

We attended Coforge's analyst/investor call, which was conducted to address recent developments in Board-level leadership, internal audit observations relating to governance, and the implications for the company's business and financial outlook. During the call, Management clarified that the matter is confined to Board governance and has no bearing on operations or financial performance. The Board also reaffirmed its commitment to fiduciary responsibilities and business continuity, while maintaining the FY27 consolidated guidance.

Key Takeaways

- **Resignation of two board members raised governance concerns:** Coforge's two senior board members have stepped down in quick succession, both linked to an internal audit review led by KPMG. The audit identified differences between the information presented during NRC meetings and the underlying Board Evaluation Report. The key concern arose from the fact that the Chairman, Mr. O.P. Bhatt, received the lowest rating in the performance evaluation, but this was not appropriately communicated to the NRC or Board by the former Chairman and NRC Chairperson, Mr. D.K. Singh. The remaining directors subsequently sought formal explanations, following which the former Chairman resigned on Sept'8 and the former NRC Chairperson resigned on Sept'10.
- **Interim Chairperson appointed till further succession process:** Mr. Vivek Sharma has taken charge as Interim Chairperson through Jan'31 2027, ensuring continuity during the transition. Coforge has engaged Egon Zehnder, a global consulting firm, to appoint two new independent directors. The new Chairperson will be evaluated from among the existing independent directors and the newly inducted directors. Mr. Vivek Sharma has specifically refrained from being considered for the permanent Chairperson role, while Executive Directors Mr. Sudhir Singh and Mr. John Speed are also not eligible for consideration, supporting an objective succession process.
- **KPMG Review broadens the Governance process:** Audit Committee Chair Mr. Anil Chanana expanded KPMG's initial scope beyond whistleblower and insider trading matters to include broader corporate governance processes. The review covered the completeness, accuracy, and consistency of Board reporting across regulatory, financial, risk, ESG, CSR, investor grievances, whistleblower matters, and internal controls, along with alignment of Board reporting with underlying MIS, committee papers, and external disclosures. It also assessed decision traceability, documentation quality, and digital governance controls. Mr. Anil Chanana and CFO Mr. Saurabh Goyal clarified that the audit findings are strictly related to Board governance processes and have no impact on the company's operations or financials.
- **NRC restructuring provides stronger independent oversight:** The NRC has been reorganised into a four-member committee, including three independent directors, with Ms. Beth Boucher as Chairperson and Mr. Anil Chanana and Mr. Vivek Sharma among the independent members. Mr. Vivek Sharma also clarified that his external advisory positions do not conflict with his responsibilities as a Coforge director or his fiduciary duty.
- **Board strategic goals remain intact despite the leadership transition:** Management stated that no further Board churn is currently expected. The Board was historically engaged in constructive debate around major strategic areas such as the Encora acquisition, AdvantageGo divestment, India operations, data centres, AI investments, and succession planning. Management highlighted that these major strategic decisions, including Encora, were ultimately taken unanimously, with no dissent from any Board members.
- **FY27 guidance remains unchanged:** Coforge has reaffirmed its FY27 guidance, with consolidated EBITDA margin expected to be in the range of 20.5%-21%, EBIT margin at 15.5%, and FCF conversion at >100% of PAT. The company has also retained its longer-term objective of reaching close to US\$5 Bn revenue over the next four years. Deal momentum remains encouraging, with Management expecting Q2FY27 to deliver the highest number of large deals in the company's history, surpassing the number of large deals signed in the last two to three years.

Valuation & Recommendation

According to Coforge's disclosures and analyst call, in our view, the key concern was related to the unfavorable evaluation findings of the Chairperson, which were not presented to the full Board, rather than any operational, financial, or accounting irregularities. However, the resignation of two senior Board members within a short span is likely to weigh on sentiments until the Board is fully reconstituted and the ongoing governance review is completed. Management's continuity, reaffirming of guidance, and commentary around large deal wins provide comfort on the underlying business outlook. **Therefore, considering Coforge's business track record, we continue to maintain our BUY rating, supported by Management's commitment to business integrity, strong operational capabilities, healthy deal momentum, an AI-led growth strategy, and the Encora acquisition. We value the company at 30x FY28 EPS with an Unchanged TP of Rs 2,275/share, implying an upside of 23% from the CMP.**

(CMP as of 11th September, 2026)

CMP (Rs)	1,847
Upside /Downside (%)	23%
High/Low (Rs)	2,021/1008
Market cap (Cr)	81,785
Avg. daily vol. (6m)Shrs.	37,71,920
No. of shares (Cr)	34

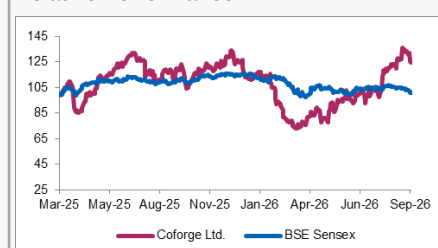
Shareholding (%)

	Dec-25	Mar-26	Jun-26
Promoter	0.0	0.0	0.0
FII's	34.5	30.7	24.3
MFs/UTI	38.7	40.5	30.0
Banks/FIs	0.0	0.0	0.1
Others	26.8	28.9	45.6

Financial & Valuations

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E
Net Sales	16,403	23,825	28,610
EBIT	2,254	3,658	4,530
Net Profit	1,675	2,737	3,352
EPS (Rs)	46	62	76
PER (x)	39.8	29.9	24.4
P/BV (x)	7.0	7.5	6.4
EV/EBITDA (x)	22.3	17.4	14.1
ROE (%)	21.0	26.9	28.3

Relative Performance



Source: AceEquity, Axis Securities Research

Results Gallery

[Q1FY27](#)
[Q4FY26](#)
[Q3FY26](#)
[Q2FY26](#)

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Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Net sales	9,179	12,051	16,403	23,825	28,610
Change (YoY, %)	14.5%	31.3%	36.1%	45.3%	20.1%
Operating expenses	7,751	10,357	13,467	19,204	23,054
EBITDA	1,428	1,694	2,936	4,621	5,556
Change (YoY, %)	12.4	18.6	73.4	57.4	20.2
Margin (%)	15.6	14.1	17.9	19.4	19.4
Depreciation	319	428	682	963	1,026
EBIT	1,109	1,266	2,254	3,658	4,530
Interest paid	126	135	168	218	262
Other income	50	165	73	137	143
Exceptional items	20	26	13	23	24
PBT	1,045	1,296	1,933	3,576	4,411
Tax	209	333	258	839	1,059
Effective tax rate (%)	20	26	13	23	24
Net profit	836	963	1,675	2,737	3,352
EPS	25	27	46	62	76
Change(yoy,%)	12.2	6.9	73.9	33.1	22.5
Adjusted net profit	847	963	1,901	2,737	3,352
Adj.EPS	25	27	53	62	76
Dividend per sh	15	15	31	31	31
Dividend Payout (%)	61	57	67	50	41

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Share capital	62	67	67	67	67
Reserves & surplus	3,565	6,312	9,470	10,780	12,760
Shareholders' funds	3,627	6,379	9,538	10,847	12,827
Total Debt	437	701	400	900	1,350
Other liabilities	509	1,375	1,415	1,415	1,415
Current Liabilities & Provisions	1,532	2,780	3,669	4,640	5,383
Current liabilities	1,435	2,086	3,310	4,113	4,631
Provisions	0	0	76	76	76
Total liabilities	2,381	4,162	5,201	6,504	7,472
Total equity & liabilities	6,108	12,491	14,882	17,494	20,442
Net fixed assets	447	768	943	1,101	1,173
Investments	0	0	0	0	0
Other non-current assets	3,058	6,961	8,033	8,033	8,033
Current assets	2,603	4,762	5,906	8,361	11,236
Inventories	0	0	0	0	0
Sundry Debtors	1,804	2,577	3,970	5,847	7,021
Cash & Liquid	335	883	1,099	1,925	3,870
Other Current Assets	463	1,301	837	589	346
Total assets	6,108	12,491	14,881	17,494	20,442

Source: Company, Axis Securities

Cash Flow
(Rs Cr)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Pre tax	836	963	1,675	2,737	3,352
Depreciation	319	428	682	963	1,026
Change in working capital	(447)	(363)	(39)	(658)	(188)
Other operating activities	64	(30)	321	82	119
Cash flow from operations (a)	771	999	2,639	3,123	4,309
Capital expenditure	(55)	(404)	(848)	(150)	(150)
Change in investments	(427)	(3,903)	(1,072)	-	-
Other investing activities	50	165	73	137	143
Cash flow from investing (b)	(431)	(4,142)	(1,847)	(13)	(7)
Equity raised/(repaid)	1	5	0	-	-
Debt raised/(repaid)	75	532	150	333	225
Dividend (incl. tax)	(508)	(548)	(1,118)	(1,372)	(1,372)
Change in minorities	13	1,850	(1,807)	-	-
Other financing activities	(391)	(489)	(168)	(1,190)	(1,210)
Cash flow from financing (c)	(583)	3,683	(568)	(2,284)	(2,357)
Net change in cash (a+b+c)	(244)	539	225	826	1,945
Opening cash balance	579	335	883	1,099	1,925
Closing cash balance	335	875	1,108	1,925	3,870

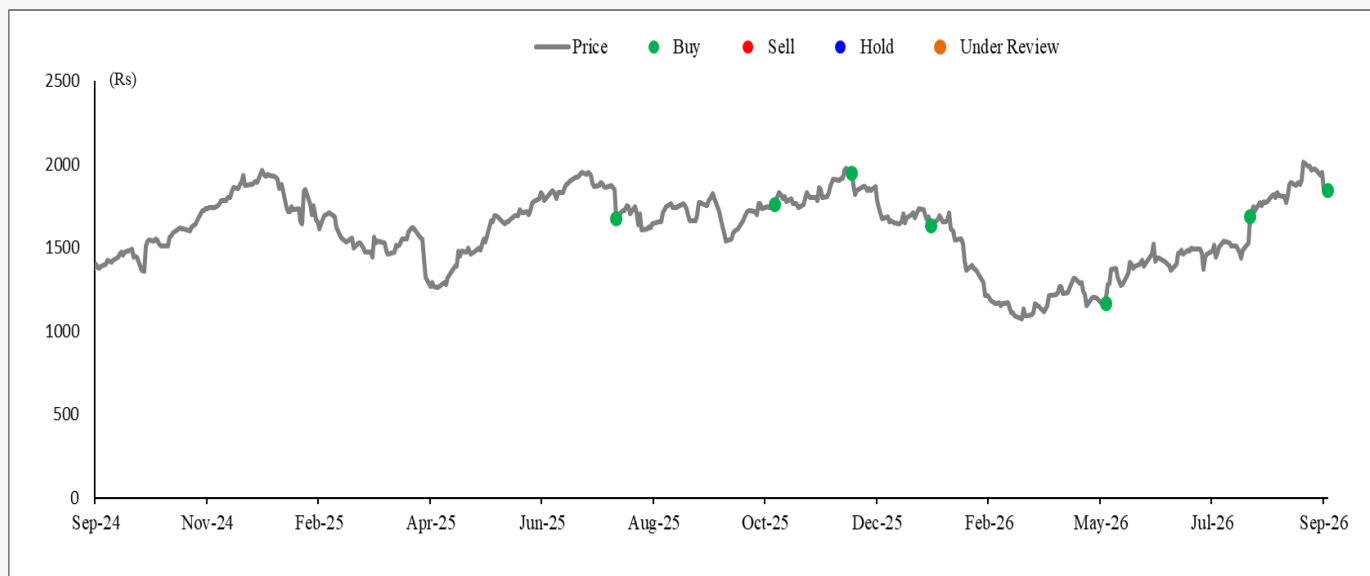
Source: Company, Axis Securities

Ratio Analysis
(%)

Y/E March	FY24	FY25	FY26	FY27E	FY28E
Book Value (Rs)	108	177	265	245	290
Adj EPS (Rs)	25	27	53	62	76
Adj EPS growth (%)	17	17	16	16	14
EBITDA margin (%)	16	14	18	19	19
Pre-tax margin (%)	11	11	12	15	15
Debt/Equity (x)	0	0	0	0	0
ROCE (%)	22	15	17	24	25
ROE (%)	25	19	21	27	28
Financial leverage ratios					
Debt / Equity (x)	0	0	0	0	0
Interest Coverage (x)	11	13	17	21	21
Interest / Debt (%)	0	1	0	0	0
Working Capital & Liquidity Ratio					
Inventory days	0	0	0	0	0
Receivable days	71	78	88	88	88
Payable days	32	30	39	39	39
Valuation ratio					
PER (x)	74	69	40	30	24
Adjusted PER (x)	75	69	35	30	24
P/BV (x)	17.0	10.4	7.0	7.5	6.4
EV/EBITDA (x)	43.3	38.8	22.3	17.4	14.1
Market Cap. / Sales (x)	6.7	5.5	4.1	3.4	2.9

Source: Company, Axis Securities

Coforge Price Chart and Recommendation History



Date	Reco	TP	Research
24-Jul-25	BUY	1,870	Result Update
27-Oct-25	BUY	1,980	Result Update
9-Dec-25	BUY	2,300	Company Update
27-Jan-26	BUY	2,300	Result Update
20-Mar-26	BUY	1,800	Sector Update
06-May-26	BUY	1,690	Result Update
29-Jul-26	BUY	2,275	Result Update
15-Sep-26	BUY	2,275	Company Update

Source: Axis Securities Research

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