

AI:

Engage with the
Emerging

Ranking 1 to 5, denoting lowest and 5 highest

08-07-2025

Rating: BUY Range (1940-1960)

Coforge

Sector :Information Technology

Target 1/2: 2177/2414

Expected Upside Potential: 23%

Stock Info

Mkt Cap (₹ in cr)	64,970
52-Weeks Low/High	1,110/2,005
Traded Volume (Lakhs)	2.32
No. of eq shares (cr)	33.44
Face Value	2
Bse Code	532541
Nse Code	COFORGE
Free Float (cr)	64603.76

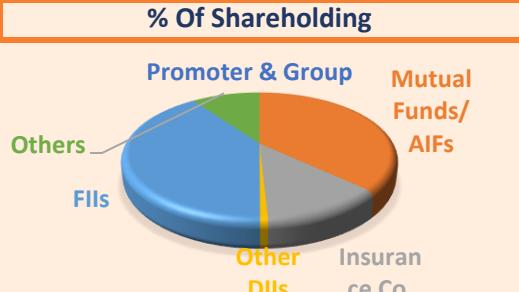
Source : NSE/BSE

Particulars	FY24	FY25
P/E (x)	56	61
EPS	133.8	127.2
ROCE (%)	29	22
Operating Margin (%)	13.5	13
P/B (X)	12.8	7.9
RoE	25.4	16.23
Net Profit Ratio	9.2	6.8

Source : Company, Fin2Research

Particulars	% of Total Shares
Promoter & Promoter Group	0.00
Mutual Funds/AIF	36.92
Insurance co. & others	12.25
Other DILs	0.77
FII	40.21
Others	9.85
Total	100.00%

Source : Company,BSE, NSE



About Company:

Coforge Ltd. is a global IT services firm headquartered in Noida, India, focusing on digital transformation across BFSI, insurance, and travel sectors. Operating in 20+ countries with 22,500+ employees, it derives over 50% of revenue from North America. The company offers cloud, AI, data, and low-code solutions, and strengthened its BFSI capabilities through the acquisition of SLK Global. Known for strong client retention and consistent growth, Coforge maintains operating margins around 13–15% and return ratios above 20%. As of FY25, it is fully publicly owned with high institutional participation.

KEY HIGHLIGHTS :

Strong Revenue Growth: Coforge delivered a solid 22.6% year-on-year revenue growth in FY25, driven by strong traction across its core verticals—Banking & Financial Services, Insurance, and Travel. The company's consistent ability to win large transformation deals and scale up existing accounts has enabled it to outperform several mid-cap IT peers. Growth was also supported by strategic acquisitions and cross-sell opportunities within its digital offerings.

Healthy Deal Pipeline: The company reported a record order intake of \$581 million in Q4FY25, the highest in its history. Its 12-month executable order book stood at \$1.1 billion, offering clear revenue visibility for the upcoming quarters. Strong demand from North America and Europe, along with deal momentum in BFSI and travel verticals, positions Coforge for sustained top-line growth.

Focus on Digital Capabilities: Coforge continues to expand its capabilities in cloud, low-code platforms (like Appian), artificial intelligence, data engineering, and robotic process automation (RPA). These high-growth service lines now contribute significantly to the overall business mix. The company has also invested in platforms to enhance customer experience, which has helped improve wallet share from existing clients and build long-term digital transformation partnerships.

Improving Profitability Metrics: Despite macro challenges like wage inflation and client-side tech budget rationalization, Coforge maintained a healthy EBITDA margin of ~17% in FY25, backed by operational efficiencies, offshoring leverage, and cost controls. The company reported an ROE of ~16.2%, reflecting efficient capital deployment. Focus on higher-margin services and operating discipline has helped protect profitability.

Geographical Diversification: Coforge has a well-spread global revenue base, with North America contributing 47%, led by strong demand in BFSI and healthcare. Europe accounts for 33%, driven by long-term clients and digital initiatives in travel and logistics, while APAC and others make up 20%, including India's growing tech adoption. This diversification reduces regional risks and supports consistent global growth.

KEY RISKS :

Intense Competition: Coforge faces stiff competition from larger IT players like TCS, Infosys, and LTIMindtree, which could impact pricing power and deal conversion in large transformation contracts.

Integration & Execution Risks: Acquisitions like SLK Global add capabilities but also bring challenges related to integration, cultural alignment, and realization of targeted synergies. Concentration Risk in Product Mix: A significant portion of MFSL's business is skewed toward non-par savings and ULIPs.

RATING SCALE: DEFINITION OF RATINGS

- **BUY** –We expect the stock to deliver more than 10%-20% returns over the next 9 months.
- **ACCUMULATE** –We expect the stock to deliver 5% -12% returns over the next 9 months.
- **REDUCE** –We expect the stock to deliver 0% -5% returns over the next 9 months.
- **SELL** –We expect the stock to deliver negative returns over the next 9 months.
- **NR** –Not Rated. Fin2Research is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
- **RS** –Rating Suspended. Fin2Research has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
- **NA** –Not Available or Not Applicable. The information is not available for display or is not applicable.
- **NM** –Not Meaningful. The information is not meaningful and is therefore excluded.
- **NOTE** –Our target prices are with a 9-month perspective. Returns stated in the rating scale are our internal benchmark.

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