

CMP: INR 1,636

Rating: Accumulate

Target Price: INR 1,953

Stock Info

BSE	532541
NSE	COFORGE
Bloomberg	COFORGE:IN
Reuters	COFORGE.BO
Sector	Computers-Software
Face Value (INR)	2
Equity Capital (INR mn)	669
Mkt Cap (INR Bn)	548
52w H/L (INR)	1,994 / 1,194
Avg Yearly Vol (in 000')	1474

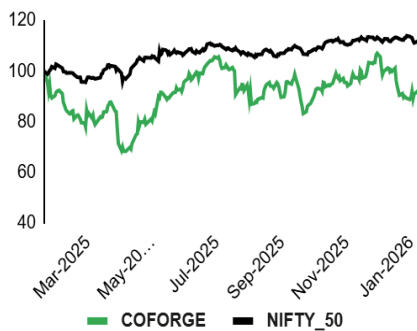
Shareholding Pattern %

(As on Jul , 2025)

FII	34.09
DII	54.87
Public	8.17
Others	2.87

	1m	3m	12m
Coforge	8.3	5.0	14.2
Nifty 50	2.9	2.9	5.7

Coforge Vs Nifty 50



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Coforge's reported revenue for the quarter was INR 41,881Mn grew by 5.1% QoQ/28.5% YoY in INR terms and stood at USD 478 Mn grew by 3.5% QoQ/ 22.6% YoY in USD terms. (In line with our estimates INR 42,020 Mn/ above 470 in USD);4.4% QoQ and 21.5% YoY on a constant currency basis. Growth led by growth was led by Healthcare & Hi-tech, up 8.5%QoQ and up 56.7%YoY,TTH up 1.6% QoQ and 52.4% YoY, followed by Insurance up by 1.5% QoQ and up 5.0% YoY. BFS declined 2.4% QoQ but was up 13.8% YoY, while Government outside India was down by 5.7% QoQ /+10.3% YoY. The Others category (Retail, Media Utilities, Manufacturing) grew 18.3% QoQ and was up 13.5% YoY. Horizontally, Engineering declined 0.3% QoQ/+33.4% YoY, Data & Integration grew 8.5% QoQ and grew 19.5% YoY, and BPM was up 5.7% QoQ and up 23.9% YoY. CIMS also was up by 7.2% QoQ and up 11.5% YoY, while Intelligent Automation rose 1.9% QoQ and up 5.0% YoY. EBIT margin stood at 13.4% (In line with our estimates of 13%), up 60 bps QoQ. Order intake of \$593 Mn in Q3FY26 against \$ 501Mn and Order book executable over next 12 months stood at \$1.72 Bn up 30.4% with a high degree of repeat business. Headcount at 35,341 and net addition of 445 sequentially. LTM Attrition stood at 10.9% reduce by 50bps. Large Deal: 6 large deals signed this quarter across North America, Europe and APAC. Utilization down by 60bps QoQ to 81.7%.Repeat Business was at 94.0% vs 95.0% in Q2FY26.

Sabre Relationship Unlocks Multi-Year Travel Upside: The Sabre engagement is progressing ahead of plan, with milestones delivered on or better than schedule and costs tracking below estimates. Beyond core revenue visibility, Sabre is enabling cross-sell into airline customers, with Coforge on the verge of building a ~USD 20mn airline relationship that was previously not material. Management highlighted that Sabre is a long-term partner rather than a single contract, opening opportunities across airline platform modernization and ecosystem transformation. This reinforces Coforge's leadership in the travel vertical and supports durable growth.

Encora Acquisition Strengthens AI-Led Engineering Platform: The USD 2.35bn Encora acquisition positions Coforge as a scaled player in AI-led engineering, data and cloud services, enhancing its relevance in next-gen enterprise transformation. The transaction is funded via USD 1.89bn share swap and a USD 550mn term loan, with management ruling out a QIP. Importantly, management reiterated no EPS dilution in FY27 for the combined entity. Encora is expected to accelerate growth in Hi-Tech and deepen AI-driven delivery capabilities, supporting long-term value creation.

Healthcare, Hi-Tech and Public Services as Structural Growth Engines: Healthcare and Hi-Tech together now account for 10.5% of revenues, nearly doubling YoY, even before factoring in Encora. Travel continues to outperform with 66% YTD growth, while BFS (21% YTD) and Government ex-India (20% YTD) provide stability. The company signed a new-name large deal in healthcare in Q3 and expects another NN deal in Q4, alongside a potential record public services win. Management expects these emerging verticals to grow faster than core verticals in FY27, structurally lifting the growth profile.

Outlook and Valuation: Coforge enters Q4FY26 and FY27 with strong growth visibility, supported by a record USD 1.72bn executable order book (+~30% YoY) and continued ramp-up of large deals signed in FY26 (16 deals in 9M vs 14 in FY25). Expects a strong Q4 exit, aided by improving utilization (Q3 at 81.8%, trending higher), margin recovery to ~15% EBIT in Q4, and sustained momentum in Travel, Banking and Insurance. Healthcare, Hi-Tech and Public Services are expected to outgrow core verticals in FY27, while the Sabre engagement is likely to unlock incremental airline cross-sell opportunities, including a potential ~USD 20mn account. Underlying margins are expected to normalize post wage-hike and hedge headwinds, supporting ~14% EBIT in FY26 with further upside in FY27. Strong cash generation (Q3 FCF at 110% of PAT).The Encora acquisition, expected to close by Mar-Apr 2026, positions Coforge for a step-up in scale and AI-led engineering growth in FY27. Hence, we expect Revenue & EPS to grow at a CAGR of 17.5% & 15.9% over FY26e-FY28e. **We value, Coforge at a PE of 30x its FY28E EPS of 65, which yields a target price of INR 1,953 per share. We maintain our an Accumulate rating on the stock.**

Exhibit 1: Quarterly Performance (Consolidated)

Particulars (in INR Mn)	Q3FY26	Q2FY26	Q3FY25	Q-o-Q%	Y-o-Y
Revenue (Mn USD)	478.2	462	390	3.5%	22.6%
Gross Revenue (INR Mn)	41,881	39,857	32,581	5.1%	28.5%
Direct People Cost	18,828	18,376	14,532	2.5%	29.6%
Third Party Cost	4,480	4,486	2,796	-0.1%	60.2%
Other Direct Cost	4,804	3,437	4,372	39.8%	9.9%
Direct Cost (INR Mn)	28,112	26,299	21,700	6.9%	29.5%
Gross Profit	13,769	13,558	10,881	1.6%	26.5%
GM %	32.9%	34.0%	33.4%	-114bps	-52bps
Sales People Cost	2621	2585	1988	1.4%	31.8%
Marketing Cost	418	151	215	176.8%	94.4%
Provision for Bad Debts	-2	22	-26	-109.1%	-92.3%
Other S&M Cost	169	158	129	7.0%	31.0%
Sales & Marketing	3,206	2,916	2,306	9.9%	39.0%
G&A People Cost	1,534	1,532	1,536	0.1%	-0.1%
ESOPS	444	561	695	-20.9%	-36.1%
Other G&A Cost	1,283	1,267	1,287	1.3%	-0.3%
General & Administration	3,261.0	3,360.0	3,518.0	-2.9%	-7.3%
Selling / General And Administration	6,467	6,276	5,824	3.0%	11.0%
SG&A to Revenue %	15.4%	15.7%	17.9%	-30bps	-243bps
EBITDA	7,302	7,282	5,057	0.3%	44.4%
EBITDA margin %	17.4%	18.3%	15.5%	-84bps	191bps
Depreciation and Amortization	1229	1251	795	-1.8%	54.6%
Amoritzation of Intangibles (acquired assets)	479	468	370	2.4%	29.5%
Acquisition related Expenses			162		
EBIT	5594	5563	3,730	0.6%	50.0%
EBIT margin %	13.4%	14.0%	11.4%	-60bps	191bps
Fx Gain/Loss (Net)	-68	310	-68	-121.9%	0.0%
Net Interest Income	-208	-292	-261	-28.8%	-20.3%
Profit Before Tax (Before exceptional items)	5318	5581	3401	-4.7%	56.4%
PBT % (Before exceptional items)	12.70%	14.00%	10.44%	-130bps	226bps
Exceptional items	1179	0	0		
Other Acquisition related Expense	135				
Cyber security issue	162				
PBT	3842	5581	3401	-31.2%	13.0%
PBT %	9.17%	14.00%	10.44%	-483bps	-126bps
Provision for Tax	875	1328	870	-34.1%	0.6%
Minority Interest	465	496	404	-6.3%	15.1%
PAT (Continuing Business)	2502	3757	2127	-33.4%	17.6%
PAT %	5.97%	9.43%	6.53%	-36.6%	-8.5%
Income from discontinued operations	0	0	0		
PAT	2,502	3,757	2,127	(0)	0
PAT %	6.0%	9.4%	6.5%	-345bps	-55bps
Basic EPS (INR) - Continued operations	7.2	11.2	6.4	-35.7%	12.5%
Particulars (in INR million)	Q3FY26	Q2FY26	Q3FY25	Q-o-Q	Y-o-Y
Americas	23773	23076	18574	3.0%	28.0%
Europe , Midd le East and Africa	11741	11547	10732	1.7%	9.4%
Asia Pacific	3652	3422	2085	6.7%	75.2%
India	2715	1812	1190	49.8%	128.2%
Total	41,881	39,857	32,581	5.1%	28.5%

Q3FY26- Includes New Labour code impact of INR 1,179 Mn and INR 135 Mn part of legal expenses related to acquisition and INR 162 Mn related to cyber security issue

Source: Arihant Research, Company Filings

Coforge- Q3FY26 Concall KTAs

Outlook: Sequential growth is expected to remain healthy in Q4FY26, aided by large-deal ramp-ups and improving utilization from 81.8% in Q3. EBIT margins are guided to improve to ~15% in Q4 FY26, translating into ~14% EBIT for FY26, despite wage hikes and hedge-related volatility. With a 30% higher executable order book, accelerating Healthcare and Hi-Tech revenues, Sabre-led travel opportunities, and Encora-driven capability expansion, Company enters FY27 with confidence of delivering industry-leading growth with improving margins and strong cash flows.

Growth quality remains strong, driven by large deal ramp-ups and broad-based key account traction, with momentum expected to continue into Q4 and FY27.

Large Deal

Q3 saw six large deals signed, even in a seasonally soft quarter, taking the total large deals signed in 9M FY26 to 16, already exceeding FY25's full-year tally of 14. Total order intake stood at USD 593mn, while the next 12-month executable order book reached a record USD 1.72bn, up ~30% YoY. Elevated order book, coupled with improving deal conversion, provides high visibility for growth in FY27.

Clients

Growth continued to be led by key clients, with Top-5 and Top-10 clients growing 51% and 47% YTD, respectively, in dollar terms. These cohorts contributed 21.0% and 30.7% of Q3 revenues, highlighting deepening wallet share and reduced concentration risk. Growth is evenly distributed across the top 10–20 clients, strengthening confidence in sustainability of revenues.

Vertical

Healthcare and Hi-Tech together now contribute 10.5% of revenues, nearly doubling YoY on a YTD basis, even before factoring in Encora. Travel remained the standout core vertical, growing 66% YTD, while BFS grew 21% YTD, Government (ex-India) 20% YTD, and Other Verticals (Retail & Manufacturing) 23% YTD. Of the six large deals signed in Q3, two were in Banking, one in Travel, one in Insurance, and one in Healthcare (new-name). Management guided that Healthcare, Hi-Tech and Public Services will grow faster than core verticals in FY27, supported by deal momentum and capability build-out.

BFS & Travel

While BFS appeared relatively softer on a YoY basis, management clarified that Banking is expected to be the fastest-growing core vertical in FY27, supported by a strong pipeline and large deal momentum. Insurance is expected to grow faster in FY27 than FY26, while Travel continues to perform exceptionally well, supported by long-term platform engagements and cross-sell opportunities. Government (ex-India) is expected to rebound sharply, with management indicating the potential closure of one of the largest public sector deals in Q4.

Sabre

Sabre engagement continues to progress ahead of plan, with management describing execution as “swimmingly well” and feedback from Sabre’s senior leadership as “exceptional.” Milestones are being delivered on or better than schedule, with costs running below initial estimates.

The Sabre relationship is already yielding cross-sell benefits, with Coforge on the verge of building a ~USD 20mn airline client relationship, which was earlier a Sabre customer but not material for Coforge. Sabre is not just a client but a long-term partner, opening incremental opportunities across airlines and travel ecosystem transformation programs.

AI-Embedded

Industry has moved beyond AI experimentation, with clients now demanding measurable business outcomes. Coforge has embedded AI across its delivery model through platforms such as ForgeX, Code Insight AI, BlueSwan and Quasar, deployed across 54 clients. The company is increasingly structuring risk-reward and outcome-linked contracts, underwriting delivery outcomes and sharing upside with clients. Hybrid delivery models combining agentic AI workflows with human expertise are improving productivity, time-to-market and long-term margin scalability.

Margin

Q3 EBIT margin stood at 13.4%, up 191 bps YoY but down 60 bps QoQ. The sequential decline was driven by wage hikes (~150 bps impact) and higher hedge losses of INR 434mn, which had a ~90 bps impact on reported margins. Ex-hedges, underlying EBIT margin stood at 14.4%. Guided to ~15% EBIT margin in Q4, implying ~14% EBIT for FY26, supported by utilization improvement (Q3 utilization at 81.8%, expected to rise in Q4), cost optimization and easing supply-side pressures.

Cash Flow

Coforge generated USD 45.7mn of FCF in Q3, translating to 110% of normalized PAT, well above the guided range of 70–80%. Working capital remained stable at 49 days, with DSO at 67 days, unbilled revenue at 20 days, and contract assets at 14 days. Reiterated that FCF-to-PAT and working capital discipline remain key guardrails, even as the company signs larger, more complex SI and outcome-based contracts.

Encora Acquisition

USD 2.35bn Encora acquisition represents a strategic inflection point, positioning Coforge as a scaled player in AI-led engineering, data and cloud services. The transaction is funded via USD 1.89bn share swap and a USD 550mn term loan (3 years), with management ruling out any QIP. Regulatory approvals are expected by Mar–Apr 2026, with consolidation thereafter. Reiterated no EPS dilution in FY27 for the combined entity, even after factoring in debt.

Cigniti

Shareholder approval for the Cigniti merger has been received, with NCLT approval expected by March 2026. The merger is effective 1 April 2025, and Coforge may restate FY26 numbers upon completion. Elimination of minority interest is expected to be EPS accretive, more than offsetting dilution from share issuance.

Exhibit 2: Post-Close Indicative Share Capital (Assuming QIP for Encora Term Loan Retirement)**Post-Close Indicative Share Capital (Assuming QIP for Encora Term Loan Retirement)**

Encora Enterprise Value (US\$ Mn)	2350
Possible Size of QIP (US\$ Mn)	1,897
No of Coforge shares to be allotted to sellers of Encora (Mn) (A)	93.8
Possible Size of QIP (US\$ Mn)	550
No of Coforge shares to be issued to QIP Investors (Mn) (B)	27.2
Outstanding shares of Coforge as of December 24, 2025 (Mn) (C)	335
Coforge Shares for Cigniti merger (Mn) (D)	12.7
Outstanding shares of Coforge post-closing of Encora transaction and QIP (Mn) (A+B+C+D)	468.7

Exhibit 3: Business Matrix

Vertical Mix	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
BFS	33.7%	31.8%	29.4%	27.5%	30.2%	27.7%	27.6%	26.0%
Insurance	21.6%	21.4%	19.1%	18.8%	18.2%	15.5%	15.1%	14.8%
Travel and Transport	17.6%	18.1%	18.1%	18.1%	18.8%	22.9%	23.3%	22.9%
Healthcare & HiTech				8.2%			10.0%	10.5%
Government (Overseas)	7.6%	7.8%	7.6%	6.9%	7.3%	7.2%	6.9%	6.3%
Others	19.5%	21.0%	25.9%	28.7%	25.5%	26.7%	17.0%	19.5%
Total	100.0%	100.1%	100.0%	108.2%	100.0%	100.0%	100.0%	100.0%
Horizontal Mix								
Engineering	35.1%	32.1%	42.4%	41.9%	45.4%	45.9%	46.1%	44.4%
Intelligent Automation	11.2%	11.7%	9.1%	8.9%	8.7%	8.4%	7.9%	7.8%
Data and Integration	25.2%	27.4%	23.2%	22.4%	22.1%	20.4%	21.2%	22.2%
Cloud and Infrastructure Management (CIMS)	19.1%	20.0%	17.2%	19.1%	16.2%	17.9%	17.1%	17.7%
Business Process Management (BPM)	9.4%	9.4%	8.1%	7.6%	7.7%	7.5%	7.7%	7.9%
Geography Mix								
Americas	47.7%	49.9%	55.1%	56.0%	53.8%	56.7%	57.9%	56.8%
EMEA	40.1%	38.7%	33.8%	34.2%	33.3%	29.8%	28.9%	28.5%
ROW	12.2%	11.4%	11.1%	9.8%	12.9%	13.5%	13.2%	14.7%
Total	100%	100%	100%	100%	100%	100%	100%	100%
Billable People								
Onsite	47.7%	49.90%	46.20%	46.90%	46.60%	47.70%	47.70%	47.20%
Offshore	40.1%	38.70%	53.80%	53.10%	53.40%	52.30%	54.10%	52.80%
Client Data	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
New Clients Added								
Americas	5	7	7	7	6	3	4	3
EMEA	2	2	6	7	-	2	2	3
Rest of World	1	1	-	-	4	1	3	3
Total	8	10	13	14	10	6	9	9
Repeat Business %	93.0%	96.5%	95.5%	94.5%	93.5%	94.5%	95.0%	94.0%
Client Concentration (% of Revenue)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Top 5	23%	21%	23%	20%	18%	21%	21%	21.0%
Top 10	34%	33%	34%	30%	28%	29%	31%	30.7%
No. of Clients (by Client Engagement Size)								
Above USD 10 Mn	24	23	29	31	28	32	34	36
USD 5-10 Mn	24	23	29	31	37	40	45	42
USD 1-5 Mn	112	150	173	176	163	170	164	167
People Data	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
By Role								
Billable Personnel								
IT	16,930	17,920	22,886	23,015	23,068	24,097	24,375	24,673
BPS	6,313	7,117	7,548	7,966	7,820	7,916	8,335	8,505
Total Billable	23,243	25,037	30,434	30,981	30,888	32,013	32,710	33,178
Sales and Marketing	388	442	575	583	569	594	622	617
Others	1,095	1,133	1,474	1,530	1,566	1,580	1,564	1,546
Total	24,726	26,612	32,483	33,094	33,023	34,187	34,896	35,341
Utilization/Attrition (Excl BPS)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Utilization	81.70%	81.60%	82.20%	81.30%	82.00%	82.10%	82.30%	81.70%
Attrition Rate	11.50%	11.40%	11.70%	11.90%	10.90%	11.30%	11.40%	10.90%
Days Sales Outstanding (DSO)	57	59	60	60	60	64	63	67
Order Book (USD Mn)	Q4FY24	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26		
Fresh Order Intake	774	501	2,126	507	514	593		
Americas	627	294	1,828	272	281	304		
EMEA	102	93	170	140	122	194		
ROW	46	114	128	95	110	95		
Executable Order Book over Next 12 Months	1,019	1,365	1,505	1,545	1,635	1,717		
Cash Flow	Q4FY24	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26		
OCF (\$ Mn) excl QIP related exp	75.4	48.4	73.8	43.8	47.2	48.7		
INR / USD Rate	Q4FY24	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26		
Period Closing Rate	85.43	85.60	85.40	85.80	88.80	89.87		

Financials Analysis.... (Consolidated INR Mn)

<p>Exhibit 4: Horizontal Mix %</p>	<p>Exhibit 5: Vertical Mix %</p>																								
<p>AI led Engineering, 77%</p> <p>Cloud, 13%</p> <p>Data, 10%</p>	<p>Hi-Tech, 28%</p> <p>BFSI, 24%</p> <p>TTH, 12%</p> <p>HLS, 13%</p> <p>Retail, 7%</p> <p>Others, 12%</p> <p>Automotive, 5%</p>																								
<p>Exhibit 6: Geography Mix %</p>	<p>Exhibit 7: Margin Trajectory</p>																								
<p>Americas 80%</p> <p>EMEA 14%</p> <p>APAC & ANZ 6%</p>	<table border="1"> <thead> <tr> <th>Quarter</th> <th>EBITDA Margin</th> <th>EBIT Margin</th> <th>PAT Margin</th> </tr> </thead> <tbody> <tr> <td>Q3FY25</td> <td>15.52%</td> <td>11.45%</td> <td>6.53%</td> </tr> <tr> <td>Q4FY25</td> <td>16.86%</td> <td>13.22%</td> <td>7.66%</td> </tr> <tr> <td>Q1FY26</td> <td>17.97%</td> <td>15.18%</td> <td>5.65%</td> </tr> <tr> <td>Q2FY26</td> <td>18.27%</td> <td>13.96%</td> <td>9.43%</td> </tr> <tr> <td>Q3FY26</td> <td>17.44%</td> <td>13.36%</td> <td>5.97%</td> </tr> </tbody> </table>	Quarter	EBITDA Margin	EBIT Margin	PAT Margin	Q3FY25	15.52%	11.45%	6.53%	Q4FY25	16.86%	13.22%	7.66%	Q1FY26	17.97%	15.18%	5.65%	Q2FY26	18.27%	13.96%	9.43%	Q3FY26	17.44%	13.36%	5.97%
Quarter	EBITDA Margin	EBIT Margin	PAT Margin																						
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<p>Exhibit 9: Executable order over the next 12 Months (USD mn)</p>																									
<table border="1"> <thead> <tr> <th>Quarter</th> <th>Executable order over the next 12 months (USDmn)</th> <th>yoy growth</th> </tr> </thead> <tbody> <tr> <td>Q3FY25</td> <td>1317</td> <td>35.22%</td> </tr> <tr> <td>Q4FY25</td> <td>1505</td> <td>47.7%</td> </tr> <tr> <td>Q1FY26</td> <td>1545</td> <td>44.39%</td> </tr> <tr> <td>Q2FY26</td> <td>1635</td> <td>26.74%</td> </tr> <tr> <td>Q3FY26</td> <td>1717</td> <td>30.4%</td> </tr> </tbody> </table>		Quarter	Executable order over the next 12 months (USDmn)	yoy growth	Q3FY25	1317	35.22%	Q4FY25	1505	47.7%	Q1FY26	1545	44.39%	Q2FY26	1635	26.74%	Q3FY26	1717	30.4%						
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Q2FY26	1635	26.74%																							
Q3FY26	1717	30.4%																							

Source: Company, Arianth Research

Key Financials

Income Statement (INR Mn)				
Year End-March	FY25	FY26E	FY27E	FY28E
Revenue (Mn USD)	1454	1881	2212	2599
Change (%)	31.5%	29.3%	17.6%	17.5%
Revenues	1,20,507	1,62,971	1,96,887	2,31,277
Change (%)	33.8%	35.2%	20.8%	17.5%
Direct Cost	80,017	80,213	1,26,164	1,46,717
Direct Cost to revenue %	66.4%	49.2%	64.1%	63.4%
Gross Profit	40,490	82,740	70,213	84,076
GM%	33.6%	50.8%	35.7%	36.4%
Selling / General And Administration	18,777	26,223	35,793	44,051
SG&A to Revenue %	15.6%	16.1%	18.2%	19.0%
Cost ESOP	1,731	2,091	2,300	2,530
EBITDA	19,982	29,452	34,930	40,510
EBITDA Margin	16.6%	18.1%	17.7%	17.5%
Depreciation and Amortization	4,278	5,801	7,573	8,143
EBIT	15,704	22,215	27,358	32,367
EBIT Margin	13.03%	13.63%	13.90%	13.99%
PBT	12,961	22,002	29,657	34,896
PBT %	10.8%	13.50%	15.06%	15.09%
Provision for Tax	3,326	4,670	8,897	8,315
PAT (Excl Minority)	9,635	17,228	20,760	26,582
PAT%	8.0%	10.6%	10.5%	11.5%
Adj. PAT (Excl Minority)	10,873	13,981	18,680	21,782
Adj. PAT%	9.0%	8.6%	9.5%	9.4%
EPS	25	41	56	65

Cash Flow Statement (INR Mn)				
Year End-March	FY25	FY26E	FY27E	FY28E
PBT	12,961	60,876	40,739	46,580
Depreciation	4,276	6,039	6,220	6,400
Interest & others	940	-99	-428	-762
Cash flow before WC changes	18,177	66,817	46,531	52,219
(Inc)/dec in working capital	7,608	-2,353	743	754
Operating CF after WC changes	25,785	64,464	47,274	52,973
Less: Taxes	-3,326	-4,981	-6,275	-7,794
Operating Cash Flow	22,459	59,483	40,999	45,178
(Inc)/dec in F.A + CWIP	-29,821	-696	-695	-694
Cash Flow from Investing	-29,821	-696	-695	-694
Free Cash Flow (FCF)	21,762	58,787	40,304	44,484
Loan raised/(repaid)	-4,299	3	3	3
Equity raised	51.00	-	-	-
Interest & others	20,513	-48,963	-23,636	-20,768
Dividend	-1,271	-1,271	-1,271	-1,271
Cash Flow from Financing Activities	14,994	-50,232	-24,904	-22,036
Net inc / (dec) in cash	7,632	8,555	15,400	22,448
Opening balance of cash	2,918	10,550	19,105	34,505
Closing balance of cash	10,550	19,105	34,505	56,953

Balance Sheet (INR Mn)				
Year End-March	FY25	FY26E	FY27E	FY28E
Sources of Funds				
Share Capital	669	669	669	669
Reserves & Surplus	63,123	76,028	92,617	1,13,530
Net Worth	63,792	76,697	93,286	1,14,199
Loan Funds	67	70	73	76
MI, Deferred Tax & other Liabilities	12,903	9,836	8,415	9,708
Capital Employed	76,762	86,603	1,01,774	1,23,982
Application of Funds				
Gross Block	22,532	23,228	23,923	24,617
Less: Depreciation	4,276	6,039	6,220	6,400
Net Block	18,256	17,189	17,703	18,217
CWIP	24	24	24	24
Deferred Tax Assets	5,470	5,470	5,470	5,470
Net Fixed Assets	29,663	28,596	29,110	29,624
Investments	-	-	-	-
Debtors	29,682	36,613	44,232	51,958
Inventories	-	-	-	-
Cash & Bank Balance	7,956	16,511	31,911	54,360
Loans & Advances & other CA	6,638	6,638	6,638	6,638
Total Current Assets	44,276	59,762	82,782	1,12,956
Current Liabilities	35,607	40,185	48,548	57,027
Provisions	-	-	-	-
Net Current Assets	8,669	19,577	34,234	55,929
Total Assets	76,762	86,603	1,01,774	1,23,982

Key Ratios				
Year End-March	FY25	FY26E	FY27E	FY28E
Per share (INR)				
Pre-Exceptional-EPS	25.4	41.5	55.8	65.1
CEPS	226.5	614.8	369.7	431.4
BVPS	953.5	1146.4	1394.4	1707.0
DPS	19.0	19.0	19.0	19.0
Div. Payout (%)	0.1	0.1	0.1	0.1
P/E	64.6	39.6	29.4	25.2
P/CEPS	8.1	5.4	4.6	3.8
P/BV	1.7	1.4	1.2	1.0
EV/EBITDA	6.0	3.7	2.6	1.6
Dividend Yield (%)	1.2%	1.2%	1.2%	1.2%
Return ratio (%)				
EBITDA Margin	14.05%	15.40%	15.20%	15.40%
EBIT Margin	10.5%	11.7%	11.7%	12.0%
PAT Margin	7.8%	8.7%	9.1%	9.6%
ROE	14.7%	18.5%	19.1%	19.4%
ROCE	16.5%	22.0%	23.3%	23.6%
Turnover Ratios				
Asset Turnover (x)	1.6	1.9	1.9	1.9
Inventory Days	0	0	0	0
Receivable Days	90	82	82	82
Payable days	108	90	90	90

Source: Arianth Research, Company Filings

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Stock Rating Scale**Absolute Return**

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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