

Chairperson's Speech on 31st Annual General Meeting on July 06, 2023

Dear Ladies and Gentlemen, Esteemed Shareholders, and Members of the Board,

I am honored to address you today as the Chairman of this esteemed organization, at its 31st Annual General Meeting (AGM). On behalf of the Board of Directors and the entire management team, I express my heartfelt gratitude for your presence here today.

The financial year under review marked a milestone for Coforge as it surpassed the \$1 billion revenue mark, earning \$1,002 million. This growth was accompanied by higher profitability, record orders from large deal wins, and industry-leading employee commitment.

Revenue Performance:

Consolidated revenue for FY2022-23 grew by 24.6% over the previous year to Rs. 80,146 million. In constant currency terms, growth reached 22.4%, while in USD terms, revenue growth stood at 15.6%.

- The BFS vertical achieved splendid performance, growing by 47% in CC terms and contributing 30.7% of total revenues.
- The TTH vertical grew by 21.5% and contributed 19.1% of total revenues.
- The Insurance vertical contributed 22.6% of total revenues and experienced a bounce back in quarter 4 of FY23 and is expected to post healthy growth in FY24 on the back of large deals signed in quarter 3 of FY22-23.
- Other businesses, including Healthcare, High Tech, Retail, and Overseas Public Sector, collectively grew by 23.1% year-on-year in CC terms and represented 27.5% of overall revenues.

Margins:

Robust revenue growth was complemented by an increase in gross margins, up by 55 bps during the year. This allowed us to significantly invest in sales and capability building, laying the foundation for accelerated growth towards the next revenue milestone of \$2 billion. EBITDA increased by 25.0% during the year, reaching Rs. 14,053 million, translating into a margin of 17.5%, up by 19 bps YoY. Offshoring percentage of the IT services business increased from 44% in FY22 to 50.1% in FY2023.

- To celebrate the achievement of \$1 billion in revenue, the board approved an amount of approximately \$11.5 million for gifts to all employees and celebrations across all locations.
- In FY 21-22, Coforge had filed for an ADR, incurring an expense of Rs. 523 million, reflected as recoverable from selling shareholders in the balance sheet. As market conditions continued to be unfavorable for the ADR issue, a provision of Rs. 523 million was made in Q4FY23 based on accounting prudence.

Profit After Tax:

Adjusted net profits (after minority interest and adjustments for ADR and one-time celebration expenses) for the year increased by 22.6% to Rs. 8,117 million, compared to Rs. 6,617 million in FY21-22. The reported net profit (after minority interest) was Rs. 6,938 million for FY22-23.

We have followed a balanced approach towards capital allocation, by consistently paying dividends to shareholders each quarter. For the full year FY23, we have paid a dividend of Rs. 64 per share.

Operating Performance:

- FY23 was notable for continued momentum in large deal signings, with 11 deals signed during the year, including 2 over \$50 million and 5 over \$30 million. The deal pipeline continued to be robust and resilient - the executable order book, reflecting the total value of locked orders over the next 12 months, stood at a record \$869 million.

- As of the year-end, Coforge's total headcount stood at 23,224, representing a 3.2% increase. Our employee-centric culture resulted in one of the lowest attrition levels in the industry, with LTM attrition for the year at 14.1% compared to 17.7% in FY21-22. In 2022, Coforge was recognized as a "Great Place to Work" for the second time.
- Coforge is known as an execution powerhouse, with a mission to "Transform at the Intersect." The global engineering teams apply in-depth business knowledge and technology expertise to help clients transform their businesses. We maintain strong partnerships with leading software providers such as Microsoft, Amazon Web Services (AWS), Google, Pegasystems, Appian, Salesforce, ServiceNow, and Duck Creek to support our products, solutions, and services.

Our focus on execution is evident through the high rate of repeat business, which stood at 92% in FY2023. We are serving over 61 Forbes Global 1000 clients as of March 31, 2023.

Current Macro Environment and Outlook for FY24

The past three years have presented unprecedented challenges in the global economy, including the COVID-19 pandemic, the Ukraine-Russia conflict, and recent banking turmoil in the US and Europe. These events have increased uncertainties and led to high inflation rates in major economies. Central banks have responded by raising interest rates to combat inflation. While we are beginning to see signs of inflation easing due to coordinated monetary policy tightening, the outlook remains uncertain.

Despite the uncertainties in the current environment, we have laid a strong foundation for our growth journey towards the \$2 billion revenue milestone. We have made significant investments and initiated initiatives to enhance our leadership, capabilities, and execution prowess. This includes a new organizational structure to position us well for this journey, focusing on scaling key accounts and creating differentiated service offerings. We have confidence in driving robust, sustained, and profitable growth in FY24, with a healthy revenue growth guidance of 13% to 16%, gross margin expansion of 50 bps, and flat adjusted EBITDA YoY, considering the challenging macro environment.

In conclusion, I would like to express my gratitude to all our stakeholders, including Statutory/Regulatory Authorities including Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India and all other state Governments where the Company operates, NSE/BSE, where the Company's shares are listed, Debenture Holder/Trustee, employees, customers, partners, vendors, and shareholders, for their unwavering trust and support. I stand here with great optimism and confidence, knowing that our collective efforts will propel Coforge to even greater heights.

Thank you.

Basab Pradhan
Chairman, Coforge Ltd