

Coforge (COFORGE) - BUY

Q2FY26 Result Update

Current Market Price (CMP) Rs.1778	Fair Value (FV) Rs.2050
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Rationale:

- Coforge reported another quarter of strong, broad-based growth.
- Further increase in EBIT margin to 14%; aspires 14% FY26 EBIT margin.
- Deal-win momentum slows down; robust growth in executable order book.
- We believe Coforge will lead growth in FY26 on the back of the Sabre deal and healthy momentum in the rest of the business.
- We expect Coforge to benefit from the adoption of new technologies such as AI, gain share from incumbents and consistently maintain a high growth profile.
- We value Coforge at an unchanged 33x multiple & roll over to Sep'27E EPS, leading to a revised FV of Rs2,050 (Rs1,900 earlier).
- We expect Coforge to be among the growth leaders in the medium- to long-term.

👍 Positives:

- Coforge reported revenues of \$46.2 cr, up 4.5% qoq & 26.6% yoy in US\$ terms.
- The growth of 5.9% qoq in c/c was in line with our estimate of 6%.
- Adjusted EBIT margin up 90 bps qoq to 14%, 80 bps above our estimate of 13.2%.

👎 Negatives:

- Intelligent automation service-line declined 1.8% qoq.
- The attrition rate increased 10 bps qoq to 11.4%.
- EBIT Margins will decline in Q3FY26 due to wage hikes.

EBIT: Earnings Before Interest and Tax. EPS: Earnings Per Share.



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months