

Robust Q4; Undaunted commentary for FY27 target

- Coforge reported revenue growth of 3.4% CC QoQ (beat), led by strong performance in the BFS segment (up 13.5% QoQ), followed by Transportation (up 7.3%). Adj. for divestment of AdvantageGo, CC Rev. was up 4.6% QoQ. Adj. EBITDA was up 101bps at 18.7% QoQ (beat) led by operating leverage.
- Buoyed by \$1.56Bn Sabre deal, order intake of \$566mn (ex. Sabre), confident commentary (despite uncertain macro), and resilient gross margins in large deal execution makes Coforge well placed to meet its FY27 guidance of \$2Bn Rev and 18% EBITDA Mgn (14%+ OPM).
- Following a strong Q4 beat and confident commentary, we revise our FY26E/FY27E EPS est. by unchanged/+3.3% (adj for Divestiture). A healthy order book, large deal win capability, & robust execution can support/drive up valuations. Thereby, we maintain our 'Accumulate' rating with TP of Rs. 8,530, valued at 34x on FY27E earnings.

Solid Q4 performance; On track for FY27 goal

Coforge reported 3.4% QoQ growth, (adj. for AdvantageGo divestment, CC growth was 4.6% QoQ). Vertical-wise, BFS led growth at 13.5% QoQ, followed by Transport/Govt. at 7.3%/9.3% QoQ, while Others (incl. Cigniti) declined 8.2% QoQ & Insurance remained flat. Management noted that dip in Others is temporary, while pipeline, incl. large deals, will continue to grow well. Overall, commentary signals suggest that Coforge is well on track and potentially ahead of schedule—to achieve its \$2Bn FY27E revenue target.

Deal wins & commentary to help ride uncertain macro

Coforge reported TCV of \$2.1Bn in Q4 (incl. Sabre deal of \$1.6Bn). Other deals include: a) A scalable deal win under GPU as a service, b) GenAI led Quality Engineering (QE) deal, c) A large Salesforce deal with a Bank, and d) \$62mn TCV (3-year) win from Top-3 clients of Cigniti. Management commentary signals a broad based deal win combo, comprising of legacy modernization to cost-take-out deals. Commentary on deal win conviction incl. large deals reflect a matured stance on growing wallet share and improving cross-sell/upsell funnel led by pro-active initiatives.

Margin momentum builds; well-aligned towards FY27 guidance

Adj. EBITDA was up 101bps QoQ, to 18.7%, led by operating leverage, while OPM was up 123bps QoQ to 13.7%, supported by lower ESOP costs, down 11.4% QoQ. As a % of Rev., ESOP was 1.8% of Q4 Rev, and is expected to lower by 70-80bps by Q3FY26. Furthermore, the commentary of large Sabre deal win and 2 acquisitions (Rythmos Inc. & TMLabs) being non-dilutive lends support to continued operational improvement.

Key Data

Nifty	24,461
Equity / FV	Rs 697mn / Rs 10
Market Cap	Rs 481bn
	USD 5.7bn
52-Week High/Low	Rs 10,027/ 4,287
Avg. Volume (no)	762,001
Bloom Code	COFORGE IN

	Current	Previous
Rating	Accumulate	Accumulate
Target Price	8,530	8,400

Change in Estimates

(Rs.bn)	Current		Chg (%) /bps	
	FY26E	FY27E	FY26E	FY27E
Revenue	154	175	(4.3)	(4.3)
EBITDA	26	30	(0.3)	2.0
EBITDA (%)	16.8	17.2	68	107
APAT	15	17	4.0	3.7
EPS (Rs)	211.0	250.9	3.9	4.5

Valuation (x)

	FY25A	FY26E	FY27E
P/E	50.3	35.5	29.9
EV/EBITDA	24.0	18.1	15.4
ROE (%)	16.8	21.5	22.4
RoACE (%)	18.3	16.0	17.1

Q4FY25 Result (Rs Mn)

Particulars	Q4FY25	YoY (%)	QoQ (%)
Revenue	34,099	47.1	4.7
Total Expense	28,351	49.6	3.0
EBITDA	5,748	35.8	13.7
Depreciation	1,254	58.3	7.6
EBIT	4,494	30.6	15.5
Other Income	(300)	(33.6)	(8.8)
Interest	0		
EBT	3,933	36.0	15.6
Tax	874	55.0	0.5
RPAT	2,598	14.3	22.1
APAT	2,859	20.7	24.9
		(bps)	(bps)
Gross Margin	32.3	(145)	103
EBITDA (%)	16.9	(140)	134
NPM (%)	7.6	(219)	109
Tax Rate (%)	22.2	272	(335)
EBIT (%)	13.2	(166)	123

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Exhibit 1: Quarterly performance versus estimates

Particulars (Rs mn)	Actual	Estimates		% Variation		Comment
		Dolat	Consensus	Dolat	Consensus	
USD Revenue	403.5	393.9	385.9	2.4	4.6	Beat led by BFS and Transport biz.
INR Revenue	34,099	33,640	33,234	1.4	2.6	
EBIT	4,494	4,344	4,375	3.4	2.7	OPM beat from op. leverage. and lower ESOP.
EBIT, margin	13.2	12.9	13.2	30 bps	0 bps	
Adj. PAT	2,598	2,549	2,760	1.9	(5.9)	PAT beat lowered on soft OI gains

Source: Company, Dolat Capital

Actuals and estimates adjusted for discontinued biz. (run rate Rs600mn on topline and marginal profits on bottomline for Q4).

Change in Estimates

For FY26E/FY27E – We lower our revenue estimates by 4.3%/4.1%, factoring in some deterioration in uncertain macros and potential deal delays. Adjusted for divested Revenue (Go Advantage biz. contributed ~\$23mn annually in FY25); the revenue cut stands at ~3% for each year. The lower ESOP costs and ongoing efficiency efforts are expected to aid OPM improvement; hence we raise our estimates by 70bps/90bps. Overall, earnings have been raised by 4%/4.5%. However, after adjusting for the divestiture, **earnings remain unchanged for FY26E** and are up by 3.3% for FY27E.

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	1,877	1,796	(4.3)	2,097	2,012	(4.1)
YoY growth,	11.7	31.5	27.8	24.3	(352 bps)	11.7	12.0	31 bps
INR Revenue	91,790	120,507	161,460	154,466	(4.3)	182,460	174,544	(4.3)
YoY growth,	14.5	33.8	31.1	28.2	(289 bps)	13.0	13.0	(1 bps)
EBIT	11,702	15,704	20,150	20,359	1.0	22,961	23,540	2.5
EBIT Margin,	12.7	13.0	12.5	13.2	70 bps	12.6	13.5	90 bps
Net Profit	8,177	8,121	14,055	14,620	4.0	16,761	17,383	3.7
EPS (Rs)	131.2	120.2	203.0	211.0	3.9	240.1	250.9	4.5

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

What to expect next Quarter

Noting deal win ramp-up (Sabre deal run rate addition of over \$25mn + Rythmos Inc. and TMLabs), and continued execution, we expect a growth of 8% QoQ for Q1FY2026. Impact of visa cost and overheads to drive growth/investments to affect Adj. EBITDA margin improvement, thus restricting OPM gain to mere 9bps to 18.8%. That said, lower ESOP to improve OPM by 23bps QoQ to 13.4%.

Exhibit 3: What to expect next Quarter

Particulars (Rs Mn)	Q1FY26E	Q4FY25	Q1FY25	QoQ (%)	YoY (%)
USD Revenue	435.8	403.5	286.5	8.0	52.1
INR Revenue	37,477	34,099	23,606	9.9	58.8
EBIT	5,025	4,494	3,272	11.8	53.6
PAT	3,439	2,612	1,332	31.7	158.2
EPS (Rs. Abs)	50.9	38.7	20.8	31.7	145.0
EBIT Margin (%)	13.4	13.2	13.9	23 bps	(45 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	24.8	12.0
USD Revenue growth (%)	15.6	11.7	31.5	24.3	12.0
USD/INR	80.0	82.1	83.4	86.0	86.8
INR Revenue growth (%)	24.6	14.5	33.8	28.2	13.0
EBIT Margins (%)	13.3	12.7	13.0	13.2	13.5
EPS growth (%)	4.6	17.6	-7.2	75.5	18.9

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

Exhibit 5: Key Revenue Matrix

YoY Growth	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
CC Growth	20.7	18.4	14.1	12.0	9.0	7.8	33.1	41.7	43.8
USD Growth	13.8	13.9	12.6	12.0	8.5	7.2	32.8	40.8	43.6
INR Growth	24.5	21.4	16.2	13.0	8.7	8.1	34.5	42.8	47.1

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)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25*	YoY (%)	QoQ (%)	FY24*	FY25*	YoY (%)
USD Revenue	286.8	291.4	369.4	397.0	403.5	43.6	3.3	1,099.3	1,445.0	31.4
INR Revenue	23,585	24,008	30,623	33,182	34,099	47.1	4.7	90,089	120,507	33.8
Operating Expense	19,334	19,921	25,782	27,992	28,351	49.6	3.0	74,920	100,774	34.5
Cost of revenues	15,773	16,296	20,913	22,866	23,087	50.3	3.1	61,224	81,886	33.7
as % of sales	66.9	67.9	68.3	68.9	67.7	145 bps	(103 bps)	68.0	68.0	(1 bps)
SG&A expenses	3,561	3,625	4,869	5,126	5,264	46.6	2.6	13,696	18,888	37.9
as % of sales	15.1	15.1	15.9	15.4	15.4	(5 bps)	(31 bps)	15.2	15.7	47 bps
EBITDA	4,251	4,087	4,841	5,190	5,748	35.8	13.7	15,169	19,733	30.1
Depreciation	846	815	1,243	1,268	1,254	58.3	7.6	2,972	4,477	50.6
EBIT	3,405	3,272	3,598	3,922	4,494	30.6	15.5	12,197	15,256	25.1
Other Income	(452)	(272)	(173)	(327)	(300)	(33.6)	(8.8)	(1,156)	(1,074)	(7.1)
PBT	2,857	2,047	3,135	3,433	3,933	36.0	15.6	10,693	12,517	17.1
Total Tax	564	654	799	874	874	55.0	0.5	2,093	3,197	52.7
PAT before MI	2,293	1,393	2,336	2,559	3,059	31.4	20.8	8,600	9,320	8.4
Minority Interest	55	61	314	404	461	738.2	14.1	276	1,240	349.3
PAT after MI	2,238	1,332	2,022	2,155	2,598	14.3	22.1	8,324	8,080	(2.9)
Reported EPS	35.9	20.8	30.1	31.9	38.7	7.7	21.1	133.5	119.6	(10.4)
Margins (%)						(bps)	(bps)			(bps)
EBITDA	18.0	17.0	15.8	15.6	16.9	(140 bps)	134 bps	16.8	16.4	(46 bps)
EBIT	14.4	13.6	11.7	11.8	13.2	(166 bps)	123 bps	13.5	12.7	(88 bps)
PBT	12.1	8.5	10.2	10.3	11.5	(94 bps)	109 bps	11.9	10.4	(148 bps)
PAT	9.5	5.5	6.6	6.5	7.6	(219 bps)	109 bps	9.2	6.7	(253 bps)
Effective Tax rate	19.7	31.9	25.5	25.5	22.2	272 bps	(335 bps)	19.6	25.5	597 bps

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

Note: 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 3.4% QoQ in CC terms during Q4FY25** and stood at \$404mn, excl. divestment AdvantageGo biz. (\$411mn Revenue if incl. AdvantageGo biz.). In USD and INR terms, the sequential growth was 3.3% and 4.7% respectively, led by BFS, Transport and Government verticals.
- **Margin Commentary:** Adjusted EBITDA margin expanded by 101 bps to 18.7%. ESOP costs declined by 11.4% QoQ, in line with management guidance of a decreasing trend. The exit EBIT margin for Q4 stood at 13.2%, reflecting an expansion of 123 bps QoQ. For full-year FY25, OPM stood at 13% and EBIT of \$188.4mn. Including, AdvantageGo loss, EBIT would have been lower by \$5mn.
- **Vertical Commentary:** The **1) BFS** vertical led Q4 growth with 13.4% sequential increase in dollar terms. **2)Transport** vertical grew 7.3% QoQ, while the **3) Government (overseas)** grew 9.3% QoQ. **4)Insurance** vertical was flat QoQ, while **5) Others** declined 8.2% QoQ. The 'Others' vertical, which includes much of Cigniti's business, showed temporary softness in Q4, and management is positive of getting back to growth. The Top-5 and Top-10 clients declined 2.9% and 2.2% QoQ, respectively, while Non-Top-10 clients drove the bulk of Q4 growth at 5.7% QoQ.
- **ESOP:** ESOP cost declined 11.4% QoQ to 1.8% of Q4 Revenue. Management commentary stated that it will further decline from current levels by 70-80 bps going into FY26 (by Q3FY26).
- **Deals TCV:** Q4 saw 5 large deal wins, including the large Sabre deal. On 5th March, 2025, Coforge announced a 13-year strategic deal with U.S.-based travel-tech co. Sabre Corporation, valued at ~\$1.56bn (Link). Total order intake for Q4 was exceptional at \$2.1 bn. Excluding the Sabre deal, TCV signings were healthy at \$566mn. The executable order book for the next 12 months stands at a record \$1.5 bn, up 47.7% YoY. One of the other large deals in Q4 was a \$62mn TCV with one of the top three accounts from the Cigniti portfolio.
- **Outlook:** Management expressed strong confidence for FY26 growth despite uncertain macroeconomic conditions, based on the record order book and healthy large deal pipeline. Management stated that the Sabre deal transition is proceeding well and is expected to ramp up over 3 quarters. Overall, company remains bullish on delivering strong growth in FY26 (including no slowdown in organic business), with expansion in EBIT. Management reaffirmed the target of reaching \$2 bn in revenue by FY27, with a desire to achieve it sooner. Guidance of 18% reported EBITDA by FY2027 implies ~14%+ OPM margin, and Coforge expects to achieve bulk of the expansion (from 13% in FY25) within FY2026 itself.
- **Hiring:** Headcount at the end of Q4 stood at 33,497, with a net addition of 403 people (adj for divestiture +1000) during the quarter and 8,771 for the full year. Utilization during Q4 stood at 82% vs 81.3% last quarter. Attrition lowered by 100bps QoQ to 10.9%.
- **PAT:** Coforge divested AdvantageGo, resulting in a PAT of Rs. 2,612mn, up 21.2% QoQ on a like-to-like basis. AdvantageGo reported a PAT profit of Rs. 14mn for Q4 but a loss of Rs. 274mn for full-year FY25. Exceptional expenses included: a) Integration exp. related to Cigniti (Rs. 148mn), Xceltrait/Rhythmos acquisition (Rs. 70mn), and c) AdGo Sale expense (Rs. 43mn).
- **Dividend:** Announced DPS of Rs. 19 per share.

Exhibit 7: Vertical Trend for Q4FY25

Vertical	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
Transportation	76	19	7.3	53.4	5.2	40
BFS	122	30	13.5	28.7	14.5	111
Insurance	73	18	0.0	21.0	0.0	0
Others	103	26	(8.2)	87.8	(9.2)	(71)
Govt.	29	7	9.3	38.0	2.5	19
Total	404	100	3.3	43.6	13.0	100

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

Exhibit 8: Geography Trend for Q4FY25

Geography	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
America	217	54	(0.7)	62.0	(1.6)	(12)
EMEA	134	33	0.6	19.3	0.8	6
Rest of World	52	13	36.0	51.9	13.8	106
Total	404	100	3.3	43.6	13.0	100

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

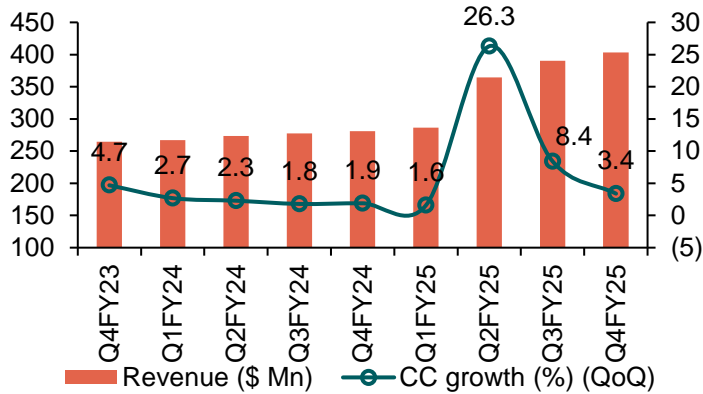
Exhibit 9: Client Growth Trend for Q4FY25

Client	Amount (\$ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue (\$ mn)	% Contribution of Incremental Revenue
-Top 5	75	19	(2.9)	16.2	(2.3)	(17)
-Top 6 - 10	40	10	(0.7)	23.5	(0.3)	(2)
Total Top 10 (a)	115	28	(2.2)	18.6	(2.6)	(20)
Non-Top 10 (b)	289	72	5.7	56.8	15.6	120
Total (a+b)	404	128	3.3	43.6	13.0	80

Source: Company, Dolat Capital, Cigniti acquisition

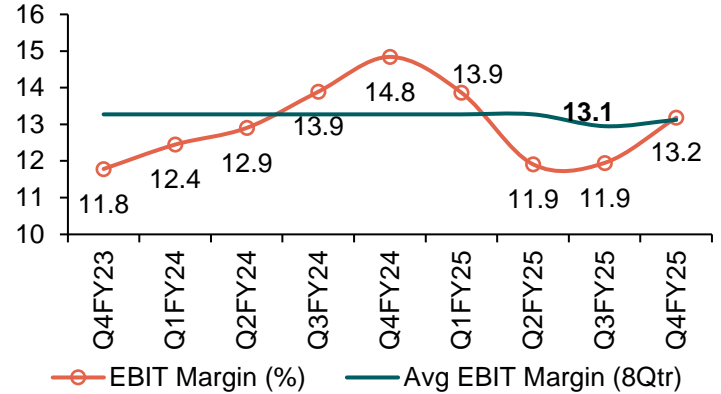
Story in Charts

Exhibit 10: Rev. grew 3.4% QoQ in CC terms



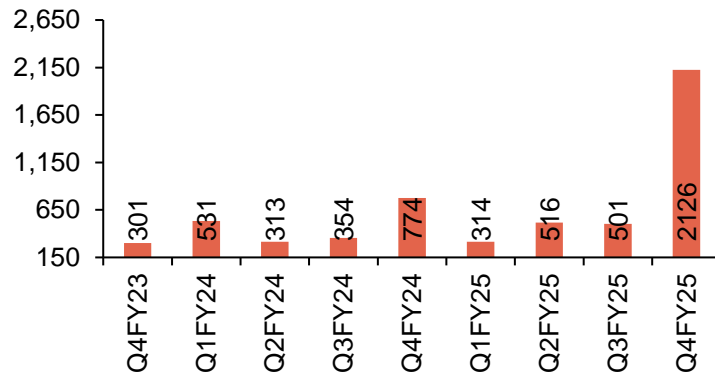
Source: Company, Dolat Capital

Exhibit 11: OPM up 123bps QoQ to 13.2%



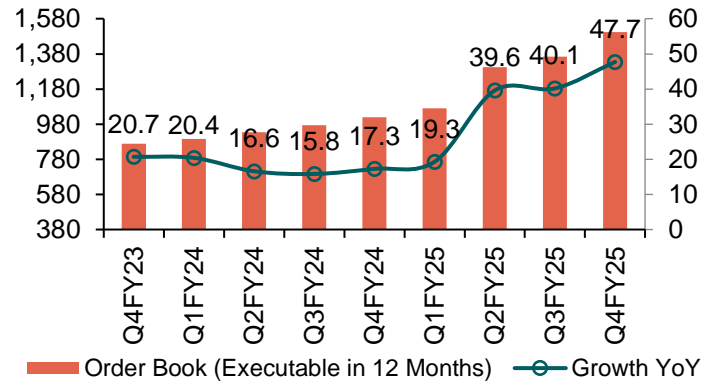
Source: Company, Dolat Capital

Exhibit 12: Deal wins in Q4 (Sabre deal of \$1.56Bn, and ex. Sabre, \$566mn)



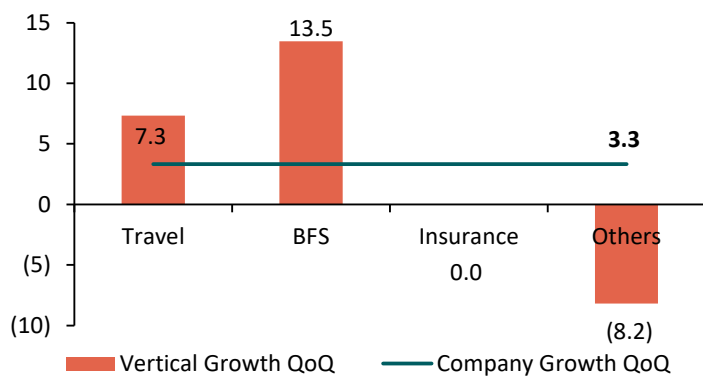
Source: Company, Dolat Capital

Exhibit 13: 12m Order Book rose to \$1.5bn (up 47.7% YoY)



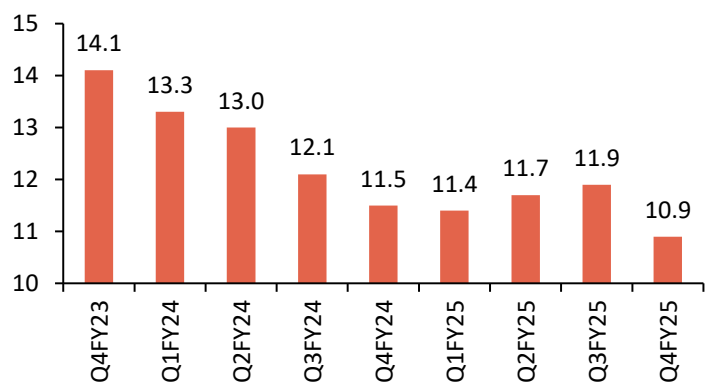
Source: Company, Dolat Capital

Exhibit 14: BFS & Travel verticals outperformed



Source: Company, Dolat Capital

Exhibit 15: Attrition (10.9%) was down by 100bps

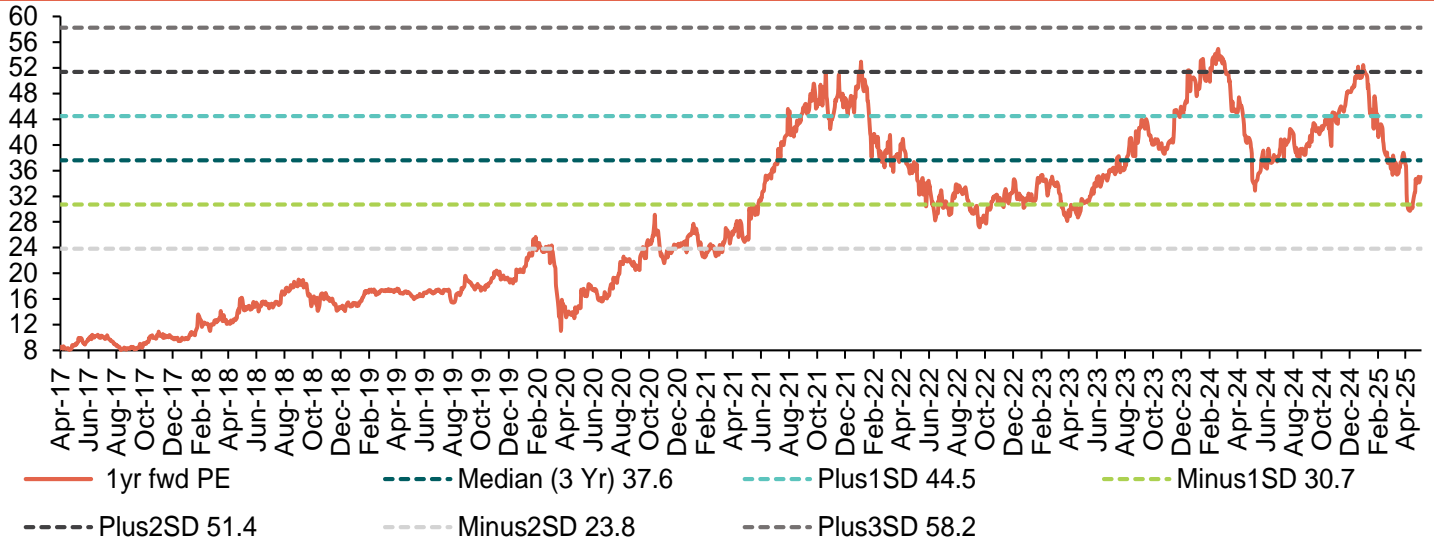


Source: Company, Dolat Capital

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. Despite macro uncertainty, the commentary is bullish, focusing on a healthy pipeline and improving large deal win rate. We **maintain 'Accumulate'** rating on the stock with a TP of Rs. 8,530, valued at 34x of FY27 earnings.

Exhibit 16: Coforge is currently trading at 35x (1yr fwd basis), near its 3-year Median PE of 37.6x



Source: Company, Dolat Capital

Exhibit 17: Operating Metrics 1

Operating Metrics	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
\$ Revenue	264.4	271.8	278.1	282.0	286.8	291.4	369.4	390.5	403.5
CC growth (%) (YoY)	20.7	18.4	14.1	12.0	9.0	7.8	33.1	41.7	43.8
CC growth (%) (QoQ)	4.7	2.7	2.3	1.8	1.9	1.6	26.3	8.4	3.4
Geographical Amount									
America	127.7	135.1	137.4	131.4	136.8	145.4	203.5	218.7	217.1
EMEA	104.7	104.9	107.9	112.8	115.0	112.8	124.9	133.6	134.4
Rest of World	32.0	31.8	32.8	37.8	35.0	33.2	41.0	38.3	52.1
Geographical YoY Growth									
America	10.1	10.1	8.4	7.5	7.1	7.6	48.2	69.1	62.0
EMEA	13.2	19.0	13.4	12.6	9.8	7.5	15.7	20.3	19.3
Rest of World	33.7	12.2	30.2	44.8	9.4	4.5	25.0	2.9	51.9
Vertical Amount									
Transportation	49.7	50.3	51.4	50.1	50.5	52.7	66.9	70.7	75.9
BFS	82.0	84.5	87.9	90.8	96.7	92.7	108.6	107.4	121.9
Insurance	58.7	61.4	62.9	62.0	61.9	62.4	70.6	73.4	73.4
Others	74.0	75.6	75.9	79.2	77.7	61.2	95.7	112.1	102.9
Vertical YoY Growth									
Transportation	6.4	8.4	7.9	4.5	1.5	4.9	30.0	43.3	53.4
BFS	27.3	19.8	12.2	17.5	17.9	9.6	23.6	20.2	28.7
Insurance	(1.7)	11.2	9.6	12.9	5.5	1.5	12.3	20.3	21.0
Others	20.2	12.8	19.1	16.2	5.0	11.5	26.0	43.8	87.8
Order Data (\$ mn)									
America	130	155	118	110	627	126	245	294	1,828
EMEA	113	346	138	172	102	96	184	93	170
Rest of World	58	30	57	72	46	92	86	114	128
Order In-Take Total	301	531	313	354	774	314	516	501	2126
Order Book (12M)	869	897	935	974	1,019	1,070	1,305	1,365	1,505
Growth YoY (%)	20.7	20.4	16.6	15.8	17.3	19.3	39.6	40.1	47.7
Revenue Coverage (%)	86.8	86.7	87.7	88.8	91.1	94.0	106.1	101.5	104.2
Revenue Area Mix									
Off-Shore	50.0	51.0	52.0	52.2	52.5	52.0	53.8	53.1	53.4
On-Shore	50.0	49.0	48.0	47.8	47.5	48.0	46.2	46.9	46.6
Project Type Mix									
Fixed Project	50.2	48.9	49.3	51.0	51.5	50.4	42.5	45.4	46.4
T&M	49.8	51.1	50.7	49.0	48.5	49.6	57.5	54.6	53.6
Top Client Amount									
Top 5	60.8	68.2	65.4	64.0	66.0	61.2	85.0	78.6	75.1
Top 6 - 10 Client	33.1	34.2	32.5	32.7	32.7	34.7	42.1	40.5	39.5
Top 10 client	93.9	102.5	97.9	96.7	98.7	95.9	127.1	119.1	114.6
Non Top 10 Client	170.5	169.3	180.2	185.3	188.1	195.5	242.3	277.9	288.9
Top Client YoY Growth									
Top 5	13.1	24.5	14.5	7.8	8.5	(10.3)	30.0	22.8	16.2
Top 6 - 10 Client	19.3	13.6	3.7	6.2	(1.1)	1.3	29.4	23.8	23.5
Top 10 client	15.2	20.7	10.6	7.2	5.1	(6.4)	29.8	23.1	18.6
Non Top 10 Client	12.7	9.8	13.6	17.0	10.3	15.5	34.5	50.0	56.8

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

Exhibit 18: Operating Metrics 2

Particulars	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Total Employees	23,224	24,224	24,638	24,607	24,726	26,612	32,483	33,094	33,497
Breakup									
Sales and Marketing	350	363	360	368	388	442	575	N.A	N.A
Others	1,059	1,099	1,147	1,132	1,095	1,133	1,474	N.A	N.A
Utilization (%)	81.5	81.0	80.0	79.4	81.7	81.6	82.2	81.3	82.0
Attrition (%)	14.1	13.3	13.0	12.1	11.5	11.4	11.7	11.9	10.9
DSO	61	61	64	63	56	59	60	60	60
Client Bucket Data									
\$1-5mn Bucket	101	102	104	109	112	118	173	176	173
\$5-10mn Bucket	23	24	23	23	24	25	29	31	35
above \$10mn Bucket	21	21	23	24	24	23	29	31	31
New / Old Revenue									
Repeat Biz	242	260	264	262	264	278	349	371	373
New Biz	22	12	14	20	23	14	20	26	30
New / Old Revenue Growth									
Repeat Biz YoY	12.0	13.0	13.8	13.5	8.9	7.1	32.1	41.6	43.8
New Biz YoY	38.1	35.1	(5.5)	(4.4)	3.3	10.2	47.0	30.2	42.4
Practice Mix (\$ mn)									
Product Engineering	25.0	94.6	24.5	21.8	99.7	92.4	155.0	164.7	181.6
Data & Integration	62.2	64.9	67.4	71.7	71.6	78.9	84.8	88.0	88.2
Intelligent Automation	29.2	31.1	33.3	31.5	31.8	33.7	33.3	35.0	34.7
CIMS	50.1	54.1	50.9	52.7	54.2	55.3	62.9	75.1	64.7
ADM	73.0	NA	73.2	75.6	NA	NA	NA	0.0	0.0
BPM	23.7	25.7	26.2	25.7	26.7	27.1	29.6	29.9	30.7

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	154,466	174,544
Total Expense	74,920	100,525	128,470	144,589
COGS	61,225	81,748	104,722	117,872
Employees Cost	0	0	0	0
Other expenses	13,695	18,777	23,748	26,717
EBIDTA	15,169	19,982	25,996	29,954
Depreciation	2,972	4,278	5,637	6,415
EBIT	12,197	15,704	20,359	23,540
Interest	0	0	0	0
Other Income	(1,153)	(1,080)	(644)	(238)
Exc. / E.O. items	(348)	(1,666)	0	0
EBT	10,696	12,958	19,715	23,302
Tax	2,209	3,326	4,995	5,919
Minority Interest	276	1,240	100	0
Profit/Loss share of associates	0	0	0	0
RPAT	8,211	8,392	14,620	17,383
Adjustments	348	1,666	0	0
APAT	8,559	10,058	14,620	17,383

Balance Sheet

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
Sources of Funds				
Equity Capital	618	669	697	697
Minority Interest	1,003	19,498	19,598	19,598
Reserves & Surplus	35,648	63,123	71,647	82,102
Net Worth	36,266	63,792	72,344	82,799
Total Debt	4,366	7,005	8,205	7,705
Net Deferred Tax Liability	(5,117)	(3,286)	(3,471)	(3,626)
Total Capital Employed	36,518	87,009	96,676	106,476

Applications of Funds

Net Block	20,603	57,408	57,721	56,307
CWIP	232	24	34	54
Investments	0	1,457	1,472	1,497
Current Assets, Loans & Advances	34,659	60,548	74,273	87,292
Current Investments	0	0	0	0
Inventories	0	0	0	0
Receivables	19,503	29,682	33,535	36,429
Cash and Bank Balances	3,352	8,832	18,387	27,377
Loans and Advances	0	0	0	0
Other Current Assets	11,804	22,034	22,352	23,487
Less: Current Liabilities & Provisions	18,976	32,428	36,825	38,674
Payables	8,689	11,727	14,663	15,631
Other Current Liabilities	10,287	20,701	22,162	23,043
<i>sub total</i>				
Net Current Assets	15,683	28,120	37,448	48,618
Total Assets	36,518	87,009	96,676	106,476

E – Estimates

Important Ratios

Particulars	FY24A	FY25A	FY26E	FY27E
(A) Margins (%)				
Gross Profit Margin	32.0	32.2	32.2	32.5
EBIDTA Margin	16.8	16.6	16.8	17.2
EBIT Margin	13.5	13.0	13.2	13.5
Tax rate	20.7	25.7	25.3	25.4
Net Profit Margin	9.1	7.0	9.5	10.0
(B) As Percentage of Net Sales (%)				
COGS	68.0	67.8	67.8	67.5
Employee	0.0	0.0	0.0	0.0
Other	15.2	15.6	15.4	15.3
(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	79	76
Average Cost of Debt	0.0	0.0	0.0	0.0
Payable days	35	36	35	33
Working Capital days	50	58	45	44
FA T/O	4.4	2.1	2.7	3.1
(D) Measures of Investment				
AEPS (Rs)	137.3	148.9	211.0	250.9
CEPS (Rs)	185.0	212.2	292.4	343.5
DPS (Rs)	74.9	75.3	88.0	100.0
Dividend Payout (%)	54.5	50.6	41.7	39.9
BVPS (Rs)	581.8	944.4	1044.3	1195.2
RoANW (%)	24.5	16.8	21.5	22.4
RoACE (%)	25.8	18.3	16.0	17.1
RoAIC (%)	41.1	28.2	26.0	29.9
(E) Valuation Ratios				
CMP (Rs)	7497	7497	7497	7497
Mcap (Rs Mn)	480,558	480,558	480,558	480,558
EV	481,572	478,731	470,377	460,887
MCap/ Sales	5.3	4.0	3.1	2.8
EV/Sales	5.3	4.0	3.0	2.6
P/E	54.6	50.3	35.5	29.9
EV/EBITDA	31.7	24.0	18.1	15.4
P/BV	12.9	7.9	7.2	6.3
Dividend Yield (%)	1.0	1.0	1.2	1.3
(F) Growth Rate (%)				
Revenue	12.4	33.8	28.2	13.0
EBITDA	14.5	31.7	30.1	15.2
EBIT	14.4	28.8	29.6	15.6
PBT	12.4	21.1	52.1	18.2
APAT	14.7	17.5	45.4	18.9
EPS	14.5	8.4	41.7	18.9

E – Estimates

Cash Flow

Particulars	FY24A	FY25A	FY26E	FY27E
Profit before tax	10,449	12,536	19,715	23,302
Depreciation & w.o.	3,186	4,683	5,637	6,415
Net Interest Exp	0	0	644	238
Direct taxes paid	(3,661)	(3,959)	(4,995)	(5,919)
Change in Working Capital	(2,800)	(2,689)	494	(2,868)
Non Cash	1,860	1,800	0	0
(A) CF from Operating Activities	9,034	12,371	21,495	21,168
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(2,598)	(26,382)	(5,960)	(5,020)
Free Cash Flow	6,436	6,799	15,535	16,148
(Inc.)/ Dec. in Investments	0	1,185	(15)	(25)
Other	120	714	(644)	(238)
(B) CF from Investing Activities	(2,478)	(24,483)	(6,619)	(5,283)
Issue of Equity/ Preference	7	22,015	28	0
Inc./(Dec.) in Debt	967	2,323	1,200	(500)
Interest exp net	0	0	0	0
Dividend Paid (Incl. Tax)	(4,781)	(5,097)	(6,096)	(6,927)
Other	(5,063)	(1,622)	0	0
(C) CF from Financing	(8,870)	17,619	(4,868)	(7,427)
Net Change in Cash	(2,486)	5,609	10,007	8,457
Opening Cash balances	5,699	3,213	7,956	17,963
Closing Cash balances	3,213	7,956	17,963	26,420

E – Estimates

Notes

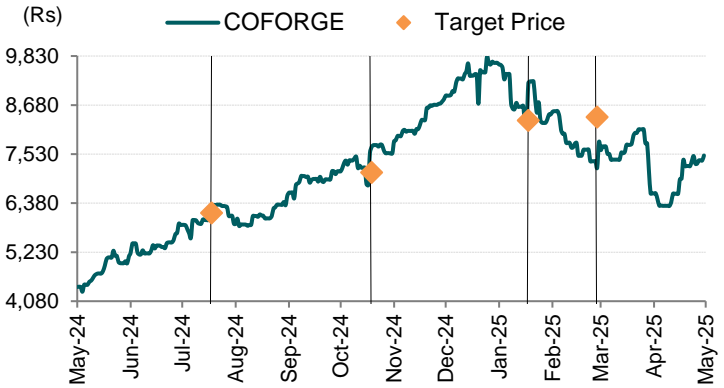
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	13	(12)	70
Rel to NIFTY (%)	7	(16)	61

Shareholding Pattern

Particulars	Sep'24	Dec'24	Mar'25
Promoters	0.0	0.0	0.0
MF/Banks/FIs	48.2	47.9	49.9
FIIIs	42.1	42.6	40.2
Public / Others	9.8	9.6	9.9



Month	Rating	TP (Rs.)	Price (Rs.)
Jul-24	REDUCE	6,150	6,179
Oct-24	SELL	7,100	7,699
Jan-25	SELL	8,320	9,196
Mar-25	Accumulate	8,400	7,212

*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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