



Coforge Limited Conference Call with Analysts and Institutional Investors

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MANAGEMENT:

MR. SUDHIR SINGH – CHIEF EXECUTIVE OFFICER

MR. SAURABH GOEL – CHIEF FINANCIAL OFFICER

MR. MANISH HEMRAJANI - HEAD OF INVESTOR RELATIONS

Moderator: Ladies and gentlemen good day and welcome to Coforge Limited Conference Call with Analysts and Institutional Investors. Please note all participant lines will be in listen-only mode, and this conference is being recorded. We have today with us from the management team, Mr. Sudhir Singh, CEO; Mr. Saurabh Goel, CFO; and Mr. Manish Hemrajani, Head of IR. We will begin the call with opening remarks from the management team, and post that we will open the floor for questions. With that I now hand over the call to Mr. Manish Hemrajani. Over to you Sir!

Manish Hemrajani: Thank you, Swapnil. Good afternoon to everyone on the call and thank you for joining us today to discuss Coforge's acquisition of Encora. Please note that we will only be talking about the acquisition on this call and do not plan to take other questions on business. Before we begin, a reminder that today's discussion may include forward-looking statements, which involve risks and uncertainties. Actual results may differ materially and Coforge assumes no obligation to update these statements. With that I will now hand the call over to our CEO, Mr. Sudhir Singh.

Sudhir Singh: Thank you, Manish. Ladies and gentlemen, it is our absolute pleasure and a great privilege to welcome you to what we believe is a very important announcement and dare I say a very thrilling one. I trust that during the call today the choice of words and the tone that you hear Saurabh and me use will be a testament to the excitement that we see and we feel today and to the immense possibilities that we think that this development presages for Coforge. With that let us kick this off with the prepared remarks.

Ladies and gentlemen, the current leadership of Coforge came together eight-and-a-half years back. Over the last eight years, the firm has delivered one of the highest growth rates of any mid or large cap tech services firm in the industry. The sustained, robust, profitable, industry-leading growth has been achieved on the back of an execution intensity that is uniquely our own. It was aided by the hyperspecialization on select industries and exceptional capability depth in emerging technologies. While most of the growth has been organic, it is important to note that every one of the acquisitions that we have done over the last eight years, and I mean everyone, has been very successful. Over the last eight-and-a-half years, the revenue run rate of Coforge has gone up almost five times, and the market cap of Coforge has increased almost 20 times. It is our intent to ensure that the next eight years see us maintain and improve upon the sustained business performance of the previous eight years that I just shared. We hope to continue to be the industry leaders when it comes to revenue growth with increasing margins and increasing investor value creation. As we pursue the same, we recognize that a new era of enterprise tech is emerging. One where AI driven by cloud and data is becoming the engine of enterprise reinvention. The next gen enterprise will have its business capabilities defined and executed via a combination of humans and AI agents underpinned by an enterprise data core and a cloud foundation that is

purpose-built for AI. In that context, Coforge believes that the acquisition of Encora is a defining moment for our organization, and I mean a defining moment. It establishes a scaled AI-led engineering, data, and cloud services-based capability moat for the firm. This allied with Coforge's hyperspecialized industry expertise and execution intensity is likely to further accelerate our industry leading growth. It also sets us up as the tech services firm that is likely to be the first to deliver upon the promise of the AI infused future that lies ahead of our industry. You will note that this transaction is an all-stock deal, where the sellers, including Advent International and Warburg Pincus, are rolling over into Coforge and not taking any consideration as cash. This reflects the confidence that the incoming shareholders have in the prospects of the expanded firm.

Let me move very quickly to an overview of Encora. Born in the Silicon Valley, California, Encora is one of the select technology services firms with an AI native DNA that provides software engineering services for digital native companies and Fortune 1000 enterprises. Encora works at the convergence of AI, cloud and data with service offerings that span intelligent process design, agent native product engineering, core modernization, AI foundation, data readiness, and AI ops. Encora has created one of the industry's first composable AI platforms. It is called AIVA, to deliver integrated agentic orchestration and software engineering services. With composability at its core, AIVA lets organizations compose their own intelligent workflows across engineering and business functions. Key attributes, and I will talk about five, that are unique to Encora and position it as a transformative AI-led engineering disruptor include, one, it already has a core AI native asset and internal agentic platform. The AIVA AI platform is not a slideware accelerator, it is a composable agentic platform. Two, unlike most AI native startups, this firm already operates inside Fortune 500 enterprises and has institutional memory inside accounts with multi-year tenured engineers and very high advocacy. Three, its delivery model is already human + agent" with significant internal adoption of agentic tooling and a roadmap to transition from horizontal agents to verticalized agents. Four, it has a talent composition that matches AI native winners, not legacy SIs. It is not a labor arbitrage play, but is a compound engineering asset, which is a prerequisite for AI native firms. With significant presence of onshore and near-shore LATAM-based SMEs, it is one of the firms closest to making the forward deployed engineers paradigm real in the distributed tech services model and finally five, this platform can become a software as a services model that is increasingly identified as the winning archetype in our changing industry.

So, with that introduction to Encora, let me talk about the five reasons, which underlie the acquisition rationale. Coforge's acquisition of Encora will create an approximately \$2.5 billion tech services powerhouse with both the scale and capability across AI led engineering, cloud, and data services to drive enterprise grade AI solutions. This acquisition

is highly synergistic, and I will again call out five reasons that drive the synergies and five reasons that excite us immensely.

Number one, AI-led engineering plus data plus cloud services alone are likely to deliver \$2 billion revenue in FY27. AI-led product engineering business for the firm is likely to be a US \$1.25 billion plus business in FY2027, cloud services, a \$500 million business, and data engineering, a quarter of a billion, US\$250 million business.

The second reason, high-tech and healthcare industry verticals of Coforge are expected to reach material scale immediately post-acquisition. The high-tech vertical will be a \$170 million run rate business with several \$10 million+ relationships post-acquisition. The healthcare vertical of the combined firm will be again a \$170 million run rate business. Encora substantially expands Coforge's healthcare presence in pharma, in MedTech and in HealthTech, and brings new AI-led solutions such as AI Biomed Research Assistant, AI-enabled patient guardian, multi-omics data ingestion, and AI foundation for clinical trials.

Number three, this will reposition Coforge as a player with scaled-up near-shore delivery capability in LATAM, with an exceptional engineering and AI talent base servicing U.S. clients. Encora has a large and widespread near-shore delivery capability with more than 3,100 delivery team strength in its LATAM delivery centers.

Rationale number four. It will significantly expand the West and the Midwest US client footprint of Coforge. Pre-acquisition as you know only 25% of Coforge's North America geo unit revenue came from the US West and Midwest, this acquisition will provide a fillip to Coforge's North America growth plans. Coforge's North America business is expected to jump by around 50% to \$1.4 billion post acquisition.

Finally, and reason number five, is that a combined firm will now have 45 \$10 million+ highly scalable relationships. Encora adds 11 \$10 million+ tenured client relations with its top 10 client relationship tenures averaging more than 10 years. Ladies and gentlemen, you know this, Coforge has an exceptional track record of growing acquired client relationships by effective cross-selling and upselling. The most recent evidence of this was the Cigniti acquisition, where all the 10 million plus relationships have experienced strong, dare I say, very strong growth post acquisition. So those were the five reasons around the acquisition rationale. I am going to request our CFO, Mr. Goel, to talk about the transaction details.

Saurabh Goel:

Thank you Sudhir. Coforge has signed a definitive agreement to acquire 100% shares of Encora from Advent International, Warburg Pincus, and other minority shareholders. The enterprise value of the transaction is \$2.35 billion, which will be financed as follows. Equity value of \$1.89 billion paid in the form of equity shares through preferential

allotment by Coforge. This will result in shareholders of Encora holding approximately 20% to 21% on a fully diluted basis assuming the Cigniti merger will go through, and shares will get allotted, and number of shares will increase. We are also looking at a bridge loan or a term loan or a QIP of \$550 million to retire the term loan, which is in Encora, the pricing of the QIP will be determined by SEBI regulations at the time of the transaction. As noted earlier, this transaction is an all-stock deal where the sellers, including Advent International and Warburg Pincus, are rolling over into Coforge and are not taking any consideration as cash. This reflects the confidence that the incoming shareholders have in the prospects of the expanded firm. QIP is one of the many funded options being considered only to retire the debt. If we do decide to do a QIP, it would only happen around closing, which is around 6 months away. We shall also explore other funding options other than QIP and hence there is a possibility that the QIP may never get triggered. The consideration has been agreed at a share price of INR 1815 per share, which is at a premium of 8.5% of today's close. The process and timelines for closing are as outlined below. Shareholders' approval will be secured within 30 days. We will be launching the postal ballot today. Regulatory approvals are expected to take 4 to 6 months and Coforge to assume a debt in overseas GEO to retire existing term loan in Encora on the date of closing, which is expected to be within again four to six months from signing and Coforge to evaluate launch of QIP if required at that point in time.

From financials perspective, the consolidated turnover of Encora Group for FY2026, the estimated number and they follow April to March financial year. So estimated number for FY2026, revenues are around \$600 million, and adjusted EBITDA of the firm is 19%. In FY2024 and FY2025, the consolidated turnover of the business was \$481 million and \$516 million respectively. With Encora's current margin profile and the anticipated synergies that we see in the business, the combined business is expected to operate an EBIT margin of 14% post amortization of intangibles that will be created as part of the purchase price allocation for this acquisition. Despite the primary infusion, the deal is not expected to be EPS dilutive on a consolidated basis because of the strong margin profile of Encora and expected synergies from the two businesses, that is Coforge and Encora coming together. With this I will hand over the call back to Sudhir for his concluding remarks.

Sudhir Singh:

Thank you, Saurabh. As noted at the outset, the Encora acquisition is a defining moment for our organization. Over the last eight years, Coforge has established a reputation for execution intensity, hyper-specialized industry expertise, a perfect track record of making every acquisition very successful, and of course of being one of the leaders when it comes to industry-leading growth. The new \$2.5 billion firm with a \$2 billion enterprise core of AI-led engineering, data, and cloud services, we believe will set the benchmark for making the promise of AI real for enterprises. In turn, this AI infused core led growth is likely to move Coforge's already exceptional growth numbers to the next higher order. With that,

and with those remarks, ladies, gentlemen, both Saurabh and I conclude our prepared remarks, and we both look forward to your questions.

Moderator: Thank you so much.

Manish Hemrajani: Just before we start the Q&A, just one housekeeping remark. Please limit your questions to the acquisition only we will not take questions on the business. Thank you.

Moderator: Thank you so much. We will now begin with the question-and-answer session. Anyone who wishes to ask a question, may click on the Raise Hand icon from the participant tab on your screen. We will wait for the question queue to assemble. We will take our first question from Abhishek Pathak of Motilal Oswal.

Abhishek Pathak: Hi, team. Am I audible?

Moderator: Yes.

Abhishek Pathak: Hi, Sudhir. Hi, Saurabh. Thank you for that presentation. So, a couple of questions from my side. Firstly, how should we or rather where should we place Encora's capabilities on the spectrum of let us say the higher value engineering services companies, which are listed in the US versus a lot of Indian peers that we compete against, so where does Encora compete with over there? That is the first one. Secondly, on the leadership transition or other, how are you considering where the leadership be placed post six months of integration? And thirdly where does the key talent for Encora sit? Is it in the US? Is it in India? and how do you expect that to move once you go ahead with the acquisition? Thank you so much and I will get back into the queue for further questions.

Sudhir Singh: Thank you, Abhishek. Encora as we said, it is an asset that was born in Silicon Valley. It provides software engineering services for digital native companies. It ranks, we believe, and we have spent a lot of time working with the Encora team, at the highest level on the global pedestal when it comes to AI-led engineering offerings across the world. If you were to reflect on some of the services that they offer, these include agent native product engineering, they include AI foundation build, they include data readiness, validation and creation, they run the entire gamut of services across AI Ops. In terms of capability, this is once again just to reiterate, a firm born in the Silicon Valley, servicing some of the cutting-edge, leading high techs across the world, which would rank and stack up as one of the best, if not the best in this space, with a peer set anywhere around the world.

Second, as far as the leadership transition is concerned, we will continue to follow the proven acquisition template that we have developed over the last eight years as a

consequence of which everyone, with no exception, of our acquisitions has been successful. Changes to the org structure, reporting structure will only get finalized once we have effective control post all regulatory approvals coming in. We shall communicate those changes over a period of time once we get the necessary regulatory approvals.

Abhishek Pathak: Thank you so much.

Sudhir Singh: Thank you, Abhishek.

Moderator: We will take our next question from Vibhor Singhal of Nuvama Equities. Please go ahead with your question.

Vibhor Singhal: Hi, am I audible?

Moderator: Yes, please.

Vibhor Singhal: Hi, Sudhir, Saurabh, and team congrats on this milestone acquisition. Two questions from my side. Sudhir, this acquisition definitely appears to be taking us into the direction of product engineering and design services. One of that maybe the white spaces that we were always looking to but if you could just maybe give us a bit of more color on basically how I think this acquisition is going to help us. The other two drivers that we had mentioned in the analyst meet regarding enhancing our presence on the West Coast and the Midwest in the US, and also in terms of diversifying our portfolio into other domains that we are looking at in terms of growth expansion and second question for maybe both you and Saurabh is, we have always maintained that our acquisitions will be EPS accretive from day one do you foresee that in this case as well? And basically, if some financial details can be shared or are available in terms of how the numbers will flow from the margins to the PAT level in terms of the overall EPS accretiveness of the acquisition?

Sudhir Singh: Saurabh, why don't you reassure the folks on the call about the EPS accretion and the margins and then I will come to the first question.

Saurabh Goel: So, Vibhor, thank you for your question. So Vibhor, as part of the prepared remarks, the first thing we looked at while evaluating the firm, I mentioned that the firm will be EPS accretive, so they operate, their revenue is roughly \$600 million in the current financial year obviously we will start consolidating from next financial year. The margins around are around 19%. I am still not betting on how much synergies we would be able to get but there are significant synergies that will come out purely because of the size of the two organizations coming together and when we look at their depreciation and amortization without intangibles that are getting created are almost 1-1.5% of EBITDA. So plus if we

just do the math and look at the amortization of intangibles, it just gives us an EPS, which is including the new shares that will get allotted because as I mentioned \$1.89 billion of worth of equity is getting allotted and if you look at the Regulation 30 that has been disclosed it has been done at Rs.1815 per share, which is at Rs.89.77 is the dollar to INR conversion so if you just do the math you will get to know how many shares are getting allotted, which is close to 93 million shares and with \$600 million of revenue, 19% EBITDA plus the synergy minus the current depreciation of 1-1.5% minus the amortization and the tax will take you to EPS accretion.

Sudhir Singh:

Coming to the first question Vibhor. The first question that you had around the capability. See the way we look at it is this, if you look at us, we have an organic growth engine that is doing extremely well. The sales engine is proven, not recently but over eight years. The execution intensity is best in class for eight years and the hyperspecialization on domain is something that we take great pride in. When we add this asset and we look at what the firm becomes, we become a \$2.5 billion tech services firm with a core \$2 billion out of that \$2.5 billion coming from AI-led engineering, data, and cloud services alone. That is the first thing from differentiation and the growth that it will drive for us perspective that we feel very confident about. The second thing, and we talked about this in earlier investor calls, is this. The coming together of the two organizations stands up two scaled up industry verticals from the get-go. High Tech, where we never had much of a presence, and Healthcare that we have been growing at a steady clip. Both of them at about \$170 odd million in terms of size are material and we believe will really scale up. Third, and we have said this again in the past, we believe that our presence in North America, especially the US, has been very lopsided towards the East and the South. Having been born in Silicon Valley, Encora has a preponderance of clients in the Midwest and the West. There is great geographic complementarity that comes in. Fourth, we have been attempting to scale up LATAM for ourselves, but the Encora acquisition gives us more than 3,100 outstanding SMEs in the near shore area who are held in very high regard for their AI-led engineering capabilities and finally something that you always heard us say, we said this when the Cigniti acquisition also happened. Post the acquisition, we as a firm will have 45 clients, more than \$10 million, and most of these are tenured relationships. Our track record, forget our confidence, our track record on acquisitions and scaling up clients we believe been exceptional, we think that is going to create a runway for growth. So, when we look at Coforge and Encora coming together, it is not one of two new runways for growth that we see getting created, we see multiple getting created. And that is where the excitement stems from, that is where the confidence also stems from. Did I answer your question Vibhor? Is Vibhor around?

Moderator:

Yes, we do have Vibhor here.

Sudhir Singh: Ok, great, let me go to the next question in that case please.

Vibhor Singhal: Hi, Sudhir sorry, I think the operator had put me on mute. So can you hear me?

Sudhir Singh: I can. I was just checking if we had answered your question.

Vibhor Singhal: No, Sudhir definitely I think this is perfect. Thanks for answering my question in that detail. Just one followup if I cover a small followup if I can squeeze in. In this type of an acquisition Sudhir, I think at the enterprise value that we have they tend to basically come slightly, basically I would say, slightly higher multiples. So any reason that you would say that the promoters of the entity wanted to exit, and why were they selling out if they were also kind of seeing the similar kind of a runway of growth that we are able to or is it just that we will be able to complement their business much better than they could have individually done so just your color and that would be really helpful.

Saurabh Goel: Let me take that so see the sellers have not exited they have actually rolled over, and I think there was not a process that was running on, so I think it is just that when the conversation started the upside that was visible to the incoming shareholders were actually eventually the sellers. They saw that both the businesses coming together can create more value and that was the confidence they had in both the businesses coming together and hence this deal was stitched. So, it is not that they were looking at cashing out and that is why as I said, not a single consideration has been paid in cash. It is an all-stock deal and the only cash that will be used will be to retire debt which is there in the Company.

Moderator: Did we answer your question Vibhor? I think we have again put him on mute.

Vibhor Singhal: Now I am back on mute. I think just a bit of listening but yes definitely. Thank you so much. I would not bother with this mute unmute thing again. Thank you so much for answering my questions, Sudhir, and Saurabh, and wish you all the best with the year and the acquisition, and wish you guys a very Happy New Year.

Moderator: Thank you so much. We will take our next question from the line of Kawaljeet Saluja of Kotak Securities. Please go ahead.

Kawaljeet Saluja: Can you hear me?

Moderator: Yes please.

Kawaljeet Saluja: Congratulations on this massive transaction. My question is for Saurabh. Can you just walk me through the EPS accretion math, or rather math, actually because if you look at this transaction let us say it is \$2.35 billion you assume, let us say 20% of that would go into

intangibles so that would be like \$500 million, which if you amortize over a period of seven, eight years will give you an annual amortization charge of \$70-80 million here. Now, unless and until you assume massive margin expansion, I am just wondering as to how do you get to that EPS accretion math, and I presume you are talking about GAAP numbers here.

Saurabh Goel: Yes, so called it a couple of things. One, the intangible will be around 20% odd, but the life of the customer relationships will not be seven, eight years, it will be anywhere between 12 to 14 years because of the 25-year tenure of the relationships that they have today. So, keeping that in mind, depending upon now again, these are all off the cuff mathematics that we are doing because \$2.35 billion also has a liability that is coming in. So the equity value is less so when we assign customer relationships maybe it was close to 20 maybe 19 but because the life of customer relationships will not be 7, 8 will be close to more towards 13, 14, because of that the amortization would be again anywhere around \$37, \$38, \$39 million with 25% ETR we should be able to get the same number that I was referring to and I mentioned 19% is the current EBITDA. As I mentioned there are significant synergies that are there both on the G&A, S&M and operation side even if you assign a percentage or 2 plus the growth that we have been delivering in the past will get you to the EPS that I was referring to.

Kawaljeet Saluja: Is there a tax shield available on intangible amortization?

Saurabh Goel: There are tax losses which are sitting in the balance sheet that we are acquiring so that synergy is over and above.

Kawaljeet Saluja: The second question is that Encora has grown also. They have used acquisitions strategically over the last few years, so can you detail what their organic growth rate would have been in FY2024 and FY2025?

Saurabh Goel: So, we will share those numbers later, but I think they have grown at a rate of 7% to 10% over the last two years and before that the organic growth rate was close to 15% to 16%.

Kawaljeet Saluja: How do you square off the valuations for the transaction because when I look at Coforge it is a remarkable growth engine growing at 20% and in the implied valuation you are assigning the same multiple to the revenues of let us say Encora, which has grown at 10% versus Coforge, which seems to have a better growth engine working here.

Saurabh Goel: So, there are two parts to it again. One, we not only looked at revenue multiple we have looked at the EBITDA multiple as well and EBITDA multiple that has been assigned to Encora has been lower than what Coforge is today trading at, number one. Number two, we

haven't assigned any benefit of the synergies that will come in because of either the cross-sell or the cross-synergies that are anticipated like we have seen in the past and after that the valuation was done. So, I agree, the revenue multiple is high or closer to Coforge, but the EBITDA multiple is lower because the profile of the profitability of the firm is higher than Coforge.

Kawaljeet Saluja: Got that. Just if I can ask one more question, what are the total number of associates which will come on board after this transaction?

Saurabh Goel: 9,200

Sudhir Singh: The other metric that 9,200 also gives us, Kawaljeet, is that revenue per employee is also significantly higher than Coforge. Our revenue per employee on tech services is higher than most of our peers, but the Encora revenue per employee is again materially higher than even our revenue RPE.

Kawaljeet Saluja: Got that and Sudhir just a final question for you. I remember the analyst day, you did highlight that when you look at acquisition you focus a lot on the customer profile that you can get on board, so when you looked at Encora what was the bigger weightage, the capability or the customer profile? if you can just shed some light on it, that would be great.

Sudhir Singh: Kawaljeet, Encora has been one of those very unusual assets that we have evaluated and had an opportunity to sit and have conversations with teams around where we found both the runways were very significant. The capability of course is cutting edge, and we think it is truly cutting edge. It is evidenced by the revenue per employee metric that we were just discussing. It is evidenced by the client roster that they have. It is evidenced by just the genesis of that firm and where it started off and who it works with, so that clearly was a given for us and that is the key metric that we looked at, capability. Clients of course has been exciting not just because 11 new \$10 million clients are getting added, it is also because of the tenure of these clients. The average tenure of the top 10 clients is more than 10 years. So again, just to summarize, one of those very few assets where we found both runways in play, normally one has to pick an asset, choosing one of them. In this case, both of these were the capability and the client portfolio, both of it is extremely attractive.

Kawaljeet Saluja: Fantastic, thank you all the best.

Sudhir Singh: Thank you, Kawaljeet.

Moderator: Thank you so much. We have our next question coming in from Manik Taneja of Axis Capital. Please go ahead.

Manik Taneja: Good evening. Congratulations to the Coforge team for a bold acquisition. I had one clarification question around data point. First of all, you mentioned that the EBITDA margin profile is about 19% currently. If you could talk about how their margins have trended over the course of last three years, that is question number one? The second question was basically while the incoming shareholders have rolled the stake into Coforge is there a lock in for them in terms of the stake that they hold in Coforge? And finally, a third question, while you did allude to the 11 \$10 million plus customer base if you could talk about between healthcare and high tech which is the industry segment that you are more excited about on a move forward basis? These are my questions.

Saurabh Goel: I will take the margin question first. So, there are just a little bit of margins historically has been in a range of 17% to 19%. They are actually hovering towards 19.5%, 19% is for the year margin that they would achieve and that margin as I mentioned was being delivered with or without any acquisition or anyone coming in so that is on the EBITDA margin front. I think the rollover of equity, maybe Sudhir, you want to take that up?

Sudhir Singh: Sure. Manik, as Saurabh said earlier, the sellers, including Advent International, including Warburg Pincus are rolling over into Coforge and they are not taking any consideration as cash. As we said, this reflects the confidence that they themselves, along with us, have in the prospects of the expanded firm. In response to the earlier question, as I said, the growth runways that are getting created as a consequence of the firms coming together is not one or two new axis, it is multiple axis, right? One is what you are referring to, Healthcare and High-tech will be great prongs for growth. Second, LATAM, having that talent pool will help us move forward. Third, the \$10 million plus relationships. Fourth, the geographic footprint expansion across the Midwest and the West. So that is answer to question number two. Answer to question number three. It is difficult to say whether it is healthcare that excites us more or high tech. Healthcare, as you know, we have been at it for the last two years, a \$170 million business with very deep AI underlaid capabilities, we think will really ramp up with great speed. High tech is an absolutely new vertical that is coming to us. It is again, \$170 odd million. It is underlaid by exceptional engineering capabilities and very tenured client relationships because this firm was born in the Silicon Valley and is headquartered there. Did we answer your questions, Manik?

Manik Taneja: That is quite helpful. The last one from my end, just a clarification question in terms of Encora also has a deep leadership team in terms of how are you thinking about the org structure as the business merges into Coforge?

Sudhir Singh: We have spent a lot of time, Manik, as you can imagine, given the size of the transaction and the excitement that we feel around what it does to our growth numbers and profitability numbers going forward. We have point of views, we have been working with them. The

first conversation that we had with the sellers was almost 13 months back. So, we have had a lot of time to reflect back, to examine, to spend time with the management team. Plans, if any, we would like to share once we have regulatory approvals and while we do have, we like to think a very good understanding of the strengths and we are very excited about the SMEs and the leaders who are coming here. We will not be able to get into specifics at the current point in time till all regulatory approvals are in.

Manik Taneja: Great. Thank you for answering my questions. Wish you all the best.

Saurabh Goel: Thank you, Manik.

Moderator: Thank you so much. Our next question is coming from the line of Rishi Jhunjunwala of IIFL.

Rishi Jhunjunwala: Thanks for the opportunity. So, there are two, three things here. Firstly, given such a large acquisition, while the existing investors are coming on board, is there any kind of consideration which is linked to future performance of the asset, if at all, in terms of either revenue retention versus what the existing client base is, or revenue and margin targets that the asset needs to achieve, that is one? Second, can you give us some color in terms of what are we doing for the key leadership retention in Encora and how does that play out? And thirdly, I am not sure if you answered this earlier but the investors who are coming in, are there any applicable lock-ins for their 20-21% stake?

Sudhir Singh: When it comes to the size of the acquisition Rishi you might recall then that when we were 12,000 people organization we had acquired SLK which was a 7,000 people organization. Of course, today we are a 35,000 people organization acquiring a firm which has 9,200 people, so in terms of relative size, from just a relative basis perspective, this is a smaller acquisition. And the SLK acquisition as you know had gone off exceptionally well. From a leadership retention perspective, we will follow the same playbook that we have used in the past, which has been very successful. We have a point of view, and we will continue to work both with the sellers and the management team to make sure that the retention structures including stocks and retention bonuses that we put in play, are structures that are effective. Saurabh, would you like to add anything?

Saurabh Goel: No, I think, Sudhir, so you have answered it. So, I think the shareholding is already agreed there is nothing to be done. Lock-in is beyond statutory lock-in and all the other details are actually part of Regulation 30 and will be there in the postal ballot that is going out tonight because it will be coming up for shareholders' approval.

Sudhir Singh: Rishi, did we answer your question?

- Rishi Jhunjunwala:** Yes. Thank you if you can hear me.
- Moderator:** Thank you so much. Our next question is coming from the line of Sandeep Shah of Equirus Securities. Please go ahead with your question.
- Sandeep Shah:** Thanks. My questions are slightly similar to what Kawaljeet has asked. If I look at the revenue CAGR over the last three years, it has been at 13% despite the Company is more into AI-led new generation kind of practices, so in that scenario don't you believe the growth could be better at their scale and that to new gen kind of services, which has a higher demand and if I am not wrong there are some acquisitions they have also done in the past example DMI in February 2025 so can you break down this 13% CAGR into organic and inorganic?
- Saurabh Goel:** So, as I mentioned that the organic growth over last two years, just two years was around 7-8% and the reported numbers were higher and even this year FY2026 is an estimated number. The number that they will deliver or they have at least shared with us, they will deliver is higher than this, we have just taken a run rate of H1. The reported number of FY2026 will be whenever FY2026 gets over so that is point number one and maybe on growth Sudhir?
- Saurabh Goel:** Sandeep when we look at the capability that this organization has and when we look at the client portfolio that they have both in terms of size and in terms of tenure we have looked at this for a while, we feel very confident that when you put the Coforge sales processes and execution intensity side-by-side with the capability that this team has, and it is a very strong team and the clients that they have exceptional trust with growth numbers should really see significant acceleration given the smaller scale of the asset also.
- Sudhir Singh:** Maybe just to add to that, as part of the diligence process when we looked at their business, we looked at the client profiles, top 30 clients over the last few years and the reason why there was either a upsell or a downsell. Because at a \$600 million they were very sharply focused on AI-led engineering, data and cloud. Nothing more than that. And because of which, maybe the growth in certain cases were muted because whenever the vendor consolidation was happening, they were not able to either participate in the larger RFP because they didn't have incremental services or additional capabilities that Coforge has. I think everyone talks about cross-sell. As a firm we have delivered in the past, we have walked the talk. I think we have done the analysis around how the cross-sell will play out, both at the front end and at the back end after the closing is done and that is why we believe that the growth rate will only accelerate rather than decelerate.

Saurabh Goel: Very significantly accelerate is our conviction, not just a minor acceleration we think it will very significantly accelerate.

Rishi Jhunjunwala: Just the followup. Saurabh Sir, just wanted to understand when you call out adjusted EBITDA what is the GAAP EBITDA of that Company and amortization per annum at a gross level without tax you have spoken about 37%, 38% so if I do the backward calculation this Company for your expectation of 14% consolidated EBIT margin need to do closer to 21%, 22% kind of EBITDA margin after the intangible amortization versus the current being 19%.

Saurabh Goel: Two parts to it. One, the adjusted EBITDA actually has only adjustments related to the initiatives they had taken because of which they were one-time costs that had come, for example, either to do with the transaction diligence or the acquisition that they do or any integration-related costs that had to happen so adjusted EBITDA includes that and as I mentioned that historically when you looked at whether we acquired SLK, whether we acquired Cigniti, the margin accretion that has happened on the EBITDA side has been very, very significant. Over here, we are only looking at maybe a couple of percentage points to be improved, and you can imagine if two organizations of this size, \$600 million and \$1.9 billion are coming together, there are significant synergies that will be laid out between both on the G&A front and at the front end. So at least keeping all of that in mind, we believe that at least 14% EBIT is not out of sight and because they don't have debt, they have cash, and the debt was more to do with the leverage buyout. Operationally, there was no debt, they don't have a working capital line. That is why we believe that at least the margins, the EPS will be accretive. So, I think that is where we are coming from. Don't want to bet on beyond whether the amortization will be \$37, \$35 or \$38 million but whatever that number will be, yes, but it will be within that zip code. I am not even betting on the benefit that we will get on the accumulated amortization or the losses that we have in certain GEOs, which are profitable for us and the synergies on that front, so there are enough synergies both on the front-end, back-end and the balance sheets that we are taking over, which gives us confidence that at least EPS accretion will be there.

Rishi Jhunjunwala: Just last couple of few questions. So Saurabh Sir you are talking about intangible amortization could be in the range of \$35-40 million, which you say, yes, finalize and let us know earlier or before or after some time and the second thing is I am slightly confused if they have a debt and we also want to raise the equity why not continue with that debt, is it higher cost in terms of the debt in the books of the acquired Company?

Saurabh Goel: Yes, that is a debt that is there wherein the current shareholders, it was a leverage buyout. So, there is a debt that is sitting there, which is very expensive, and we will have to retire that debt for sure. Anyways we are not saying that we will do QIP for sure, we are looking

at funding options in the overseas GEOs and that is why we mentioned as part of my prepared remarks we had mentioned that we are looking at both the options, taking debt overseas depending upon at what cost it comes in and we will also look at other options of funding the retirement of debt that is there but we will not continue with the debt that is currently there because it is not an operational debt it was more of a structural debt in the business.

Rishi Jhunjunwala: So, if you do QIP there would be further dilution and that as of now we are not calculating in our EPS accretive calculations as and when it happens.

Saurabh Goel: I have included if there is dilution only thing is right now not betting on whether see because either we take interest cost or we take dilution. Right now, we don't know at what rate we will do QIP and what we did we will not but even if I assume that the QIP is done at the current rate of Rs.1815 and not below that then the EPS accretion will be there the EPS will not be diluted.

Rishi Jhunjunwala: Thanks for my opportunity and all the best.

Sudhir Singh: Thank you.

Moderator: Thank you so much. We have our next question coming from Sumit Jain of CLSA. Please go ahead with your question.

Sumeet Jain: Thanks for the opportunity. Sudhir, if I look at your previous two acquisitions, SLK Global and Cigniti, I guess both of them you mentioned were semi-distressed assets and then you had a lot of synergies to turn them around. Whereas this time around it is a pretty high-quality asset with decent kind of growth and very good margin profile, so can you just explain more deeper into the synergies that you are trying to create both on revenue side as well as on the cost side. I know you guys have mentioned around the geography card, the vertical card, the tenure of the clients but can you talk about the services beyond AI-led engineering cloud and data what they already have what additional can you offer to those tenured clients, which can actually take up the growth of this asset from 7%, 8% of the last two years to probably mid-teens what Coforge has been delivering?

Sudhir Singh: Sumeet, thanks for the question. As I said at the outset, we are not just confident of incremental growth over the organic growth that Encora has recorded, we are confident of very significant growth. You are right, in our initial remark, about the fact that in the past SLK and Cigniti, the play that we had was largely focused on making sure that we mine the client portfolio and we also had a certain play when it came to increasing the EBITDA profile of those firms. Both of which in both instances we did very successfully. In this

case, when it comes to Encora, we are extremely excited about the client portfolio that they have, particularly 11, \$10 million plus clients Coforge has 11 technology led service lines AI-led engineering is only one of them. As we have had conversations with leaders of the top accounts of Encora, it is very apparent to us that they have lost or walked away from a lot of business just because they did not have scale when it came to BPS, when it came to AI-led QE, when it came in some cases to enterprise platforms, especially cloud-based ERP platforms, and in some cases when it came to data and cloud-based operations as well. So, a firm that has largely been focused on AI-led engineering and has had ins into data and cloud will now approach the market and the same 11, \$10 million plus clients and the significant number of \$5 million plus clients they have with 11 technology service lines going in. Finally, when it comes to this asset, the point that Saurabh made earlier is we see significant revenue synergies, Coforge going together into existing core accounts and also AI-led engineering capabilities now being cross bled very aggressively into the current Coforge existing client, so there are revenue synergies and there are very, very significant cost synergies that we see because these are two scaled organizations coming together. Both revenue and cost synergies should be very strong. Saurabh would you like to add to that?

Saurabh Goel:

Yes, so on the margin front, I totally agree. One, SLK Global, was not a distressed asset. When we acquired, they were already operating at 18%, 19% margin and when we took over them there was a headwind that came into the business. It was a \$70 million asset because of mortgage rates going up it came down to 50 and then not a single quarter we came back and said that we have not grown because we have taken a hit in the BFS business of theirs in the mortgage side because of interest rates going up, so you are able to bring in front-end synergies which Sudhir has already elaborated. In Cigniti, the marginal profile of the business from 11% went up to 18.5% because obviously the business was a distressed asset or was not operating at optimal level. Over here we are only pegging around 2% odd points and that is just because of the G&A and a bit on the capability side organizations coming together and synergies playing out because of leadership team which is there and because of the G&A functions, because of facility overheads, because of other overheads around investments around licenses and all of those. So just putting all of that together, just 2% point is what we are talking about synergies to play out. The revenue synergies will be over and above and it could be exponential; I am not even betting on that right now and that is why we get confidence that we will be able to get synergies. We are not pegging 6-7% like we have done in the past, we are only pegging 2%. To your point it is already an asset which is operating at a decent level.

Sumit Jain:

Got it, now that is very helpful and secondly just if you can comment around the changes to your Board, I guess a couple of Board members will be appointed from Advent and Warburg Pincus, so what kind of changes are you expecting and how it will help to shape the direction of Coforge?

- Sudhir Singh:** We expect two leaders from Advent to join our Board. Our Board is very excited to welcome these leaders. We expect them of course to bring the entire breadth of Advent's experience to bear as they work with the other six Board members to guide the Board. The second thing of course we have not talked about this is, we will possibly be one of the largest, if not the largest Advent investment in tech services and we will explore working with Advent very closely and with Warburg as well the opportunity to start radiating across their portfolio companies. You will recall that since we don't have a promoter, since we don't have a large industry house behind us, most of the growth that has come our way is growth that the enterprise sales engine of Coforge has created. Now with two leaders from Advent on the Board we will work with them to make sure that we go across all Advent portfolio firms and try to sell aggressively and expand our footprint.
- Sumeet Jain:** Great, that is very helpful and all the best.
- Sudhir Singh:** Thank you, Sumeet.
- Moderator:** Thank you so much. We will take our next question from the line of Divyesh Mehta of Invesco India.
- Divyesh Mehta:** Thanks for taking my question. I just want some context on who would be or what is the sort of the top 10 clients which Encora has? What is the concentration? Which areas are they present in just for some context?
- Sudhir Singh:** The top 10 client spread would be largely in line with the spread of their revenue mix by industry, which is heavily weighted towards high-tech, towards healthcare and towards banking.
- Divyesh Mehta:** So, is it possible to clarify if it would be the hyperscaler semiconductor companies or just to narrow it down a bit more and what would be the concentration of top 5, top 10?
- Sudhir Singh:** Let me just bring it down first to high-tech. We did talk about the fact that when it comes to healthcare there is significant presence across MedTech pharma. When it comes to HighTech roughly about 30% of the revenue is coming from what the Encora leadership calls the H1 firms, which are digital natives 70% is the switch that has happened towards enterprise IT players in the high-tech space. Banking of course is spread more or less in lines with the Coforge banking spread when it comes to clients. Did we answer your question, Divyesh?
- Divyesh Mehta:** Yes, fair and the client concentration how that stacks up?

- Saurabh Goel:** So, client concentration is probably inline with Coforge and if we look at their top five clients won't be contributing more than 19% - 20%, it does not have a high concentration, it is pretty much diversified and that is why we look at almost 11 accounts more than \$10 million coming into the mix. The concentration almost mirroring Coforge right now.
- Divyesh Mehta:** Revenue per employee which they have, and I think if you take into the account that this asset is more on-site based, isn't this still a bit lower? Just if you try to compare it, revenue per employee for them versus even if they are more on-site based, then that number should be higher?
- Saurabh Goel:** Yes, their current revenue per employee is close to \$74,000 per employee and Coforge has a concentration towards US, UK, Australia. Their concentration is near shore. So that is why the near shore bill rates are not as high as US or UK or Europe and that is why when we look at the \$74,000 revenue per employee and that is what also leads to higher margins that they have. I mean, Sudhir, do you want to add to it?
- Sudhir Singh:** Divyesh, I just want to be clear. They do not have predominant onshore delivery model. Their onshore percentage delivery headcount distribution is more or less on par with what the Coforge headcount is, so they are not weighted there. Their non-onsite presence is split largely across India, which is where we operate from, and from countries in the South American continent, so we just wish to be clear and as we say, when you look at Coforge, our revenue per employee has jumped by about 17% over the last 12 months and on the technology side is \$69,000 per employee they are at \$74,000 and that is why we made the earlier assertion that is a testament to the quality of the services and the pricing power that they have.
- Divyesh Mehta:** Thanks, Sudhir. This is very helpful. Just one last question. If there is an ESOP pool for them, that will be from the existing or there has to be something fresh which has to be created?
- Saurabh Goel:** As of now, I guess we have enough in the pool to offer the leadership team.
- Divyesh Mehta:** Thanks.
- Sudhir Singh:** Thanks, Divyesh.
- Moderator:** Thank you so much. We will wait for the question queue to assemble. Thank you so much. Ladies and gentlemen, due to paucity of time we will take that as the last question for today. I now hand over the call to management team for their closing remarks. Over to you.

Sudhir Singh: Thank you very much for your interest and for your time ladies and gentlemen. Saurabh, Manish, and I will be in Mumbai and in Singapore on Monday and Tuesday. We shall endeavor to make sure that we offer more time to address any questions, any remaining pending questions that you might have. As we said at the outset, this is, we believe, a defining moment for the organization. We look back with great satisfaction at what Coforge has accomplished over the last eight years. We think this is the move that will ensure that the next eight years are as if not more exciting than the last eight years have been. Thank you very, very much once again for your time, for your interest. We look forward to seeing you in Mumbai on Monday and in Singapore on Tuesday as well. Thank you.

Moderator: Thank you, members of the management. Ladies and gentlemen on behalf of Coforge Limited that concludes today's conference. Thank you for joining us.