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Quarterly Result Update

Coforge Ltd

Research Analyst

Abdul Karim

Coforge Ltd

Reco **Hold**

Industry	IT Cons-& Software
LTP (Aug 19, 2026)	1813.10
Bull case target	**2100**
Time Horizon	4 Quarters

Stock Info

BSE Code	532541
NSE Code	COFORGE
Bloomberg	COFORGE IN
Equity Capital (Rs Cr)	67.2
Face Value (Rs)	2.0
Equity Share O/S (Cr)	33.6
Market Cap (Rs Cr)	80,390
Adj. Book Value (Rs)	284.0
Avg. 52 Wk Volumes	2,042,370
52 Week High	1990.0
52 Week Low	1008.0

Share Holding Pattern (%) (Jun'26)

Promoters	0.0
Institutions	66.9
Non-Institutions	33.1
Total	100.0

One Year Price Chart

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Muted profit performance in Q1FY27, however continue to scale its digital infrastructure

- *Coforge revenue numbers were above expectations and the company expects to deliver robust revenue growth in FY27E. Revenue rose 24.2% QoQ and 49.2% YoY to Rs 5,528 crore in INR terms; revenue stood at USD 592.2 Mn, up 33% in USD terms, including US$100.7 Mn from two months of Encora, with organic CC growth of 5.2% QoQ excluding exited businesses. EBIT surged by 17.3% QoQ and 95.5% YoY to Rs 817 crore, and EBIT margin decreased by 90bps QoQ and increased by 330bps YoY to 14.8% in Q1FY27. Adj. Net Profit stood at Rs 517 crore vs Rs 552 crore in Q4FY26 and Rs 280 crore in Q1FY26; PAT margin stood at 9.6% in the quarter.*

- *Coforge reported another strong quarter of deal wins; order intake stood at $691 Mn TCV, with an executable order book over the next twelve months at $2.23 billion, a 27% QoQ increase. Four large deals were signed this quarter across North America, Europe and Latin America. In Q2, the company expects to sign more deals from new business. One large deal was signed in the current quarter so far on July 24, 2026, securing a five-year contract worth more than $230 mn with a major European client, without naming the customer, for an AI-led business transformation program. The deal reflects growing demand for enterprise-scale AI transformation as organisations move beyond pilot projects to broader AI adoption.*

- *AI-led engineering, data, and cloud services together accounted for 86% of consolidated revenue, ahead of the 80% share indicated when the Encora deal was announced. Coforge has launched Nuuron, an AI operating system designed to integrate enterprise knowledge, governance, workflows, and AI agents.*

- *G&A costs for the Encora acquisition have been reduced, and Encora integration is progressing faster than planned. Encora itself delivered a 19.1% EBIT margin and 20.3% EBITDA margin in its first quarter under Coforge, reflecting fast cost-synergy capture, the company expects further synergy benefits from Q2 onwards*

Concall: Key takeaways

- Coforge expects larger deal wins in Q2FY17 to approach full-year FY24 levels, with the largest deals closed in 2Q impacting revenue from 3Q onward.
- The company described UK public sector momentum as strong ('on steroids'), distinct from the India government business being wound down,
- The company does not expect any incremental impact from planned exits in the India government business from Q2FY27.
- The company said the next demand phase is a shift from AI adoption to enterprise autonomy. It argued that differentiation lies in applied AI grounded in business context, processes, policies, and risk, rather than in owning models or infrastructure

Valuation & Recommendation

Coforge expects to remain the industry's growth leader for the third consecutive year, supported by its strongest-ever large deal pipeline. Large-deal momentum has continued into 2Q, with the recently announced $230mn European transformation deal already ramping up. Consistent growth in revenue and profitability, strong deal wins, consistent execution, improving cash conversion, and further margin upside from the Encora integration could bring revenue visibility going forward. Given the low debt and improving profitability, the debt protection metrics are expected to remain healthy over the medium term.

We had issued a Pick of the Week report on Coforge Ltd on Nov 19, 2025 and recommended to buy in the band of Rs 1810-1845 and add on dips in the band of Rs 1645-1670 for a base case fair value of Rs 1976 and the bull case fair value of Rs 2100 over the next two to three quarters. The stock achieved its base case target on Dec 04, 2025. We have an open call on the stock and recommend a "Hold" rating.

Risks & Concerns

- INR appreciation against the USD, pricing pressure, retention of skilled headcount, and rise in visa costs
- Intense competition from tier-1 IT players and well-established tier-2 players.
- Delays in decision-making on client's IT spending

Financial Summary

Particulars (in Rs Cr)	Q1FY27	Q1FY26	YoY-%	Q4FY26	QoQ-%	FY24	FY25	FY26	FY27E	FY28E
Total Operating Income	5527	3689	49.9	4451	24.2	9,009	12,073	16,403	19,550	23,218
EBITDA	1058	552	91.5	823	28.5	1,434	1,666	2,710	3,380	4,168
APAT	517	280	84.8	552	-6.3	808	812	1,556	1,950	2,458
Diluted EPS (Rs)						24.0	25.0	49.2	58.1	73.2
RoE-%						24.1	16.8	20.8	19.2	21.4
P/E (x)						75.5	72.5	36.8	31.2	24.8
EV/EBITDA (x)						42.7	36.7	22.3	17.9	14.6

(Source: Company, HDFC sec)

Rating Criteria
Buy - > 15%+ return potential
Add - +5% to +15% return potential
Reduce - -10% to +5% return potential
Sell - >10% downside return potential

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Disclosure:
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