

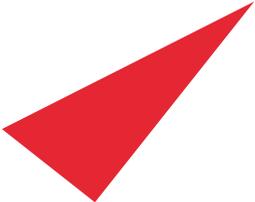


Quarterly Results Pick

Coforge Ltd.



November 19, 2025



Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
IT Consulting & Software	Rs 1825	Buy in Rs 1810-1845 band and add on dips in Rs 1645-1670 band	Rs 1976	Rs 2100	2-3 quarters

HDFC Scrip Code	COFORGE
BSE Code	532541
NSE Code	COFORGE
Bloomberg	COFORGE IN
CMP Nov 19, 2025	1825
Equity Capital (Rs Cr)	66.9
Face Value (Rs)	2.0
Equity Share O/S (Cr)	33.48
Market Cap (Rs Cr)	61,100
Book Value (Rs)	206.0
Avg. 52 Wk Volumes	2,609,179
52 Week High	2005.4
52 Week Low	1194.1

Share holding Pattern % (Sept, 2025)	
Promoters	0.00
Institutions	89.0
Non Institutions	11.0
Total	100



* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst

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Our Take:

Coforge is an IT company providing end-to-end software solutions and services. Coforge is a global digital services and solutions provider that leverages emerging technologies and deep domain expertise to deliver real-world business impact to its clients. Focusing on select industries, Coforge provides a distinct perspective by providing a detailed understanding of their underlying processes and partnerships with leading platforms.

Coforge's reported order intake stood at US\$514 Mn in Q2FY26, and executable order book over the next 12 months stood at US\$1,630 mn, a 26.7% YoY increase. The company signed 5 large deals this quarter across North America, UK, and APAC. It added nine new logos during the quarter. Coforge's large deals pipeline is looking very robust and an ever-strengthening next twelve-month signed order book. It could help to report robust and sustained growth in the coming year.

COFORGE remains a trusted partner for enterprise-wide AI adoption, moving beyond pilot programs. AI-led automation is fundamentally transforming BPO delivery models, leveraging proprietary COFORGE platforms. The company expects a surge in competing AI platforms over the next 18-24 months.

Q2FY26 Result Update:

- Coforge reported inline revenue with estimates, and net profit was above expectations. The company continued momentum on large deals and margins expansion. Revenue rose 8.1% QoQ and 30.2% YoY to Rs 3986 crore in INR terms and revenue was up 4.5% in USD terms, 5.9% QoQ in CC terms, 26.6%, in USD terms and 25.7% YoY in CC terms.
- EBIT surged by 34.2% QoQ and 81.7% YoY to Rs 561 crore and EBIT margin increased by 270bps QoQ and 390bps YoY to 14.1% in Q2FY26.
- Net Profit (Continued business) rose 48.6% QoQ and 72.4% YoY to Rs 425 crore and PAT margin was up by 290bps QoQ and jumped 250bps YoY to 10.7% in Q2FY26.

Concall takeaways:

- The company expects H2FY26 to outperform H1FY26, driving robust full-year growth. It continues to focus on organic growth and expects to sustain robust growth over the next 2-3 years.
- The company is focused on potential margin exit of 14% in FY26 and emphasised that growth remains the primary focus.

- The momentum and median size of large deals have been increasing over the years. Three large deals came from North America (two in Insurance) and two from APAC. One of the North America deals was a legacy modernization engagement.
- AI is viewed as a clear structural tailwind, though enterprise implementation complexity remains high, favoring firms like Coforge with deep cloud, data, and engineering expertise. Revenue per employee continues to improve, driven by AI-based delivery platforms and non-linear growth.
- Two of Cigniti's top 10 clients have already signed large deals with COFORGE, indicating early cross-selling traction that is expected to improve further.
- Wage hikes, effective Oct 01'2025, are expected to impact margins by 100-200bp, partially offset by lower ESOP and D&A expenses.

Valuation & Recommendation:

Coforge is a global digital services and solutions provider that leverages emerging technologies and deep domain expertise. Its strategy to drive consistent and profitable growth entails actively engaging with emerging technologies to drive customer transformation in specific industry verticals where the firm already has deep domain expertise. The firm actively engages with and invests in emerging technologies to deliver real-world business impact to its clients.

Maintaining a strong net worth amid moderate capital expenditure (capex) and healthy cash accruals should continue to support a healthy financial risk profile over the medium term. Given the low debt and improving profitability, the debt protection metrics are expected to remain healthy below unity over the medium term. **We believe the base case fair value of the stock is Rs 1976 (35.75x Sept'27E EPS) and the bull case fair value of the stock is Rs 2100 (38x Sept'27E EPS) over the next two to three quarters. Investors can buy in Rs 1800-1845 band and add further on dips in the Rs 1645-1670 band (30x Sept'27E EPS). At the LTP of Rs 1825, the stock is trading at 33x Sept'27E EPS.**

Key Risks:

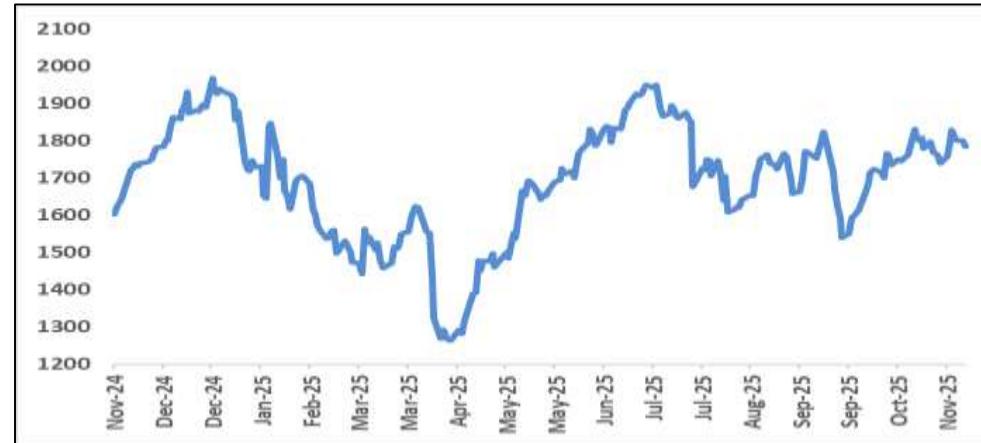
- Indian rupee appreciation against the USD, pricing pressure, retention of the skilled headcounts, and rise in visa costs,
- Intense competition from tier-1 IT players and well-established tier-2 players.
- Recently signed deal with Sabre has Sabre, has been facing financial challenges due to higher debt (up 55% from 2019) and industry-specific issues, could impact the nature and longevity of the deal.
- Delays in decision-making on client's IT spending

Financial Summary:

Particulars (Rs cr)	Q2FY26	Q2FY25	YoY-%	Q1FY26	QoQ-%	FY24	FY25	FY26E	FY27E	FY28E
Total Operating Income	3985.7	3025.6	31.7	3688.6	8.1	9,008.9	12,050.7	14,226.1	17,538.9	21,476.2
EBITDA	732.5	422.6	73.3	577.0	26.9	1,434.1	1,693.7	2,253.4	2,944.8	3,747.6
Depreciation	171.9	114.0	50.8	159.2	8.0	297.2	427.6	609.9	726.9	829.6
Other Income	38.5	55.0	-30.0	18.6	107.0	45.4	164.7	142.3	131.5	139.6
Interest Cost	40.9	30.4	34.5	46.2	-11.5	125.5	134.7	118.9	108.8	96.3
Tax	132.8	86.4	53.7	79.2	67.7	220.9	332.6	416.7	560.2	740.3
APAT	425.4	246.8	72.4	286.2	48.6	808.3	839.5	1,175.2	1,593.9	2,106.6
Diluted EPS (Rs)	12.7	7.4	72.4	6.4	99.9	24.1	25.9	35.1	47.6	62.9
RoE-%						24.1	17.3	17.8	22.2	26.1
P/E (x)						75.7	70.5	52.0	38.3	29.0
EV/EBITDA (x)						42.9	36.2	27.3	20.9	16.4

(Source: Company, HDFC sec)

One Year Price Chart



(Source: Company, HDFC sec)

HDFC Sec Prime Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. These stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks

have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicity of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Rating Criteria

Buy - > 15%+ return potential

Add - +5% to +15% return potential

Reduce - -10% to +5% return potential

Sell - >10% downside return potential

Disclosure:

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