SELL
TP: Rs 1,267 | ⩛ 33%

COFORGE | IT Services | 25 October 2026

Believe growth scarcity premium excessive

- **Revenue a tad below and EBIT margin a tad above our estimates. EBIT margin guidance raised for FY27 and beyond.**
- **Deal wins strong and consolidated revenue for FY27 should grow at ~39% with organic revenue growth likely at ~12%.**
- **Market is according a significant growth scarcity premium. Extra growth comes at expense of stock and return dilution. Maintain SELL**

Girish Pai
Research Analyst

Lopa Notaria, CFA
Research Associate
research@bobcaps.in

Revenue slightly below our estimate: Revenue stood at US$652.2mn, up 10.9% QoQ in CC terms (tad below our estimate of 12.0%), and organic growth was 3.8% QoQ. EBIT margin at 16% was a tad better than our estimate of 15.8%. Significant takeaway from 2Q is EBIT margin raise for FY27 and beyond.

FY27 will be optically strong: While our USD revenue growth estimate is ~39% for FY27 we believe organic growth for Coforge is likely ~12%. We are skeptical about the 15% organic CAGR (FY26-FY30) that the company is projecting for FY30 targeted revenue of US$5bn. We believe the demand environment is going to be a lot tougher in the coming 4 years compared to the past 9 (when it clocked 15% organic CAGR on a smaller base in a relatively benign demand environment).

Unsustainable growth scarcity premium: In chasing pockets of growth, market, we believe, is giving unsustainable growth scarcity premium to certain Tier-2 players like Coforge and Persistent Systems. While organic growth is in the low to mid-teens, these players are juicing up growth through acquisitions which raise execution risks, dilute equity and markedly dilute return ratios.

Encora deal results in stock and return dilation: We have had a negative opinion about the Encora deal (**An expensive buy**). Among other things (1) 50%/100% of the equity held by Advent in Coforge (~21.5% post transaction) can come to market, post October 2026 and April 2027. That is a lot of supply (~US$1.9bn at current stock price) post sell down by Barings of its entire 70% stake and a QIP post the Cigniti deal (2) Return ration dilution: Post tax ROIC will fall from ~25% in FY24 (pre Cigniti acquisition) to ~13% in FY28 despite pushing up EBIT margin by 400bps from FY24 levels. Further M&A to drive growth may push ROIC even lower.

Maintain SELL with a Sep 2027 target price of Rs 1,267: We have cut FY27E/FY28E/FY29E USD revenue estimates by 1.5%/2.2%/0.6%. We have raised EBIT margin estimates by 100/160/120 bps to 16.4%/17.1%/17.1%. We continue to value Coforge at a target PE of 14.8x Sep 2028E EPS and maintain SELL rating. We believe current growth scarcity premium is excessive.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	COFORGE IN/Rs 1,901
Market cap	US$ 8.9bn
Free float	78%
3M ADV	US$ 52.1mn
52wk high/low	Rs 2,021/Rs 1,008
Promoter/FPI/DII	0%/24%/43%

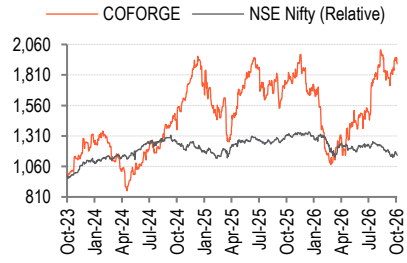
Source: NSE | Price as of 23 Oct 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	163,562	249,314	286,240
EBITDA (Rs mn)	30,585	52,188	59,012
Adj. net profit (Rs mn)	14,899	26,577	35,003
Adj. EPS (Rs)	44.3	60.7	79.2
Consensus EPS (Rs)	44.3	59.1	72.2
Adj. ROAE (%)	18.7	16.1	14.2
Adj. P/E (x)	42.9	31.3	24.0
EV/EBITDA (x)	27.7	15.9	13.9
Adj. EPS growth (%)	81.1	37.0	30.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Key Points from the quarter and the earnings call

- Revenue stood at US$652.2mn, up 10.9% QoQ (below our estimate of 12.0%) in CC terms. Organic QoQ growth was 3.8% in CC terms. The reported number had one extra month of Encora financials.
- Vertical-wise QoQ CC organic growth: Banking & Financial Services grew 8.3%; Insurance grew 3.6%; Travel, Transportation and Hospitality grew 1.8% QoQ; Healthcare and Hi-Tech declined 6.4%; Government Outside India grew 20.8%; Emerging verticals grew 2.3%
- Geography-wise QoQ CC organic growth: Americas: 4.1%; Rest of the World: 16.3%; EMEA: flat, reflecting the impact of developments in the Middle East
- Organic CC growth of 3.8% implies Encora revenue of about US$ 147 mn to US$ 148 mn in 2Q, against US$ 100 mn for two months in 1Q, with the full quarter 1Q number close to US$ 148 mn, so Encora revenue was largely flat QoQ. Encora flat revenue was on expected lines according to Coforge.
- EBIT margin stood at 16.0% (slightly above our estimate of 15.8%), flat QoQ and up 200 bps YoY
    - Organic business reported an EBIT margin of 17.0% in the quarter
    - Following the 40% reduction in Encora G&A in 1Q, combined G&A improved further to 6.3% in 2Q FY27 from 6.6% in 1Q FY27
- FY27 consolidated EBIT margin guidance was raised to 16% from 15.5%, with a plan to achieve a reported 17% EBIT margin in 4QFY, establishing the glidepath for further expansion in FY28
- Coforge says its intent is to be within the top three highest EBIT margin tech services firms in the industry in the short to medium term
- Fresh order intake stood at US$1,040mn, growing 50.5% QoQ and 102.3% YoY
    - Executable order book over the next 12 months stood at US$2,378mn, growing 6.7% QoQ and 45.4% YoY
- Order intake exceeded US$1bn for the second time in the company's history and was broad based, with US$455mn from North America, US$ 485 mn from Europe and US$101mn from Rest of the World
- Of the 8 large deals signed during the quarter, 2 came from BFSI, 3 came from public sector, 2 from high-tech and 1 from retail. Geographically, of the 8 large deals, 3 were from North America, 4 from Europe, and 1 from the rest of the world
- 8 large deals were signed in 2Q, the highest in the company's history, and 8 or more large deals are hoped for in 3Q
- **AI opportunity is addressed on four fronts, Nuuron (enterprise autonomy enablement suite), enterprise grade agentic AI assets (Forge-X, CodeInsight.AI and EvolveOps.AI), Momentuum Blue (dedicated FDE unit**

supported by Mod Squads) and AI Launchpad (open weight AI ecosystem for the enterprise)

- **Nuuron and Momentuum Blue were launched in July 2026**
- Exceptional items of US$5.9mn were recognized, primarily integration related expenses for legal entity rationalization and tax structuring
- Acquisition and integration costs ended at around US$17mn against the guided US$ 15mn to US$ 16mn, due to overruns in tax planning for overseas entities and legal entity rationalization of 95 entities
- Billable personnel at 44,652, addition of 1,231 QoQ
- Utilization (including trainees) stood at 82.4%, against 82.5% in 1Q; attrition stood at 10.4%, unchanged QoQ
- EBIT margin outlook:
    - FY27 consolidated EBIT guidance was increased to 16% from 15.5%, with 1H EBIT at 16.0% and confidence of reaching 17% in 4Q FY27 and 18% going forward
    - With no exceptional expenses from 3Q, lower hedge losses in 3Q, almost negligible losses in 4Q and EBIT improving to 17% in 4Q, significant upside is expected on exit EPS of 4QFY27
    - Plan is to exit 4Q at an EBIT margin of 17%, allowing the company to aim for a consolidated EBIT margin target of 18%, within the top three tech services firms
    - Margin upgrade is driven by AI led technology and automation injected into internal processes across every function, and not only delivery. Most deals are proactive in nature, led with solutions through the onsite solutioning engine, and closed without getting into pricing fights, which insulates margins
    - A material spike in consolidated gross margin is expected, if not in 3Q then from 4Q, as investments in the four AI initiatives pay off
    - Coforgee says that margin expansion at Encora is ahead of the acquisition plan, with deal momentum building. Encora revenue growth is expected to mirror Coforge growth from 3Q onwards
    - Levers for further margin expansion remain, with utilization at 82.4% against 86% plus at most peers (as indicated by Coforge), leaving significant headroom. AI-led efficiencies in fixed price contracts have been triggered and will start reflecting in 4Q numbers. AI led efficiencies across G&A will support productivity gains, and intangible amortization is largely fixed, creating operating leverage as the company scales

CEO on industry and clients

- Industry faces acute pricing pressure
- AI is breaking the link between scale and margin leadership for the tech services industry. Time and material effort-based economics face pressure as automation reduces labor content
- Coforge will be the industry growth leader for the 3rd consecutive year.
- Increasing large deal velocity offers assurance of sustained robust growth in the future as well
- Most of our large deals are sole-sourced and driven by proactive solutions. That, we believe, is the only path to growth in an industry which faces AI-led deflationary winds, and yet is also an industry where clients are keen to work with differentiated partners

Other points

- Ramp ups of the deals signed will be near immediate in most cases, with the growth outlook continuing to be robust
- Management is confident that Encora will grow as well as Coforge in FY28.
- Some deals involve passing part of the AI led efficiency to the client and others do not, with the net margin outlook positive. Proactive proposals and a focus through AI on efficiency, value and outcome represent a significant move from a cost play to a value play
- Cofoge says that organic growth is expected to remain robust, with best-in-class growth targeted on a consolidated basis including Encora in 3Q and beyond
- Encora has also given a strong nearshore capability across Eastern Europe and Latam
- AI adoption is broad based across all verticals, including BFS, Public Sector, Travel and Insurance, with insurance seeing significant adoption due to legacy challenges
- Exceptional expenses are expected to be zero from 3Q, against US$ 5.9 mn in 2Q
- Minority interest will stay where it is, as it is linked to the JV in which the client owns 20%
- Management remains confident of delivering FCF to PAT of 100%+ by 4QFY27.

We have an Underweight stance on Indian IT Services

We reinitiated coverage on the Indian IT Services with an Underweight stance through a report on 1 January 2025 (**Slow is the (new/old) normal**) and reiterated our view with updates on 12th March 2025 (**FY26 unlikely to be better than FY25**), 10th July 2025 (**Uncertainty stays and 'eating the tariff' may impact even FY27**) and 12 January 2026 (**A fourth slow year?**).

While both earnings and PE multiples have corrected since 1 Jan 2025, the industry's structural organic revenue growth from here on will be much lower vs ~7% CAGR seen during FY15-FY20; possibly ~2-3% CAGR over FY25-FY30 in constant currency (CC) terms.

We believe the release of advanced AI models will cause significant disruption to the industry rendering the sector to be a 'value trap'. We wrote about this in our 17 February 2026 report (**Existential threat, value trap or Temporary blip**) and through our 6 April 2026 report (**Narrative of FY27 being modestly better, set for its first test**) and the 9 July 2026 one (**'Show me the growth' phase will keep valuations compressed**)

Lately we have been worried about global macro which we believe will impact growth. See our 16 September 2026 note (**Macro will weigh down as much as AI near term**)

Multiple speed breakers drive our Underweight stance

Gen AI and GCCs are going to disrupt growth: We believe that AI/Gen AI will lead to compression of revenue for the industry in the next 12-24 months, as companies self-cannibalize to hold on to their existing clients. Rapid growth of the GCCs is a threat to outsourcing. While there seems to be collaboration between outsourcers and their clients in setting up these GCCs, there will be growth discontinuity when the business is insourced at some point.

Massive hyper scaler AI capex should accentuate re-alignment in IT spend: Software players, including hyper scalers, are increasing capex on AI-related data centres. This will drive higher pricing, forcing enterprises to allocate more IT spend to Cloud/SaaS and move it away from the ones with lower bargaining power – global IT Services players.

Higher competition: Indian Tier-1 companies now face higher competition from Accenture, Tier-2 players and Cognizant, likely slowing their growth vs FY15-FY20. This is besides the fact that by FY26, Tier-1 revenue has reached US$ 85bn, double that in FY15 (6.5% CAGR). Due to the higher base now, growth may not be as rapid. In AI reinvention services we see a new set of competitors come in the forms of AI deployment companies from Anthropic, Open AI, Microsoft, Google etc. While professional services companies of software players did not make much of an impact in the past, we believe the situation could be different this time. With the requirement of a large army of offshore bodies being taken away by AI models, we believe players with high technical skills and deep domain and workflow expertise will become competitors. We will have several players from other industries as well senior management personnel from current incumbents to step out and startup companies and compete with the incumbents.

How we are valuing companies: We are using PE methodology. However, we are moving away from the earlier stance that we had taken of using TCS as our industry benchmark.

Considering the underperformance of TCS in terms of growth in FY26 and the likelihood of that repeating in the foreseeable future we have decided to shift from using TCS as the benchmark and move to Tier-1 PE multiple based valuation. That too using the valuation seen in the FY15-FY20 timeframe when the Tier-1 USD revenue CAGR was ~7% in organic terms. Our analysis indicates that Tier-1 (consisting of TCS, Infosys, HCLT, Wipro and Tech Mahindra) were collectively trading at mean multiple of 17.6x forward EPS with an SD of 1.7. We are using 14.1x as the benchmark multiple for the basis of valuation which is mean multiple of Tier-1 companies during this period less 2SD. We have been giving subjective premium/discount to this benchmark target PE to arrive at target PE multiples for the rest of our coverage

Our target PE multiples are lower than those used by consensus/competitors**.** Through our choice of the benchmark target PE multiple, we seek to capture the mortality and relevance risk that players face in this era of advanced AI models.

Tier- 2 valuation reflects growth gap with Tier-1

Tier-2 set has been taking away market share from the Tier-1 set, due to better execution as well as their smaller size. And, unlike previous cycles, they have performed better than the Tier-1 set, largely on better management teams.

However, current PE premium to Tier-1s is excessive for certain stocks, because to deliver on the high consensus revenue growth expectations, they may be taking on more cost take-out projects that are likely to impact margins adversely.

We believe the recent large acquisitions done by the prominent Tier-2 companies liker Persistent Systems and Coforge are return dilutive and may pose execution challenges. They also seem to be funded partly or fully through stock dilution.

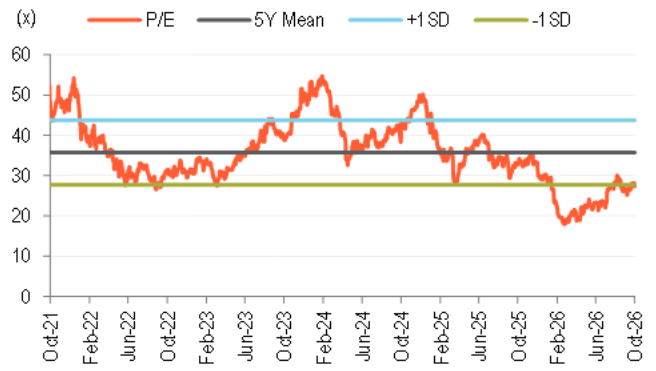
Also, some of the Tier-2s have been underperforming on the growth front, being discretionary project-oriented businesses struggling to pivot to a cost-take-out-driven demand environment.

Fig 1 – Quarterly results: Comparison of actuals with estimates

Y/E March (Rsmn)	2QFY26	1QFY27	2QFY27	YoY (%)	QoQ (%)	2QFY27E	Dev (%)
Net Sales (USD mn)	**462.1**	**592.2**	**652.2**	**41.1**	**10.1**	**661.9**	**(1.5)**
Net Sales	39,857	55,277	61,708	54.8	11.6	62,851	(1.8)
Direct Cost	26,299	36,343	40,686	54.7	12.0	41,148	(1.1)
Gross Profit	13,558	18,934	21,022	55.1	11.0	21,703	(3.1)
% of Sales	34.0	34.3	34.1			34.5	
SG&A	5,715	7,244	7,951	39.1	9.8	8,445	(5.9)
% of Sales	14.3	13.1	12.9			13.4	
EBITDA	7,843	11,690	13,071	66.7	11.8	13,258	(1.4)
EBITDA Margin (%)	19.7	21.1	21.2			21.1	
Depreciation	1,719	2,411	2,850	65.8	18.2	2,741	4.0
Cost of ESOPs	561	457	374	(33.3)	(18.2)	566	(33.9)
ESOP Cost (%age of sales)	1.41	0.83	0.61			0.90	
EBIT	**5,563**	**8,822**	**9,847**	**77.0**	**11.6**	**9,951**	**(1.0)**
EBIT Margin	**14.0**	**16.0**	**16.0**			**15.8**	
Other Income	19	(1,251)	(1,301)			(628)	
Acquisition Related Expenses	-	-	-			-	
Exceptional Items	-	550	557			-	
Profit Before Tax	5,582	7,571	8,546	53.1	12.9	9,323	(8.3)
Provision for Taxation - Current & Deferred	1,328	1,837	2,075			2,238	
Effective Tax Rate	23.8	24.3	24.3			24.0	
Adjusted Net Profit	4,254	5,734	6,471	52.1	12.9	7,086	(8.7)
Minority Share of Net Profit	496	131	168			131	
Adjusted PAT	3,758	5,603	6,303	67.7	12.5	6,955	(9.4)
Margin (%)	9.4	10.1	10.2			11.1	
Exceptional Item adjusted for taxes	-	416.5	421.7			-	
Reported PAT	**3,758**	**5,186**	**5,881**			**6,955**	
Margin (%)	**9.4**	**9.4**	**9.5**			**11.1**	

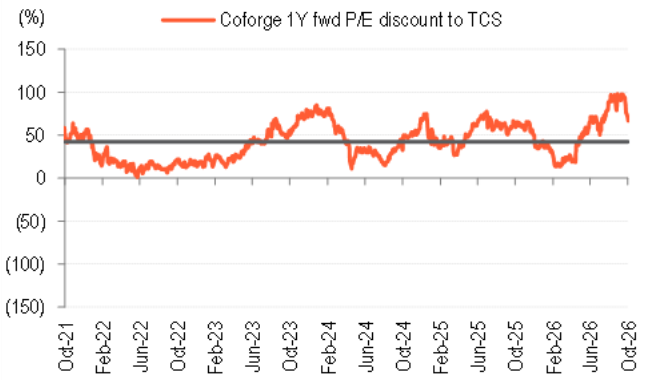
Source: Company, BOBCAPS Research

Fig 1 – 5 Year PE trend



Source: Bloomberg, BOBCAPS Research

Fig 2 – Premium/ Discount to TCS



Source: Bloomberg, BOBCAPS Research

Fig 3 – Revised Estimates

	New			Old			% Change		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
INR/USD	95.3	97.4	98.4	94.7	96.1	97.1	0.6	1.4	1.3
USD Revenue (USD mn)	2,614	2,939	3,273	2,654	3,005	3,293	-1.5	-2.2	-0.6
USD Revenue Growth (%)	39.4	12.5	11.4	41.6	13.2	9.6			
Revenue (Rsmn)	249,314	286,240	322,009	251,581	288,770	319,703	-0.9	-0.9	0.7
EBIT (Rsmn)	40,816	48,994	54,924	38,840	44,628	50,888	5.1	9.8	7.9
EBIT Margin (%)	16.4	17.1	17.1	15.4	15.5	15.9			
Adjusted PAT (Rsmn)	27,415	35,003	40,656	26,694	32,377	38,027	2.7	8.1	6.9
Adjusted EPS (Rs)	62.6	79.2	91.9	63.3	76.8	90.2	-1.1	3.1	1.9

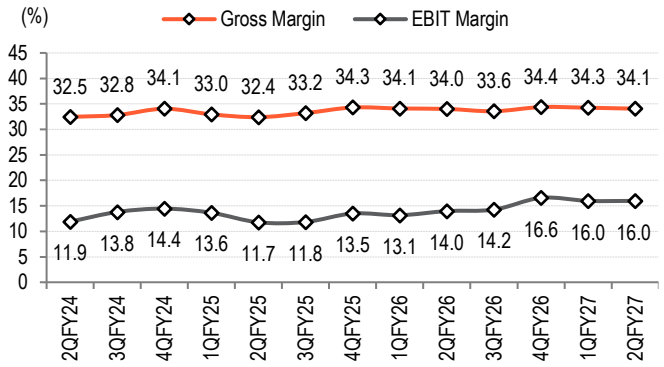
Source: BOBCAPS Research

Fig 4 – P&L at a glance

(YE March) Rs mn	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Average INR/USD	67.0	64.5	70.2	70.5	74.2	74.2	80.0	82.8	84.5	88.3	95.3	97.4	98.4
Net sales (US$mn)	**417**	**464**	**523**	**593**	**628**	**867**	**1,002**	**1,119**	**1,461**	**1,875**	**2,614**	**2,939**	**3,273**
-Growth (%)	**0.2%**	**11.2%**	**12.8%**	**13.4%**	**5.8%**	**38.0%**	**15.6%**	**11.7%**	**30.6%**	**28.3%**	**39.4%**	**12.5%**	**11.4%**
Net Sales	27,958	29,914	36,762	41,839	46,628	64,320	80,146	91,790	122,035	163,562	249,314	286,240	322,009
-Growth (%)	4.2%	7.0%	22.9%	13.8%	11.4%	37.9%	24.6%	14.5%	33.0%	34.0%	52.4%	14.8%	12.5%
Direct cost	17,815	19,179	23,907	27,528	31,693	43,736	54,059	61,948	81,447	107,923	162,533	184,413	207,210
Gross Profit	10,143	10,735	12,855	14,311	14,935	20,584	26,087	29,842	40,588	55,639	86,781	101,827	114,798
Gross Margin	36.3%	35.9%	35.0%	34.2%	32.0%	32.0%	32.5%	32.5%	33.3%	34.0%	34.8%	35.6%	35.7%
SGA Expenses	5284	5723	6402	7096	6544	8527	11438	13725	18862	23032	32571	40238	45705
% of sales	18.9%	19.1%	17.4%	17.0%	14.0%	13.3%	14.3%	15.0%	15.5%	14.1%	13.1%	14.1%	14.2%
Acquisition Related Expenses	-	-	-	-	46	269	9	96	1,738	43	-	-	-
Cost of ESOPs	-	-	-	17	481	633	587	1,061	1,737	1,979	2,022	2,576	2,898
EBITDA	4,859	5,012	6,453	7,198	7,864	11,155	14,053	14,960	18,251	30,585	52,188	59,012	66,195
% of sales	17.4%	16.8%	17.6%	17.2%	16.9%	17.3%	17.5%	16.3%	15.0%	18.7%	20.9%	20.6%	20.6%
Depreciation & Amortisation	1150	1273	1248	1730	1836	2272	2585	3186	4580	6819	11373	10018	11270
% of sales	4.1%	4.3%	3.4%	4.1%	3.9%	3.5%	3.2%	3.5%	3.8%	4.2%	4.6%	3.5%	3.5%
EBIT	**3709**	**3739**	**5205**	**5468**	**6028**	**8883**	**11468**	**11774**	**13671**	**23766**	**40816**	**48994**	**54924**
% of sales	**13.3%**	**12.5%**	**14.2%**	**13.1%**	**12.9%**	**13.8%**	**14.3%**	**12.8%**	**11.2%**	**14.5%**	**16.4%**	**17.1%**	**17.1%**
Other income (net)	187	298	476	558	113	(266)	(630)	(1,156)	(1,034)	(1,286)	(3,422)	(1,180)	356
Exceptional Items	221	-	56	71	180	-	1,326	165	89	2,718	1,107	-	-
PBT	3,675	4,037	5,625	5,955	5,961	8,617	9,512	10,453	12,548	19,762	36,286	47,814	55,280
-PBT margin (%)	13.1%	13.5%	15.3%	14.2%	12.8%	13.4%	11.9%	11.4%	10.3%	12.1%	14.6%	16.7%	17.2%
Provision for tax	820	950	1,404	1,278	1,302	1,468	2,061	2,093	3,201	2,973	8,811	11,611	13,424
Effective tax rate (%)	22.3%	23.5%	25.0%	21.5%	21.8%	17.0%	21.7%	20.0%	25.5%	15.0%	24.3%	24.3%	24.3%
Net profit	2,855	3,087	4,221	4,677	4,659	7,149	7,451	8,360	9,347	16,789	27,476	36,203	41,856
Minority Interest & share of profit/(loss) of associate	220	285	188	236	104	530	513	276	1,240	1,890	899	1,200	1,200
Net reported profit	2,635	2,802	4,033	4,441	4,555	6,619	6,938	8,084	8,107	14,899	26,577	35,003	40,656
-Growth (%)	-5.9%	6.3%	43.9%	10.1%	2.6%	45.3%	4.8%	16.5%	0.3%	83.8%	78.4%	31.7%	16.2%
-Net profit margin (%)	**9.4%**	**9.4%**	**11.0%**	**10.6%**	**9.8%**	**10.3%**	**8.7%**	**8.8%**	**6.6%**	**9.1%**	**10.7%**	**12.2%**	**12.6%**
Adjusted Net Profit	**2,635**	**2,802**	**4,033**	**4,441**	**4,555**	**6,619**	**6,938**	**8,084**	**8,107**	**16,644**	**27,415**	**35,003**	**40,656**
Margin	**9.4%**	**9.4%**	**11.0%**	**10.6%**	**9.8%**	**10.3%**	**8.7%**	**8.8%**	**6.6%**	**10.2%**	**11.0%**	**12.2%**	**12.6%**

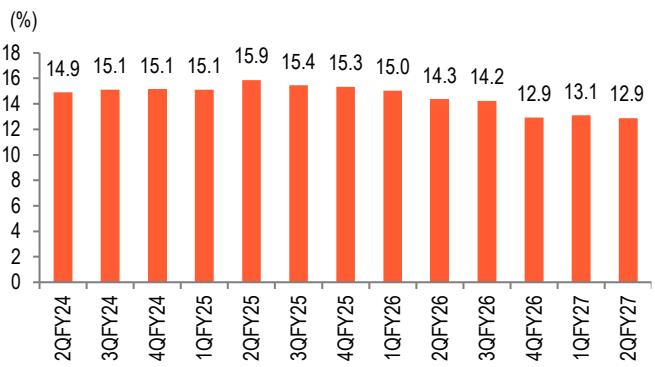
Source: Company, BOBCAPS Research

Fig 5 – Gross Margin and EBIT Margin



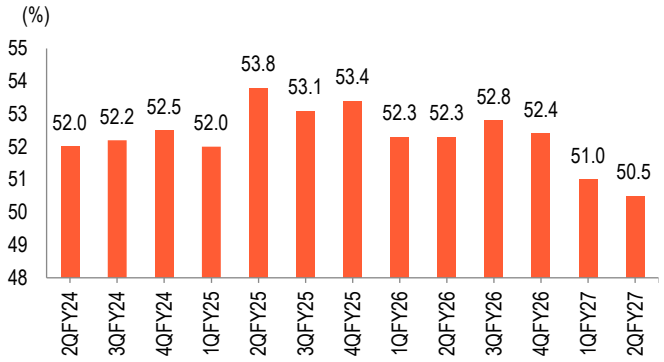
Source: Company, BOBCAPS Research

Fig 6 – SGA as % of sales



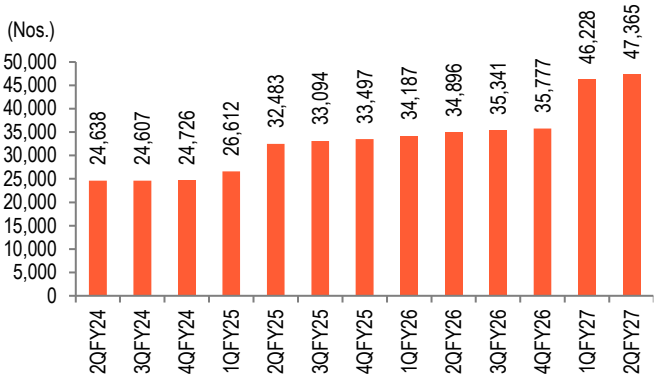
Source: Company, BOBCAPS Research

Fig 7 – Offshore contribution to revenue



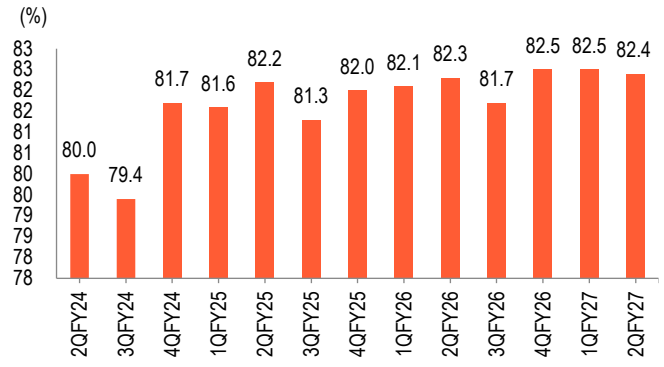
Source: Company, BOBCAPS Research

Fig 8 – Total No. of Employees



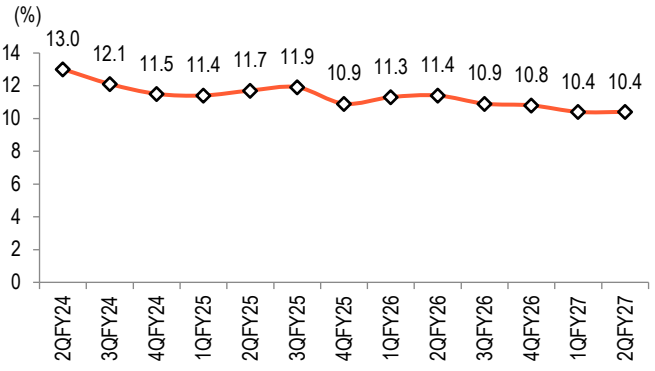
Source: Company, BOBCAPS Research

Fig 9 – IT Utilization (%) (including trainees)



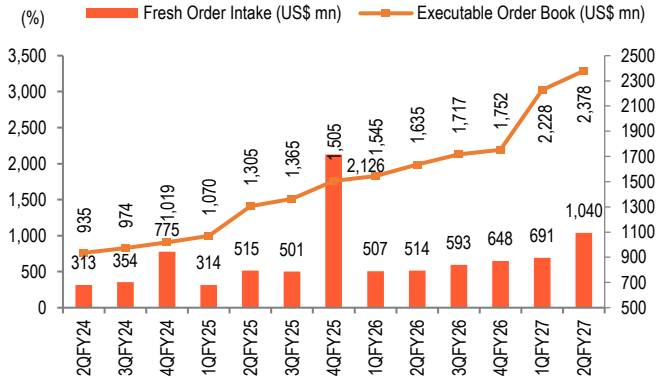
Source: Company, BOBCAPS Research

Fig 10 – TTM Attrition (%) Ex BPO



Source: Company, BOBCAPS Research

Fig 11 – Fresh Order Intake (US$ mn) and Executable Order Book over next 12 months (US$ mn)



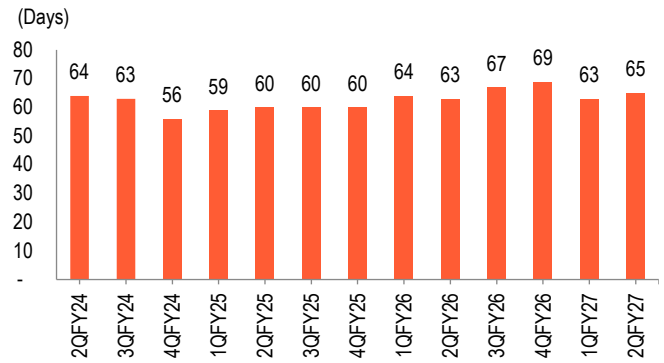
Source: Company, BOBCAPS Research

Fig 12 – Client concentration (% of revenue) over the quarters



Source: Company, BOBCAPS Research

Fig 13 – DSO trend



Source: Company, BOBCAPS Research

Fig 14 – Quarterly Snapshot

Year to 31 March	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Rs mn													
INR/USD	82.7	83.3	83.1	83.4	83.8	84.4	86.6	85.6	87.3	89.1	91.1	93.3	94.6
USD Revenue (USD mn)	278	282	287	291	369	397	404	442	462	481	489	592	652
INR Revenue	22762	23233	23585	24008	30623	33182	34222	36886	39857	42315	44504	55277	61708
Gross margin	7388	7624	8034	7911	9922	11016	11739	12578	13558	14203	15300	18934	21022
SGA	3392	3508	3561	3625	4859	5126	5252	5543	5715	6023	5751	7244	7951
ESOP Cost	519	104	222	199	222	700	616	593	561	444	381	457	374
EBITDA	3477	4012	4251	4087	4841	5190	5871	6442	7282	7736	9168	11233	12697
Depreciation and Amortisation	772	811	846	815	1243	1268	1254	1592	1719	1708	1800	2411	2850
EBIT	2705	3201	3405	3272	3598	3922	4617	4850	5563	6028	7368	8822	9847
Other income	-295	-257	-452	-272	-173	-327	-262	-447	19	-276	-582	-1251	-1301
PBT	2410	2944	2857	2047	3135	3433	3933	3654	5582	4276	6250	7021	7989
Tax	528	516	564	654	799	874	874	1182	1328	875	-412	1704	1940
PAT	1813	2380	2238	1332	2022	2155	2598	2082	3758	2936	6123	5186	5881
EPS Adjusted (Rs)	5.9	7.7	7.2	4.2	6.1	6.5	7.8	7.4	11.2	7.5	18.2	12.3	13.3
YoY Growth													
USD Revenue	12.6	12.0	8.5	7.2	32.8	40.8	40.7	51.8	25.1	21.1	21.2	33.9	41.1
INR Revenue	16.2	13.0	8.7	8.1	34.5	42.8	45.1	53.6	30.2	27.5	30.0	49.9	54.8
Gross profit	17.7	11.1	8.7	16.4	34.3	44.5	46.1	59.0	36.6	28.9	30.3	50.5	55.1
EBIT	(4.6)	7.0	1.4	27.9	33.0	22.5	35.6	48.2	54.6	53.7	59.6	81.9	77.0
Net Profit	(9.8)	4.3	94.9	(19.4)	11.5	(9.5)	16.1	56.3	85.9	36.2	135.7	149.1	56.5
QoQ growth													
USD Revenue	2.32	1.40	1.70	1.60	26.77	7.5	1.6	9.6	4.5	4.1	1.7	21.1	10.1
INR Revenue	2.5	2.1	1.5	1.8	27.6	8.4	3.1	7.8	8.1	6.2	5.2	24.2	11.6
EBIT	5.7	18.3	6.4	(3.9)	10.0	9.0	17.7	5.0	14.7	8.4	22.2	19.7	11.6
Net Profit	9.7	31.3	(6.0)	(40.5)	51.8	6.6	20.6	(19.9)	80.5	(21.9)	108.5	(15.3)	13.4
Margins													
Gross Margin	32.5	32.8	34.1	33.0	32.4	33.2	34.3	34.1	34.0	33.6	34.4	34.3	34.1
SGA	14.9	15.1	15.1	15.1	15.9	15.4	15.3	15.0	14.3	14.2	12.9	13.1	12.9
EBITDA	15.3	17.3	18.0	17.0	15.8	15.6	17.2	17.5	18.3	18.3	20.6	20.3	20.6
EBIT	11.9	13.8	14.4	13.6	11.7	11.8	13.5	13.1	14.0	14.2	16.6	16.0	16.0
PAT	8.0	10.2	9.5	5.5	6.6	6.5	7.6	5.6	9.4	6.9	13.8	9.4	9.5

Source: Company, BOBCAPS Research

Fig 15 – Key Metrics

Key Metrics	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
P and L (Rs mn)													
Revenue	22,762	23,233	23,585	24,008	30,623	33,182	34,222	36,886	39,857	42,315	44,504	55,277	61,708
EBITDA	3,477	4,012	4,251	4,087	4,841	5,190	5,871	6,442	7,282	7,736	9,168	11,233	12,697
PAT	1,813	2,380	2,238	1,332	2,022	2,155	2,598	2,082	3,758	2,936	6,123	5,186	5,881
Vertical Mix (%)													
BFS	32	32	34	32	29	28	30	28	28	26	25	25	25
Insurance	23	22	22	21	19	19	18	16	15	15	15	14	13
Transportation	19	18	18	18	18	18	19	23	23	23	23	21	20
Healthcare & HiTech												17	18
Government (overseas)			8	8	8	7	7	7	7	6	8	6	7
Others	27	28	20	21	26	29	26	27	27	30	29	17	18
Geographical Mix (%)													
Americas	49	47	48	50	55	56	54	57	58	57	57	62	63
EMEA	39	40	40	39	34	34	33	30	29	29	28	27	25
APAC	12	13	12	11	11	10	13	14	13	15	15	11	12
Revenue Mix - IT Business (%)													
Onsite	48	48	48	48	46	47	47	48	48	47	48	49	50
Offshore	52	52	53	52	54	53	53	52	52	53	52	51	51
IT Utilization (%) (including trainees)	80.0	79.4	81.7	81.6	82.2	81.3	82.0	82.1	82.3	81.7	82.5	82.5	82.4
Clients Concentration (%)													
Top 5 Clients	24	23	23	21	19	20	18	21	21	21	22	18	18
Top 10 Clients	35	34	34	33	28	30	28	29	31	31	31	26	26
Number of Client													
Between 1 to 5 million	104	109	112	118	173	176	173	170	164	167	167	280	271
Between 5 to 10 million	23	23	24	25	29	31	35	40	45	42	42	52	49
Above 10 million	23	24	24	23	29	31	31	32	34	36	36	47	52
Revenue by Project type													
Fixed Price Project	49	51	52	50	43	45	46	47	46	47	46	43	41
Time & Material	51	49	49	50	58	55	54	53	54	53	54	57	60
Service Line Mix (%)													
Product Engineering	9	8	8	0	0	0	0	0	0	0	0	0	0
Data & Integration	25	26	25	27	23	22	22	20	21	22	21	21	21
Intelligent Automation	12	11	11	12	9	9	9	8	8	8	8	7	7
Cloud	19	19	19	19	17	19	16	18	17	18	18	15	16
ADM	27	27	27	0	0	0	0	0	0	0	0	0	0
BPM	10	9	9	9	8	8	8	8	8	8	8	7	7
Engineering				32	42	42	45	46	46	44	45	50	49
Employees	24,638	24,607	24,726	26,612	32,483	33,094	33,497	34,187	34,896	35,341	35,777	46,228	47,365
TTM Attrition (%) Ex BPO	13.0	12.1	11.5	11.4	11.7	11.9	10.9	11.3	11.4	10.9	10.8	10.4	10.4

Source: Company, BOBCAPS Research

Fig 16 – QoQ and YoY growth of various parameters

	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
QoQ Growth													
Company Growth	2.3	1.4	1.7	1.6	26.8	7.5	1.6	9.6	4.5	4.1	1.7	21.1	10.1
By Geography(%)													
Americas	1.7	(4.3)	4.1	6.3	40.0	9.3	(2.4)	15.6	6.7	2.1	1.5	32.0	12.4
EMEA	2.8	4.5	2.0	(1.9)	10.7	8.8	(1.1)	(1.9)	1.3	2.6	1.0	15.5	0.3
APAC	3.2	15.2	(7.4)	(5.1)	23.4	(5.1)	33.8	14.7	2.1	15.9	3.8	(9.6)	20.9
By Industry (%)													
BFS	4.0	3.3	6.4	(4.1)	17.2	0.6	11.6	0.6	4.1	(2.0)	(2.6)	20.1	12.8
Insurance	2.3	(1.3)	(0.1)	0.7	13.1	5.8	(1.6)	(6.6)	1.8	2.0	1.7	11.3	3.7
Transportation	2.3	(2.4)	0.6	4.5	26.8	7.5	5.5	33.6	6.3	2.3	3.9	10.2	4.4
Healthcare & HiTech												NA	NA
Government (overseas)				4.3	23.5	(2.4)	7.5	8.1	0.1	(5.0)	21.1	(3.1)	19.3
Others	0.5	4.4	(29.4)	9.4	56.3	19.1	(9.7)	14.8	5.6	15.6	(0.3)	(29.6)	12.7
By Practice Split (%) - Reinstated													
Product Engineering	(3.1)	(11.1)	1.7										
Data & Integration	4.4	6.4	(0.3)	10.5	7.3	3.8	0.3	1.2	8.5	9.0	(4.3)	21.1	11.7
Intelligent Automation	7.7	(5.3)	0.8	6.1	(1.4)	5.1	(0.7)	5.9	(3.0)	4.1	9.5	0.9	8.6
Cloud	(5.4)	3.6	2.8	2.1	13.6	19.4	(13.8)	21.1	(0.2)	7.7	1.7	1.2	16.1
ADM	6.3	3.3	2.5										
BPM	2.3	(1.8)	3.9	1.6	9.2	0.9	2.9	6.8	8.6	5.4	3.0	5.9	14.9
Engineering				(7.1)	67.4	6.2	10.1	10.8	4.9	0.2	3.3	35.3	6.9
Revenues from Top Clients													
Top 5	(4.2)	(2.0)	3.0	(7.2)	12.9	13.8	(7.6)	26.1	6.0	4.1	5.6	(0.0)	10.7
Top 10	(4.5)	(1.2)	2.0	(2.8)	8.7	14.4	(6.2)	16.0	9.8	3.7	4.0	0.6	11.4
Onsite:Offshore Mix													
Onsite	0.2	1.0	1.1	2.7	22.0	9.1	1.0	12.2	4.5	3.0	2.6	24.6	11.3
Offshore	4.3	1.8	2.3	0.6	31.2	6.1	2.2	7.4	4.5	5.1	0.9	17.8	9.1
YoY Growth													
Company Growth	12.6	12.0	8.5	7.2	32.8	40.8	40.7	51.8	25.1	21.1	21.2	33.9	41.1
By Geography(%)													
Americas	8.5	6.1	7.1	7.6	48.2	69.2	58.7	72.5	31.5	22.8	27.7	45.9	53.8
EMEA	13.5	11.2	9.8	7.5	15.7	20.4	16.8	16.9	7.0	0.9	3.0	21.3	20.1
APAC	30.3	43.0	9.4	4.5	25.0	3.0	48.8	79.8	48.8	81.7	40.9	11.1	31.5
By Industry (%)													
BFS	12.3	16.0	17.9	9.6	23.6	20.3	26.1	32.2	17.4	14.5	(0.1)	19.4	29.4
Insurance	9.7	11.5	5.5	1.5	12.3	20.3	18.5	10.0	(1.1)	(4.7)	(1.4)	17.5	19.6
Transportation	8.0	3.3	1.5	4.9	30.0	43.2	50.3	92.1	61.0	53.2	50.9	24.5	22.4
Healthcare & HiTech												NA	NA
Government (overseas)			NA	NA	NA	NA	35.1	40.1	13.6	10.6	24.5	11.6	33.0
Others	19.2	14.9	(24.5)	(19.0)	26.0	43.8	84.0	93.0	30.4	26.6	39.8	(14.3)	(8.5)

	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Product Engineering	(4.5)	(11.7)	(10.9)										
Data & Integration	19.5	20.5	15.8	22.4	25.8	22.7	23.4	13.0	14.3	20.0	14.6	37.1	41.1
Intelligent Automation	8.2	7.3	9.4	9.1	(0.1)	10.9	9.3	9.0	7.2	6.1	17.0	11.6	24.9
CIMS	19.1	13.8	9.0	2.9	23.5	42.3	19.3	41.5	24.4	12.2	32.4	10.7	28.8
ADM	16.1	13.7	6.9										
BPM	2.9	13.3	13.3	6.1	13.3	16.3	15.2	21.1	20.5	25.9	25.9	24.9	32.1
Engineering				(1.7)	58.6	69.1	82.0	117.1	36.0	28.3	20.4	47.0	49.7
Revenues from Top Clients													
Top 5	14.6	6.4	8.5	(10.3)	5.7	22.8	10.1	49.6	40.5	28.4	46.8	16.4	21.6
Top 10	10.7	5.9	5.1	(6.4)	6.4	23.2	13.3	35.2	36.6	23.9	37.4	19.2	21.0
Onsite:Offshore Mix													
Onsite	7.7	8.2	4.5	5.0	27.8	38.2	38.0	50.9	29.2	21.9	23.8	37.5	46.5
Offshore	17.6	15.8	12.3	9.3	37.4	43.2	43.1	52.7	21.6	20.4	18.9	30.5	36.3

Source: Company, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**122,035**	**163,562**	**249,314**	**286,240**	**322,009**
EBITDA	18,251	30,585	52,188	59,012	66,195
Depreciation	4,580	6,819	11,373	10,018	11,270
EBIT	13,671	23,766	40,816	48,994	54,924
Net interest inc./(exp.)	0	0	0	0	0
Other inc./(exp.)	(1,034)	(1,286)	(3,422)	(1,180)	356
Exceptional items	89	2,718	1,107	0	0
EBT	12,548	19,762	36,286	47,814	55,280
Income taxes	3,201	2,973	8,811	11,611	13,424
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	1,240	1,890	899	1,200	1,200
Reported net profit	**8,107**	**14,899**	**26,577**	**35,003**	**40,656**
Adjustments	0	0	0	0	0
Adjusted net profit	**8,107**	**14,899**	**26,577**	**35,003**	**40,656**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	0	0	0	0	0
Other current liabilities	27,800	36,694	34,568	38,177	43,408
Provisions	1,743	3,189	6,972	6,972	6,972
Debt funds	3,502	5,051	46,057	25,257	4,457
Other liabilities	28,070	8,504	23,269	23,646	23,646
Equity capital	669	672	886	886	886
Reserves & surplus	63,123	94,704	233,818	257,324	285,600
Shareholders' fund	63,792	95,376	234,704	258,210	286,486
Total liab. and equities	**124,907**	**148,814**	**345,570**	**352,262**	**364,969**
Cash and cash eq.	8,832	10,992	19,320	17,233	19,354
Accounts receivables	25,771	39,700	45,486	50,234	57,117
Inventories	0	0	0	0	0
Other current assets	11,555	8,366	19,643	21,693	24,666
Investments	1,457	0	0	0	0
Net fixed assets	7,682	9,425	9,878	11,860	12,590
CWIP	24	33	33	33	33
Intangible assets	49,726	55,114	221,390	221,390	221,390
Deferred tax assets, net	5,470	6,870	7,743	7,743	7,743
Other assets	14,390	18,314	22,077	22,077	22,077
Total assets	**124,907**	**148,814**	**345,570**	**352,262**	**364,969**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**12,129**	**25,980**	**20,767**	**43,032**	**48,502**
Capital expenditures	(41,804)	(13,461)	(178,102)	(12,000)	(12,000)
Change in investments	1,457	(1,457)	0	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(40,347)**	**(14,918)**	**(178,102)**	**(12,000)**	**(12,000)**
Equities issued/Others	22,400	0	1,144,880	0	0
Debt raised/repaid	(651)	1,549	41,006	(20,800)	(20,800)
Interest expenses	0	0	0	0	0
Dividends paid	(5,019)	(4,244)	(6,108)	(11,497)	(12,381)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**16,730**	**(2,695)**	**1,179,778**	**(32,297)**	**(33,181)**
Chg in cash & cash eq.	**5,480**	**2,160**	**8,328**	**(2,088)**	**2,121**
Closing cash & cash eq.	**8,832**	**10,992**	**19,320**	**17,233**	**19,354**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	24.5	44.3	60.7	79.2	91.9
Adjusted EPS	24.5	44.3	60.7	79.2	91.9
Dividend per share	15.2	12.0	14.0	26.0	28.0
Book value per share	190.5	285.5	530.8	583.9	647.9

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	6.9	5.2	3.3	2.9	2.6
EV/EBITDA	46.2	27.7	15.9	13.9	12.7
Adjusted P/E	77.7	42.9	31.3	24.0	20.7
P/BV	10.0	6.7	3.6	3.3	2.9

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	64.2	66.3	71.1	73.2	73.5
Interest burden (PBT/EBIT)	82.0	94.4	91.6	97.6	100.6
EBIT margin (EBIT/Revenue)	12.6	14.6	16.4	17.1	17.1
Asset turnover (Rev./Avg TA)	170.8	156.3	117.8	91.6	101.3
Leverage (Avg TA/Avg Equity)	1.4	1.3	1.3	1.3	1.2
Adjusted ROAE	16.2	18.7	16.1	14.2	14.9

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	33.0	34.0	52.4	14.8	12.5
EBITDA	22.0	67.6	70.6	13.1	12.2
Adjusted EPS	(6.9)	81.1	37.0	30.5	16.2
Profitability & Return ratios (%)					
EBITDA margin	15.0	18.7	20.9	20.6	20.6
EBIT margin	11.2	14.5	16.4	17.1	17.1
Adjusted profit margin	6.6	9.1	10.7	12.2	12.6
Adjusted ROAE	16.2	18.7	16.1	14.2	14.9
ROCE	16.1	19.7	14.7	11.9	13.1
Working capital days (days)					
Receivables	77	89	67	64	65
Inventory	NA	NA	NA	NA	NA
Payables	NA	NA	NA	NA	NA
Ratios (x)					
Gross asset turnover	15.9	17.4	25.2	24.1	25.6
Current ratio	1.7	1.6	2.4	2.3	2.3
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	(0.1)	(0.1)	0.1	0.0	(0.1)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
SEBI Research Analyst Registration No: **INH000000040 (Perpetual)**
SEBI Stock Broker Registration No: **INZ000159332**
SEBI Depository Participant Registration No: **IN-DP-728-2022**
SEBI Merchant Banker Registration No: **INM000009926**
Phone: +91-22-61389300
Name of the Compliance Officer: Mr. Sameer Khobrekar
Email ID: Compliance@bobcaps.in; Phone no.: +91-22-61389358
For any queries or grievances, you may contact the Grievance Officer.
Name of the Grievance Officer: Mr. Nilesh Mehta
Email ID: head-customercare@bobcaps.in; Phone no: 92288 60945

Brand Name: **BOBCAPS**
Website: **https://www.bobcaps.in/**
CIN: **U65999MH1996GOI098009**

Logo:

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.
Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

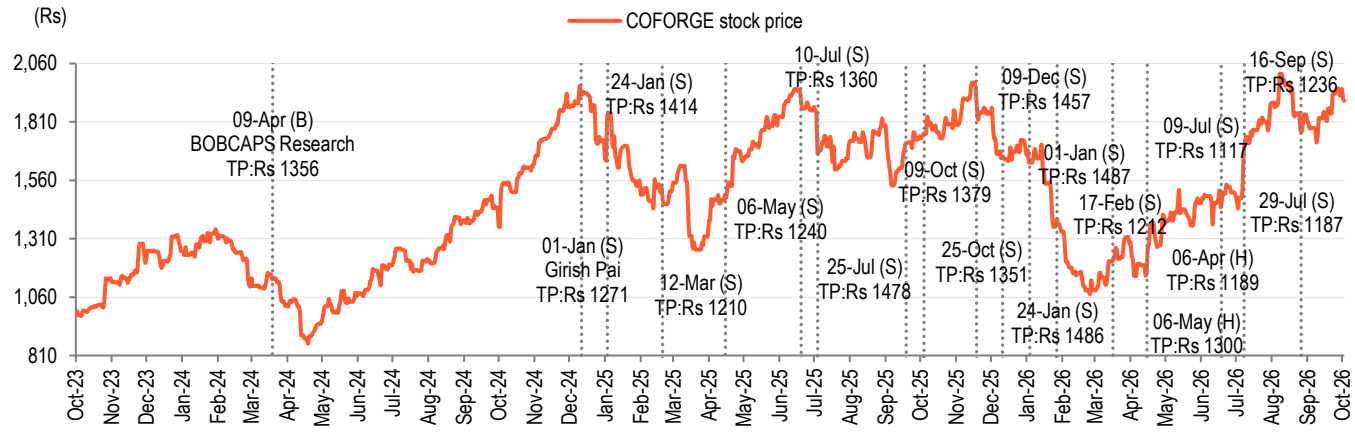
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): COFORGE (COFORGE IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an "as is" basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the "Losses") which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom ("UK"):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd) ("**MSL**") who is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom (MSL and its affiliates are collectively referred to as **"MAYBANK**"). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Order"), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as "relevant persons").

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.