabled outcome-led engagements.
- Organic headcount increased by nearly 1,200 employees despite maintaining healthy utilization of 82.5%, while attrition further declined to 10.4%, among the lowest in the industry. Management indicated bench strength is being consciously maintained to support anticipated growth in coming quarters
- Broad based salary revisions are unlikely before Q4FY27, and management even indicated wage hikes may not occur during the current fiscal year, providing an additional cushion for margin expansion.
- Management highlighted the deployment of over 8 AI platforms, 22 AI assets & 100 AI agents as part of its Coforge Nuuron system, stating that clients conversations have shifted from AI adoption to enterprises autonomy, prioritising operationalizing, governing, & scaling AI. Management believes that applied AI will be the key differentiator and expects agentic AI to create a massive managed services layer.
- Management maintained its FCF conversion aspiration to ~100% FCF/PAT for FY27 onwards, driven by stronger profitability, tighter working capital discipline, and improved collections.

**Exhibit 1: Quarterly Estimates**

| (INR mn) | Q1FY27 | *YoY gr. (%)* | Q2FY27E | *YoY gr. (%)* | Q3FY27E | *YoY gr. (%)* | Q4FY27E | *YoY gr. (%)* |
|---|---|---|---|---|---|---|---|---|
| Sales | 55,277 | *49.9* | 61,298 | *53.8* | 63,305 | *49.6* | 65,605 | *47.4* |
| EBIT | 8,822 | *86.9* | 9,118 | *63.9* | 9,765 | *62.0* | 10,303 | *39.8* |
| *Margin (%)* | *16.0* | *320bps* | *14.9* | *90bps* | *15.4* | *120bps* | *15.7* | *-90bps* |
| Adj. PAT | 5,736 | *78.1* | 5,892 | *56.8* | 6,454 | *62.3* | 7,130 | *7.1* |

*Source: Company, PL*

**Exhibit 2: 1QFY27 Result: In line result**

| | 1QFY27 | 1QFY27E | *% Var.* | 4QFY26 | *QoQ gr. (%)* | 1QFY26 | *YoY gr. (%)* | FY27E | FY26 | *YoY gr. (%)* |
|---|---|---|---|---|---|---|---|---|---|---|
| **IT Services Revenue (USD m)** | **592.2** | **593.6** | ***-0.2*** | **489.1** | ***21.1*** | **442.4** | ***33.9*** | **2,637.5** | **1,868.2** | ***41.2*** |
| **Overall Revenue (INR b)** | **55.3** | **56.2** | ***-1.6*** | **44.5** | ***24.2*** | **36.9** | ***49.9*** | **245.5** | **164.0** | ***49.7*** |
| Gross Profit | 19 | 20 | *-3.6* | 15 | *23.8* | 12 | *52.3* | 83 | 56 | *49.3* |
| *Gross Margin (%)* | *34.3* | *34.9* | *-70bps* | *34.4* | *-10bps* | *33.7* | *60bps* | *33.8* | *33.8* | *-10bps* |
| SG&A and Other Costs | 7.7 | 8.1 | *-4.8* | 6.1 | *25.6* | 6.1 | *25.9* | 33.8 | 25.0 | *34.8* |
| *% of Rev* | *13.9* | *14.4* | *-50bps* | *13.8* | *20bps* | *16.6* | *-270bps* | *13.8* | *15.3* | *-150bps* |
| **EBITDA** | **11.2** | **11.5** | ***-2.7*** | **9.2** | ***22.5*** | **6.3** | ***77.9*** | **49.1** | **30.5** | ***61.2*** |
| *EBITDA Margin (%)* | *20.3* | *20.5* | *-20bps* | *20.6* | *-30bps* | *17.1* | *320bps* | *20.0* | *18.6* | *140bps* |
| Depreciation | 2.4 | 2.4 | *-0.2* | 1.8 | *34* | 1.6 | *51.4* | 11.1 | 6.8 | *62.7* |
| *% of Rev* | *4.4* | *4.3* | *10bps* | *4.0* | *30bps* | *4.3* | *0bps* | *4.5* | *4.2* | *40bps* |
| **EBIT** | **8.8** | **9.1** | ***-3.3*** | **7.4** | ***19.7*** | **4.7** | ***86.9*** | **38.0** | **23.6** | ***60.7*** |
| *EBIT Margin (%)* | *16.0* | *16.2* | *-30bps* | *16.6* | *-60bps* | *12.8* | *320bps* | *15.5* | *14.4* | *110bps* |
| Other Income (net) | -1.3 | -0.8 | *61.8* | -0.6 | *114.9* | -0.3 | *292.2* | -3.9 | -2.1 | *91.8* |
| **PBT** | **7.6** | **8.4** | ***-9.3*** | **6.8** | ***11.6*** | **4.4** | ***72.0*** | **34.1** | **21.6** | ***57.8*** |
| Tax | 1.7 | 2.1 | *-18.4* | -0.4 | *-513.6* | 0.8 | *115.2* | 8.3 | 2.6 | *222.3* |
| *Effective tax rate (%)* | *22.5* | *25.0* | *-250bps* | *-6.1* | *2860bps* | *18.0* | *450bps* | *24.4* | *12.0* | *1250bps* |
| **Adjusted PAT** | **5.7** | **5.7** | ***0.5*** | **6.7** | ***-13.9*** | **3.2** | ***78.1*** | **25.2** | **17.1** | ***47.3*** |
| Exceptional items | 0.6 | 0.0 | *NA* | 0.5 | *NA* | 0.0 | *NA* | 0.6 | 1.6 | *NA* |
| **Reported PAT** | **5.2** | **5.7** | ***-9.1*** | **6.1** | ***-15.3*** | **3.2** | ***63.4*** | **24.7** | **15.6** | ***58.5*** |
| **Adj. EPS (INR)** | **12.3** | **13.3** | ***-7.1*** | **19.8** | ***-37.8*** | **9.6** | ***28.4*** | **60.0** | **51.0** | ***17.5*** |

*Source: Company, PL*

**Exhibit 3: Geography revenue mix**

| Geographies | Contri. To Rev. (%) | Growth (QoQ %) |
|---|---|---|
| Americas | 61.8 | 32.0 |
| EMEA | 27.0 | 15.5 |
| ROW | 11.2 | (9.6) |

*Source: Company, PL*

**Exhibit 4: Vertical revenue mix**

| Verticals | Contri. To Rev. (%) | Growth (QoQ %) |
|---|---|---|
| Banking and Financial Services | 24.7 | 20.1 |
| Insurance | 13.6 | 11.3 |
| TTH | 21.3 | 10.2 |
| Healthcare & Hitech | 17.3 | 82.1 |
| Govt. outside India | 6.0 | (3.1) |
| Others | 17.1 | 15.7 |

*Source: Company, PL*

**Exhibit 5: Revenue by Service mix**

| Geographies | Contri. To Rev. (%) | Growth (QoQ %) |
|---|---|---|
| Engineering | 50.4 | 35.3 |
| Intelligent Automation | 7.0 | 0.9 |
| Data & Integration | 20.9 | 21.1 |
| CIMS | 14.8 | 1.2 |
| BPM | 7.0 | 5.9 |

*Source: Company, PL*

**Exhibit 6: Top Clients performance**

| Verticals | Contri. To Rev. (%) | Growth (QoQ %) |
|---|---|---|
| Top Client | 18.0 | (0.0) |
| Top 6-10 Clients | 8.1 | 2.2 |
| Beyond Top 10 Clients | 73.9 | 30.4 |

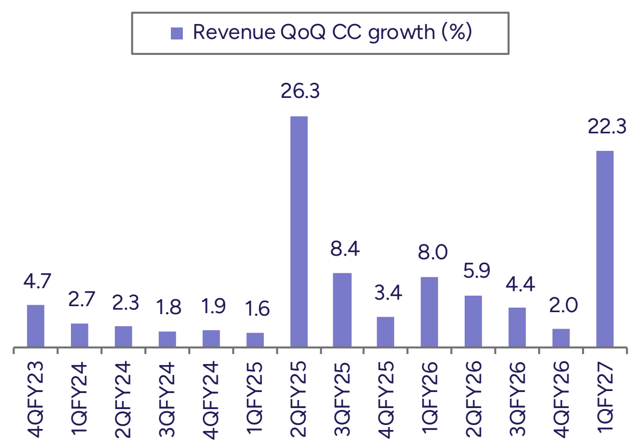
*Source: Company, PL*

**Exhibit 7: Key Performance Indicator**

| | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 | 4QFY26 | 1QFY27 | FY26* | FY27E* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue (QoQ CC %)** | **26.3** | **8.4** | **3.4** | **8.0** | **5.9** | **4.4** | **2.0** | **22.3** | **29.3** | **41.2** |
| **Margins** | | | | | | | | | | |
| Gross Margin | 31.2 | 33.4 | 34.3 | 33.7 | 34.0 | 33.6 | 34.4 | 34.3 | 33.8 | 33.8 |
| EBIT Margin | 12.5 | 11.9 | 13.5 | 12.8 | 14.0 | 14.2 | 16.6 | 16.0 | 14.4 | 15.5 |
| Net Margin | 8.1 | 7.0 | 8.8 | 8.7 | 9.4 | 9.4 | 15.0 | 10.4 | 10.4 | 10.3 |
| Operating metrics | | | | | | | | | | |
| Headcount (k) | 32.5 | 33.1 | 33.5 | 34.2 | 34.9 | 35.3 | 35.8 | 46.2 | 35.8 | - |
| Utilization incl. Trainees (%) | 82.2 | 81.3 | 82.0 | 82.1 | 82.3 | 81.7 | 82.5 | 82.5 | 82.5 | - |

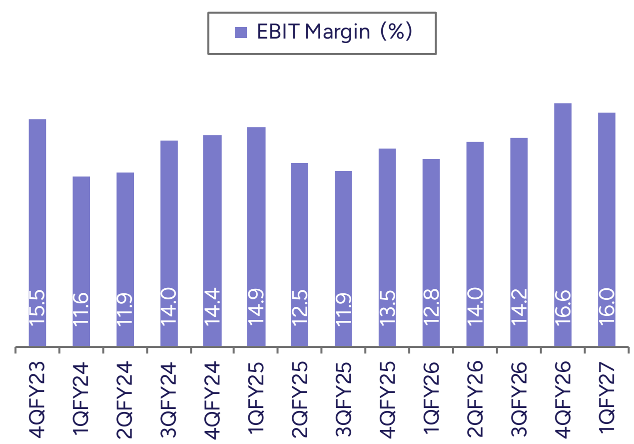
*Source: Company, PL, * YoY USD*

**Exhibit 8: Revenue came in line with estimate**



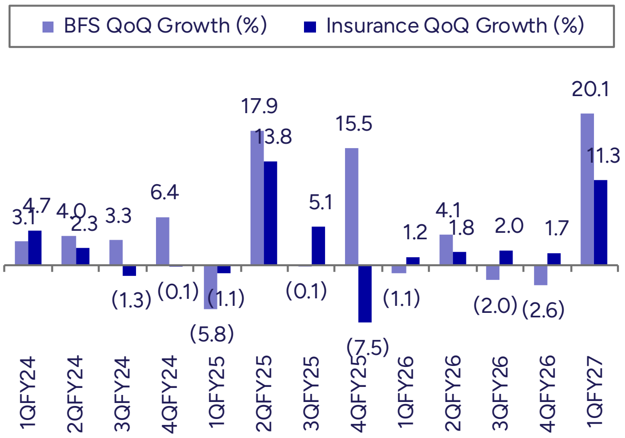

*Source: Company, PL*

**Exhibit 9: Margins declined by 60 bps QoQ**



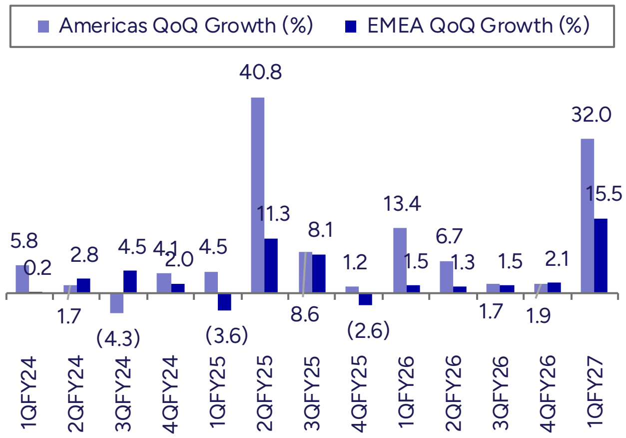

*Source: Company, PL*

**Exhibit 10: BFS & Insurance growth %**



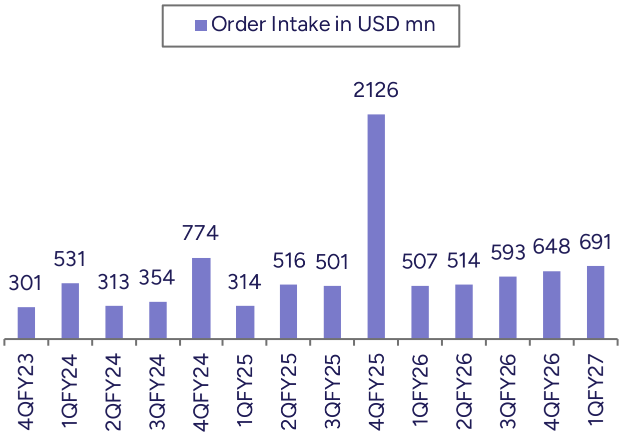

*Source: Company, PL*

**Exhibit 11: Americas & EMEA growth %**




*Source: Company, PL*

**Exhibit 12: Deal wins momentum continues**




*Source: Company, PL*

**Exhibit 13: Strong executable order book support rev. visibility**


*Source: Company, PL*

**Exhibit 14: Operating Metrics**

| | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 | 4QFY26 | 1QFY27 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Geography-mix (%)** | | | | | | | | | | | | | |
| Americas | 49.7 | 49.4 | 46.6 | 47.7 | 49.9 | 55.1 | 56.0 | 54.8 | 56.7 | 57.9 | 56.6 | 56.7 | 61.8 |
| EMEA | 38.6 | 38.8 | 40.0 | 40.1 | 38.7 | 33.8 | 34.2 | 32.2 | 29.8 | 28.9 | 28.2 | 28.3 | 27.0 |
| RoW | 11.7 | 11.8 | 13.4 | 12.2 | 11.4 | 11.1 | 9.8 | 13.0 | 13.5 | 13.2 | 15.0 | 15.0 | 11.2 |
| **Vertical-mix (%)** | | | | | | | | | | | | | |
| BFS | 31.1 | 31.6 | 32.2 | 33.7 | 31.8 | 29.4 | 27.5 | 30.7 | 27.7 | 27.6 | 26.0 | 24.9 | 24.7 |
| Insurance | 22.6 | 22.6 | 22.0 | 21.6 | 21.4 | 19.1 | 18.8 | 16.8 | 15.5 | 15.1 | 14.8 | 14.8 | 13.6 |
| Travel, Transportation and Hospitality | 18.5 | 18.5 | 17.8 | 17.6 | 18.1 | 18.1 | 18.1 | 22.4 | 22.9 | 23.3 | 22.2 | 23.4 | 21.3 |
| Healthcare & HiTech | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 8.2 | 8.4 | 0.0 | 10.0 | 10.5 | 11.5 | 17.3 |
| Government outside India | 7.6 | 7.6 | 6.6 | 7.6 | 7.8 | 7.6 | 6.9 | 7.4 | 7.2 | 6.9 | 6.3 | 7.5 | 6.0 |
| Others | 20.2 | 19.7 | 21.5 | 19.5 | 20.9 | 25.8 | 20.5 | 14.3 | 26.7 | 17.1 | 20.2 | 17.9 | 17.1 |
| **Practice Split (%)** | | | | | | | | | | | | | |
| Engineering | 35.0 | 35.5 | 34.9 | 35.1 | 32.1 | 42.4 | 41.9 | 44.3 | 45.9 | 46.1 | 44.4 | 45.1 | 50.4 |
| Intelligent Automation | 11.5 | 12.1 | 11.3 | 11.2 | 11.7 | 9.1 | 8.9 | 7.8 | 7.5 | 7.9 | 7.8 | 8.4 | 7.0 |
| Data and Integration | 24.0 | 24.5 | 25.7 | 25.2 | 27.4 | 23.2 | 22.4 | 22.4 | 20.4 | 21.2 | 22.2 | 20.9 | 20.9 |
| CIMS | 20.0 | 18.5 | 18.9 | 19.1 | 19.1 | 17.2 | 19.1 | 16.7 | 17.9 | 17.1 | 17.7 | 17.7 | 14.8 |
| BPM | 9.5 | 9.5 | 9.2 | 9.4 | 9.4 | 8.1 | 7.6 | 7.8 | 7.5 | 7.7 | 7.9 | 8.0 | 7.0 |
| **Revenue Mix (%)** | | | | | | | | | | | | | |
| Top - 5 | 25.1 | 23.5 | 22.7 | 23.0 | 21.0 | 18.7 | 19.8 | 18.3 | 20.7 | 21.0 | 21.0 | 21.8 | 18.0 |
| Top -10 | 37.7 | 35.2 | 34.3 | 34.4 | 32.9 | 28.2 | 30.0 | 27.9 | 29.3 | 30.8 | 30.7 | 31.4 | 26.1 |
| **Fresh order Intake - USD m** | | | | | | | | | | | | | |
| USA | 155 | 118 | 110 | 627 | 126 | 245 | 294 | 1828 | 272 | 281 | 304 | 438 | 364 |
| EMEA | 346 | 138 | 172 | 102 | 96 | 184 | 93 | 170 | 140 | 122 | 194 | 156 | 260 |
| RoW | 30 | 57 | 72 | 46 | 92 | 86 | 114 | 128 | 95 | 110 | 95 | 55 | 67 |
| Deals signed - USD m | 531 | 313 | 354 | 774 | 314 | 516 | 501 | 2126 | 507 | 514 | 593 | 648 | 691 |
| Executable Order Book (NTM) - USD m | 897 | 935 | 974 | 1019 | 1070 | 1305 | 1365 | 1505 | 1545 | 1635 | 1717 | 1752 | 2228 |
| **Employee Metrics** | | | | | | | | | | | | | |
| Billable Personnel | 22,762 | 23,131 | 23,107 | 23,243 | 25,037 | 30,434 | 30,981 | 31,354 | 32,013 | 32,710 | 33,178 | 33,643 | 43,421 |
| Sales and Marketing | 363 | 360 | 368 | 388 | 442 | 575 | 583 | 586 | 594 | 622 | 617 | 577 | 687 |
| Others | 1,099 | 1,147 | 1,132 | 1,095 | 1,133 | 1,474 | 1,530 | 1,557 | 1,580 | 1,564 | 1,546 | 1,557 | 2,120 |
| **Total** | **24,224** | **24,638** | **24,607** | **24,726** | **26,612** | **32,483** | **33,094** | **33,497** | **34,187** | **34,896** | **35,341** | **35,777** | **46,228** |
| IT Rev. per Billable Emp. ($ / Annnum) | | | | | | | | | 67,904 | 69,989 | 71,436 | 71,795 | 70,557 |
| Utilization (%) | 81 | 80 | 79.4 | 81.7 | 81.6 | 82.2 | 81.3 | 82 | 82.1 | 82.3 | 81.7 | 82.5 | 82.5 |
| Attrition (%) | 13.3 | 13.0 | 12.1 | 11.5 | 11.4 | 11.7 | 11.9 | 10.9 | 11.2 | 11.4 | 10.9 | 10.8 | 10.4 |

*Source: Company, PL*

# Financials

### Income Statement (INR bn)

| Y/e Mar | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| **Net Revenues** | **121** | **164** | **245** | **288** |
| *YoY gr. (%)* | *34.0* | *35.9* | *49.7* | *17.3* |
| Cost of Goods Sold | 80 | 109 | 163 | 191 |
| Gross Profit | 41 | 56 | 83 | 97 |
| *Margin (%)* | *33.7* | *33.8* | *33.8* | *34.0* |
| Employee Cost | - | - | - | - |
| Other Expenses | - | - | - | - |
| | | | | |
| **EBITDA** | **17** | **30** | **49** | **58** |
| *YoY gr. (%)* | *13.5* | *76.9* | *61.2* | *17.8* |
| *Margin (%)* | *14.3* | *18.6* | *20.0* | *21.0* |
| | | | | |
| Depreciation and Amortization | 4 | 7 | 11 | 13 |
| | | | | |
| **EBIT** | **13** | **24** | **38** | **45** |
| *Margin (%)* | *10.7* | *14.4* | *15.5* | *16.0* |
| | | | | |
| Net Interest | - | - | - | - |
| Other Income | - | (2) | (4) | (2) |
| | | | | |
| **Profit Before Tax** | **13** | **22** | **34** | **43** |
| *Margin (%)* | *10.7* | *13.2* | *13.9* | *15.0* |
| | | | | |
| Total Tax | 3 | 3 | 8 | 11 |
| *Effective Tax Rate (%)* | *25.7* | *12.0* | *24.4* | *25.0* |
| | | | | |
| **Profit After Tax** | **10** | **19** | **26** | **32** |
| Minority Interest | (1) | (2) | (1) | (1) |
| Share Profit from Associate | - | - | - | - |
| | | | | |
| **Adjusted PAT** | **8** | **17** | **25** | **32** |
| *YoY gr. (%)* | *(1.9)* | *103.9* | *47.3* | *26.3* |
| *Margin (%)* | *7.0* | *10.4* | *10.3* | *11.1* |
| Extra Ord. Income / (Exp) | - | - | - | - |
| | | | | |
| **Reported PAT** | **8** | **16** | **25** | **32** |
| *YoY gr. (%)* | *(2.1)* | *91.6* | *58.5* | *29.1* |
| *Margin (%)* | *6.7* | *9.5* | *10.0* | *11.1* |
| | | | | |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 8 | 16 | 25 | 32 |
| **Equity Shares O/s (bn)** | **-** | **-** | **-** | **-** |
| **EPS (INR)** | **26.3** | **51.0** | **60.0** | **75.8** |

*Source: Company, PL*

### Balance Sheet (INR bn)

| Y/e Mar | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| **Non-Current Assets** | | | | |
| | | | | |
| **Gross Block** | **38** | **48** | **100** | **109** |
| Tangibles | 17 | 28 | 80 | 88 |
| Intangibles | 20 | 20 | 20 | 20 |
| | | | | |
| **Acc: Dep / Amortization** | **15** | **22** | **33** | **46** |
| Tangibles | 6 | 13 | 24 | 37 |
| Intangibles | 9 | 9 | 9 | 9 |
| | | | | |
| **Net Fixed Assets** | **23** | **26** | **67** | **63** |
| Tangibles | 11 | 15 | 56 | 51 |
| Intangibles | 11 | 11 | 11 | 11 |
| | | | | |
| Capital Work In Progress | - | - | - | - |
| Goodwill | 38 | 42 | 163 | 163 |
| Non-Current Investments | 5 | 9 | 9 | 9 |
| Net Deferred Tax Assets | 6 | 7 | 10 | 12 |
| Other Non-Current Assets | 6 | 6 | 9 | 9 |
| | | | | |
| **Current Assets** | | | | |
| Investments | 1 | - | - | - |
| Inventories | - | - | - | - |
| Trade Receivables | 26 | 40 | 54 | 63 |
| Cash & Bank Balance | 9 | 11 | 25 | 34 |
| Other Current Assets | 7 | 8 | 10 | 14 |
| **Total Assets** | **125** | **149** | **346** | **366** |
| | | | | |
| **Equity** | | | | |
| Equity Share Capital | 1 | 1 | 1 | 1 |
| Other Equity | 63 | 95 | 229 | 255 |
| **Total Networth** | **64** | **95** | **229** | **256** |
| | | | | |
| **Non-Current Liabilities** | | | | |
| Long Term Borrowings | 3 | 3 | 54 | 37 |
| Provisions | - | - | - | - |
| Other Non Current Liabilities | 11 | 12 | 15 | 14 |
| | | | | |
| **Current Liabilities** | | | | |
| ST Debt / Current of LT Debt | 8 | 4 | 4 | 4 |
| Trade Payables | 10 | 18 | 28 | 37 |
| Other Current Liabilities | 10 | 15 | 14 | 16 |
| **Total Equity & Liabilities** | **125** | **149** | **346** | **366** |

*Source: Company, PL*

## Cash Flow (INR bn)

| Y/e Mar | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| PBT | 13 | 20 | 34 | 43 |
| Add. Depreciation | 5 | 7 | 11 | 13 |
| Add. Interest | 1 | 2 | - | - |
| Less Financial Other Income | - | (2) | (4) | (2) |
| Add. Other | - | - | - | - |
| Op. Profit before WC Changes | 19 | 29 | 45 | 56 |
| Net Changes-WC | (3) | (7) | (12) | (5) |
| Direct Tax | (4) | (4) | (8) | (11) |
| **Net Cash from Op. Activities** | **12** | **18** | **24** | **40** |
| Capital Expenditures | (26) | (6) | (173) | (9) |
| Interest / Dividend Income | - | - | - | - |
| Others | 2 | 2 | - | - |
| **Net Cash from Invt. Activities** | **(24)** | **(4)** | **(173)** | **(9)** |
| Issue of Share Cap. / Premium | 22 | - | 115 | - |
| Debt Changes | 1 | (4) | 53 | (17) |
| Dividend Paid | (5) | (5) | (5) | (5) |
| Interest Paid | (1) | (1) | - | - |
| Others | - | - | - | - |
| **Net Cash from Fin. Activities** | **17** | **(11)** | **163** | **(23)** |
| **Net Change in Cash** | **5** | **3** | **14** | **9** |
| Free Cash Flow | 6 | 10 | (28) | 32 |

*Source: Company, PL*

## Quarterly Financials (INR bn)

| Y/e Mar | Q2FY26 | Q3FY26 | Q4FY26 | Q1FY27 |
|---|---|---|---|---|
| **Net Revenues** | **40** | **42** | **45** | **55** |
| *YoY gr. (%)* | *8.1* | *6.2* | *5.2* | *24.2* |
| Raw Material Expenses | 26 | 28 | 29 | 36 |
| Gross Profit | 14 | 14 | 15 | 19 |
| *Margin (%)* | *34.0* | *33.6* | *34.4* | *34.3* |
| **EBITDA** | **7** | **8** | **9** | **11** |
| *YoY gr. (%)* | - | - | - | - |
| *Margin (%)* | *18.3* | *18.3* | *20.6* | *20.3* |
| Depreciation / Depletion | 2 | 2 | 2 | 2 |
| **EBIT** | **6** | **6** | **7** | **9** |
| *Margin (%)* | *14.0* | *14.2* | *16.6* | *16.0* |
| Net Interest | - | - | - | - |
| Other Income | - | (1) | (1) | (1) |
| **Profit before Tax** | **6** | **5** | **7** | **8** |
| *Margin (%)* | *14.0* | *12.6* | *15.2* | *13.7* |
| Total Tax | 1 | 1 | - | 2 |
| *Effective Tax Rate (%)* | *23.8* | *16.5* | *(6.1)* | *22.5* |
| **Profit After Tax** | **4** | **4** | **7** | **6** |
| Minority Interest | - | - | (1) | - |
| Share Profit from Associate | - | - | - | - |
| **Adjusted PAT** | **4** | **4** | **7** | **6** |
| *YoY gr. (%)* | *16.7* | *5.9* | *67.4* | *(13.9)* |
| *Margin (%)* | *9.4* | *9.4* | *15.0* | *10.4* |
| Extra Ord. Income / (Exp) | - | - | - | - |
| **Reported PAT** | **4** | **3** | **6** | **5** |
| *YoY gr. (%)* | *18.4* | *(33.4)* | *144.8* | *(15.3)* |
| *Margin (%)* | *9.4* | *5.9* | *13.8* | *9.4* |
| Other Comprehensive Income | - | - | - | - |
| **Total Comprehensive Income** | **4** | **3** | **6** | **5** |
| Avg. Shares O/s (bn) | - | - | - | - |
| **EPS (INR)** | **12.0** | **11.9** | **19.8** | **13.6** |

*Source: Company, PL*

## Key Financial Metrics

| Y/e Mar | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| **Per Share (INR)** | | | | |
| EPS | 26.3 | 51.0 | 60.0 | 75.8 |
| CEPS | 39.7 | 71.4 | 86.4 | 106.6 |
| BVPS | 199.8 | 284.5 | 546.1 | 609.8 |
| FCF | 19.5 | 31.3 | (66.1) | 75.7 |
| DPS | 16.2 | 12.2 | 12.1 | 12.1 |
| **Return Ratio (%)** | | | | |
| RoCE | 16.9 | 23.5 | 14.7 | 11.5 |
| ROIC | 10.3 | 18.0 | 9.3 | 10.4 |
| RoE | 16.8 | 21.5 | 15.5 | 13.1 |
| **Balance Sheet** | | | | |
| Net Debt : Equity (x) | - | - | 0.1 | - |
| Net Working Capital (Days) | 48 | 49 | 38 | 34 |
| **Valuation (x)** | | | | |
| PER | 64.1 | 33.0 | 28.1 | 22.2 |
| P/B | 8.4 | 5.9 | 3.0 | 2.7 |
| P/CEPS | 42.4 | 23.6 | 19.5 | 15.8 |
| EV/EBITDA | 32.4 | 18.4 | 15.1 | 12.3 |
| EV/Sales | 4.6 | 3.4 | 3.0 | 2.4 |
| Dividend Yield (%) | 0.9 | 0.7 | 0.7 | 0.7 |
| FCFF Yield (%) | 1.1 | 1.8 | (4.0) | 4.4 |
| PEG Ratio | (13.8) | 0.3 | 1.6 | 0.8 |

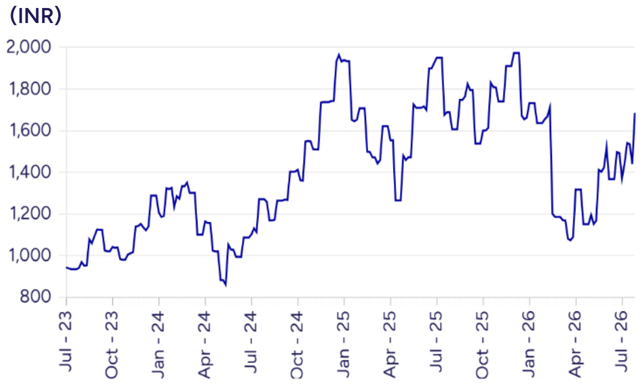
*Source: Company, PL*

## Key Operating Metrics

| Y/e Mar | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| Revenue (in US$ mn) | 1,445 | 1,868 | 2,637 | 3,030 |

*Source: Company, PL*

### Price Chart




### Recommendation History

| No. | Date | Rating | TP (INR) | Share Price (INR) |
|---|---|---|---|---|
| 1 | 02-Jul-26 | BUY | 1980 | 1442 |
| 2 | 18-Jun-26 | Buy | 2020 | 1466 |
| 3 | 17-Jun-26 | Buy | 2020 | 1466 |
| 4 | 06-May-26 | BUY | 2020 | 1169 |
| 5 | 01-Apr-26 | BUY | 1870 | 1154 |
| 6 | 23-Jan-26 | BUY | 2150 | 1636 |
| 7 | 06-Jan-26 | BUY | 2140 | 1642 |
| 8 | 23-Jul-22 | BUY | 4031 | 3726 |
| 9 | 04-Jul-22 | BUY | 4095 | 3488 |
| 10 | 12-May-22 | BUY | 5295 | 3646 |

### Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (INR) | Share Price (INR) |
|---|---|---|---|---|
| 1 | Coforge | BUY | 1980 | 1442 |
| 2 | Cyient | HOLD | 900 | 879 |
| 3 | Fractal Analytics | BUY | 1010 | 787 |
| 4 | HCL Technologies | HOLD | 1160 | 1221 |
| 5 | Infosys | BUY | 1240 | 1047 |
| 6 | KPIT Technologies | HOLD | 580 | 559 |
| 7 | L&T Technology Services | HOLD | 3350 | 3293 |
| 8 | Latent View Analytics | BUY | 350 | 279 |
| 9 | LTM | Accumulate | 4200 | 4037 |
| 10 | Mphasis | BUY | 2820 | 2288 |
| 11 | Persistent Systems | BUY | 5570 | 4581 |
| 12 | Tata Consultancy Services | BUY | 2500 | 2050 |
| 13 | Tata Elxsi | Reduce | 3350 | 3697 |
| 14 | Tata Technologies | SELL | 610 | 758 |
| 15 | Tech Mahindra | BUY | 1780 | 1510 |
| 16 | Wipro | Reduce | 165 | 178 |

### PL's Recommendation Nomenclature (Absolute Performance)

**BUY** : > 15%
**Accumulate** : 5% to 15%
**Hold** : +5% to -5%
**Reduce** : -5% to -15%
**Sell** : < -15%
**Not Rated (NR)** : No specific call on the stock
**Under Review (UR)** : Rating likely to change shortly

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