



## **Q2FY27 Earnings Call**

### **Prepared Management Remarks**

**23<sup>rd</sup> October 2026**

**Management:** Mr. Sudhir Singh – Chief Executive Officer and Executive Director

Mr. John Speight – President & Executive Director

Mr. Saurabh Goel – Chief Financial Officer

Ms. Radhika Arora – Head, Investor Relations

**Radhika Arora**

Good day, everyone, and thank you for joining us today.

Many of you on the call already know me. For those who may not, I am Radhika Arora, Head of Investor Relations at Coforge. It is a pleasure to welcome all of you to our Q2FY27 earnings call.

Joining us today from the leadership team are

- Mr. Sudhir Singh – Chief Executive Officer and Executive Director
- Mr. John Speight – President and Executive Director
- Mr. Saurabh Goel – Chief Financial Officer

Before we start, I would like to reiterate that we take the Safe Harbor Statement available in the presentation as having been read.

With that, let me hand over to Sudhir.

Sudhir, over to you.

**Sudhir Singh**

Thank you, Radhika.

Ladies and gentlemen, good day, and thank you for joining us.

The call today is particularly exciting because we have now reached a critical tipping point of AI adoption within Coforge. Consequently, we are pleased to reset expectations around our operating margin profile and large deal closure velocity going forward.

I wish to start with a bulleted list of the six key messages that we'd like to leave you with before delving into the details of what has been another exceptional quarter.

1. We are pleased to raise our consolidated EBIT margin guidance for FY 27 to 16% from the 15.5% we had shared at the beginning of the year. We also plan to achieve a reported Q4 EBIT of 17% thereby establishing the glidepath to further and significant margin expansion in FY 28 as well. This improvement in margin, at a time when our industry faces acute pricing pressure, is driven by our execution ethos. Not only are we making the promise of AI real for enterprises but we are with the same intensity embedding AI across our internal processes and functions.

We believe that AI is breaking the link between scale and margin leadership for the tech services industry. T&M and effort-based economics face pressure as automation reduces labor content. In this evolving world, it is our intent to get to being within the top three highest EBIT margin tech services firm in our industry in the short to medium term.

2. Second, equally importantly, revenue growth. This year we will be the industry growth leader for the third consecutive year. In Q2, we signed 8 large deals. This is the highest number of large deals we have signed in any quarter in our history. In Q3, which is the shortest quarter of the year, we hope to again sign 8, if not more, large deals. Our increasing large deal velocity offers assurance of sustained, robust growth in the future as well. It is also a testament to the world class onsite solutioning engine we have built. Most of our large deals are sole sourced and driven by proactive solutions. That is the only path to growth in an industry which faces AI led deflationary winds and yet is also keen to work with differentiated partners like Coforge who do not just offer assets and platforms, but can actually craft and deliver upon solutions which are deeply embedded in the very specific operating context of an individual enterprise.
3. Third, order intake. I wish to share that our order intake for the quarter, for the second time in our history is more than USD 1 Billion.

More than this number, impressive as it is given our size, is the fact that it is truly broad based. \$455 Mn of this came from North America, \$485 Mn from Europe and \$101 Mn from Rest of the World.

Interestingly, of the 8 large deals we signed during the quarter 2 came from BFSI, 3 from Public Sector, 2 from HiTech and 1 from Retail.

Geographically, of the 8 large deals 3 were from North America, 4 from Europe and 1 from Rest of the World.

As we stand today, every business engine of Coforge is firing. And what that does is not just impart us great growth momentum, it equally importantly derisks that robust growth outlook.

4. Fourth, key accounts. I am very pleased to share that starting Q2, there is now a second client that has crossed the \$100 Mn annualized relationship run rate. Large deals are important, but equally important is the ability to nurture and sustain that initial growth impetus. Both the Farming and the Hunting sales engines continue to excel with that execution ethos that is uniquely our own,
5. Fifth, FCF- FCF to PAT came in at 90% for the quarter. We expect it to be 100% for the year.
6. Sixth, of course, Enterprise AI: Enterprises are deriving the highest AI value from redesigning and automating business workflows, which shifts the IT-services opportunity from supplying technology effort towards owning transformation and business outcomes. AI-enabled operations and end-to-end workflow transformation have become more important than standalone coding. Domain expertise, process mining, data and change capabilities are becoming increasingly more important.

There are four fronts on which we continue to address the opportunity that AI is presenting to drive Enterprise AI adoption:

- First, through Coforge Nuuron – our enterprise autonomy enablement suite.  
AI is only as useful as its understanding of your business.  
Nuuron is digital brain behind enterprise agents, grounding them in enterprise context and enabling them to drive autonomous operations one step at a time.

- Second way we are addressing the AI opportunity is through a proven set of enterprise grade AI assets such as Forge-X, CodeInsight.AI and EvolveOps.AI – these are agentic AI solutions

These assets bring Nuuron to life in specific areas of the enterprise, with proven solutions for engineering, operations and business processes. They give us a faster starting point to solve real client problems and take AI into production.

- Third, Momentum Blue, our dedicated FDE unit, supported by Mod Squads to take AI solutions from idea to scale.

Our FDEs work closely with clients to build and prove solutions in their business environment. Mod Squads then scale these solutions across the enterprise and continuously improve them.

- Fourth, enterprises increasingly want more choice in the models they use and more control over where their intelligence sits. They also want better visibility and control over AI costs as usage grows across the organization. To address this need, we recently announced “AI-Launchpad”, the Open-Weight AI Ecosystem for the Enterprise.

AI Launchpad helps enterprises select, adapt, govern and deploy open-weight models at scale. It gives clients the flexibility to use the right models for different workloads while keeping control of their enterprise context, intellectual property and AI economics.

With that, let me now turn to our Q2 FY27 performance.

## **Q2 FY27:**

In Q2 FY27, we registered sequential consolidated growth of 10.9% in constant-currency terms, 10.1% in US-dollar terms and 11.6% in Indian-rupee terms. Organic sequential growth stood at 3.8% in constant-currency terms.

What we find particularly reassuring about our growth performance is the large deal velocity and the key accounts growth that underpin it.

In Q2 FY27, our order intake exceeded \$1 billion. Order intake increased 51% quarter on quarter and 102% year on year. Q2 order intake was broad-based across geographies and industries as I noted at the outset.

Eight large deals. The highest in our history for a quarter, were signed during the quarter. One of the eight large-deal wins during the quarter was the \$230 million UK public-sector engagement signed in July 2026.

Equally important, we delivered a consolidated EBIT margin of 16.0%, above our current guidance of 15.5%, while the standalone business delivered an EBIT margin of 17.0%.

### **Revenue Commentary**

Consolidated revenue for the quarter stood at US\$652.2 million in US dollar terms. In Indian-rupee terms, revenue stood at ₹61,708 million.

On an organic CC basis, Banking and Financial Services grew 8.3% sequentially and contributed 25.3% of consolidated revenue; Insurance grew 3.6% and contributed 12.8%; Travel, Transportation and Hospitality grew 1.8% and contributed 20.2%; and Healthcare and Hi-Tech declined 6.4% and contributed 17.6%. Government Outside India grew 20.8% and contributed 6.5%, and Emerging verticals grew 2.3% and contributed 17.5% of revenue.

From a geographic perspective, organic growth was led by the Americas and Rest of the World, which grew 4.1% and 16.3% sequentially in constant-currency terms, respectively. EMEA segment remained flat, reflecting the impact of developments in the Middle East.

AI-led Engineering, Data & Integration, and Cloud, the key growth drivers of the combined organization, contributed 86% of consolidated revenue during the quarter, reflecting the consistent growth and increasing scale of these businesses.

Our top 5 clients contributed 18.1% of Q2 revenue, and the contribution from our top 10 clients stood at 26.4%.

### **Order Intake**

Backed by fresh order intake of over US\$1 billion, our next 12-month executable order book rose to an all-time high of US\$2.4 billion, increasing 45% year-on-year from US\$1.64 billion and significantly strengthening growth visibility for FY27.

### **Encora:**

This was also our second quarter, and the first full quarter following Encora acquisition. Margin expansion at Encora is ahead of the acquisition plan. Deal momentum is also building, and we continue to expect Encora's revenue growth to mirror Coforge's growth from Q3 onwards.

Importantly, the largest deal currently being pursued within our pipeline is with an Encora client, and we expect this opportunity to close within the current financial year.

### **People**

We added 1,137 employees during the quarter, taking total headcount to 47,365, while maintaining healthy utilization of 82.4%.

LTM attrition remained stable at 10.4%, among the lowest in the industry, reflecting the strength of our people practices and employee retention.

With that, I will hand over to John for delivery related updates.

**John Speight**

Thank you, Sudhir. I will now highlight the quarter's delivery and capability milestones.

AI is in production at scale across our client base. We are running more than 520 AI engagements for more than 225 clients, with over 260 agents deployed in live operations.

Two capabilities launched in July now sit behind that work. Nuuron, our enterprise autonomy enablement suite, connects enterprise knowledge, workflows and decisions in one intelligence layer. Momentum Blue puts our forward deployed engineers inside client teams to accelerate time-to-value for our clients on their AI investments.

I will share a few examples of how we are driving business outcomes for our clients through AI.

For a global HR solutions provider, we built a secure, governed AI-foundation layer to accelerate the delivery of their AI business use cases. These included an AI customer-service assistant, a census-to-quote assistant and AI investor-relations assistant. The AI quote agent has cut turnaround time from about 3 weeks to under 5 days. The AI customer service now handles more than half of the inbound service queries, freeing capacity for higher value interactions.

At a North American property and casualty insurer, legacy integration services carried heavy technical debt and little documentation. Our AI-powered Mod Squad reverse-engineered the legacy APIs and modernized them as microservices on AWS. The insurer now runs a cloud-native architecture and delivery is 30% faster.

For a North American wealth management platform, we built a governed agentic AI solution - AI Trade Assistant - that gives advisers portfolio insights and recommendations through natural-language conversation, within their compliance controls. The AI assistant has unlocked additional advisor capacity by way of agentic support without adding headcount.

At a leading energy services company, our multi-agent AI Drilling Advisor combines historical well analysis, drilling parameter recommendations and a knowledge graph that engineers query in natural language. Half of their new well-drilling projects are now planned with it, and analysis that took weeks takes hours.

For a global pharmaceutical company, we applied AI across R&D portfolio and programme management. It consolidates project data from several sources and drafts executive-ready status reports, and programme managers now estimate scope changes themselves. The work released around 15,000 business hours, including more than 1,800 hours from monthly reporting.

On partnerships, we joined the AWS forward deployed engineer pilot in September, and AWS is investing with us to grow that footprint. We expanded our partnership with Pega, a pivotal shift in how Coforge goes to market: we now build and deliver Pega-powered offerings under our own brand, and take them to market jointly with Pega across our industries and global markets.

These successes were complemented by multiple analyst recognition during the quarter. Whitelane Research named us an Exceptional Performer in application services and in cloud and infrastructure services in its 2026 UK and Ireland IT Sourcing Study. HFS Research identified us as a standout non-linear growth leader. NelsonHall positioned us as a leader across six segments in its 2026 NEAT assessment for AI-enabled cloud infrastructure management services.

With that, I will hand over to our CFO, Saurabh Goel.

Thank you, John.

**Saurabh Goel**

We reported cc revenue growth of 10.9% in Q2, reflecting revenues of \$657 mn on cc basis. Revenue growth in \$ terms is 10.1% and INR terms is 11.6%.

On the EBIT margin, while consolidated EBIT margin stood at 16.0%, ahead of our consol EBIT margin guidance of 15.5%. The organic business reported margin of 17.0% in the quarter, reflecting continued operational discipline.

Following the 40% reduction in Encora G&A in Q1, the full-quarter benefit of the cost actions is now visible, with combined G&A improving further to 6.3% in Q2 FY27 versus 6.6% in Q1 FY27.

Beyond the benefits already delivered, we retain multiple company-wide levers for further margin expansion. Utilisation is currently 82.4%. Most of the peers are already at 86%+ and hence we have a significant headroom on this front. AI-led efficiencies have been triggered in our fixed price contracts which will start reflecting in Q4 numbers. AI-led efficiencies across G&A function will support continued productivity gains and incremental benefit on margins. Intangible amortisation is largely fixed, creating operating leverage as the company scales.

Hedge losses for the quarter stood at \$10.2 million, broadly in line with Q1 FY27. On MTM basis, we expect loss of \$7.1 Mn in Q3 and \$1.2 Mn in Q4. This is going to provide significant tailwind in EPS in coming quarters. We now have natural hedge in the balance sheet on account of the US-dollar-denominated loan.

### **Exceptional Expenses and Acquisition-related Charges**

During the quarter, we recognised exceptional items of \$5.9 million. These primarily comprised integration-related expenses on account of lawyers and consultants for legal entity rationalisation and tax structuring. At the time of the acquisition, we had guided for exceptional expenses of US\$15-16 million of acquisition and integration costs, whereas we have ended up spending around \$17 Mn. This increase was on account of over-runs related to tax planning

for overseas entities and strategy related to legal entity rationalisation of 95 entities.

EPS, stood at ₹13.3 in the current quarter as compared to 12.3 in last quarter. As guided earlier, we remain well on track to deliver EPS accretion in FY27.

### **Turning to cash flow**

The combined organisation generated Free Cash Flow of US\$53.8 million during Q2 FY27, representing an FCF-to-PAT conversion of 89%. At the end of H1, we are at FCF to PAT conversion of 92%.

We remain confident of delivering the FCF-to-PAT guidance of 100%+ for FY27.

### **Outlook:**

To conclude, with H1 behind us, this is where we stand against our FY27 outlook:

- EBITDA margin: H1 is at 20.5%, and we remain confident of the 20.5% to 21% range for the year on a consolidated basis.
- EBIT margin: we are increasing our FY27 consolidated EBIT guidance to 16% from 15.5%. H1 consolidated EBIT is already 16.0%, and with the levers I described, we are confident of reaching 17% in Q4 FY27 and expect EBIT margin to be more than 17% going forward.
- Free cash flow: FCF to PAT for FY27 in line with our guidance of 100%.
- Tax: steady-state effective tax rate of 23% to 24%.
- EPS: with no exceptional expenses from Q3, lower hedge losses in Q3 and almost negligible in Q4, improvement in EBIT in Q4 to 17%, we see a significant upside on exit EPS of Q4FY27.

With this, I will hand the call back to Sudhir.

**Sudhir Singh**

### **Summing up and Outlook**

Based on our first-half performance, we are upgrading our FY27 consolidated EBIT margin guidance from 15.5% to 16.0%. We plan to exit Q4 at an EBIT of 17%. That will allow us to aim for a consolidated EBIT margin target of 18% and will place us firmly within the top three tech services firms in the industry.

Our revenue outlook remains very robust. A signed next twelve month order book of \$ 2.4 Billion, an in-quarter order intake of more than billion, the highest ever number of large deals signed in Q2 which incidentally is a record that is likely to get eclipsed in Q3, the broad based nature of order intake and large deals, robust key account growth and the derisked profile of our Top 10 clients assures us of delivering best in class growth numbers this year and beyond. This resilient performance in the face of AI led deflationary winds is driven by an exceptional solutioning engine and an execution ethos that is uniquely our own.

Finally, the ultimate arbiter of sustained performance is the people who drive it. We are one of the, if not, most tenured leadership teams in our industry. We have a track record of sustained performance which is measured not in quarters but in years. This is year ten of the sustained, robust Coforge growth saga. The trust across and the competence of the leadership team allied with a collective sense of purpose and an execution intensity that is uniquely our own is likely to propel us to even greater heights beyond what we have achieved over the last ten years.

Taken together, strong deal momentum, margin expansion, clear success with the Encora acquisition reinforce our confidence in the growth and profitability trajectory outlined at the start of FY27.

With that, we conclude our prepared remarks and will now open the floor for questions.