

## Tata Consultancy Services (TCS)

### Performance highlights

(` cr)	3QFY18	2QFY18	% chg (qoq)	3QFY17	% chg (yoy)
<b>Net revenue</b>	<b>30,904</b>	<b>30,541</b>	<b>1.2</b>	<b>29,735</b>	<b>3.9</b>
Adj. EBITDA	7,065	8,164	(13.5)	8,088	(12.6)
Adj. EBITDA margin (%)	26.8	26.7	8.4bps	27.2	(87.3)bps
<b>Adj. PAT</b>	<b>6,531</b>	<b>6,446</b>	<b>1.3</b>	<b>6,778</b>	<b>(3.6)</b>

Source: Company, Angel Research

TCS posted a 1.0% sequential growth in USD revenues to US\$4,787mn v/s US\$4,801mn expected. In rupee terms, revenues came in at `30,904cr V/s `31,049cr, up 1.2% QoQ. In Constant Currency (CC) terms, the company posted a 1.3% QoQ growth with volume growth coming in at 1.6% QoQ (highest growth in three years for the December quarter). On profitability front, EBIT margin showed an upside of ~12bps QoQ to 25.2%. Consequently, PAT came in at 6,531cr v/s `6,509cr expected, up of 1.3% QoQ. **We maintain our Reduce rating on the stock, with a price target of `2,493.**

**Quarterly highlights:** TCS posted a 1.0% sequential growth in USD revenues to US\$4,787mn v/s US\$4,801mn expected. In Constant Currency (CC) terms, the company posted a 1.3% QoQ growth with volume growth coming in at 1.6% QoQ (highest growth in since three years for the December quarter). Geography wise, USA was key driver, with North America & Latin America registering a QoQ CC growth of 1.5% and 5.0% respectively. In Europe, it was Continental Europe registering a QoQ CC growth of 2.6%. In terms of Industries, Retail & CPG registered a QoQ CC growth of 6.4%, Energy & Utilities grew 8.5% and Life Sciences & Healthcare posted 2.5%. On profitability front, EBIT margin showed an upside of ~12bps QoQ to 25.2%. Consequently, PAT came in at 6,531cr V/s `6,509cr expected, up 1.3% QoQ.

**Outlook and valuation:** The Company has been cautiously optimistic regarding its outlook for FY2018, with key verticals like BFSI and Hi-Tech expected to post a recovery. During 3QFY2018, it signed a multiyear Digital contract, the highest value digital contract for the company so far. We expect TCS to post revenue CAGR of 9.3% and 7.6% in USD & INR terms respectively over FY2017-19E. **Hence, we maintain our Reduce recommendation.**

### Key financials (Consolidated, IFRS)

Y/E March (` cr)	FY2016	FY2017	FY2018E	FY2019E
<b>Net sales</b>	<b>108,646</b>	<b>117,966</b>	<b>123,384</b>	<b>136,504</b>
% chg	14.8	8.6	4.6	10.6
<b>Net profit</b>	<b>24,215</b>	<b>26,289</b>	<b>26,346</b>	<b>28,700</b>
% chg	11.6	8.6	0.2	8.9
EBITDA margin (%)	28.3	27.5	26.4	26.3
<b>EPS (`)</b>	<b>123.7</b>	<b>134.3</b>	<b>134.6</b>	<b>146.6</b>
P/E (x)	22.4	20.6	20.6	18.9
P/BV (x)	7.4	6.1	5.7	5.3
RoE (%)	33.1	29.8	27.8	28.3
RoCE (%)	31.6	28.8	27.0	27.6
EV/Sales (x)	4.6	4.1	4.0	3.5
EV/EBITDA (x)	16.3	15.0	15.0	13.4

Source: Company, Angel Research; Note: CMP as of January 12, 2018

## REDUCE

CMP	`2,773
Target Price	`2,493
Investment Period	12 Months

### Stock Info

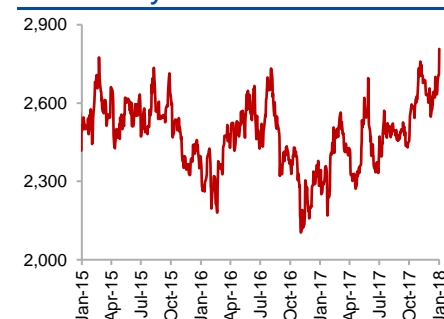
Sector	IT
Market Cap (` cr)	530,813
Net Debt (` cr)	(45,288)
Beta	0.3
52 Week High / Low	2,820/2,154
Avg. Daily Volume	42,762
Face Value (`)	1
BSE Sensex	32,507
Nifty	110,681
Reuters Code	TCS.BO
Bloomberg Code	TCS@IN

### Shareholding Pattern (%)

Promoters	73.6
MF / Banks / Indian Fls	6.1
FII / NRIs / OCBs	16.4
Indian Public / Others	4.0

Abs.(%)	3m	1yr	3yr
Sensex	6.0	27.0	25.4
TCS	7.3	18.3	10.4

### 3-Year Daily Price Chart



Source: Company, Angel Research

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**Exhibit 1: 3QFY2018 performance (Consolidated, IFRS)**

(` cr)	3QFY2018	2QFY2018	% chg (qoq)	3QFY2017	% chg (yoy)	9MFY2018	9MFY2017	% chg(yoy)
<b>Net revenue</b>	<b>30,904</b>	<b>30,541</b>	<b>1.2</b>	<b>29,735</b>	<b>3.9</b>	<b>91,029</b>	<b>88,324</b>	<b>3.1</b>
Cost of revenue	17,356	16,572	4.7	16,378	6.0	51,255	48,732	5.2
Gross profit	13,548	13,969	(3.0)	13,357	1.4	39,774	39,592	0.5
SG&A expense	5,261	5,805	(9.4)	5,124	2.7	15,910	15,413	3.2
<b>EBITDA</b>	<b>8,287</b>	<b>8,164</b>	<b>1.5</b>	<b>8,233</b>	<b>0.7</b>	<b>23,864</b>	<b>24,179</b>	<b>(1.3)</b>
Dep. and Amortization	506	504	0.4	500	1.2	1,509	1,482	1.8
EBIT	7,781	7,660	1.6	7,733	0.6	22,355	22,697	(1.5)
Other income	864	812	6.4	1,185	(27.1)	2,608	3,200	(18.5)
PBT	8,645	8,472	2.0	8,918	(3.1)	24,963	25,897	(3.6)
Income tax	2,100	2,012	4.4	2,104	(0.2)	6,008	6,162	(2.5)
<b>PAT</b>	<b>6,545</b>	<b>6,460</b>	<b>1.3</b>	<b>6,814</b>	<b>(3.9)</b>	<b>18,955</b>	<b>19,735</b>	<b>(4.0)</b>
Earnings in affiliates	-	-	-	-	-	-	-	-
Minority interest	14	14	-	36	-	33	54	-
<b>Reported PAT</b>	<b>6,531</b>	<b>6,446</b>	<b>1.3</b>	<b>6,778</b>	<b>(3.6)</b>	<b>18,922</b>	<b>19,681</b>	<b>(3.9)</b>
<b>Adj. PAT</b>	<b>6,531</b>	<b>6,446</b>	<b>1.3</b>	<b>6,778</b>	<b>(3.6)</b>	<b>18,922</b>	<b>19,681</b>	<b>(3.9)</b>
<b>EPS</b>	<b>34.1</b>	<b>33.7</b>	<b>1.3</b>	<b>34.4</b>	<b>(0.8)</b>	<b>96.6</b>	<b>100.5</b>	<b>(3.9)</b>
Gross margin (%)	43.8	45.7	(190)bps	44.9	(108)bps	43.7	44.8	(113)bps
EBITDA margin (%)	26.8	26.7	8bps	27.7	(87)bps	26.2	27.4	(116)bps
EBIT margin (%)	25.2	25.1	12bps	26.0	(81)bps	24.6	25.7	(114)bps

Source: Company, Angel Research

**Exhibit 2: Actual v/s Angel estimates**

(` cr)	Actual	Estimate	Var. (%)
<b>Net revenue</b>	<b>30,904</b>	<b>31,049</b>	<b>(0.5)</b>
EBIT margin (%)	25.2	24.9	30
<b>Adj. PAT</b>	<b>6,531</b>	<b>6,509</b>	<b>0.3</b>

Source: Company, Angel Research

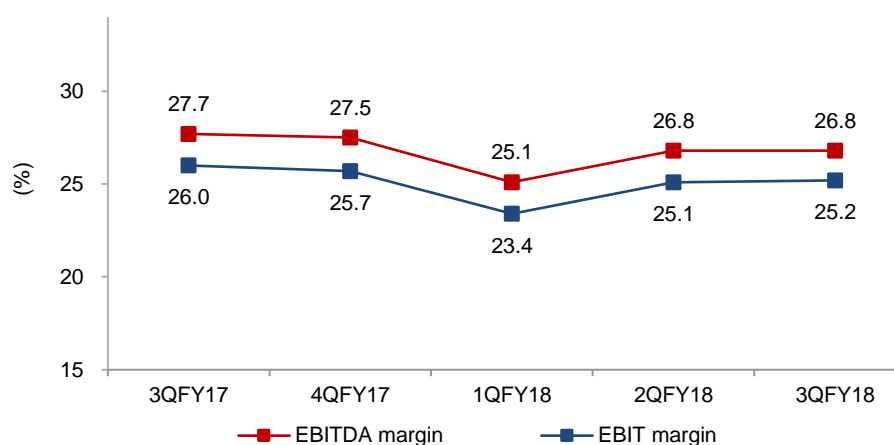
**Numbers lower than expectations**

TCS posted a 1.0% sequential growth in USD revenues to US\$4,787mn v/s US\$4,801mn expected. In rupee terms, revenues came in at `30,904cr V/s `31,049cr, up 1.2% qoq. In Constant Currency (CC) terms, the company posted a 1.3% qoq growth with volume growth coming in at 1.6% qoq growth (highest growth in three years for the December quarter). Geography wise, USA was key driver, with North America & Latin America registering a qoq CC growth of 1.5% and 5.0% respectively. In Europe, it was Continental Europe registering a qoq CC growth of 2.6%. In terms of Industries, Retail & CPG registered a qoq CC growth of 6.4%, Energy & Utilities grew 8.5% and Life Sciences & Healthcare posted 2.5%.

In terms of verticals, on CC basis, the growth registered by the company in respective segments was mixed with BFSI down marginally (1.5% qoq), Energy Utilities (8.5% qoq) and Retail & CPG (6.4% qoq) up significantly, and remaining segments performing well including Communication & Media (2.2% qoq), Manufacturing (2.1% qoq), Life Sciences & Healthcare (2.5% qoq), and Travel & Hospitality (0.1% qoq).

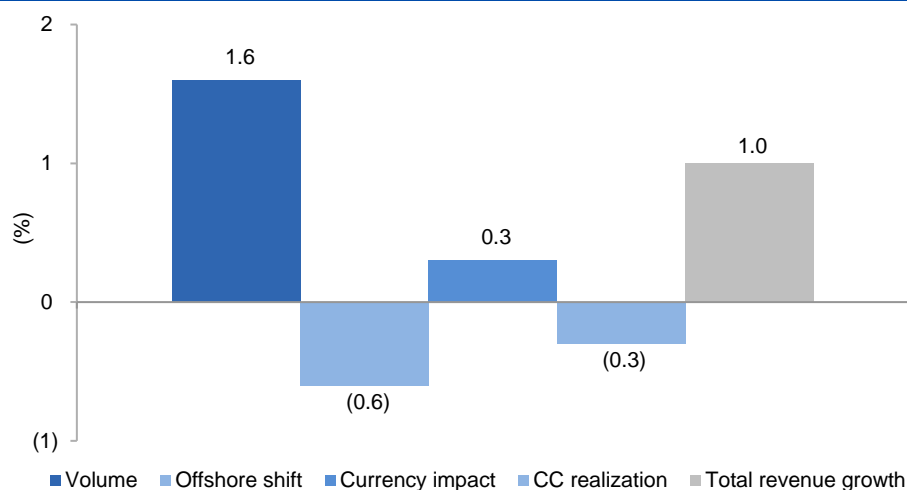
In terms of geography, on CC basis, qoq growth was North America (1.5%), Latin America (5.0%), UK (0.8%), Continental Europe (2.6%), India (0.5%), Asia Pacific (0.0%), MEA (-0.2%).

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



Source: Company, Angel Research

**Exhibit 4: Revenue drivers for 3QFY2018**



Source: Company, Angel Research

BFSI in 3QFY2018 saw a decline of 1.5% qoq, led by softened demand trends. Retail, which has been a troubled area in recent quarters, saw a decline in 2QFY2018 when it bottomed out. In 3QFY2018, the vertical grew by 6.4% qoq CC staging a comeback. Digital, now 22.1% of total revenues continued exhibiting strength having grown by 13.9% qoq CC. TCS won a US\$50mn+ deal in digital this quarter.

**Exhibit 5: Revenue growth (Industry wise on CC basis)**

	<b>% to revenue</b>	<b>% chg (CC qoq)</b>	<b>% chg (yoy)</b>
BFSI	32.1	(1.5)	0.2
Manufacturing	7.6	2.1	9.5
Communication & Media	7.4	2.2	16.5
Life sciences and healthcare	7.3	2.5	13.5
Retail and CPG	12.5	6.4	3.0
Transportation & Hospitality	3.8	2.9	24.1
Energy and utilities	4.5	8.5	29.4
Technology & Services	8.0	0.1	9.6
Regional Markets & Others	16.8	0.5	2.2

Source: Company, Angel Research

Geography wise, qoq growth in INR sales in key geographies on CC basis was as follows: USA (1.5%), Latin America (5.0%), UK (0.8%), India (0.5%), and MEA (-0.2%). However, Continental Europe and Asia Pacific posted qoq growth of 2.6% and 0.0% on CC basis respectively.

**Exhibit 6: Revenue growth (Geography wise in INR terms)**

	<b>% of revenue</b>	<b>% chg (CC qoq)</b>	<b>% chg (yoy)</b>
U.S.	52.0	1.5	2.8
Latin America	2.2	5.0	5.4
U.K.	14.1	0.8	8.2
Continental Europe	13.5	2.6	22.3
India	6.3	0.5	4.1
Asia Pacific	9.5	0.0	6.2
MEA	2.4	(0.2)	3.7

Source: Company, Angel Research

**Attrition rate expands**

In 3QFY2018, TCS witnessed a gross addition of 12,534 employees and net addition of 1,667 employees, taking its total employee base to 3,90,880. During the quarter, the attrition rate (last twelve-month [LTM] basis) for the company increased to 11.9% from 11.3% in 2QFY2018.

**Exhibit 7: Hiring and attrition trend**

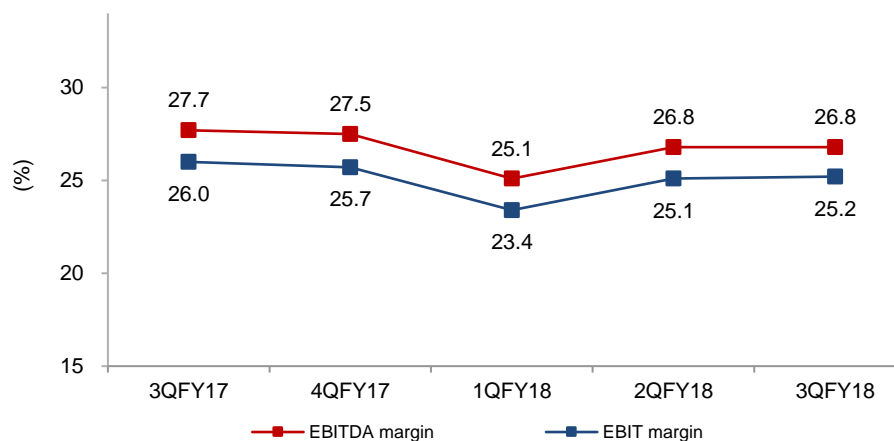
<b>Particulars</b>	<b>3QFY17</b>	<b>4QFY17</b>	<b>1QFY18</b>	<b>2QFY18</b>	<b>3QFY18</b>
Gross addition	18,362	20,093	11,202	15,868	12,534
Net addition	6,978	8,726	(1,414)	3,404	1,667
<b>Total employee base</b>	<b>3,78,497</b>	<b>3,87,223</b>	<b>3,85,809</b>	<b>3,89,213</b>	<b>3,90,880</b>
Attrition (%) - LTM basis	12.2	11.5	12.4	11.3	11.9

Source: Company, Angel Research

## Margin expands

On the operating front, the company reported EBITDA and EBIT margins at 26.8% and 25.2%, i.e. an expansion of 5ps and 6bps qoq respectively. The company has maintained an EBIT margin Target of 26-28%.

### Exhibit 8: Adj. Margin profile



Source: Company, Angel Research

## Client metrics

The client pyramid during the quarter witnessed a qualitative improvement with client additions seen in the higher revenue brackets. The clients in US\$20mn+ revenue band increased by 7 and in US\$50mn+ revenue band increased by 3.

### Exhibit 9: Client pyramid

	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18
US\$1mn–5mn	426	438	441	463	456
US\$5mn–10mn	154	149	142	142	148
US\$10mn–20mn	114	120	132	132	134
US\$20mn–50mn	106	106	105	105	109
US\$50mn–100mn	46	49	49	54	57
US\$100mn plus	34	35	36	37	37

Source: Company, Angel Research

## Investment Argument

**Guidance – Stability visible:** While management has not given any guidance for FY2018, it expects its key verticals like BFSI, Communications and Hi-Tech to stabilize as we move forward. Digital also continues to see good traction, constituting 22.1% of total revenue, and having grown by 13.9% qoq CC and 39.6% yoy. Overall, the volume growth has been robust according to us for the 1HFY2018, in spite of the challenges. On EBIT front, the company expects to manage its margins in 26-28% range over medium term. For FY2018, we have estimated the EBIT margins of 24.5% V/s 24.6% in 9MFY2018. On sales front, we expect the company to post a US\$ revenue CAGR of 9.3% over FY2017-19E.

**Management Rejig:** With Mr. Natarajan Chandrasekaran being the Chairman of Tata Sons since February 21, 2017, CFO Mr. Rajesh Gopinathan has taken charge as the CEO of the company. He started his professional career with TCS in 2001 and was appointed as the CFO in February 2013. TCS also announced N G Subramanian as the COO of the company. Thus, the new targets under the new CEO will have a bearing on the performance of the company.

## Outlook and valuation

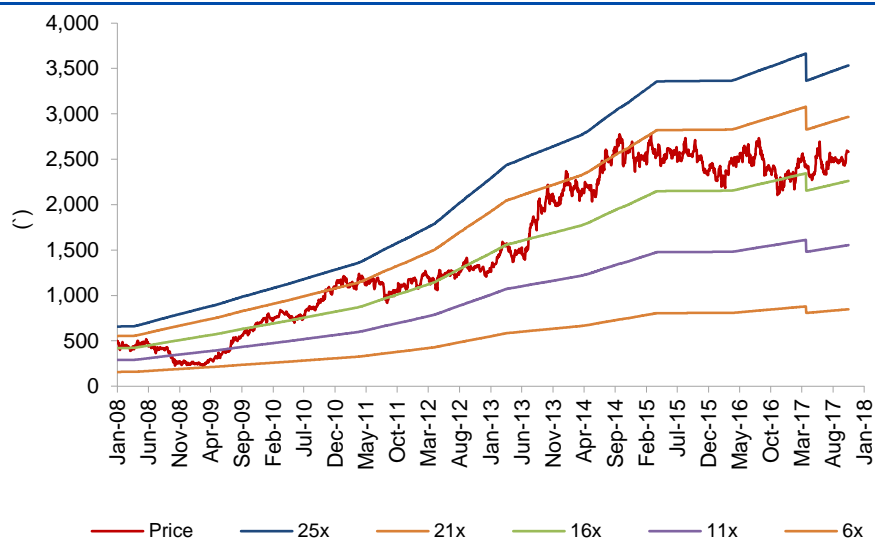
Over FY2017-19E, we expect TCS to post revenue CAGR of 9.3% and 7.6% in USD and INR terms, respectively. The company highlighted that it stands comfortable in sustaining the EBIT margin in the range of 26-28%. On the EBIT and PAT fronts, we expect the company to post 5.0% and 4.5% CAGR over FY2017-19E respectively. The stock is trading at 18.9x FY2019E EPS of ₹146.6. **We maintain our Reduce recommendation.**

### Exhibit 10: Key assumptions

	FY2018E	FY2019E
Revenue growth (USD)	8.0	11.0
USD-INR rate (realized)	65.0	65.0
Revenue growth (₹)	4.6	10.6
EBITDA margin (%)	26.4	26.3
Tax rate (%)	23.5	23.5
EPS growth (%)	0.2	8.9

Source: Company, Angel Research

**Exhibit 11: One-year forward PE chart**



Source: Company, Angel Research

**Exhibit 12: Recommendation summary**

Company	Reco	CMP (₹)	Tgt. price (₹)	Upside (%)	FY2019E EBITDA (%)	FY2019E P/E (x)	FY2017-19E EPS CAGR (%)	FY2019E EV/Sales (x)	FY2019E RoE (%)
HCL Tech	Accumulate	926	1,014	9.6	20.9	13.7	6.2	1.8	20.6
Infosys	Neutral	1,078	-	-	26.0	16.4	5.3	2.1	19.6
<b>TCS</b>	<b>Reduce</b>	<b>2,773</b>	<b>2,493</b>	<b>(10.1)</b>	<b>26.3</b>	<b>18.9</b>	<b>4.5</b>	<b>3.5</b>	<b>28.3</b>
Tech Mahindra	Neutral	550	-	-	15.0	14.6	8.6	1.3	16.3
Wipro	Reduce	319	280	(12.2)	20.3	16.3	4.4	1.5	13.4

Source: Company, Angel Research

## Company background

TCS is Asia's largest IT services provider and is amongst the top 10 technology firms in the world. The company has a global footprint with an employee base of over 3lakh professionals, offering services to more than 1,000 clients across various industry segments. The company has one of the widest portfolios of service offerings, spanning across the entire IT service value chain – from traditional application development and maintenance to consulting and package implementation to products and platforms.



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

Y/E March (₹ cr)	FY2015	FY2016	FY2017	FY2018E	FY2019E
<b>Net sales</b>	<b>94,648</b>	<b>108,646</b>	<b>117,966</b>	<b>123,384</b>	<b>136,504</b>
Cost of revenue	50,599	58,952	64,764	68,478	75,760
<b>Gross profit</b>	<b>44,049</b>	<b>49,695</b>	<b>53,202</b>	<b>54,906</b>	<b>60,744</b>
<i>% of net sales</i>	46.5	45.7	45.1	44.5	44.5
SGA expenses	17,353	18,956	20,755	22,332	24,844
<i>% of net sales</i>	18.3	17.4	17.6	18.1	18.2
<b>EBITDA</b>	<b>26,696</b>	<b>30,738</b>	<b>32,447</b>	<b>32,573</b>	<b>35,901</b>
<i>% of net sales</i>	28.2	28.3	27.5	26.4	26.3
Dep. and amortization	1272	1948	2123	2221	2457
<i>% of net sales</i>	1.3	1.8	1.8	1.8	1.8
<b>EBIT</b>	<b>25,424</b>	<b>28,790</b>	<b>30,324</b>	<b>30,352</b>	<b>33,444</b>
<i>% of net sales</i>	26.9	26.5	25.7	24.6	24.5
Other income, net	3140	3050	4189	4189	4189
Profit before tax	28,564	31,840	34,513	34,541	37,633
Provision for tax	6,083	7,503	8,156	8,117	8,844
<i>% of PBT</i>	21.3	23.6	23.6	23.5	23.5
<b>PAT</b>	<b>22,481</b>	<b>24,338</b>	<b>26,357</b>	<b>26,424</b>	<b>28,789</b>
Minority interest	205	123	68	78	89
Extra-ordinary (Exp.)/ Inc.	-2627.9				
Reported PAT	19,648	24,215	26,289	26,346	28,700
<b>Adj. PAT</b>	<b>21,696</b>	<b>24,215</b>	<b>26,289</b>	<b>26,346</b>	<b>28,700</b>
<b>Diluted EPS (₹)</b>	<b>110.9</b>	<b>123.7</b>	<b>134.3</b>	<b>134.6</b>	<b>146.6</b>

**Balance sheet (Consolidated, IFRS)**

Y/E March ( ` cr)	FY2015	FY2016	FY2017	FY2018E	FY2019E
<b>Assets</b>					
Cash and cash equivalents	1,862	1,862	3,597.0	3,477.2	3,356.1
Other current financial assets	16,383	4,833	-	-	-
Accounts receivable	20,440	24,073	22,684	31,762	31,812
Unbilled revenues	3,827	3,992	5,351	5,348	5,349
Other current assets	6,414	5,975	7,258	7,258	7,258
Property and equipment	11,572	11,790	11,741	12,741	13,741
Intangible assets and goodwill	3,931	3,946	3,768	3,768	3,768
Investments	9,619	22,822	41,980	39,267	47,133
Other non current assets	906	11,919	8,974	8,974	8,974
<b>Total assets</b>	<b>74,954</b>	<b>91,212</b>	<b>105,353</b>	<b>112,595</b>	<b>121,391</b>
<b>Liabilities</b>					
Current liabilities	14,428	15,407	14,294	14,806	16,381
Short term borrowings	243	162	218	218	218
Redeemable preference shares	-	(0)	-	1	2
Long term debt	114	83	71	71	71
Other non current liabilities	1,778	2,017	2,089	2,431	2,689
Minority interest	914	354	366	444	533
Shareholders funds	57,477	73,190	88,315	94,625	101,498
<b>Total liabilities</b>	<b>74,954</b>	<b>91,212</b>	<b>105,353</b>	<b>112,595</b>	<b>121,391</b>

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

Y/E March ( ` cr)	FY2015	FY2016	FY2017	FY2018E	FY2019E
Pre-tax profit from oper.	22,481	24,338	26,357	26,424	28,789
Depreciation	1,272	1,948	2,123	2,221	2,457
Exp. (deferred)/written off	160	174	-	-	-
Pre tax cash from oper	23,913	26,460	28,480	28,645	31,246
Other inc./prior period ad	1,272	1,948	2,123	2,221	2,457
Net cash from operations	25,185	28,408	30,604	30,866	33,703
Tax	6,083	7,503	8,156	8,117	8,844
<b>Cash profits</b>	<b>19,102</b>	<b>20,905</b>	<b>22,448</b>	<b>22,749</b>	<b>24,859</b>
(Inc)/dec in acc. recv.	(2,210)	(3,633)	1,389	(9,078)	(50)
(Inc)/dec in unbilled rev.	179	(165)	(1,359)	3	(1)
(Inc)/dec in oth. current asst.	(6,414)	439	(1,283)	-	-
Inc/(dec) in current liab.	(1,207)	(218)	49	(1,000)	(1,000)
Net trade working capital	(9,652)	(3,577)	(1,204)	(10,074)	(1,051)
<b>Cash flow from oper. actv.</b>	<b>9,450</b>	<b>17,328</b>	<b>21,243</b>	<b>12,674</b>	<b>23,808</b>
(Inc)/dec in fixed assets	(1,207)	(218)	49	(1,000)	(1,000)
(Inc)/dec in investments	(4,446)	(1,653)	(14,325)	2,713	(7,866)
(Inc)/dec in intangible asst.	(226)	16	(178)	-	-
(Inc)/dec in non-cur.asst.	(906)	(11,013)	2,945	-	-
<b>Cash flow from invt. actv.</b>	<b>(6,786)</b>	<b>(12,869)</b>	<b>(11,509)</b>	<b>1,713</b>	<b>(8,866)</b>
Inc/(dec) in debt	61	(113)	44	-	-
Inc/(dec) in minority int.	223	(559)	12	78	89
Dividends	(19,923)	(18,415)	(19,993)	(20,036)	(21,826)
Others	16,976	14,629	10,202	5,571	6,794
<b>Cash flow from finan. actv.</b>	<b>(2,664)</b>	<b>(4,459)</b>	<b>(9,735)</b>	<b>(14,387)</b>	<b>(14,943)</b>
<b>Cash generated/(utilized)</b>	<b>393</b>	<b>-</b>	<b>1,735</b>	<b>(120)</b>	<b>(121)</b>
<b>Cash at start of the year</b>	<b>1,469</b>	<b>1,862</b>	<b>1,862</b>	<b>3,597</b>	<b>3,477</b>
<b>Cash at end of the year</b>	<b>1,862</b>	<b>1,862</b>	<b>3,597</b>	<b>3,477</b>	<b>3,356</b>

### Key ratios

Y/E March	FY2015	FY2016	FY2017	FY2018E	FY2019E
<b>Valuation ratio(x)</b>					
P/E (on FDEPS)	25.0	22.4	20.6	20.6	18.9
P/CEPS	26.0	20.8	19.1	19.0	17.4
P/BVPS	9.4	7.4	6.1	5.7	5.3
Dividend yield (%)	1.6	1.4	1.6	1.6	1.7
EV/Sales	5.3	4.6	4.1	4.0	3.5
EV/EBITDA	18.8	16.3	15.0	15.0	13.4
EV/Total assets	6.7	5.5	4.6	4.3	4.0
<b>Per share data (₹)</b>					
EPS	110.9	123.7	134.3	134.6	146.6
Cash EPS	106.8	133.6	145.1	145.8	159.1
Dividend	43.5	40.2	43.6	43.7	47.6
Book value	294	374	451	483	519
<b>DuPont analysis</b>					
Tax retention ratio (PAT/PBT)	0.8	0.8	0.8	0.8	0.8
Cost of debt (PBT/EBIT)	1.1	1.1	1.1	1.1	1.1
EBIT margin (EBIT/Sales)	0.3	0.3	0.3	0.2	0.2
Asset turnover ratio (Sales/Assets)	1.3	1.2	1.1	1.1	1.1
Leverage ratio (Assets/Equity)	1.3	1.2	1.2	1.2	1.2
Operating ROE	39.1	33.3	29.8	27.9	28.4
<b>Return ratios (%)</b>					
RoCE (pre-tax)	33.9	31.6	28.8	27.0	27.6
Angel RoIC	54.0	46.7	50.7	43.5	47.2
RoE	34.2	33.1	29.8	27.8	28.3
<b>Turnover ratios(x)</b>					
Asset turnover (fixed assets)	8.2	9.2	10.0	9.7	9.9
Receivables days	79	81	70	94	85

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**Ratings (Based on expected returns over 12 months investment period):**

Buy (> 15%)

Accumulate (5% to 15%)  
Reduce (-5% to -15%)

Neutral (-5 to 5%)  
Sell (< -15)