"Coforge Limited
Q4 FY2025 Earnings Conference Call"

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Management: Mr. Sudhir Singh – Chief Executive Officer
Mr. John Speight – Chief Customer Success Officer
Mr. Saurabh Goel – Chief Financial Officer

Moderator: Ladies and gentlemen, good day and welcome to Coforge Limited Q4 FY2025 Earnings Conference Call. Please note all participant lines will be in the listen-only mode and this conference is being recorded. We have today with us from the management team Mr. Sudhir Singh, CEO, Mr. John Speight, Chief Customer Success Officer, and Mr. Saurabh Goel, CFO. We will begin the call with opening remarks from the management team and post that we will open the floor for questions. Before we begin please note that some of the statements made in today's discussion relating to the future should be construed as a forward-looking statement and may involve risks and uncertainties. Please refer to the disclaimer to this effect in the company's Q4 FY2025 earning press release. With that, I hand over the call to Mr. Sudhir Singh.

Sudhir Singh: Thank you moderator. Ladies, gentlemen, thank you very, very much for joining us today as we share our Q4 and our fiscal year 2025 performance as also the outlook for fiscal year 2026. Fiscal year 2025 was a landmark year for the firm where we have recorded 31.5% US dollar denominated growth.

In addition, Q4 again has been a landmark quarter for the firm because in this quarter we booked $2.1 billion of orders in a single quarter. And we have signed five large deals paving the way for what is likely to be a very strong growth year in fiscal year 2026 as well. With that preamble and before I run through our commentary, I want to share an important reminder with you.

Almost a year back during the last year annual investor call, we made three assertions. Those three assertions and our performance against those assertions bears remembering as you listen to our commentary today.

Assertion number one a year back, we had shared was that what we were making that we were making a contrarian yet high conviction bet by acquiring Cigniti.

Assertion number two that we made a year back was, we had shared that we were stopping the process of providing annual guidance not because we were unsure of our performance in fiscal year 2025, but because in fact we were very sure that we would continue to drive robust and sustained growth in fiscal year 2025. And as you can see, we have.

And finally, assertion number three a year back that we made was, we had shared that despite the bleak demand outlook painted by some of our peers and analysts for fiscal year 2025, we had said that we believe that there were definite areas where a focused firm could pivot and drive significant growth and we have.

We are pleased that our performance was exactly in line with the three assertions that we made a year back on this same call. I shall call out the full year and the quarterly performance in order.

A few highlights before we dive into the details. It is not just the 31.5% growth in fiscal year 2025 that is remarkable, but even more important has been the quality of that growth. Our growth in fiscal year 2025 has been large deals led and has come off the back of 14 large deals signed through the year. The deal momentum has kept accelerating every quarter over the last four quarters with five large deals signed in the most recent quarter. Our order book at the end of fiscal year 2025 is now 47.7% higher than it was at the same time last year. The growth again has been balanced. Every industry business unit of Coforge has performed well. Every service line of Coforge has done well. Every geo that Coforge operates in has grown and all client cohorts including top five, top 10, and top 20 clients have grown. As I noted earlier, in Q4 we have booked $2.1 billion of orders which is equal to the entire order book that we did in all of fiscal year 2024. Therefore, we look at the coming quarter and the coming year with great confidence.

With that preamble, I shall now walk you through the annual performance.

QUARTERLY PERFORMANCE – REVENUE ANALYSIS

Let us start with annual performance revenue analysis. In fiscal year 2025, we registered a consolidated revenue of $1.445 billion. We clocked a revenue growth of 31.5% in US dollar terms, 33.8% in Indian rupee terms, and 32% in CC terms. Our ability to drive growth in tough macros was aided significantly by growth across each one of the industry verticals that we operate in. The growth was led by the travel vertical which saw 33.7% Y-O-Y growth followed by government outside India vertical which saw a 27.1% Y-O-Y growth.

The banking financial services vertical through the year grew by 20.4% and the insurance vertical grew 13.3%.

Other emerging verticals, including healthcare and retail grew by 67.9% in dollar terms. On the margin front annual performance commentary is as follows. The adjusted EBITDA margin came in at 18% for the year. Our performer adjusted EBITDA including Cigniti was 17% in fiscal year 2024 and the margin improvements have borne clear fruit. Our reported EBITDA was at 13% and our margin improvement efforts have assured us that our reported EBIT shall expand materially in fiscal year 2026.

QUARTERLY PERFORMANCE – MARGINS AND OPERATING PROFITS

Moving on quickly to quarterly performance revenue analysis, I am pleased to report that following a 8.4% CC sequential growth in Q3, the firm has registered a sequential revenue growth of 3.4% in CC terms in Q4. In USD and INR terms, the sequential growth was 3.3% and 4.7% respectively. The growth during this quarter was led by the BFS vertical which has grown 13.4% sequentially in dollar terms. Our travel vertical grew 7.5% sequentially and the government outside India vertical grew 8.5% sequentially in dollar terms. Other emerging verticals declined 8.3% Q-o-Q in dollar terms. Our top five clients and our top 10 clients declined 5.9% and 4.6% quarter on quarter. You will recall they had grown 13.5% and 14.4% sequentially last quarter. It is important to note that our top five clients and our top 10 clients have grown by 12.1% and 15.1% respectively over the same quarter last year and these relationships continue to be very robust. We expect very robust growth to return to this client cohort in the coming quarters and through fiscal year 2026.

ORDER INTAKE

Order intake commentary is as follows. Q4 was an outstanding; I repeat absolutely outstanding quarter from both an order intake and the number of large deal closure perspective. During the quarter we signed five large deals. The velocity and median size of large deals signed by Coforge has been increasing over the years and I have remarked upon it often. I shall reflect more upon this in my concluding remarks. The total order intake during Q4 was an exceptional $2,136 million. We have closed fiscal year 2025 with the highest ever recorded order intake of $3.5 billion and this metric is up 75.1% year on year. The executable order book, which reflects the total value of locked orders over the next 12 months, now stands at a record $1.5 billion. This number some of you might recall was only $1 billion a year back and has witnessed a 47.7% growth.

PEOPLE

On the people front, our total headcount at the end of Q4 stood at 33,497. We saw a net people addition of 8,771 people during the year and 403 during the quarter. Utilization during the quarter stood at 82%. Last 12 month iteration for the quarter fell further and is now at 10.9%. We remain as always one of the lowest iteration firms across the industry.

With those comments, I will now hand over the call to John Speight, Chief Customer Success Officer of Coforge for providing insights into our operations and capability creation. Over to you, John.

DELIVERY OPERATIONS & CAPABILITY BUILD

John Speight: Thank you Sudhir. I shall now touch on the quarter's highlights related to our delivery operations.

Starting with the progress on our AI and GenAI capabilities. Q4 saw significant process on the implementation of our AI led solutions. We now have over 200 real-world solutions developed and deployed. All of these solutions, frameworks, and assets are available to our clients by the Coforge Quasar AI Marketplace.

I will now share some examples with you. We implemented a GenAI infused solution for a large US insurer that enabled the automated extraction of policy and claims data for insurers, integrating seamlessly with platforms such as Duck Creek and Guidewire delivering 30% operational efficiency.

For another US insurance company, we base a million documents a year significantly enhancing data extraction accuracy, quality, and speed.

In the travel sector for a major European transportation company, we implemented an AI powered solution that provides real-time insights on next best actions during customer calls.

Meanwhile, for the world's leading air transport communications company, we implemented an AI based prioritization solution that has been instrumental in reducing by 75% the volume of weather alerts sent to pilots. Agentic AI is driving a lot of interest in the market currently and we are actively building capabilities in this area to deploy Agentic AI solutions. For example, we are developing an Agentic AI-based product catalogue solution for a major US building products distributor to improve their B2B sales effectiveness. We have also used the NVIDIA NeMo framework to develop our model lifecycle as a service offering. This enables organisations to build out their own proprietary AI and GenAI models within managed secure environments, enabling them to safeguard their IP and enable data confidentiality essentiality embedded within their proprietary models.

Within Coforge, our engineering teams are leveraging tools such as GitHub Copilot across the software development lifecycle, achieving more than 30% reduction in time and cost on large modernization programmes.

Through our AI Spark programme 94% of our employees are now AI trained and more than 50% of our developers are proficient in GitHub Copilot.

Moving on to partnerships, I want to share a couple of highlights this quarter. In collaboration with ServiceNow, we launched the Coforge Generative AI Center of Excellence, CoE. It will focus on developing Agentic AI solutions that help customers accelerate their ServiceNow adoption journey. Areas of focus include payments processing, fraud detection, dispute management, and digital operations resiliency.

Coforge and ServiceNow have also partnered to accelerate AI powered dispute management. In March, we delivered for a US based branded payment company the first dispute management solution on the ServiceNow platform.

In the cybersecurity space, we achieved tier 1 MSSP status for Zscaler on the back of a successful client implementation of their zero trust architecture. The latest being for telecommunications service provider.

On a final note, we are particularly proud of achieving Pega Global Elite Partner status for 2025. This prestigious recognition underscores our exceptional capabilities in delivering client value add with Pega led solutions.

With that, I will now hand it over to Saurabh Goel.

FINANCIAL OVERVIEW

Saurabh Goel: Thank you, John.

Let me take you through some of the financial highlights for the quarter and the year. During the quarter, we signed the definitive agreement to sell entire stake of AdvantageGo business at a consideration of £ 43 million. As a result, the reported financial performance of the quarter reflects performance of the continued operations and all metrics in my commentary will be for continued operations until and unless specified otherwise.

During the current financial year, AdvantageGo business generated revenue of $23 million, EBIT loss of $5 million and a cash burn of $8.5 million. During the quarter, we also acquired data and cloud asset in the US generating quarterly revenues of 6 million and our ServiceNow asset in Australia generating a revenue of $2 million per quarter. Both these acquisitions generates margin in line with company's performance. Revenues from these acquisitions will be largely set off by the sale of AdvantageGo for business.

We have also ended the year with net cash of 43.3 million as against a net debt of 9.8 million at the end of FY2024. From a full year perspective, the revenue for the year stood at $1.45 billion, reflecting a growth of 31.5% in dollar terms. Adjusted EBITDA margins for the years were 18% and EBITDA margins were at 16.6%. EBIT margins for the years stood at 13%.

The structural changes executed by us and large deals signed during the year reflects our continued focus to drive profitable growth. With these changes, we have a clear line of sight of improving margins over the next two years.

Currently, our cash and bank balance totals to $1.25 million excluding the $82 million working capital loan, our net cash position is 43 million. Full year, OCF stood at 147 million as compared to 108 million last year, reflecting OCF to EBITDA of 61%.

Excluding integration expenses, the OCF to EBITDA for FY2025 stood at 71%. During the quarter, the quarterly revenues stood at $403.8 million. Including AdvantageGo, the revenues for the quarter were $410.7 million. Adjusted EBITDA margin in the current quarter, which was a tough quarter, expanded by 100 basis points to 18.7%.

ESOP cost has come down by 33 basis points as we guided in the previous quarter and now stands at 1.8%. And as mentioned earlier, it is expected to come down to a level of 100 basis points from H2 of this year. The exit debit margin for the quarter stood at 13.2% which reflects expansion of 123 basis points over previous quarter.

Operating cash flow excluding transaction expenses related to integration expenses for Q4 stood at 75 million against 48 million in the previous quarter. This reflects OCF to EBITDA of 108%.

With that, I will hand over the call back to Sudhir for his comments and outlook.

SUMMING UP AND OUTLOOK

Sudhir Singh: Thank you Saurabh.

We are entering fiscal year 2026 with a record signed order book, which is 47.7% higher than where it was at the same time last year. Let us start with that for outlook. Equally importantly, our pipeline of large deals, where we have high conviction that they will be closed in the short term is unimpaired.

For more than eight years, despite the changing macros, both the number and median size of large deals signed by our sales engine has continued to increase year on year that trend despite the uncertain macros the industry is currently facing will continue to be on track.

The Sabre $1.56 billion deal that we announced through the quarter has seen an impeccable transition and a ramp-up so far. We believe that more than the robustness of our growth, what is truly remarkable is the balanced nature of our growth across all cuts that is across geo units, across industry vertical units, across service lines.

Our confidence in sustained growth in the future rides off the fact that there is no over-reliance on any one growth vector. All vectors including geo-based units, industry-based units, and service lines of firing, they are all not just growing, but they are all growing robustly.

Finally, as we conclude the year, we would like to reflect upon the three key reasons why team Coforge has delivered robust and sustained growth over eight years. Remember eight years, this is not one, two or three years, including during years when the industry has faced headwinds.

Those very reasons give us confidence in our quest to be the industry growth leader in fiscal year 2026 as well.

Reason number one out of those three reasons is an execution discipline and an execution intensity that is uniquely our own. For eight years, the three-step iterative process of plan, execute, debrief. Plan, execute, debrief. Plan, execute, debrief has been repeated by every function and every unit of Coforge till it has now become hard-coded in the DNA of our firm.

Reason number two is our outsized focus on driving growth essentially through solution based, proactive, large managed services deals. This large deals-based growth approach has meant that our teams count more on wallet share expansion and not client budget expansion as the primary arc for expanding our revenue. We enter every downturn with a strong signed order book and a high conviction short-term pipeline ahead of us, allowing us to outperform irrespective of the macros.

Reason number three is our unwavering eight-year dedication to building deep differentiated architect pools and SME led industry-specific engineering competence. We believe as things stand today after eight years, we are one of the most credible challengers today in the financial services tech partner landscape and we further believe that we have now entered the leaders box in the travel services tech partner landscape.

Our government business outside India and our healthcare business is being built up painstakingly following the exact same approach. Each three of these aspects, the execution intense DNA, the large deal oriented sales mindset, and the industry led engineering focus cannot be built overnight. They take years to build, but once built, they become a lasting growth pillar which does not just sustain high growth, but actually accelerates growth every year.

Our growth outlook for fiscal year 2026, despite the uncertain macros that the industry faces is very robust. We believe very significant growth in fiscal year 2026 will be accompanied as Saurabh said by a simultaneous and a material expansion in reported EBIT.

With that ladies, gentlemen, I conclude my prepared remarks and Saurabh, John, and I look forward to hearing your comments and addressing your questions. Moderator all yours.

Moderator: Thank you very much, Sir. Ladies and gentlemen, we will now begin the question and answer session. Our first question is from Mr. Abhishek Pathak from Motilal Oswal. Please go ahead.

Abhishek Pathak: Hi thank you for the opportunity and congrats team on a great quarter. So I have got a couple of questions. Firstly, as you mentioned right over the past eight years, the growth has been quite significant, but would you agree that this is probably going to be an extended period of downturn for the industry? And if so, does the deal win engine have to kind of permanently pivot towards large deals and cost takeouts or there is still room for discretionary and in other areas that is one. The second question is on the Sabre ramp up. Could you please tell us how the margins have been impacted in the short term and how should we model that? And just on the margins as well, right, I mean how should we expect the reported EBIT margins to expand from here on in terms of margin walk? Thank you.

Sudhir Singh: Abhishek thanks for both the questions. As far as the pivot towards large deals is concerned, that is a pivot that we have embraced over the years. That is not just a pivot that we have done that is part of our approach towards sales, irrespective of the macros, discretionary spends up or down, we continue to focus on managed services based proactive solutions led large deals that is not going to change. Difficult for us to comment at this stage in terms of how long the demand downturn is going to last, irrespective of the demand downturn, as you would have noted from our tone, all three of us, we are confident that the large deal velocity and the large deal median size will continue to grow for Coforge. As far as Sabre margins are concerned, it will not have any downward dip in our margins. Saurabh had guided to the fact that by fiscal year 2027, reported EBITDA, I am not talking adjusted, reported EBITDA will hit 18%. This year you have seen we are at 16.6%. We will deliver on that pledge.

Saurabh Goel: And Abhishek on EBIT, the Q4 exit EBIT is 13.2. As we mentioned that there is a burn of 50 basis point on advantage for business now that is behind our back. So 13.2 is the exit for the year. We were looking at $2 billion of revenue guidance for FY2027, EBITDA guidance of 18% that translates to typically a EBIT guidance of roughly 14 odd percent but I guess that by end of FY2026, we would have done large part of the journey coverage from 13.2% to 14 odd percent. So I think that is where we are.

John Speight: And also just to add regarding the downturn point, I think the continual drive of AI, GenAI to deliver long-term efficiency gains is focusing many organisations on business transformation, legacy modernization, they are having to get the value out of AI, so we expect those to continue actually to accelerate.

Abhishek Pathak: Thank you so much, all the best.

Moderator: Thank you. We take the next question from Vibhor Singhal from Nuvama Equities. Please go ahead.

Vibhor Singhal: Hi thanks for taking my question and congrats Sudhir and team for a solid performance yet again. So, Sudhir, two questions from my side. One is in terms of growth, you had called out that the pipeline also looks quite healthy at this point of time, despite the very strong bookings that we have had in this quarter. So again, I mean, it is just because we are operating in an environment in which there is quite a benign commentary by a lot of our peers. How do you see this basically pipeline shaping out over the next few quarters? Any specific pockets that you want to call out in which we have seen very good strength that you believe could be the driver of the deal wins next year. The next year growth is of course taken care of by the deal wins this year, but what could be the driver or what segments could you see be the driver of next year's deal wins? Then I have a question for Saurabh, maybe if you can answer this and then I will have a follow up with Saurabh.

Sudhir Singh: Sure so the drivers in our case, the two areas we are focused on are the same areas that John talked about, transformation and legacy modernization. There is always the cost play that we are always aware of. We expect growth to come from multiple quadrants, not just one or two. If you just reflect back on the five large deals that we have signed in the current quarter, Q4 when the industry in general has been struggling. One of course was clearly the Sabre win. The other deal is a very interesting deal where we are offering GPU as a service at scale. The third one was for one of the largest banks AI led QE services and QE for AI.

The fourth has been a very large Salesforce led win again for a bank and the fifth has been a very interesting $62 million TCP win from one of the top three clients of the erstwhile Cigniti organization. So it is not just one pillar. It is not just one vector from which we are exploring deals. We see significant avenues. The broad theme continues to be what John talked about, transformation, legacy modernization with cost out pace.

Vibhor Singhal: Got it, got it. And specifically, if I could just pick your brains on the travel vertical that is one vertical in which we have seen a lot of airlines coming with profit warnings. United went ahead with a bimodal guidance in terms of the environment. How is the environment in that vertical looking like? I know we had the largest deal in that vertical in this quarter. But going forward, are you seeing some sort of, let us say, uncertainty or delay in decision making from the airlines specifically? The airlines part of the travel vertical.

Sudhir Singh: So it is a mixed bag. I will talk about the pros and the cons both. On the con side, given the recent change in geopolitics impacting global economy, we are seeing travel industry take a more cautious approach in increasing capacity and sharing their own outlook. Specifically there in the

US, while year on year reported travel bookings and revenue are higher for travel and hospitality, a number of companies have reported reduced velocity. And there is a fear of booking cancellations in the near term. More or less the same commentary in Europe, right. Low-cost carriers, digital-first models continue to drive recovery growth, especially in leisure travel space. However, there again rising labour costs, capacity constraints pose ongoing challenges. Interestingly, again, just continuing on that geo arc, we were across Asia Pacific, Middle East, Latin America, Africa, travel demand is growing steadily. So it is not the same feedback as it is coming to North America, Europe. For fiscal year 2026, despite the cons that I talked about, our outlook on travel is strong and we are well poised to grow while factoring in the industry dynamics that I talked about. And this outlook is based on the bookings in hand, the current sales pipeline, and the demand that we are seeing in our existing key accounts in travel still, despite the cons that I talked about. We are seeing client opportunities in travel in GCC setup, in modern airline retailing, in data modernization, in M&A integrations, and in loyalty and personalisation. So that is a quick overview in terms of travel, what is happening and what we see going forward.

Vibhor Singhal: Got it, got it. That is really helpful the detailed explanation. Just one last question for Saurabh. Saurabh, I think our OCF reported a very sharp jump in this quarter. Last two, three quarters it had been sub $50 million, this time it is around 74. So if you could just take us through that, can we expect it to be the ongoing run rate over the next few quarters also or are you expecting some headwinds to this number?

Saurabh Goel: So Vibhor, this is how at least structurally over the last many, many years that our H2 from an OCF perspective has been higher than H1. In fact, in prior years, the H1 OCF used to be negative or zero and then all the heavy lifting used to happen in H2. So, current year also in H1 our OCF was low largely because of QIP expenses. If we knock that off, we started the year with 30 odd percent OCF and then we went up to 100 odd percent so that we ended up delivering 77% OCF for the year.

I guess on ongoing basis, we believe that anywhere between 67-70% OCF is what we would generate in the business with the kind of growth that we have seen.

Vibhor Singhal: And that would have the normal seasonality, the first half will be weak and the second half will be stronger.

Saurabh Goel: Absolutely. We are trying everything to make sure that it is smoothened out to an extent but then there are certain structural things which result in heavy payments happening in Q1 and Q2 resulting in OCF to be Q1 and Q2.

Vibhor Singhal: Got it, got it. Great. Thank you so much for taking my questions and wish you all the best.

Moderator: We take our next question from the line of Ankur Rudra from JP Morgan. Please go ahead.

Ankur Rudra: Hey thank you. Maybe just wanted to talk about the outlook to start with. So yes thanks for taking my call. I wanted to get a sense of the outlook outside of the Sabre deal. We understand that will be a significant component of the growth outlook. But outside of that, if you can share, how does the overall momentum look like, given the environment has probably weakened a bit? And if you can give us any kind of update about the medium term target of hitting $2 billion in revenues.

Sudhir Singh: As I said, Ankur, we do not believe that the velocity of large deal closure and in Q4, as I just shared, we signed five large deals. Sabre was only one of them. We do not think the velocity or I mean if you leave out Sabre, the median size is going to deteriorate for us. We understand, we acknowledge and I just shared the commentary around travel as well that the demand outlook has worsened. But given the pipeline that we already have, given the sales orientation, which is very sharply structured on proactive proposal creation, we would expect the velocity, we would expect the median size of these large deals to sustain. As far as $2 billion is concerned, we would not like to share a timeline, I mean given our performance of late, given the commentary you heard, we feel we are going to get there pretty soon. Actually let me make that very soon without qualifying further areas.

Ankur Rudra: Understood and there is no risk to that number for FY2027 that you previously stated right given the weakness in the short term and you are saying very soon.

Sudhir Singh: Oh no, I do not think there is any risk at all to fiscal year 2027 getting to 2 billion. The intent will be to get there faster. We would be a little disappointed if it took us all of us fiscal year 2027 end to scrape by to 2 billion dollars.

Ankur Rudra: Understood. In terms of the near term, if you can comment on anything about revenue conversion from all these large deals, anything to note given some of the weaknesses you might be seeing on travel side which you have acknowledged.

Sudhir Singh: Nothing of concern the immediate quarter they are going to be very good as well as fiscal year 2026.

Ankur Rudra: I appreciate it thank you.

Moderator: Our next question is from the line of Manik Taneja from Axis Capital. Please go ahead.

Manik Taneja: Thank you for the opportunity and congratulations for the steady performance. My question is for Saurabh. Saurabh, if you could help us understand how does the number of working days in April, May, June differ and should be a tailwind to sequential growth in the current quarter. If you can provide some insight into that. And the second question is with regards to the margin outlook, if you could talk about the different margin levers, especially in context of the lower ESOP charge as well as sales and marketing expenses outside of ESOP expenses and the gross margin proportion that we should be seeing in FY2026.

Saurabh Goel: So couple of things. One when we look at number of days, so yes, there will be a leverage coming in and that is why I said that between Q3 to Q4, it was a tough quarter and there were lesser number of days. Even when we did a 100 basis point margin expansion in the current quarter, number one. Number two, like you remember that we had given wage hikes in Q2 last year. So again, it is not happening in Q1 for sure this year, which means that there is no depression on margins that is going to come in Q1. And we believe that we will be able to sustain margins that we are delivering now. And to the extent of the adjustment that can happen, would happen on account of these costs that get paid up front for the whole of the year. Apart from that, we believe that the EBITDA margins or the gross margin should hold or gross margin should marginally expand. So that is number one. Number two, from a lever standpoint, 13.2 is the EBIT exit in Q4. As you know that by Q3, this ESOP cost is going to come down from current levels almost by 70-80 BPS further. That is going to flow down into EBIT number in Q3, which will get marginally set up with whatever rate hikes will happen at that point in time. But we believe that between 13.2 to 14 odd percent EBIT, guidance increase that we have, a large part will get covered this year, largely on account of structural changes that have happened in the business, wherein the scale lever will start playing in. The large deal expansion with no depletion in gross margin will start playing in. And that is why we believe that whether it is gross margin or EBITDA margin or EBIT margin should sustain and should expand materially over the next couple of years.

Manik Taneja: So that is helpful. And if I can check in with one more question, if you could clarify on the segmental margins for Asia, they appear to be the highest in several quarters. If you could help us understand what drove the big upswing in terms of segmental margins in this geography.

Saurabh Goel: So what has happened is that Australia as a geography and so a large part of that revenue comes from Australia and it comes from ASEAN. These were two regions which earlier were not doing well but over the last couple of years, maybe I would say 18 odd months, the correction in Australia happened because of the investments that we had made there.

The new leader that was hired almost two years ago and that margin had already improved. Now the ASEAN business has also started firing and there was some small part of the business which was not doing well even that is behind us so smaller geography not a significant impact on the overall numbers but yes I think there are certain areas which were stressed which are now behind us.

Manik Taneja: Thank you and wish you all the best.

Moderator: Thank you. Our next question is from Dipesh Mehta of Emkay Global. Please go ahead.

Dipesh Mehta: Yes thanks for the opportunity. Couple of questions. Just want to understand about utilization. I want to understand our optimal utilization range. Yes, so my question is about utilization. What is the optimal utilization range you are looking for? And in the context of it if I look at headcount addition, it is roughly a percent of this quarter, where we are expecting some of the large-deal ramp-up to play out in the next few quarters. So in that context, if you can provide some sense, that is question one. Second question is, if I look at your service mix, there is a sharp growth in engineering while IMS is SOAP. So I just want to get some sense because in geography also, America is very SOAP compared to the rest of the world. So there are some quarter specific nuances playing out if you can provide some colour around that. Thanks.

Sudhir Singh: So Dipesh utilization we are at 82% for the quarter. We think that is a good number because in our utilization we count pressures as well. The second question was around head count, is it? What was that second question?

Saurabh Goel: So second question is on the head count. See headcount addition for the large deal ramp up had started happening in the last quarter itself that is Q3. And it was getting added over a period of time. So that is why you see the current headcount addition and over next few quarters also, you will see material headcount addition that will be happening.

Sudhir Singh: Also the other thing you have to note around headcount is while we have declared a headcount addition of 400 odd from that number we have subtracted 600 people of advantage growth. If the business had been continuing as is, this quarter would have seen a 1000 people headcount improve. John, do you want to comment on engineering versus IMS?

John Speight: I did not actually hear the…

Sudhir Singh: The question was engineering contribution seems to be far outstripping the contribution of the infrastructure business.

John Speight: In this point of time I think a lot of it is down to the Sabre deal. A significant proportion of that is pure play engineering services. I mean, that is the major factor that I see affecting that.

Sudhir Singh: Correct and the longer term secular trend that we are also seeing Dipesh in addition to that is our engineering business and we have called it out repeatedly is very firmly grounded in the functional expertise that we bring in across industries and whether it is a geo-based unit or an industry based unit with the new delivery and the new engineering leader that we have had in play for the last 12 plus months that business is picking up incredible speed while the IMS business continues to grow strongly in relative terms, it is picking up speed.

Dipesh Mehta: I understand. And last question about the Sabre deal ramp up, how one should look the ramp up, whether the linear equation is a good way to look at it the way it should contribute over a period of time?

Sudhir Singh: Well, the Sabre ramp up is proceeding extremely well. We would expect the ramp up to continue over a three quarter period and that is proceeding as per plan.

Dipesh Mehta: And contribution would be roughly linear right? Across 13 years if one does that division?

Saurabh Goel: More or less, Deepesh. I mean deal of this size, the revenues are never linear but as you mentioned earlier, it will be as a quote of 10 to 20 million dollars plus minus.

Dipesh Mehta: I understand thank you.

Moderator: Thank you. Our next question is from Abhishek Kumar of JM Financials. Please go ahead.

Abhishek Kumar: Hi good evening. Thanks for taking my question. First question is on Sabre deal and it is a question that is asked to us very frequently by investors. Given the financial situation of Sabre, do we foresee any risk of ramp down or any challenge to receivables or receivable days? And if at all any risk mitigation that we kind of use to protect ourselves?

Saurabh Goel: So Abhishek, a couple of things. One, we have been working very closely with the leadership team of Sabre. And this is one of those accounts wherein we not only have a connect with the CIO organisation or the CTO organisation or the CMO organisation, but also to CFO and CEO and even at board level. So that is point number one, which allows us to get insights on what the strategy of the business is, what they're planning to do and what are the future steps they are going to take. That is number one. Number two, they very recently announced a sale of their hospitality business, which we were not supporting. It was a small business, roughly \$250-300 billion of annual revenue and \$1.1 billion to pay off their debt. So we were aware of it. So out of the debt of \$4.7-\$4.8 billion, \$1.1 billion will be shaved off. And they have always been operating at a debt of \$3.5 billion. So we continue to monitor. The point I am making is that we continue to monitor their financial performance, their business strategy very, very closely. And obviously, we have also taken non-recourse factoring and we have also taken a credit insurance policy in case anything unforeseen happens. But apart from that, we continue to work very closely with the management team, with the board so that we know what is happening to the customer.

Abhishek Kumar: Okay, that is helpful. My second question is in the others vertical which saw a sharp decline this quarter.

A lot of what is included in the others vertical like retail, healthcare etc seems to be where Ciginiti has contributed. So just wanted to understand is that attributable to some softness in Ciginiti or that is just quarter noise? Thank you.

Sudhir Singh: It is not. It is not attributable to any softness in the Ciginiti portfolio of accounts. As I noted, the second largest deal during the quarter after Sabre is a deal with one of the top three accounts of Ciginiti that is a \$62 million not five year but a three year TCV deal. The incremental revenue from that deal is going to be bigger than the size of the account was when we took it over. Also the second thing I want to tell you is forget the quarter look at the full year, others vertical has grown 67% over the previous year. So what you are looking at in this relatively smaller vertical is a temporary quarterly blip, not attributable to any softness in, which continues to be a fantastic acquisition from our vantage, where the pipeline of large deals from accounts that used to be Ciginiti is growing. So to that extent, we feel reassured around Ciginiti.

Saurabh Goel: And Abhishek, just to add to that, so Q3, there was a sharp spike that had happened in others. But I think it is more of PAT revenue that came in Q3 has just gone away. And that is why you see a blip. Otherwise, structurally, year on year basis, you will see that there is growth happening. There is not a single vertical otherwise which is not doing well on an ongoing basis.

Abhishek Kumar: Okay, great. Thank you so much and good luck.

Moderator: Thank you. Our next question is from Sandeep Shah of Equirus. Please go ahead.

Sandeep Shah: Yes thanks for the opportunity. The first question is, if I look at FY2025 and step out the inorganic growth based on my estimate, we have roughly done a mid-teen kind of organic growth. And if I look at also the announcement on Sabre deal plus other acquisitions, it looks like that the coming year with these announcements will also contribute 15% growth automatically through Sabre and inorganic acquisitions. So is it fair to assume the growth momentum what we have seen in FY2025 which is upwards of 30% can be maintained in FY2026 as well?

Sudhir Singh: We cannot give a number based guidance Sandeep but I will just reiterate what we said. We expect very strong growth in FY2026 as well without qualifying the number; the growth should be very strong.

Sandeep Shah: Okay so Sudhir, you expect the macro head winds may have some taperness or some impact on organic growth in FY2026 versus FY2025?

Sudhir Singh: Not at all. I do not see organic growth slowing in any shape or manner in FY2026 or FY2025

Saurabh Goel: And Sandeep, just to add to that, I mean, last year when we got into FY2025, we had a headwind because our quarterly growth rates they were actually coming down. The exit of FY2023 was around 4-4.5% quarterly growth, which came down to 1.5% quarterly growth when we exited last year, FY2024.

This time when we are exiting Q4, we have had quarters wherein we have grown 6-8% on CC basis on an organic basis. And that is why we believe that directionally, I mean that next year should be better than the current year on an organic basis.

Sandeep Shah: Okay thanks. And just, I have joined late apology for the same. Can you once again give a detail about the organic margin guidance for FY2026?

Sudhir Singh: We have not given a hard number of guidance. We believe that EBIT will see a significant improvement that is reported EBIT. And our guidance for hitting 18% reported EBITDA in FY2027 also stands.

Sandeep Shah: Okay and Saurabh Sir has said that this year would be between 13.2 to 14.2 at EBIT level.

Saurabh Goel: So I had said that the guidance for FY2027 was revenue of $2 billion, reported EBITDA of 18% which would mean an EBIT of 14 odd percent. From 13.2%, a lot of that journey to 14% will get covered this year itself rather than leaving it for next year to kind of scraping towards reaching 14%EBIT number.

Sandeep Shah: Okay thanks. All the best.

Moderator: Thank you. Our next question is from Vaibhav Chechani of Nirmal Bang. Please go ahead.

Vaibhav Chechani: Congratulations on great set of number and thank you for the opportunity. So congratulations on great set of numbers and thank you for the opportunity. So my question is around the exchange rate. So in our fact sheet, what I found the reported rate is around 86.6. However, when I calculate the reported numbers, which is $404 million versus Rs.3402 million, it comes with a deviation of around $2. So, any colour on that?

Saurabh Goel: So, number one, that is just a dollar exchange rate. When you look at our mix, it is a little different from most of the other organisations, wherein almost only 50% of the revenue is actually dollar denominated revenue. A large part of also comes from Pounds, Euros, Australian Dollars and Singapore Dollars. So that is number one. Number two, we also take hedge losses in the top line, which actually translates into a very different number. So these are two reasons why you see just a dollar average rate versus the revenue that is got delivered in the quarter from a reported revenue in rupee terms or dollar term.

Vaibhav Chechani: Understood and Sir second question on that is around the GCC business. So any colour on our GCC business, how is it ramping up and how significant is becoming in our Asia geography because our Asian geography is significant revenue growth in this matter. So is it primarily driven by GCC or GCC is just a part of the higher end growth in Asia geography.

Sudhir Singh: Asian growth is not being driven by GCC Vaibhav, but a lot of our growth is being driven by GCC's. GCC driven or GCC influenced revenue is almost 10% of our aggregate revenues as we speak. The largest deal that we are pursuing right now also is a GCC specific deal currently.

So short answer, Asia growth is not necessarily a function of GCC growth, but a lot of our pipeline is significantly influenced by our GCC growth. John, would you like to add more to that?

John Speight: The only thing I would add to that is given the success we have had with GCC over the last 12-18 months with number of customers, that is in itself being used as referencing into new customers and that is itself being used as referencing into new customers and that is driving change. What we are also finding is a number of organisations are struggling to drive their offshore strategies alone and it is feeding into us significantly and hence why we are having so many conversations with customers in this space.

Sudhir Singh: Thanks John. Thanks Vaibhav.

Vaibhav Chechani: Understood. Thank you so much. That is it from me.

Moderator: Thank you. Our next question is from Chirag Kachhadiya from Ashika Institutional Equities. Please go ahead.

Chirag Kachhadiya: Hello congrats on a great start of numbers. So I have two questions. Cigniti is offering, in one vertical they are offering testing related services. So how that particular division is now integrated in this consolidated entity and providing some synergy benefit to the existing business of the Coforge and in the advent of this AI related disruption how this is muted offering on real-time basis will not get impacted by this AI disruption at all and second what risk you see in FY2026 and 2027.

Sudhir Singh: Cigniti QE out of the five large deals that I talked about, two of the large deals were influenced by our AI for QE and QE for AI-based offerings. That is a hard data point in terms of how successful the Cigniti business, especially the AI-driven QE has been. Second, in November this year, given our confidence around the AI suite in QE, we are organising an event in New York City, four hours workshop, inviting every analyst there is in the world just to talk about the differentiation that we have built, which was part of our premise around acquiring Cigniti in this space. Third, the Cigniti QE team has been fully integrated into the Coforge unit. There is no longer internally, if you look at us, a standalone Cigniti team. QE is now a horizontal business unit. It is run by Mr. Raghu Krovvidy, who used to be the global delivery head of Cigniti earlier. As far as the risks are concerned, no outsized risk that I can call out when it comes to the revenue. We have not given a guidance, but the confidence that you hear in our tone. We believe we have considered most risk scenarios. We have most importantly considered the demand downturn that our industry is dealing with. And after baking all of that, we still feel extremely confident about what we have shared with you. I am going to request John to lay on anything else to that.

John Speight: Just one thing which we are seeing is the cross-sell up-sell opportunities into the accounts that have been on boarded as part of that acquisition. That is significant because that business that we acquired was 90% QE, small smashing of RPA, digital, but now we have got the full gambit of our engineering, platform plays that actually can deliver value to our those customers and that we are very on leveraging.

Chirag Kachhadiya: Thank you. Our next question is from Vibhor Singhal from Nuvama Equities. Please go ahead.

Vibhor Singhal: Hi thanks for taking my question again. Sudhir just a question on the Sabre deal again. I mean, more of a subjective kind of assessment if I could ask you for. So, I mean, it is very seldom that we see a company of our size, mid-tier company grab such a large deal. These large deals had always been the kind of forte of the large cap companies that we had always seen. Now, you mentioned, of course, that this was a longstanding client. We have had a longstanding relationship and our domain expertise in the travel vertical is also known. But is there a kind of a paradigm shift in which more and more companies like our size are being called for large cap companies? In your pipeline, are there any more large deals that you are chasing? And are the customers now becoming more open towards let us say, including more companies of our size into these large deals as compared to let us say three or four years ago.

Sudhir Singh: Thank you for the question, Vibhor. With our size, we believe we are within touching distance. It is a question of which year we touch $2 billion. We are no longer a small firm as we see ourselves and as our clients see us. With 33,000 engineers across the world, hopefully likely to be 50,000 pretty soon. It is a fairly significant cohort of engineering talent that we have. The

Sabre deal was won against two of the largest SIs in the world. When I look at the final shortlist of four, two of the folks who were against us were two of the largest SIs that do play within our industry. We believe the Sabre deal was won not just because of our industry expertise and travel, but also because of the iterative series of workshops around the engineering solution that we deliver for Sabre, which gave them comfort to choose us as their deep engineering partner for a 13-year period. So that is how we see this. When it comes to pipeline, there are a significant number of large deals in the pipeline which are of a significant scale as well. John, do you want to add to that?

John Speight: Just the one thing I want to add is that what we are seeing certainly in Europe a number of the segments proactively bringing in and even defining frameworks, which there are barriers to entry, to encourage engagements with an organization of Coforge's size. And quite often it is to break up those mega deals into smaller, smaller chunks and to do risk and also to ensure outcomes are delivered.

Vibhor Singhal: Got it, got it. Thank you so much for the detailed explanation. Just one last bookkeeping question from Saurabh. Saurabh, if you could provide some update on the Cigniti's share swap proposal, what is the status? Where is the approval pending? And what is the timeline that we are looking for the full integration of Cigniti into our business?

Saurabh Goel: So Vibhor right now it is with SEBI. So exchanges have already cleared and it is sitting with SEBI and then it went to SEBI around end of March. And there are no, I would say, turnaround times that are there typically with regulators, but one can expect anywhere between two to three months. And then NCLT, then shareholders approval.

We believe that somewhere toward December to January is a timeframe when the merger should get consummated. But having said that, as far as we are concerned from a business standpoint and from operation standpoint, apart from the fact that there are two separate listed legal entities running, the business synergies, and the operational synergies have started flowing in already. And that is where you see the margin expansion, 100 basis point margin expansion on a pro forma basis over last year to current year, or an asset which was $220 million in revenue, with 12% of EBITDA going up to exit of say 18 odd percent in the current quarter. I mean is the result of synergies that have come in between both the businesses.

Vibhor Singhal: Completely agree Saurab. Thank you so much for taking my questions and I wish you all the best again.

Moderator: Thank you. Our next question is from Abhishek Pathak of Motilal Oswal. Please go ahead.

Abhishek Pathak: Sudhir, just very quickly on the client complaint that we, you know, it is been an ongoing issue for the past, I guess, 18 months, but just a brief update on that and how do we expect to sort of close this? Thanks.

Sudhir Singh: Thank you for the question, Abhishek. The client complaint claims that a hacker tricked service desk agents into resetting employee passwords, allowing access to the client's customer loyalty database. It misrepresents the company's engagement terms, role regarding the database, and the service desk agent responsibilities. The company did not handle and when I say the company, I mean, Coforge, the company did not handle core cybersecurity services for the client. We had no access to or responsibility for the database, and we were not involved in its management. We are consulting our insurance provider and consulting legal counsel regarding the complaint. The liability amount cannot be determined at this time. We do not want to comment on the name of the client, but the company continues to serve the client regularly since the last 18 months. The client is not a material client of the company and does not form part of even the top 50 clients of the company. So that is an overview in terms of the complaint.

Abhishek Pathak: That is very helpful. Thank you so much.

Moderator: Thank you. We take our last question from Prateek Maheshwari from HSBC Securities. Please go ahead. Mr. Prateek Maheshwari, could you please unmute your microphone and ask your question?

Prateek Maheshwari: Thank you for the opportunity. Guys, I just wanted to ask on your net other income, it continues to be negative and just wanted to check if this could be a strong lever for PBT margin growth next year.

Saurabh Goel: So a couple of things. If you look at our presentation, we have explained where the net other income is coming from. So there are two things there. Number one there is interest on borrowings, which is there on the working capital. That is number one. And then there is least discounting, which is a standard because of the right of income assets that is being created.

But yes over a period of time, once the working capital utilization starts going down, and with the improvement in the cash flows, the interest income will start going up and will become a lever for PBT expansion. But right now with the growth that we are sitting at and with the working capital requirement that we have and we continue to pay dividends. So we believe that at least we'll continue for a year or two for now and then we will kind of start thinking of PBT or interest other income as a lever for market expansion. But right now we are first focused on improving EBIT of the organization and then we will start focusing on this.

Prateek Maheshwari: Thank you so much.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand over the conference to Mr. Sudhir Singh for closing comments.

Sudhir Singh: Thank you moderator Ladies, gentlemen, thank you very much for your time, for your interest and for your support and mentoring and guidance over the years. We look forward to these conversations. We learn from these conversations and we look forward to more of these conversations. Thank you very sincerely. We wish you a very good morning or a very good evening or a very good night. Thank you.

Moderator: Thank you members of the management. On behalf of Coforge Limited that concludes today's conference. Thank you for joining us. You may now click on leave icon to exit the meeting. Thank you for your participation.