

## Tata Consultancy Services (TCS)

### Performance highlights

(₹ cr)	2QFY12	1QFY12	% chg (qoq)	2QFY11	% chg (yoy)
<b>Net revenue</b>	<b>11,633</b>	<b>10,797</b>	<b>7.7</b>	<b>9,286</b>	<b>25.3</b>
EBITDA	3,383	3,031	11.6	2,777	21.8
EBITDA margin (%)	29.1	28.1	100bp	29.9	(83)bp
<b>PAT</b>	<b>2,439</b>	<b>2,380</b>	<b>2.5</b>	<b>2,126</b>	<b>14.7</b>

Source: Company, Angel Research

For 2QFY2012, TCS reported modest set of numbers, lower than street's expectations on the revenue front; however, the company outperformed on the operating front. The major highlight of the result was the 6.25% qoq volume growth and addition of two new clients in the US\$100mn plus revenue bracket. Management has highlighted robust growth outlook for FY2012, with the deal pipeline being strong. TCS continues to remain our preferred pick along with HCL Tech in the IT pack. **We recommend Accumulate on the stock.**

**Quarterly highlights:** For 2QFY2012, TCS posted revenue of US\$2,525mn, up 4.7% qoq, majorly led by volume growth. In INR terms, revenue stood at ₹11,633cr, up 7.7% qoq. EBITDA and EBIT margin increased by 100bp and 94bp qoq to 29.1% and 27.1%, respectively, aided by INR depreciation against USD, which absorbed the negative impact due to promotions given during the quarter. PAT came in at ₹2,439cr, up merely 2.5% qoq, as the company incurred forex loss of ₹91cr during 2QFY2012, resulting in lower other income.

**Outlook and valuation:** Management maintained its hiring guidance at 60,000 gross employee additions in FY2012, with lateral fresher ratio of 38:62. The company bagged 10 large deals in 2QFY2012. In addition, the company is currently chasing 10 large deals. Even with aggressive hiring plans, management targets to maintain utilization levels excluding trainees at 82-84% in FY2012. Thus, over FY2011-13E, we expect TCS's revenue to post a 21% CAGR (USD terms), surpassing even the US\$10bn revenue mark in FY2012 itself, after achieving the US\$8bn milestone in FY2011. On account of tailwinds such as 1) strong growth even on the back of 29% growth in FY2011, 2) headroom to scale up utilization levels and 3) SGA expense optimization as a strong lever, we expect TCS to absorb the impact of wage hikes gradually. We expect the EBIT margin's downside to be limited to 135bp yoy and settle at 26.7% by FY2013. We value TCS at 20x (10% premium to Infosys) FY2013E EPS of ₹61.0 with a target price of ₹1,220 and recommend Accumulate on the stock.

### Key financials (Consolidated, IFRS)

Y/E March (₹ cr)	FY2009*	FY2010*	FY2011	FY2012E	FY2013E
<b>Net sales</b>	<b>27,813</b>	<b>30,028</b>	<b>37,324</b>	<b>47,750</b>	<b>55,099</b>
% chg	21.9	8.0	24.3	27.9	15.4
<b>Net profit</b>	<b>5,172</b>	<b>6,873</b>	<b>8,715</b>	<b>10,506</b>	<b>11,937</b>
% chg	3.0	32.9	26.8	20.5	13.6
EBITDA margin (%)	25.8	28.9	30.0	29.5	28.7
<b>EPS (₹)</b>	<b>26.4</b>	<b>35.1</b>	<b>44.5</b>	<b>53.7</b>	<b>61.0</b>
P/E (x)	42.4	31.9	25.1	20.9	18.4
P/BV (x)	14.0	10.5	8.6	7.0	5.7
RoE (%)	33.0	32.8	34.3	33.5	30.9
RoCE (%)	28.9	28.8	32.0	32.4	29.8
EV/Sales (x)	7.8	7.0	5.7	4.4	3.8
EV/EBITDA (x)	30.1	24.3	18.9	14.9	13.2

Source: Company, Angel Research; Note: \* In US GAAP

## ACCUMULATE

CMP	₹1,120
Target Price	₹1,220

Investment Period	12 months
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### Stock Info

Sector	IT
Market Cap (₹ cr)	219,167
Beta	1.0
52 Week High / Low	1247/903
Avg. Daily Volume	201,905
Face Value (₹)	1
BSE Sensex	17,025
Nifty	5,118
Reuters Code	TCS.BO
Bloomberg Code	TCS@IN

### Shareholding Pattern (%)

Promoters	74.1
MF / Banks / Indian Fls	8.1
FII / NRIs / OCBs	12.6
Indian Public / Others	5.2

Abs. (%)	3m	1yr	3yr
Sensex	(8.3)	(15.4)	70.7
TCS	(2.5)	17.7	393.1

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**Exhibit 1: 2QFY2012 performance (Consolidated, IFRS)**

(₹ cr)	2QFY12	1QFY12	% chg (qoq)	2QFY11	% chg (yoy)	1HFY12	1HFY11	% chg (yoy)
<b>Net revenue</b>	<b>11,633</b>	<b>10,797</b>	<b>7.7</b>	<b>9,286</b>	<b>25.3</b>	<b>22,430</b>	<b>17,503</b>	<b>28.2</b>
Cost of revenue	6,214	5,879	5.7	4,996	24.4	12,093	9,409	28.5
<b>Gross profit</b>	<b>5,419</b>	<b>4,918</b>	<b>10.2</b>	<b>4,291</b>	<b>26.3</b>	<b>10,337</b>	<b>8,094</b>	<b>27.7</b>
SG& A expenses	2,037	1,887	7.9	1,514	34.6	3,923	2,902	35.2
<b>EBITDA</b>	<b>3,383</b>	<b>3,031</b>	<b>11.6</b>	<b>2,777</b>	<b>21.8</b>	<b>6,414</b>	<b>5,192</b>	<b>23.5</b>
Dep. and amortisation	229	205	11.6	166	37.7	434	324	34.0
EBIT	3,154	2,826	11.6	2,611	20.8	5,980	4,869	22.8
Other income	100	289		44		388	126	
PBT	3,254	3,115	4.5	2,656	22.5	6,368	4,995	27.5
Income tax	791	706	12.0	500	58.2	1,498	948	58.0
<b>PAT</b>	<b>2,462</b>	<b>2,408</b>	<b>2.2</b>	<b>2,156</b>	<b>14.2</b>	<b>4,871</b>	<b>4,047</b>	<b>20.3</b>
Earnings in affiliates	-	-	-	-	-	-	-	-
Minority interest	24	28	(15.7)	30	(19.7)	52	59	(11.8)
Adjusted PAT	2,439	2,380	2.5	2,126	14.7	4,819	3,989	20.8
EPS (₹)	12.5	12.2	2.5	10.9	14.7	24.6	20.4	20.8
Gross margin (%)	46.6	45.5	103bp	46.2	38bp	46.1	46.2	(16)bp
EBITDA margin (%)	29.1	28.1	100bp	29.9	(83)bp	28.6	29.7	(107)bp
EBIT margin (%)	27.1	26.2	94bp	28.1	(101)bp	26.7	27.8	(115)bp
PAT margin (%)	20.8	21.5	(69)bp	22.8	(200)bp	21.1	22.6	(151)bp

Source: Company, Angel Research

**Exhibit 2: Actual vs. Angel estimates**

(₹ cr)	Actual	Estimate	Var. (%)
Net revenue	11,633	11,670	(0.3)
EBITDA margin (%)	29.1	28.4	64bp
PAT	2,439	2,472	(1.3)

Source: Company, Angel Research

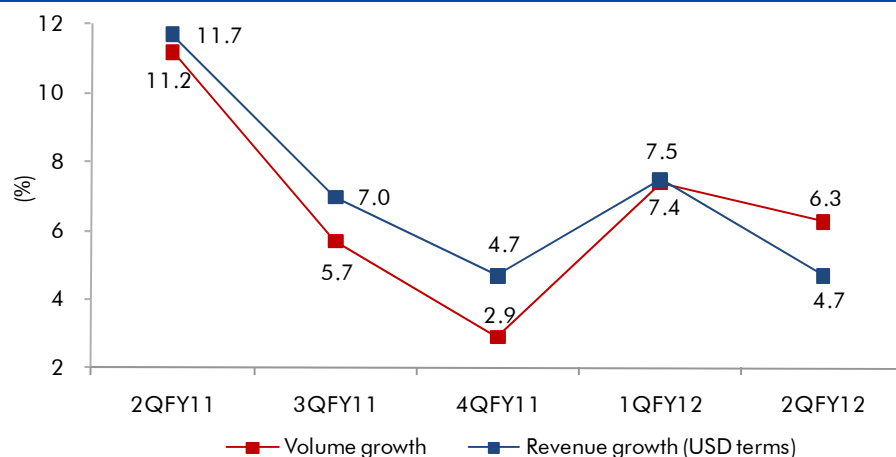
**Broad-based growth**

For 2QFY2012, TCS reported modest performance with USD revenue at US\$2,525mn, up 4.7% qoq, on the back of volume growth of 6.25% qoq. USD revenue was negatively impacted due to cross-currency movement and a 50bp and 95bp qoq decline in price realization, respectively. The price decline was due to shift in the business mix to services such as enterprise solutions and assurance services; however, going ahead the company expects pricing to remain stable. In constant currency (CC) terms, revenue came in at US\$2,539mn, up 5.1% qoq. The company's growth was led by growth in its international business, volumes of which grew by 7.3% qoq.

In INR terms, revenue came in at ₹11,633cr, up 7.7% qoq – registering higher growth as against USD revenue due to qoq INR depreciation against USD in 2QFY2012.

The company has closed 10 large deals in 2QFY2012, of which five were from the US, four from Europe and the UK and the rest from emerging economies. These 10 deals span across industry segments – two in BFSI, two in telecom, one each in retail, hi-tech, life sciences, CPG and travel and hospitality. Also, management has indicated that currently it is chasing 10 large deals.

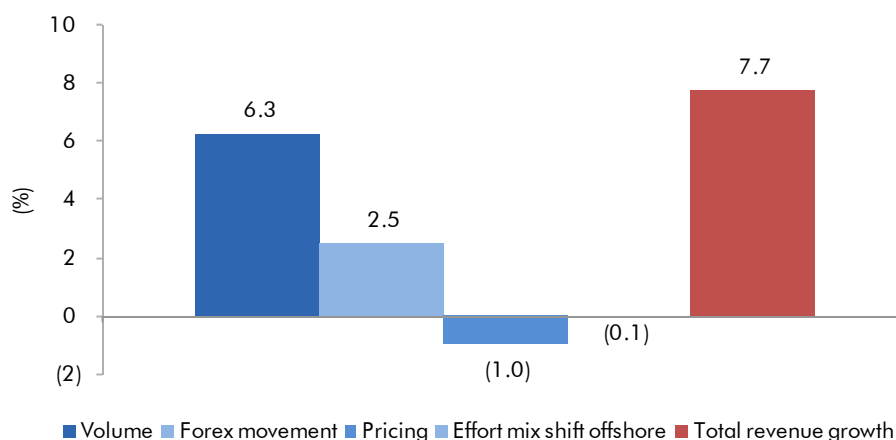
**Exhibit 3: Trend in volume and revenue growth (qoq)**



Source: Company, Angel Research

More offshoring of volume (6.25% qoq growth in 1QFY2011) and steep INR depreciation against USD led to considerable INR revenue growth of 7.7% in 1QFY2012, offsetting the negative effects of a 1.0% qoq due to decline in price realization and a 0.1% dip due to offshore effort mix shift.

**Exhibit 4: Revenue drivers for 2QFY2012**



Source: Company, Angel Research

TCS's performance during the quarter was backed by strong demand across all industry segments (excluding telecom). BFSI, TCS's anchor industry segment, continued to generate incremental revenue and reported 5.2% qoq growth. The company's growth was led by the energy and utilities and retail and distribution industry segments, which grew by 18.5% and 9.2% qoq, respectively. Other segments such as travel and hospitality, manufacturing and lifesciences and healthcare also posted strong revenue growth of 7.5%, 7.4% and 6.7% qoq, respectively. Revenue from telecom remained sluggish during the quarter, but management has indicated that it is witnessing transformation deals in the telecom industry, majorly in emerging economies, and has signed two large deals (US\$100mn plus) in this quarter in the telecom industry segment.

**Exhibit 5: Revenue growth (Industry wise)**

	% to revenue	% chg (qoq)	% chg (yoy)
BFSI	43.5	5.2	24.6
Manufacturing	7.8	7.4	32.8
Telecom	10.7	(4.3)	5.3
Lifesciences and healthcare	5.3	6.7	30.9
Retail and distribution	12.1	9.2	39.9
Travel and hospitality	3.8	7.5	49.6
Energy and utilities	4.3	18.5	26.0
Media and entertainment	2.1	(0.1)	32.3
Hi-tech	5.9	6.5	61.6

Source: Company, Angel Research

Service line wise, global consulting, asset leveraged solutions, engineering and industrial services and assurance services emerged as the primary growth drivers for the company by posting whopping 23.7%, 16.3%, 9.2% and 9.0% qoq growth, respectively. Enterprise solutions, IMS, application development and maintenance (ADM) and business intelligence grew by 7.6%, 5.8%, 1.3% and 0.4%, respectively. All this signifies that growth was across all service lines; and management has indicated that the demand landscape across all service lines is robust with healthy deal pipelines.

**Exhibit 6: Revenue growth (Service wise)**

	% to revenue	% chg (qoq)	% chg (yoy)
IT solutions and services			
ADM	44.7	1.3	20.3
Business intelligence	4.7	0.4	5.7
Enterprise solutions	11.1	7.6	35.8
Assurance services	7.6	9.0	45.1
Engg. and industrial services	4.8	9.2	23.4
IMS	9.6	5.8	28.7
Global consulting	2.6	23.7	56.0
Asset-leveraged solutions	4.0	16.3	48.2
BPO	10.9	4.7	26.0

Source: Company, Angel Research

Geography wise, growth was across all geographies except India. Revenue from developed economies such as US, UK and Continental Europe grew by 5.7%, 6.1% and 6.8% qoq, respectively. Emerging economies – Asia Pacific and Middle East and Africa (MEA) posted 7.6% and 4.7% qoq growth in revenue, respectively. Revenue from India declined by 6.6% qoq, which was a major growth dampener for the company.

**Exhibit 7: Revenue growth (Geography wise)**

	% of revenue	% chg (qoq)	% chg (yoy)
US	53.4	5.7	25.3
Latin America	3.0	1.3	(3.1)
UK	15.5	6.1	27.6
Continental Europe	10.1	6.8	39.8
India	8.3	(6.6)	5.6
Asia Pacific	7.5	7.6	52.4
MEA	2.2	4.7	45.9

Source: Company, Angel Research

**Hiring spree continues**

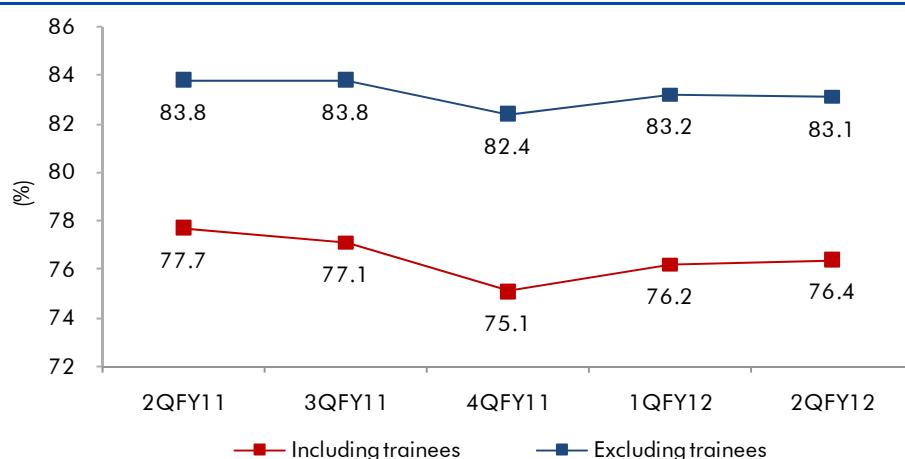
TCS has been on the hiring spree since 2HFY2010. In 2QFY2012, TCS added whopping 20,349 gross employees and 12,580 net employees, taking its total employee base to 214,770. During the quarter, attrition rate (LTM basis) declined to 13.7% from 14.8% in 1QFY2012.

For FY2012, management has left its hiring guidance unchanged at 60,000. Further, it has given offers to 35,000 campus graduates for FY2013.

**Exhibit 8: Hiring and attrition trend**

Particulars	2QFY11	3QFY11	4QFY11	1QFY12	2QFY12
Gross addition	19,293	20,219	19,324	11,988	20,349
Net addition	10,717	12,497	11,700	3,576	12,580
Total employee base	174,417	186,914	198,614	202,190	214,770
Attrition (%) - LTM basis	14.1%	14.4%	14.4%	14.8%	13.7%

Source: Company, Angel Research

**Exhibit 9: Trend in utilization**


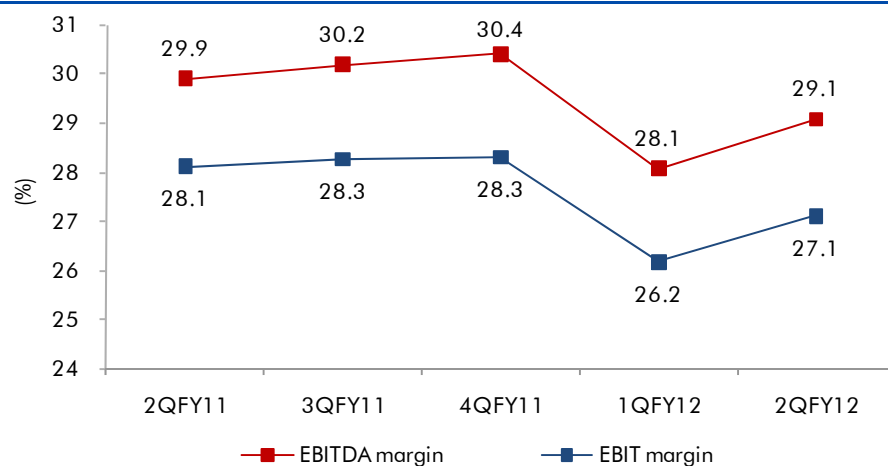
Source: Company, Angel Research

For 2QFY2012, utilization level – including and excluding trainees – remained almost flat qoq at 76.4% and 83.1% from 76.2% and 83.2%, respectively, in 1QFY2012.

## Margins decline

TCS's EBITDA and EBIT margin increased by 100bp and 94bp qoq to 29.1% and 27.1%, respectively, aided by INR depreciation against USD, which offsetted the negative impact due to promotions given during the quarter. Going forward, the company expects its margins to increase further.

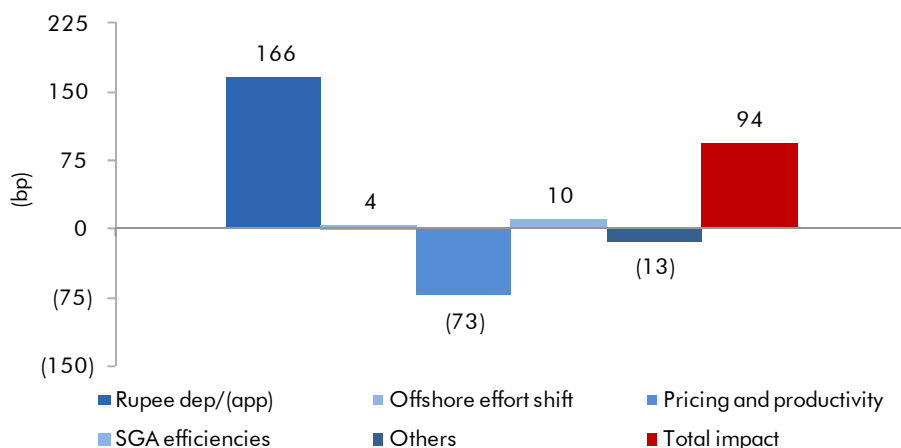
### Exhibit 10: Margin profile



Source: Company, Angel Research

EBIT margin witnessed a 166bp positive impact due to INR depreciation along with 10bp and 4bp positive impact on account of SG&A efficiencies and offshore effort shift, respectively. These effects were slightly overshadowed by the negative impact of 73bp because of a decline in price realizations. All in all, the company's EBIT margin improved by 94bp qoq during the quarter.

### Exhibit 11: Factors affecting EBIT margin of 2QFY2012



Source: Company, Angel Research

## Client pyramid enhances

Client pyramid during the quarter witnessed significant qualitative improvement, with client additions on the higher side of the revenue brackets. TCS added two new clients in the US\$100mn+ bracket and one in the US\$50mn-100mn bracket. Also, four clients were added each in the US\$10mn-20mn and US\$5mn-10mn bracket, respectively. In total, 22 clients were added to the US\$1mn+ brackets, which is a considerable improvement. Overall, client addition stood robust at 35 in 2QFY2012.

### Exhibit 12: Client pyramid

	2QFY11	3QFY11	4QFY11	1QFY12	2QFY12
US\$1mn–5mn	228	234	250	254	265
US\$5mn–10mn	61	61	65	71	75
US\$10mn–20mn	65	63	62	57	61
US\$20mn–50mn	41	51	54	58	58
US\$50mn–100mn	17	16	19	23	24
US\$100mn plus	8	9	8	10	12
Number of active clients	936	959	969	959	1,010
Clients added	30	35	39	24	35

Source: Company, Angel Research

## Outlook and valuation

Management maintained its hiring guidance at 60,000 gross employee additions in FY2012, with lateral fresher ratio of 38:62. Also, the company has already made offers to 37,000 freshers and expects joining ratio of ~70%, with most of them getting inducted in 2QFY2012 and 3QFY2012. The company bagged 10 large deals in 2QFY2012. In addition, the company is currently chasing 10 large deals. Even with aggressive hiring plans, management targets to maintain utilization levels excluding trainees at 82-84% in FY2012. The company is proving to be a beneficiary of its domain-focused approach towards BFSI, as spending momentum is strong in this vertical. Even when M&A-related work has tapered off, risk compliance and regulatory work is picking up, which is of a bigger size by quantum. Thus, growth momentum for the company is expected to remain intact. Accordingly, over FY2011-13E, we expect TCS's revenue to post a 21% CAGR (USD terms), surpassing even the US\$10bn revenue mark in FY2012 itself, after achieving the US\$8bn milestone in FY2011.

On account of tailwinds such as 1) strong growth even on the back of 29% growth in FY2011, 2) headroom to scale up utilization levels and 3) SGA expense optimization as a strong lever, we expect the company to absorb the impact of wage hikes gradually. We expect the EBIT margin's downside to be limited to 135bp yoy and settle at 26.7% by FY2013.

Management's commentary of a robust outlook with a volatile macro environment not yet a concern for the company instills confidence in the company's outperformance story. At the CMP, the stock is trading at 17x FY2013E EPS. **We value TCS at 20x (i.e., at 10% premium to Infosys because of its strong growth momentum, no client-specific issues, absence of organizational restructuring issues**

and exceptional operational exuberance) FY2013E EPS of ₹61.0 with a target price of ₹1,220 and recommend Accumulate on the stock.

### Exhibit 13: Key assumptions

	FY2012E	FY2013E
Revenue growth (USD)	25.4	16.6
USD-INR rate (realised)	46.5	46.0
Revenue growth (₹)	27.9	15.4
EBITDA margin (%)	29.5	28.7
Tax rate (%)	23.7	24.0
EPS growth (%)	20.5	13.6

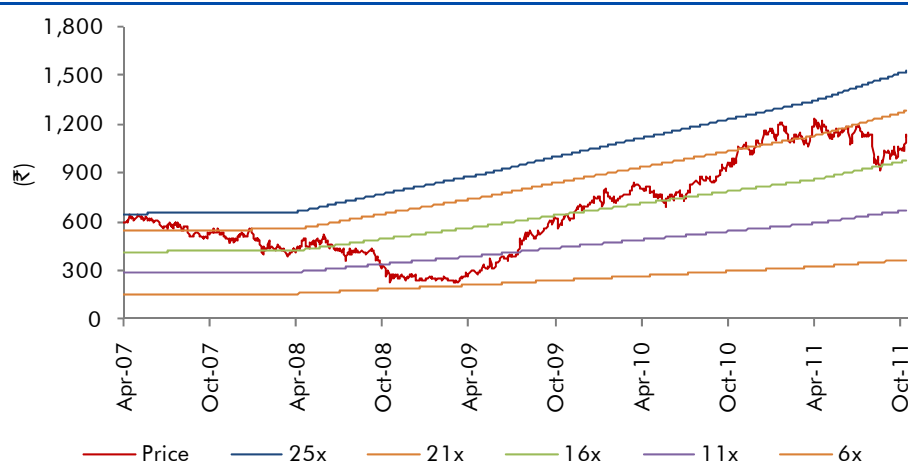
Source: Company, Angel Research

### Exhibit 14: Change in estimates

Parameter (₹ cr)	FY2012E			FY2013E		
	Earlier estimates	Revised estimates	Variation (%)	Earlier estimates	Revised estimates	Variation (%)
<b>Net revenue</b>	<b>46,953</b>	<b>47,750</b>	<b>1.7</b>	<b>53,162</b>	<b>55,099</b>	<b>3.6</b>
EBITDA	13,703	14,073	2.7	15,147	15,787	4.2
Other income	956	782	(18.2)	1,061	1,154	8.8
PBT	13,742	13,927	1.3	15,170	15,866	4.6
Tax	3,151	3,312	5.1	3,489	3,808	9.1
<b>PAT</b>	<b>10,459</b>	<b>10,506</b>	<b>0.5</b>	<b>11,538</b>	<b>11,937</b>	<b>3.5</b>

Source: Company, Angel Research

### Exhibit 15: One-year forward PE chart



Source: Company, Angel Research

**Exhibit 16: Recommendation summary**

Company	Reco	CMP (₹)	Tgt. price (₹)	Upside (%)	Target P/E (x)	FY2013E EBITDA (%)	FY2013E P/E (x)	FY2011-13E EPS CAGR (%)	FY2013E RoCE (%)	FY2013E RoE (%)
HCL Tech	Buy	439	558	27.2	15.0	17.2	11.6	24.3	20.3	22.4
Hexaware	Neutral	90	-	-	11.0	15.3	11.4	66.0	16.2	18.0
Infosys	Neutral	2,747	2,837	-	18.0	30.6	17.4	14.8	24.0	22.5
Infotech Enterprises	Neutral	118	-	-	8.0	15.1	7.9	8.8	9.0	8.1
KPIT Cummins	Reduce	169	154	(9.0)	10.0	15.3	11.0	16.5	18.7	16.4
Mahindra Satyam	Accumulate	73	79	7.9	11.0	14.6	10.2	30.4	10.8	13.5
Mindtree	Accumulate	387	414	7.1	10.0	13.9	9.4	28.4	17.1	15.5
Mphasis	Accumulate	340	382	12.3	11.5	15.5	8.6	0.4	13.4	14.5
NIIT	Accumulate	50	57	14.3	8.2	13.8	7.2	11.2	12.4	16.6
Persistent	Neutral	324	-	-	9.0	20.0	8.8	2.5	15.8	14.8
<b>TCS</b>	<b>Accumulate</b>	<b>1,120</b>	<b>1,220</b>	<b>8.9</b>	<b>20.0</b>	<b>28.7</b>	<b>18.4</b>	<b>17.0</b>	<b>29.8</b>	<b>30.9</b>
Tech Mahindra	Buy	586	734	25.4	9.0	16.3	7.2	28.5	13.6	20.2
Wipro	Neutral	357	-	-	15.3	18.3	14.6	6.1	12.9	18.7

Source: Company, Angel Research

**Profit & Loss statement (Consolidated, IFRS)**

Y/E March (₹ cr)	FY2009* ^	FY2010*	FY2011	FY2012E	FY2013E
<b>Net sales</b>	<b>27,813</b>	<b>30,028</b>	<b>37,324</b>	<b>47,750</b>	<b>55,099</b>
Cost of revenues	15,078	15,724	19,937	25,665	30,888
<b>Gross profit</b>	<b>12,735</b>	<b>14,303</b>	<b>17,387</b>	<b>22,085</b>	<b>24,211</b>
% of net sales	45.8	47.6	46.6	46.3	43.9
SGA expenses	5,557	5,625	6,189	8,012	8,424
% of net sales	20.0	18.7	16.6	16.8	15.3
<b>EBITDA</b>	<b>7,178</b>	<b>8,679</b>	<b>11,198</b>	<b>14,073</b>	<b>15,787</b>
% of net sales	25.8	28.9	30.0	29.5	28.7
Dep. and amortization	577	721	721	927	1076
% of net sales	2.1	2.4	1.9	1.9	2.0
<b>EBIT</b>	<b>6,601</b>	<b>7,958</b>	<b>10,477</b>	<b>13,145</b>	<b>14,711</b>
% of net sales	23.7	26.5	28.1	27.5	26.7
Other income, net	(467)	226	532	782	1154
Profit before tax	6,134	8,184	11,009	13,927	15,866
Provision for tax	901	1,209	2,174	3,312	3,808
% of PBT	14.7	14.8	19.7	23.8	24.0
<b>PAT</b>	<b>5,233</b>	<b>6,975</b>	<b>8,835</b>	<b>10,616</b>	<b>12,058</b>
Earnings in affiliates	(1)	(0)	-	-	-
Minority interest	61	102	120	109	121
<b>Adj. PAT</b>	<b>5,172</b>	<b>6,873</b>	<b>8,715</b>	<b>10,506</b>	<b>11,937</b>
Fully diluted EPS (₹)	26.4	35.1	44.5	53.7	61.0

Note: \* in US GAAP, ^ indicates adjusted for 1:1 bonus

**Balance sheet (Consolidated, IFRS)**

Y/E March (₹ cr)	FY2009* ^	FY2010*	FY2011	FY2012E	FY2013E
<b>Assets</b>					
Cash and cash equivalents	1,463	1,025	1,554	1,989	2,445
Other current financial assets	-	3,653	3,934	4,973	6,113
Accounts receivable	6,153	5,810	8,201	10,335	12,077
Unbilled revenues	1,481	1,201	1,349	1,701	1,962
Other current assets	3,203	2,127	1,449	2,297	3,800
Property and equipment	3,749	4,171	5,200	6,572	7,796
Intangible assets and goodwill	3,419	3,242	3,379	3,400	3,550
Investments	1,727	3,784	1,839	2,200	3,000
Other non-current assets	1,685	2,610	2,575	2,995	3,618
<b>Total assets</b>	<b>22,880</b>	<b>27,621</b>	<b>32,788</b>	<b>40,550</b>	<b>49,388</b>
<b>Liabilities</b>					
Current liabilities	5,216	5,289	5,834	7,383	8,716
Short term borrowings	516	231	33	2	-
Redeemable preference shares	-	100	100	100	100
Long term debt	276	11	6	4	4
Other non-current liabilities	905	673	1,097	1,381	1,479
Minority interest	313	377	315	350	400
Shareholders' funds	15,655	20,940	25,404	31,331	38,688
<b>Total liabilities</b>	<b>22,880</b>	<b>27,621</b>	<b>32,788</b>	<b>40,550</b>	<b>49,388</b>

Note: \* in US GAAP, ^ indicates adjusted for 1:1 bonus

**Cash flow statement (Consolidated, IFRS)**

Y/E March (₹ cr)	FY2009* ^	FY2010*	FY2011	FY2012E	FY2013E
Pre-tax profit from oper.	6,601	7,958	10,477	13,145	14,711
Depreciation	577	721	721	927	1,076
Exp. (deferred)/written off	61	103	120	110	121
Pre tax cash from oper	7,117	8,576	11,078	13,963	15,667
Other inc./prior period ad	(467)	226	532	782	1,154
Net cash from operations	6,651	8,802	11,611	14,744	16,821
Tax	901	1,209	2,174	3,312	3,808
<b>Cash profits</b>	<b>5,749</b>	<b>7,593</b>	<b>9,437</b>	<b>11,433</b>	<b>13,013</b>
(Inc)/dec in acc. recv.	(763)	343	(2,391)	(2,134)	(1,742)
(Inc)/dec in unbilled rev.	(129)	280	(148)	(352)	(262)
(Inc)/dec in oth. current asst.	(1,664)	1,077	(3,255)	(1,887)	(2,643)
Inc/(dec) in current liab.	1,589	(212)	347	1,519	1,332
Net trade working capital	(967)	1,489	(5,448)	(2,855)	(3,315)
<b>Cashflow from oper. actv.</b>	<b>4,782</b>	<b>9,081</b>	<b>3,989</b>	<b>8,578</b>	<b>9,698</b>
(Inc)/dec in fixed assets	(1,304)	(1,142)	(1,750)	(2,300)	(2,300)
(Inc)/dec in investments	923	(5,709)	5,597	(361)	(800)
(Inc)/dec in intangible asst.	(1,945)	177	(138)	(21)	(150)
(Inc)/dec in non-cur.asst.	(645)	(925)	(3,275)	(1,199)	(1,560)
<b>Cashflow from invt. actv.</b>	<b>(2,971)</b>	<b>(7,600)</b>	<b>435</b>	<b>(3,881)</b>	<b>(4,810)</b>
Inc/(dec) in debt	433	(397)	419	282	98
Inc/(dec) in equity	(286)	571	328	0	(0)
Inc/(dec) in minority int.	83	64	(62)	35	50
Dividends	(1,613)	(2,158)	(4,580)	(4,580)	(4,580)
<b>Cashflow from finan. actv.</b>	<b>(1,383)</b>	<b>(1,920)</b>	<b>(3,895)</b>	<b>(4,263)</b>	<b>(4,432)</b>
<b>Cash generated/(utilised)</b>	<b>427</b>	<b>(438)</b>	<b>529</b>	<b>435</b>	<b>456</b>
Cash at start of the year	1,035	1,463	1,025	1,554	1,989
Cash at end of the year	1,463	1,025	1,554	1,989	2,445

Note: \* in US GAAP, ^ indicates adjusted for 1:1 bonus

**Key ratios**

Y/E March	FY2009* ^	FY2010*	FY2011	FY2012E	FY2013E
<b>Valuation ratio(x)</b>					
P/E (on FDEPS)	42.4	31.9	25.1	20.9	18.4
P/CEPS	38.1	28.9	23.2	19.2	16.8
P/BVPS	14.0	10.5	8.6	7.0	5.7
Dividend yield (%)	0.7	1.0	2.1	2.1	2.1
EV/Sales	7.8	7.0	5.7	4.4	3.8
EV/EBITDA	30.1	24.3	18.9	14.9	13.2
EV/Total assets	9.5	7.6	6.5	5.2	4.2
<b>Per share data (₹)</b>					
EPS	26.4	35.1	44.5	53.7	61.0
Cash EPS	29.4	38.8	48.2	58.4	66.5
Dividend	8.2	11.0	23.4	23.4	23.4
Book value	80.0	107.0	129.8	160.1	197.7
<b>Dupont analysis</b>					
Tax retention ratio (PAT/PBT)	0.9	0.9	0.8	0.8	0.8
Cost of debt (PBT/EBIT)	0.9	1.0	1.1	1.1	1.1
EBIT margin (EBIT/Sales)	0.2	0.3	0.3	0.3	0.3
Asset turnover ratio (Sales/Assets)	1.2	1.1	1.1	1.2	1.1
Leverage ratio (Assets/Equity)	1.5	1.3	1.3	1.3	1.3
Operating ROE	33.4	33.3	34.8	33.9	31.2
<b>Return ratios (%)</b>					
RoCE (pre-tax)	28.9	28.8	32.0	32.4	29.8
Angel RoIC	33.5	41.5	41.1	41.9	38.9
RoE	33.0	32.8	34.3	33.5	30.9
<b>Turnover ratios(x)</b>					
Asset turnover (fixed assets)	7.4	7.2	7.2	7.3	7.1
Receivables days	81	71	80	79	80

Note:\* in US GAAP, ^ indicates adjusted for 1:1 bonus

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Disclosure of Interest Statement	TCS
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

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<b>Ratings (Returns):</b>	Buy (> 15%) Reduce (-5% to 15%)	Accumulate (5% to 15%) Sell (< -15%)	Neutral (-5 to 5%)
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