

Revenue inline, But big miss on PAT; Valuations Full

- Coforge reported revenue growth of 8% CC QoQ, led by strong ramp-up of Sabre deal (Travel vertical up 31.5% QoQ), followed by Others vertical (up 13% QoQ). EBIT margin was flat at 13.2%, with operating leverage & efficiency measures largely offset by higher D&A. PAT miss was accentuated by higher integration/1x bonus expenses.
- Order intake is healthy at \$507mn (Ex. Sabre, TTM up 19% YoY), while commentary on pipeline (incl. via market share gains) and execution remain robust. Coforge is now closer to meeting its FY27 guidance of \$2Bn Rev and aims to achieve 14% OPM in FY26 (DE 13.7%).
- In Q1, the company demonstrated strong execution and a healthy order book, but its PAT missed expectations due to one-time items below EBIT, prompting us to lower our FY26E/FY27E EPS estimate by 7.7%/3.1%. Given the recent run-up in stock price, present valuations appear to be stretched, and therefore, we revise our rating to 'Reduce' with a TP of Rs. 1,750 (valued at 35x of FY27E earnings).

Healthy vertical performance; High conviction on BFS

Q1 growth was led by superior ramp-up in Sabre-deal, driving 31.5% QoQ growth in Transport vertical. Others vertical (including Cigniti), grew 13% QoQ after dipping in Q4, 3) Govt. vertical & Insurance vertical grew 1.2% & 5.3% QoQ respectively. 4) BFS declined 1.1% QoQ, but the company maintained a robust outlook on the segment, with opportunities remaining robust across commercial banking, wealth management & risk compliance.

Order book robust; 4th quarter of half-billion order intake

Order intake stood at \$507mn (on TTM basis, up 19% YoY, ex. Sabre). This included 5 large deals, while the 12-m executable order book was \$1.55bn, up 3%/44% QoQ/YoY. Management commented that its capability for large deal win velocity and median size of large deals has improved over the years. FY21 avg. order intake was just below \$200mn mark but has now been averaging quarterly wins of \$500mn+ (ex. Sabre) in the last 4 quarters.

Sales & execution to drive H2; 14% OPM guidance retained

Bucking industry trend, management is confident of H2 driving better growth over H1, supported by sustained execution & sales efforts for large deal wins. Pipeline continues to have large deal opportunities, and Coforge demonstrated market share gain by winning deals against a large SI in the recent past. FY26 OPM guidance was retained at 14%, supported by front-ending of people addition cost in Q1, lower ESOP costs, deal-ramp-up (incl. Sabre deal), well absorbing wage-hike impact in Q3 and waning of 1x expenses such as integration and acquisition-related costs.

Key Data

Nifty	25,220
Equity / FV	Rs 697mn / Rs 10
Market Cap	Rs 580bn
	USD 6.7bn
52-Week High/Low	Rs 2,005/ 945
Avg. Volume (no)	779,254
Bloom Code	COFORGE IN

	Current	Previous
Rating	Reduce	Accumulate
Target Price	1,750	1,706

Change in Estimates

(Rs.bn)	Current FY26E	Current FY27E	Chg (%) /bps FY26E	Chg (%) /bps FY27E
Revenue	158	181	2.3	3.6
EBITDA	28	32	9.0	7.2
EBITDA (%)	17.9	17.8	109	59
PAT	14	17	(7.7)	(3.1)
EPS (Rs)	40.0	50.0	(7.7)	(3.1)

Valuation (x)

	FY25A	FY26E	FY27E
P/E	57.7	40.4	33.1
EV/EBITDA	28.9	20.3	17.7
ROE (%)	16.8	20.0	22.2
RoACE (%)	18.3	16.8	17.2

Q1FY26 Result (Rs Mn)

Particulars	Q1FY26	YoY (%)	QoQ (%)
Revenue	36,886	56.5	8.2
Total Expense	30,445	57.5	7.4
EBITDA	6,441	52.1	12.0
Depreciation	1,584	141.5	27.6
EBIT	4,857	35.7	7.7
Other Income	(456)	36.9	45.7
Interest	0		
EBT	3,652	59.3	(7.2)
Tax	792	10.3	(9.4)
RPAT	2,470	63.1	(5.0)
APAT	3,219	30.5	12.5
		(bps)	(bps)
Gross Margin	32.4	106	18
EBITDA (%)	17.5	(51)	60
NPM (%)	6.7	27	(93)
Tax Rate (%)	21.7	(963)	(52)
EBIT (%)	13.2	(202)	(6)

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Exhibit 1: Quarterly performance versus estimates

Particulars (Rs mn)	Actual	Estimates		% Variation		Comment
		Dolat	Consensus	Dolat	Consensus	
USD Revenue	442.4	443.7	433.8	(0.3)	2.0	Rev. inline led by robust Sabre deal ramp-up
INR Revenue	36,886	37,806	37,233	(2.4)	(0.9)	
EBIT	4,857	5,070	5,012	(4.2)	(3.1)	Higher sub-con & D&A exp. led to OPM miss
EBIT, margin	13.2	13.4	13.5	(20 bps)	(30 bps)	
PAT	3,174	3,413	3,357	(7.0)	(5.5)	PAT miss from 1x items*

Source: Company, Dolat Capital

*Exceptional items related to: a) Cigniti integration exp. (Rs. 19mn), b) Acq. related exp. (Rs. 24mn), c) 1x emp. bonus of Rs. 458mn.

Change in Estimates

For FY26E/FY27E: Noting improved commentary on growth and healthy deal wins, we raise our Revenue estimates by 3.3% and 3.9%. Noting lower ESOP costs, ongoing efficiency efforts are expected to aid OPM improvement; hence, we raise our estimates by 55bps for FY26, but largely unchanged for FY27E. Overall, earnings have been lowered by 7.7%/3.1%, noting Q1 miss on profits due to various 1x items (one-time bonus, acquisition and integration expenses, cyber security incident provision, etc).

Exhibit 2: Change in Estimates

Particulars (Rs. mn)	FY24A	FY25A	FY26E			FY27E		
	Actual	Actual	Old	New	Chg.(%)	Old	New	Chg.(%)
USD Revenue	1,119	1,445	1,796	1,856	3.3	2,012	2,091	3.9
YoY growth,	11.7	31.5	24.3	28.4	414 bps	12.0	12.6	63 bps
INR Revenue	91,790	120,507	154,466	158,093	2.3	174,544	180,842	3.6
YoY growth,	14.5	33.8	28.2	31.2	301 bps	13.0	14.4	139 bps
EBIT	11,702	15,704	20,359	21,703	6.6	23,540	24,511	4.1
EBIT Margin,	12.7	13.0	13.2	13.7	55 bps	13.5	13.6	7 bps
Net Profit	8,177	8,121	14,620	13,500	(7.7)	17,383	16,852	(3.1)
EPS (Rs)	131.2	120.2	43.4	40.0	(7.7)	51.6	50.0	(3.1)

Source: Dolat Capital, Company, Cigniti acquisition Consolidated in Q2FY25.

What to expect next Quarter

Noting healthy deal wins and win ramp-up, we expect a growth of 4.4% QoQ for Q2FY2026. OPM margins to expand by 79bps QoQ given operating leverage and normalization on Sabre deal ramp-up (1000+ resources).

Exhibit 3: What to expect next Quarter

Particulars (Rs Mn)	Q2FY26E	Q1FY26	Q2FY25	QoQ (%)	YoY (%)
USD Revenue	461.9	442.4	364.5	4.4	26.7
INR Revenue	39,605	36,886	30,221	7.4	31.1
EBIT	5,529	4,857	3,598	13.8	53.7
PAT	3,461	3,174	2,022	9.0	71.2
EPS (Rs. Abs)	10.2	7.3	6.0	40.1	69.9
EBIT Margin (%)	14.0	13.2	11.9	79 bps	206 bps

Source: Company, Dolat Capital, Cigniti acquisition Consolidated in Q2FY25.

Exhibit 4: Key Assumptions in our estimates

Assumptions Table	FY23A	FY24A	FY25A	FY26E	FY27E
CC Revenue growth (%)	22.2	13.2	32.0	27.1	12.6
USD Revenue growth (%)	15.6	11.7	31.5	28.4	12.6
USD/INR	80.0	82.1	83.4	85.2	86.5
INR Revenue growth (%)	24.6	14.5	33.8	31.2	14.4
EBIT Margins (%)	13.3	12.7	13.0	13.7	13.6
EPS growth (%)	4.6	17.6	(7.2)	66.4	24.8

Source: Company, Dolat Capital, Cigniti acquisition Consolidated in Q2FY25.

Exhibit 5: Key Revenue Matrix

YoY Growth	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
CC Growth	18.4	14.1	12.0	9.0	7.8	33.1	41.7	43.8	51.5
USD Growth	13.9	12.6	12.0	8.5	7.2	32.8	40.8	43.6	54.5
INR Growth	21.4	16.2	13.0	8.7	8.1	34.5	42.8	47.1	56.5

Source: Company, Dolat Capital, Cigniti acquisition Consolidated in Q2FY25, Coforge reported 6.8% organic CC growth and 6.3% (\$ terms) and 6.8% (INR terms)

Exhibit 6: Quarterly and YTD Trend

Particulars (Rs mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25*	Q1FY26	YoY (%)	QoQ (%)	FY24*	FY25*	YoY (%)
USD Revenue	291.4	369.4	397.0	403.5	442.4	54.5	9.6	1,099.3	1,445.0	31.4
INR Revenue	24,008	30,623	33,182	34,099	36,886	56.5	8.2	90,089	120,507	33.8
Operating Expense	19,921	25,782	27,992	28,351	30,445	57.5	7.4	74,920	100,774	34.5
Cost of revenues	16,296	20,913	22,866	23,087	24,920	54.1	7.9	61,224	81,886	33.7
as % of sales	67.9	68.3	68.9	67.7	67.6	(106 bps)	(18 bps)	68.0	68.0	(1 bps)
SG&A expenses	3,625	4,869	5,126	5,264	5,525	74.7	5.2	13,696	18,888	37.9
as % of sales	15.1	15.9	15.4	15.4	15.0	156 bps	(42 bps)	15.2	15.7	47 bps
EBITDA	4,087	4,841	5,190	5,748	6,441	52.1	12.0	15,169	19,733	30.1
Depreciation	815	1,243	1,268	1,254	1,584	141.5	27.6	2,972	4,477	50.6
EBIT	3,272	3,598	3,922	4,494	4,857	35.7	7.7	12,197	15,256	25.1
Other Income	(272)	(173)	(327)	(300)	(456)	36.9	45.7	(1,156)	(1,074)	(7.1)
PBT	2,047	3,135	3,433	3,933	3,654	59.4	(7.1)	10,693	12,517	17.1
Total Tax	654	799	874	874	792	10.3	(9.4)	2,093	3,197	52.7
PAT before MI	1,393	2,336	2,559	3,059	2,862	81.7	(6.4)	8,600	9,320	8.4
Minority Interest	61	314	404	461	390	539.3	(15.4)	276	1,240	349.3
PAT after MI	1,332	2,022	2,155	2,598	2,472	63.3	(4.8)	8,324	8,262	(0.7)
Reported EPS	20.8	30.1	31.9	38.7	7.3	75.9	(5.5)	24.6	24.5	(0.7)
Margins (%)						(bps)	(bps)			(bps)
EBITDA	17.0	15.8	15.6	16.9	17.5	(51 bps)	60 bps	16.8	16.4	(46 bps)
EBIT	13.6	11.7	11.8	13.2	13.2	(202 bps)	(6 bps)	13.5	12.7	(88 bps)
PBT	8.5	10.2	10.3	11.5	9.9	18 bps	(163 bps)	11.9	10.4	(148 bps)
PAT	5.5	6.6	6.5	7.6	6.7	28 bps	(92 bps)	9.2	6.7	(253 bps)
Effective Tax rate	31.9	25.5	25.5	22.2	21.7	(964 bps)	(55 bps)	19.6	25.5	597 bps

Source: Company, Dolat Capital, Cigniti acquisition Consolidated in Q2FY25.

Note: Q1FY25, Q4FY25, FY25 and FY24 financials reflect adjustments for discontinued business. Adjustments to remaining quarters as subsequent financials are released.

Earnings call KTAs

- **Revenue grew by 8% QoQ in CC terms in Q1FY25** and stood at \$442.4mn. Organic growth was 5.6% QoQ, excluding acquisitions of Rhythmos and TM Labs Pty Ltd. (both were acquired in early April 2025). In USD and INR terms, the sequential growth was 9.6% (representing cross-currency gain of 160bps) and 8.2% respectively, led by a healthy ramp-up of Sabre deal in the Transport vertical and Others vertical (from Cigniti – includes Healthcare/Retail/Hi-tech & Mnfg).
- **Margin Commentary:** The company stated that discontinue reporting Adjusted EBITDA margin as a metric for guidance and commentary. EBIT margin, as mentioned in the factsheet, stood at 13.2%, flat on a QoQ basis. **Note:** This differs from GAAP P&L reported margin as it consists of: a) Discounting income from long-term contracts, b) Income from Mortgage business, c) Excludes certain 1x items, which otherwise are part of other expenses; integration expenses and acquisition-related expenses. Management guided that going forward, these items will lessen, and lower difference between GAAP and Non-GAAP EBIT. **EBIT was flat QoQ in Q1 due to** a) Higher amortization of intangibles (19% QoQ at Rs. 488mn), b) Increased depreciation (up 31% QoQ at Rs. 1.1bn) from data center deal, and c) Higher visa costs which are typically incurred in Q1. Tailwinds included improved off-shore mix and moderating SG&A as a % of Rev. (15% of Rev. in Q1 vs. 15.4% in Q4). **Management has guided for 14% EBIT margin on company factsheet reported basis for FY26.**
- **Vertical Commentary:** Growth was led by 1) **Transport vertical**, which grew 31.5% QoQ, led by healthy ramp-up of Sabre deal. 2) **Others vertical** (Cigniti), which grew 13% QoQ after a dip in Q4, 3) Govt. vertical & Insurance vertical grew 1.2% & 5.3% QoQ respectively. 4) **BFS vertical** declined 1.1% QoQ, but management assured that the dip was temporary, and outlook for the vertical, including large deals, remains robust. The Top-5 clients grew 24% while Top-6-10 clients declined by 1.8% QoQ, but here too, management assured that client health and relationship remain strong.
- **ESOP:** ESOP cost declined 3.7% QoQ to 1.6% of Q1 Rev and is expected to go down to 70-80 bps by Q3FY26.
- **Deals TCV:** In Q1, Coforge reported fresh order intake of \$507mn, which on a TTM basis (ex-Sabre deal - that was \$1.6bn in size), was up 19% YoY. TMF Executable order book stood at \$1.55Bn, up 3%/44% QoQ/YoY. Q1 saw 5 large deal wins, including one deal of \$30mn (3 of 5 deal wins were in North America).
- **Outlook:** Management reiterated strong confidence for FY26 growth despite uncertain macroeconomic conditions, based on record booking, healthy pipeline and execution rigour. The company remains bullish on delivering strong growth in FY26, with expansion in EBIT (guided for a 14% EBIT margin).
- **Hiring:** Headcount at the end of Q4 stood at 32,013, with a net addition of 1,125. Utilization stood at 82.1% vs 82% LQ. Attrition rose by 40ps QoQ to 11.3%.
- **PAT:** Coforge reported a PAT of Rs. 3,174mn, up 21.5% QoQ. Exceptional items totaled to Rs. 749mn related to a) Cigniti integration (Rs. 19mn), b) Acquisition (TM Labs and Rhythmos related exp (Rs. 24mn), c) One-time employee bonus of Rs. 458mn and d) Legal expense provision of Rs. 248mn (related to cyber security incident). Gain of Rs. 702mn on account of the Advantage Go Sale was largely offset by these line items.
- **Dividend:** Announced DPS of Rs. 4 per share.

Exhibit 7: Vertical Trend for Q1FY26

Vertical	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
Transportation	101	23	31.5	92.2	24.2	62
BFS	123	28	(1.1)	32.5	(1.3)	(3)
Insurance	69	16	1.2	19.7	0.8	2
Others	118	27	13.0	93.6	13.6	35
Govt.	32	7	5.3	39.0	1.6	4
Total	442	100	9.6	54.5	38.9	100

Source: Company, Dolat Capital, Cigniti acquisition Consolidated in Q2FY25.

Exhibit 8: Geography Trend for Q1FY26

Geography	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
America	251	57	15.6	75.5	33.8	87
EMEA	132	30	(1.9)	18.9	(2.5)	(7)
Rest of World	60	14	14.7	82.9	7.7	20
Total	442	100	9.6	54.5	38.9	100

Source: Company, Dolat Capital, Cigniti acquisition Consolidated in Q2FY25.

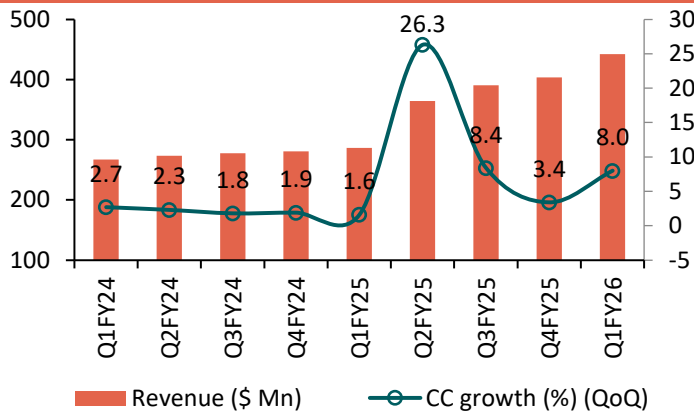
Exhibit 9: Client Growth Trend for Q1FY26

Client	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
-Top 5	92	21	24.0	52.3	17.7	46
-Top 6 - 10	38	9	(1.8)	11.6	(0.7)	(2)
Total Top 10 (a)	130	29	15.1	37.6	17.0	44
Non-Top 10 (b)	313	71	7.5	62.8	21.9	56
Total (a+b)	442	100	9.6	54.5	38.9	100

Source: Company, Dolat Capital, Cigniti acquisition

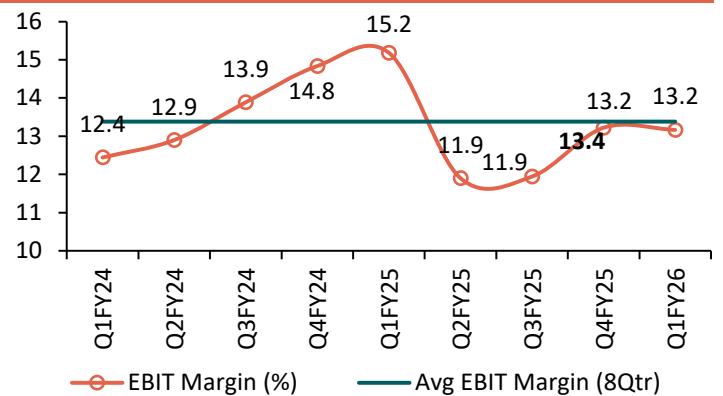
Story in Charts

Exhibit 10: Rev. grew 8% QoQ in CC terms



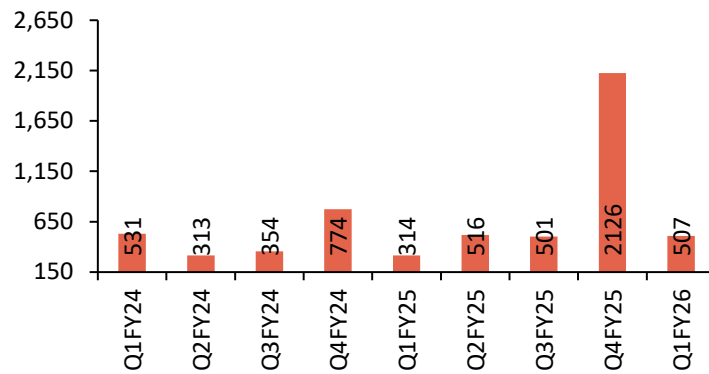
Source: Company, Dolat Capital

Exhibit 11: OPM flat QoQ at 13.2%



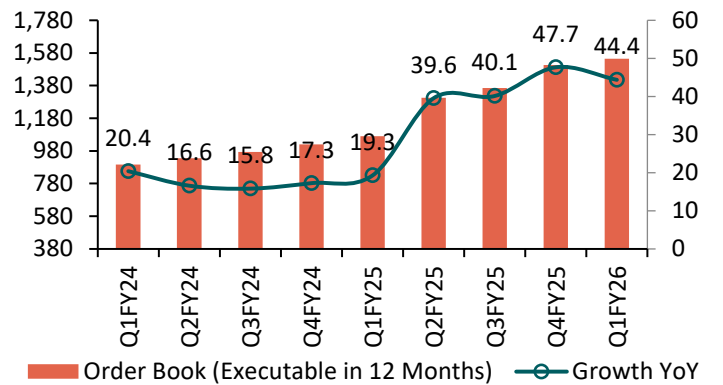
Source: Company, Dolat Capital

Exhibit 12: Deal wins in Q1 at \$507mn



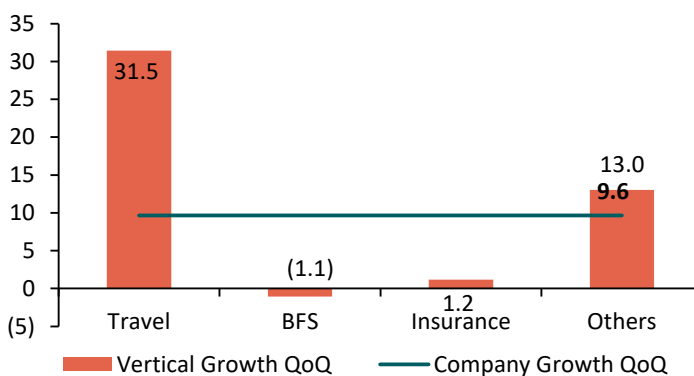
Source: Company, Dolat Capital

Exhibit 13: 12m Order Book at \$1.5bn (up 44% YoY)



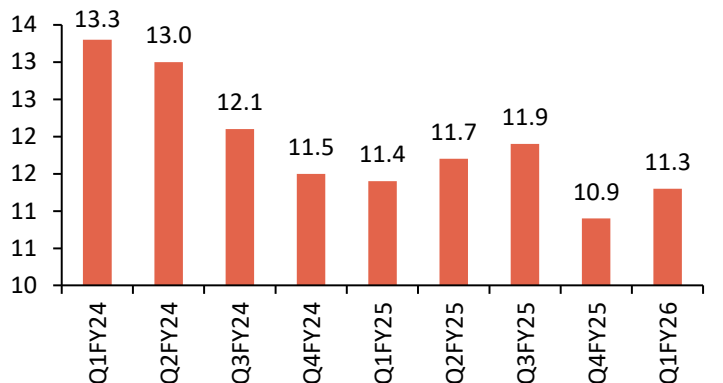
Source: Company, Dolat Capital

Exhibit 14: Sabre deal ramp-up led QoQ growth



Source: Company, Dolat Capital

Exhibit 15: Attrition (11.3%) up by 40bps

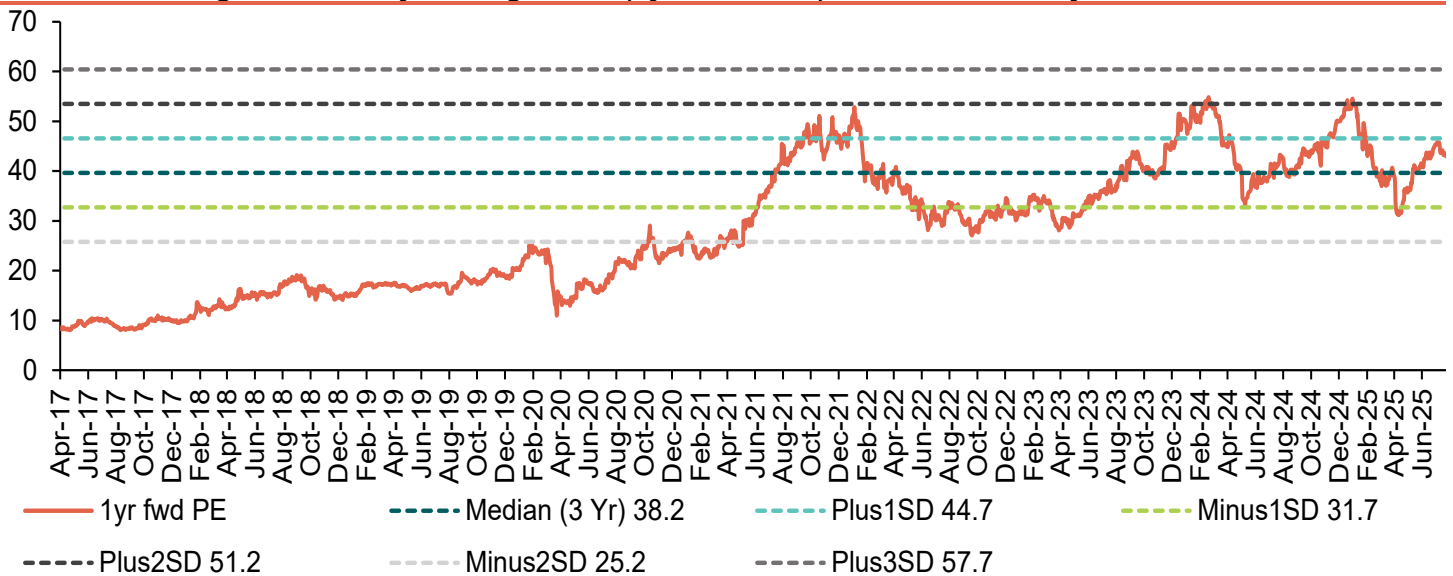


Source: Company, Dolat Capital

Valuation

Management remains confident in Coforge's growth trajectory, driven by a healthy pipeline of large deal wins (including ramp-up of \$1.56bn Sabre deal) and continued focus on execution. Commentary remains bullish, focusing on a healthy pipeline and improving large deal win rate. However, we believe that most positives are well-priced in and we revise our rating to **'Reduce'** with a TP of Rs. 1,750, valued at 35x of FY27 earnings.

Exhibit 16: Coforge is currently trading at 43x (1yr fwd basis), well above its 3-year Median PE of 39.7x



Source: Company, Dolat Capital

Exhibit 17: Operating Metrics 1

Operating Metrics	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
\$ Revenue	271.8	278.1	282.0	286.8	291.4	369.4	390.5	403.5	442.4
CC growth (%) (YoY)	18.4	14.1	12.0	9.0	7.8	33.1	41.7	43.8	51.5
CC growth (%) (QoQ)	2.7	2.3	1.8	1.9	1.6	26.3	8.4	3.4	8.0
Geographical Amount									
America	135.1	137.4	131.4	136.8	145.4	203.5	218.7	217.1	250.8
EMEA	104.9	107.9	112.8	115.0	112.8	124.9	133.6	134.4	131.8
Rest of World	31.8	32.8	37.8	35.0	33.2	41.0	38.3	52.1	59.7
Geographical YoY Growth									
America	10.1	8.4	7.5	7.1	7.6	48.2	69.1	62.0	75.5
EMEA	19.0	13.4	12.6	9.8	7.5	15.7	20.3	19.3	18.9
Rest of World	12.2	30.2	44.8	9.4	4.5	25.0	2.9	51.9	82.9
Vertical Amount									
Transportation	50.3	51.4	50.1	50.5	52.7	66.9	70.7	75.9	101.3
BFS	84.5	87.9	90.8	96.7	92.7	108.6	107.4	121.9	122.5
Insurance	61.4	62.9	62.0	61.9	62.4	70.6	73.4	73.4	68.6
Others	75.6	75.9	79.2	77.7	61.2	95.7	112.1	102.9	118.1
Vertical YoY Growth									
Transportation	8.4	7.9	4.5	1.5	4.9	30.0	43.3	53.4	92.2
BFS	19.8	12.2	17.5	17.9	9.6	23.6	20.2	28.7	32.5
Insurance	11.2	9.6	12.9	5.5	1.5	12.3	20.3	21.0	19.7
Others	12.8	19.1	16.2	5.0	11.5	26.0	43.8	87.8	93.6
Order Data (\$ mn)									
America	155	118	110	627	126	245	294	1,828	272
EMEA	346	138	172	102	96	184	93	170	140
Rest of World	30	57	72	46	92	86	114	128	95
Order In-Take Total	531	313	354	774	314	516	501	2126	507
Order Book (12M)	897	935	974	1,019	1,070	1,305	1,365	1,505	1,545
Growth YoY (%)	20.4	16.6	15.8	17.3	19.3	39.6	40.1	47.7	44.4
Revenue Coverage (%)	86.7	87.7	88.8	91.1	94.0	106.1	101.5	104.2	96.5
Revenue Area Mix									
Off-Shore	51.0	52.0	52.2	52.5	52.0	53.8	53.1	53.4	52.3
On-Shore	49.0	48.0	47.8	47.5	48.0	46.2	46.9	46.6	47.7
Project Type Mix									
Fixed Project	48.9	49.3	51.0	51.5	50.4	42.5	45.4	46.4	46.7
T&M	51.1	50.7	49.0	48.5	49.6	57.5	54.6	53.6	53.3
Top Client Amount									
Top 5	68.2	65.4	64.0	66.0	61.2	85.0	78.6	75.1	91.6
Top 6 - 10 Client	34.2	32.5	32.7	32.7	34.7	42.1	40.5	39.5	38.0
Top 10 client	102.5	97.9	96.7	98.7	95.9	127.1	119.1	114.6	129.6
Non Top 10 Client	169.3	180.2	185.3	188.1	195.5	242.3	277.9	288.9	312.8
Top Client YoY Growth									
Top 5	24.5	14.5	7.8	8.5	(10.3)	30.0	22.8	16.2	52.3
Top 6 - 10 Client	13.6	3.7	6.2	(1.1)	1.3	29.4	23.8	23.5	11.6
Top 10 client	20.7	10.6	7.2	5.1	(6.4)	29.8	23.1	18.6	37.6
Non Top 10 Client	9.8	13.6	17.0	10.3	15.5	34.5	50.0	56.8	62.8

Source: Company, Dolat Capital, Cigniti Acq. Consolidated in Q2FY25

Exhibit 18: Operating Metrics 2

Particulars	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Total Employees	24,224	24,638	24,607	24,726	26,612	32,483	33,094	33,497	32,013
Breakup									
Sales and Marketing	363	360	368	388	442	575	N.A	N.A	N.A
Others	1,099	1,147	1,132	1,095	1,133	1,474	N.A	N.A	N.A
Utilization (%)	81.0	80.0	79.4	81.7	81.6	82.2	81.3	82.0	82.1
Attrition (%)	13.3	13.0	12.1	11.5	11.4	11.7	11.9	10.9	11.3
DSO	61	64	63	56	59	60	60	60	64
Client Bucket Data									
\$1-5mn Bucket	102	104	109	112	118	173	176	163	170
\$5-10mn Bucket	24	23	23	24	25	29	31	37	40
above \$10mn Bucket	21	23	24	24	23	29	31	28	32
New / Old Revenue									
Repeat Biz	260	264	262	264	278	349	371	373	407
New Biz	12	14	20	23	14	20	26	30	35
New / Old Revenue Growth									
Repeat Biz YoY	13.0	13.8	13.5	8.9	7.1	32.1	41.6	43.8	49.3
New Biz YoY	35.1	(5.5)	(4.4)	3.3	10.2	47.0	30.2	42.4	159.4
Practice Mix (\$ mn)									
Product Engineering	94.6	24.5	21.8	99.7	92.4	155.0	164.7	181.6	197.8
Data & Integration	64.9	67.4	71.7	71.6	78.9	84.8	88.0	88.2	87.9
Intelligent Automation	31.1	33.3	31.5	31.8	33.7	33.3	35.0	34.7	36.2
CIMS	54.1	50.9	52.7	54.2	55.3	62.9	75.1	64.7	77.1
ADM	NA	73.2	75.6	NA	NA	NA	0.0	0.0	0.0
BPM	25.7	26.2	25.7	26.7	27.1	29.6	29.9	30.7	31.9

Source: Company, Dolat Capital, Cigniti Acq. Consolidated in Q2FY25

Financial Performance

Profit and Loss Account

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
Revenue	90,089	120,507	158,093	180,842
Total Expense	74,920	100,525	129,756	148,738
COGS	61,225	81,748	106,131	121,189
Employees Cost	0	0	0	0
Other expenses	13,695	18,777	23,625	27,549
EBIDTA	15,169	19,982	28,337	32,104
Depreciation	2,972	4,278	6,633	7,592
EBIT	12,197	15,704	21,703	24,511
Interest	0	0	0	0
Other Income	(1,153)	(1,080)	(1,421)	(1,236)
Exc. / E.O. items	(348)	(1,666)	(839)	(655)
EBT	10,696	12,958	19,443	22,620
Tax	2,209	3,326	4,819	5,768
Minority Interest	276	1,240	1,125	0
Profit/Loss share of associates	0	0	0	0
RPAT	8,211	8,392	13,500	16,852
Adjustments	348	1,666	839	655
APAT	8,559	10,058	14,339	17,507

Balance Sheet

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
Sources of Funds				
Equity Capital	618	669	697	697
Minority Interest	1,003	19,498	20,623	20,623
Reserves & Surplus	35,648	63,123	70,551	80,118
Net Worth	36,266	63,792	71,248	80,815
Total Debt	4,366	7,005	8,205	8,105
Net Deferred Tax Liability	(5,117)	(3,286)	(3,271)	(3,191)
Total Capital Employed	36,518	87,009	96,805	106,352

Applications of Funds

Net Block	20,603	57,408	59,725	60,132
CWIP	232	24	34	54
Investments	0	1,457	1,472	1,497
Current Assets, Loans & Advances	34,659	60,548	72,576	83,877
Current Investments	0	0	0	0
Inventories	0	0	0	0
Receivables	19,503	29,682	36,696	40,779
Cash and Bank Balances	3,352	8,832	13,518	19,576
Loans and Advances	0	0	0	0
Other Current Assets	11,804	22,034	22,362	23,521
Less: Current Liabilities & Provisions	18,976	32,428	37,001	39,209
Payables	8,689	11,727	14,786	16,007
Other Current Liabilities	10,287	20,701	22,214	23,202
<i>sub total</i>				
Net Current Assets	15,683	28,120	35,575	44,669
Total Assets	36,518	87,009	96,805	106,352

E – Estimates

Important Ratios

Particulars	FY24A	FY25A	FY26E	FY27E
(A) Margins (%)				
Gross Profit Margin	32.0	32.2	32.9	33.0
EBIDTA Margin	16.8	16.6	17.9	17.8
EBIT Margin	13.5	13.0	13.7	13.6
Tax rate	20.7	25.7	24.8	25.5
Net Profit Margin	9.1	7.0	8.5	9.3
(B) As Percentage of Net Sales (%)				
COGS	68.0	67.8	67.1	67.0
Employee	0.0	0.0	0.0	0.0
Other	15.2	15.6	14.9	15.2
(C) Measure of Financial Status				
Gross Debt / Equity	0.1	0.1	0.1	0.1
Interest Coverage				
Inventory days	0	0	0	0
Debtors days	79	90	85	82
Average Cost of Debt	0.0	0.0	0.0	0.0
Payable days	35	36	34	32
Working Capital days	44	54	51	50
FA T/O	4.4	2.1	2.6	3.0
(D) Measures of Investment				
AEPS (Rs)	27.4	29.8	42.5	51.9
CEPS (Rs)	37.0	42.4	62.2	74.4
DPS (Rs)	15.0	15.1	18.0	21.6
Dividend Payout (%)	54.5	50.6	42.3	41.6
BVPS (Rs)	116.3	188.9	211.2	239.6
RoANW (%)	24.5	16.8	20.0	22.2
RoACE (%)	25.8	18.3	16.8	17.2
RoAIC (%)	41.1	28.2	26.9	28.8
(E) Valuation Ratios				
CMP (Rs)	1717	1717	1717	1717
Mcap (Rs Mn)	579,915	579,915	579,915	579,915
EV	580,929	578,088	574,602	568,444
MCap/ Sales	6.4	4.8	3.7	3.2
EV/Sales	6.4	4.8	3.6	3.1
P/E	62.6	57.7	40.4	33.1
EV/EBITDA	38.3	28.9	20.3	17.7
P/BV	14.8	9.1	8.1	7.2
Dividend Yield (%)	0.9	0.9	1.0	1.3
(F) Growth Rate (%)				
Revenue	12.4	33.8	31.2	14.4
EBITDA	14.5	31.7	41.8	13.3
EBIT	14.4	28.8	38.2	12.9
PBT	12.4	21.1	50.0	16.3
APAT	14.7	17.5	42.6	22.1
EPS	14.4	8.5	42.7	22.1

E – Estimates

Cash Flow

Particulars	FY24A	FY25A	FY26E	FY27E
Profit before tax	10,449	12,536	19,443	22,620
Depreciation & w.o.	3,186	4,683	6,633	7,592
Net Interest Exp	0	0	1,421	1,236
Direct taxes paid	(3,661)	(3,959)	(4,819)	(5,768)
Change in Working Capital	(2,800)	(2,689)	(2,311)	(3,513)
Non Cash	1,860	1,800	0	0
(A) CF from Operating Activities	9,034	12,371	20,368	22,167
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(2,598)	(26,382)	(8,960)	(8,020)
Free Cash Flow	6,436	6,799	11,408	14,147
(Inc.)/ Dec. in Investments	0	1,185	(15)	(25)
Other	120	714	(1,421)	(1,236)
(B) CF from Investing Activities	(2,478)	(24,483)	(10,396)	(9,281)
Issue of Equity/ Preference	7	22,015	28	0
Inc./(Dec.) in Debt	967	2,323	1,200	(100)
Interest exp net	0	0	0	0
Dividend Paid (Incl. Tax)	(4,781)	(5,097)	(6,071)	(7,286)
Other	(5,063)	(1,622)	0	0
(C) CF from Financing	(8,870)	17,619	(4,843)	(7,386)
Net Change in Cash	(2,486)	5,609	5,129	5,501
Opening Cash balances	5,699	3,213	7,956	13,085
Closing Cash balances	3,213	7,956	13,085	18,585

E – Estimates

Notes

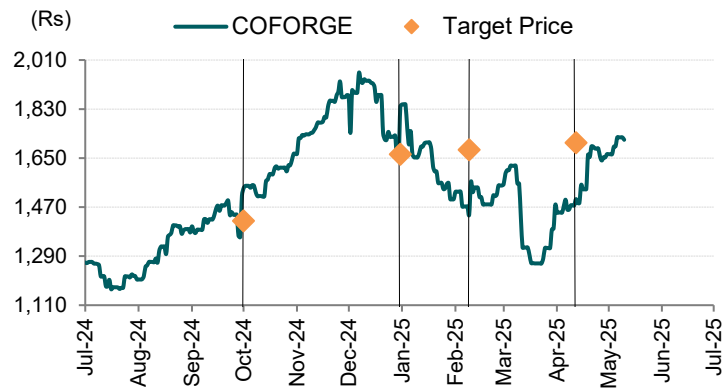
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)		18	36
Rel to NIFTY (%)		14	32

Shareholding Pattern

Particulars	Dec'24	Mar'25	Jun'25
Promoters	0.0	0.0	0.0
MF/Banks/FIs	47.9	49.9	49.9
FIIIs	42.6	40.2	40.2
Public / Others	9.6	9.9	9.9



Month	Rating	TP (Rs.)	Price (Rs.)
Oct-24	SELL	1,420	1,540
Jan-25	SELL	1,664	1,839
Mar-25	Accumulate	1,680	1,442
May-25	Accumulate	1,706	1,499

*Price as on recommendation date

Notes

Dolat Rating Matrix

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

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