



1. INDUSTRY RESEARCH

Industry: IT Services / Software Services

Industry Stage: ☒ Growth

1. Market size: Global IT services market is multi-trillion dollar.
2. Market $\geq 5\times$ Coforge sales? ☒ Yes
3. Pricing power: ☐ Low ☒ Moderate ☐ High
4. Key success factors:
 - Client relationships
 - Domain expertise (banking, insurance, travel)
 - Cost efficiency
5. Entry barriers:
 - Talent
 - Client trust
 - Long contracts
6. Leaders stable? ☒ Yes (TCS, Infosys, Wipro, HCL remain leaders)
7. Industry health: ☒ Mostly doing well
8. Bargaining power:
 - Customers: High
 - Suppliers (talent): Medium
 - Competitors: High
9. Major risks:
 - Tech disruption (AI)
 - Client budget cuts
 - Currency risk
10. Regulation: ☒ Moderate



2. BUSINESS MODEL

1. Products / Services:

- Digital services
- Cloud
- Data & AI
- Banking & Insurance software

2. Revenue model:

- ☒ Services billing

3. Product unique?

→ Domain specialization (BFSI, travel)

4. Relevant after 10 years? ☒ Yes

5. Substitutes:

- In-house IT teams
 - Other IT firms
- Switching: ☒ Yes (clients can switch vendors)

6. Market share growing? ☒ Yes (through acquisitions)

7. Major costs:

- Employee cost
- Infrastructure

8. Cost type: ☒ Both

9. Unique assets:

- Long-term BFSI clients
- Domain IP



3. KNOWING THE COMPANY

1. Industry rank: Mid-tier IT player

2. Years in existence: ~30+ years

3. Same business 10 yrs? ☒ Yes

4. Core business growth? ☒ Yes

5. Pros:

- High ROE
- Strong growth
- Specialized verticals

6. Cons:

- Smaller than top IT majors
- Client concentration

7. Competitive advantages:

- High ROCE (~27%)
- Good margins

8. Disadvantages:

- Lower scale than TCS/Infosys

9. Growth type: ☒ Organic + ☒ Acquisitions



4. MANAGEMENT

1. Top management:

- CEO: Sudhir Singh

2. Past performance:

- Strong revenue and profit growth

3. Compensation:

- Performance linked

4. Promises vs delivery:

- Growth targets largely met

5. Promoter pledge? ☒ No

6. Promoter holding: ~0%

7. Management net worth in company: Low

5. ANNUAL REPORT VIEW

1. Chairman/CEO goals:

- Digital growth
- BFSI expansion

2. Tone:

☒ Transparent

3. Goals realistic? ☒ Yes

4. Risks mentioned:

- Macro slowdown
- Tech changes

5. Special resolutions:

- M&A approvals
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6. INCOME STATEMENT

Revenue

- Growth: ☒ Rising
- Major source: IT services

Cost

- Gross margin: Healthy (~40%+)
- Raw material: Manpower
- Economies of scale? ☒ Yes

Expenses

- Biggest: Employee cost
- Costs vs peers: ☒ In line

Profitability

- Fixed costs high? ☒ Yes
- Margins: ☒ Stable
- ROE > 15%? ☒ Yes (~21%)

7. BALANCE SHEET

- 1. Debt/Equity: ~0.14 (Low)
- 2. Fixed asset turnover: Good
- 3. Working capital: Healthy
- 4. Big items:
 - Reserves
 - Receivables
- 5. Trend: Assets increasing

8. CASH FLOW

- 1. CFO vs PAT: ☒ Consistent
- 2. Capital usage:
 - Capex: Moderate
 - Acquisitions: High
 - Dividends: Yes
 - Buybacks: No
- 3. Free cash flow: ☒ Consistent

9. FINANCIAL RATIOS (10Y TREND)

Ratio	Trend
Gross Margin	Stable
EBITDA Margin	Stable

Ratio	Trend
EBIT Margin	Stable
ROE	High
ROCE	High
ROA	Improving



FINAL VERDICT

Strengths:

- Strong growth
- High ROCE
- Low debt
- Domain focus

Weaknesses:

- Client concentration
- Sensitive to IT spending cycles

Risks:

- AI disruption
- US recession
- Talent cost inflation

Investment View:

☑ BUY / ☑ HOLD (depending on valuation)

Reason:

Quality mid-cap IT company with strong profitability and balance sheet.



SIMPLE CONCLUSION

Coforge is:

- ✓ Profitable
- ✓ Growing
- ✓ Low debt
- ✓ Good return ratios

But:

IT sector cyclicality

Client concentration

So it is:

👉 **Fundamentally strong mid-cap IT stock**
