Revenue Growth and Governance Practices: A Case Study

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1. Abstract

This paper analyses Coforge Ltd's financial performance and governance from FY2020–21 to FY2024–25. Using annual reports, investor disclosures and company policies it considers what the financial record reveals about growth and the oversight of management. Revenue in the historical series here increased from ₹4,662.8 crore to ₹12,050.7 crore across about 26.8% per annum across four intervals. Profits did not keep pace in FY25: on the figures in Table 1, net margin fell from approximately 8.8% in FY24 to 6.7% in FY25. As Coforge has dispersed ownership, the board's scrutiny of executive decisions is particularly relevant. The structure of the board along with the policies that were published, set out formal safeguards. Though we must consider the fact that the public disclosures can't portray how well those safeguards work in practice. Some questions are raised because of the lower margins, but it doesn't any strong proof for a governance failure.

2. Keywords

Coforge Ltd; corporate finance; agency theory; corporate governance; business ethics; financial ratios; Indian IT services

3. Introduction

Control and steering functions within the organization have been assigned to its management by the proprietors of the firm. However, recording all the decisions taken by the management to facilitate the well-being of the organization is a highly difficult task. The first observation of the differences between the proprietors of the business and management came about in 1932 when Berle and Means noted the difference between the two categories. In 1976, further research carried out by Jensen and Meckling focused on the advantages and drawbacks of the division in greater detail. However, even though management makes decisions considering ethical values and the well-being of the organization, there is still a need for information availability and an independent board to assess such decisions concerning investment strategies, compensation packages, and risks involved. This is where the concept of governance comes into play, and its main function is to ensure that the correct system and ethics policies are created in the organization.

Coforge Ltd, formerly called NIIT Technologies Ltd, is an Indian based IT service provider company. The company has been quoted on BSE and NSE. The company mainly provides services in various industries such as insurance, finance, travel, IT, among others. This company is especially interesting since it is not owned by a founding family who controls the business. This means that the influence is well distributed and more attention is paid to the way the board and the stockholders examine the activities of the management with regard to their major strategies and especially their acquisitions and profitability. Disputes in organizations do not end when there is a wide ownership distribution. Rather, they move to other places in corporate governance, such as the board of directors and the stockholders' examination of management activity (Jensen & Meckling, 1976; La Porta et al., 1999).

The analysis kicks off by diving into agency theory and pinning down the core sources behind this study. From there it goes on to a five-year history of hard facts, ranging from financial results to boardroom and ownership disclosure statements as well as ethics standards. Throughout the discussion the underlying theme is to make a clear distinction between what is definitely established and what needs further examination.

The study calculates revenue and profit trends, reviews leverage and reported returns, describes governance in a widely held company, and considers what ethics disclosures tell investors about oversight. This is mainly a case analysis, not an analysis or assessment of Coforge's internal processes and controls.

4. Literature Review

4.1 Agency Theory and the Separation of Ownership and Control

The basis of the agency theory is a problem. Stockholders can appoint managers. Stockholders cannot write a contract for every action or watch every action. In the article "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure " Jensen and Meckling (1976) examine the costs that come from monitoring managers and the guarantees that managers provide. Fama and Jensen (1983) separate the people who make decisions from the people who approve decisions and watch managers. A board could create that separation if board directors had both independence and enough information to question management.

Corporate ownership changes the kind of conflict. Studies on ownership show that concentration of control can bring risks that are different from the risks found in firms with dispersed ownership (La Porta et al., 1999). Because there is no promoter, in the firm it is especially important to study the decisions that executives make.

4.2 Corporate Governance as a Response to Agency Costs

The Cadbury Committee (1992) and OECD (2015) define governance in terms of the relationships among directors, management and shareholders. Problems posed by Shleifer & Vishny (1997) include how investors can obtain a return on their investment. For Coforge, questions to be considered include the information provided to investors, key events and accountability of the decision makers. The existence of the independent board, audit committee and separation of chairman and CEO positions can be of help in addressing the issue. Having all these elements in the organization chart does not serve any purpose when it comes to making the board meetings effective.

Board Composition, Committees and Disclosures in Indian Listed Companies have been addressed under SEBI Listing Obligation and Disclosure Requirements Regulations, 2015. The independence criteria will vary depending upon whether the Chairperson is independent or not. One third criterion does not apply to all situations.

Indian governance research has also looked into the link between board arrangements and firm value or performance, without establishing that one necessarily causes the other (Balasubramanian et al., 2010; Sarkar & Sarkar, 2009). This study goes over Coforge's disclosures in that framework but does not provide a legal compliance opinion.

4.3 Business Ethics and Its Interface with Financial Management

Stakeholder theory asks companies to consider the people and institutions affected by their decisions, not only their owners (Freeman, 1984; Donaldson & Preston, 1995). In IT services employees and clients have a direct interest in confidentiality, fair procurement and accurate reporting. A code of conduct, anti-corruption rules and channels for raising concerns can make expectations clearer. Publishing such policies may reassure investors, but it does not show whether people feel safe using the channels or whether reported problems are handled fairly.

4.4 Synthesis

The literature suggests three questions for this case. What happened to the company's finances after its investment and funding decisions? What board and disclosure processes allow investors to examine those decisions? And what do its ethics policies reveal about its approach to misconduct and stakeholder risk? The analysis considers these questions together, without treating an observed result as proof of its cause.

5. Research Methodology

5.1 Research Design

This paper is a descriptive case study of a company based on public information. It compares reported financial figures and reads governance and policy disclosures through the lens of agency theory. That approach helps organise the evidence, but it cannot measure agency costs directly or demonstrate that governance caused a financial outcome.

5.2 Data Sources

The main sources are Coforge's annual reports for FY2020–21 through FY2024–25, its FY24 and FY25 results announcements, governance disclosures and published company policies. Sustainability reporting adds context on ethics and oversight. The underlying draft also used indicative ratios from financial websites. Those estimates need to be checked against a consistent formula and reporting basis before formal submission; where a website and a company filing differ the filing should take priority. Coforge's FY25 release excludes AdvantageGo from continuing operations, a change that affects comparison with earlier historical figures (Coforge Ltd, 2024, 2025a, 2025b).

5.3 Period of Study and Analytical Tools

The analysis covers FY21 to FY25. Revenue CAGR is calculated as (FY25 revenue ÷ FY21 revenue) ^(1/4) − 1: five annual observations contain four year-to-year intervals. Net margin uses the profit-after-tax and revenue figures shown for the same year in Table 1, while annual revenue growth compares each row with the preceding one. Descriptions of ownership, committees and policies reflect the available disclosures and need a date if cited elsewhere. Table 2 contains approximate ratios from the draft rather than a series recalculated independently.

5.4 Limitations

Public disclosures do not reveal what directors said in private meetings, why an acquisition was approved or how well internal complaints were investigated. There is also a comparability issue in Table 1: its FY24 revenue comes from the figure announced in 2024 whereas FY25 is presented on a continuing-operations basis. Coforge's FY25 annual report restates the FY24 continuing-operations comparator at ₹9,008.9 crore and reports FY25 rupee revenue growth of 33.8%. Dividing FY25 revenue by the historical FY24 row instead gives 31.3%. Profit definitions and one-off items require similar care. Table 2's ratio estimates have not been reconciled as one consistent series. For these reasons the paper does not make causal claims or compare Coforge with an undefined industry benchmark.

6. Data Analysis and Interpretation

6.1 Revenue and Profitability Trend (FY21–FY25)

Table 1 shows the five-year series carried over from the earlier draft. The FY24 revenue and profit figures match Coforge's FY24 results announcement. Its FY25 annual report records revenue and approximately ₹812 crores of profit attributable after minority interest. A fully reconciled dataset would require checking the earlier rows against their respective annual reports (Coforge Ltd, 2024, 2025a).

Financial Year	Revenue (₹ crore)	Net Profit / PAT (₹ crore)	Revenue Growth (YoY)
FY 2020-21	4,662.8	455.6	11.7%
FY 2021-22	6,432.0	661.7	38.0%
FY 2022-23	8,014.6	693.8	24.6%
FY 2023-24	9,179.0	808.0	14.5%
FY 2024-25	12,050.7	812.0*	31.3%

Note. The increase of FY25 of 31.3%, as is shown in the given table, is calculated on the basis of ₹12,050.7 crore against

₹9,179.0 crore for FY24, which is called historical. On the other hand, Coforge showed a rise of 33.8%, where the FY24 baseline of ₹9,008.9 crore is based on the current operations of the company. The profit in FY25 could be around ₹812.1 crore after minority interest. In order to be able to make an exact comparison of the profit and revenue base year by year, they need to be matched (Coforge Ltd, 2025a, 2025b). There was an improvement in the revenue by ₹7,387.9 crore for the said period. It essentially provides the ending CAGR of approximately 26.8%.

The company has mentioned all their acquisitions along with large contracts as the reason for their growth. However, the only issue with the figures mentioned above is that it does not give the contribution made by each of the above-mentioned reasons. The only slightly better performance is of the post-tax profit which increased from ₹808.0 crore in FY24 to ₹812.1 crore in FY25. After taking into account the numbers in the table, the net margin has actually decreased from 8.8% to 6.7%, approximately.

6.2 Capital Structure, Leverage and Return Ratios

Table 2 retains the draft's approximate ratios to show the broad pattern. Before using them as formal evidence each value should be recalculated from annual report figures with a stated definition and consistent treatment of acquisitions.

Financial Year	Debt-to-Equity Ratio	Return on Equity (ROE)	Return on Capital Employed (ROCE)
FY 2020-21	0.0	19.3%	25.3%
FY 2021-22	0.1	26.7%	30.8%
FY 2022-23	0.1	~24%	~28%
FY 2023-24	0.1	~22%	~26%
FY 2024-25	0.0	~21%	~24%

In the draft series, debt-to-equity stays low, and both return measures remain positive. ROE and ROCE appear to decline after FY22. This is a useful prompt for further analysis, but it is not a calculation of value created: that would require consistent invested-capital figures and a credible cost of capital. Low debt also says nothing on its own about whether directors constrained executive decisions. A stronger test would compare cash generated and returns after each acquisition with the case for the investment when it was approved.

6.3 Board Composition, Ownership Structure and Agency Implications

Coforge's FY25 disclosures name Om Prakash Bhatt as non-executive independent chairperson and Sudhir Singh as chief executive officer and executive director. The roles separate leadership of the board from day-to-day management. Exact board membership and each director's classification should be checked against the annual governance report and the filing for the relevant date. Agency theory suggests that this separation makes independent review possible, but an outside reader cannot infer the strength of directors' challenges from titles or attendance records (Fama & Jensen, 1983; Coforge Ltd, 2025a).

Coforge is generally reported as having no controlling promoter stake. Oversight consequently rests more visibly with the board, shareholders and audit processes than with a single promoter block. Its related-party-transaction and whistle-blower policies describe ways to manage conflicts and report concerns. The policies confirm that procedures have been published; they do not disclose whether concerns were raised freely, resolved promptly or examined with sufficient rigour (Coforge Ltd, 2025a).

6.4 Business Ethics and Governance Infrastructure

Coforge publishes a code of conduct and policies on concerns, conflicts and corruption. Its sustainability and business-responsibility reports provide further information on non-financial governance. These matters have financial relevance: misconduct, weak information security or unfair treatment can harm employees, clients and investors. Policies can help only if people understand them, reporting channel's function and those responsible respond effectively. The available public evidence does not allow this study to assess those outcomes (Coforge Ltd, 2025a; Freeman, 1984).

Taken together, the disclosures describe a company with strong revenue expansion, modest leverage in the draft estimates and formal arrangements for oversight. FY25's lower profit conversion gives investors a more focused question: will the acquisitions produce durable earnings and cash returns? The existence of board and policy mechanisms is clear from the public record. Whether they reduced agency costs or contributed to growth remains unproven.

7. Findings and Conclusions

7.1 Key Findings

1. On the draft's FY21 and FY25 revenue figures, the CAGR across four intervals is about 26.8%.

2. Profit after tax barely rose in FY25. On the table's figures, net margin declined from about 8.8% to 6.7%, though the two years use different reporting bases.

3. The draft shows low debt-to-equity ratios throughout the period. The estimates still need to be reconciled against the annual reports.

4. The approximate ROE and ROCE figures stay positive but decline from their FY22 levels. They do not establish whether the company earned an economic profit.

5. With dispersed ownership and separate board and executive leadership, scrutiny of acquisitions and related-party matters is particularly relevant.

6. Published conduct and reporting policies establish formal safeguards, but this study cannot assess their effectiveness in practice.

7.2 Conclusions

Coforge shows why agency questions matter in a listed company without a controlling promoter: shareholders depend on disclosures, board oversight and institutional investors to assess management's use of their capital. Between FY21 and FY25, revenue grew substantially, while the draft ratio series indicates low debt. Yet profit in FY25 barely increased against the displayed FY24 figure, and the shift to a continuing-operations presentation complicates that comparison. Coforge's governance and ethics disclosures document arrangements that could support oversight. They do not demonstrate that those arrangements caused the financial results.

The next step is to reconcile every year to a common reporting basis and follow the acquired businesses through integration, margins, cash flow and returns. Researchers could then examine specific board decisions and disclosures rather than drawing conclusions from titles and committee structures. A peer comparison would add context if the peer group and accounting definitions were chosen consistently. For now, the public record supports a narrower conclusion: shareholders have identifiable ways to monitor management, and the returns from acquisitions merit close attention.

8. References

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