

## Tata Consultancy Services (TCS)

### Performance highlights

(₹ cr)	4QFY16	3QFY16	% chg (qoq)	4QFY15	% chg (yoy)
<b>Net revenue</b>	<b>28,449</b>	<b>27,364</b>	<b>4.0</b>	<b>24,220</b>	<b>17.5</b>
Adj. EBITDA	7,065	7,747	(8.8)	6,588	7.2
Adj. EBITDA margin (%)	27.7	28.3	(50)bp	27.2	(50)bp
<b>Adj. PAT</b>	<b>6,341</b>	<b>6,110</b>	<b>3.8</b>	<b>3,858</b>	<b>7.4</b>

Source: Company, Angel Research

For 4QFY2016, TCS posted revenue of US\$4,207mn (V/s US\$4,215mn expected), up 1.5% qoq. The growth was mostly volume led, which grew by 3.2% qoq. In constant currency (CC) terms, the company posted a qoq revenue growth of 2.1%. In rupee terms, revenues grew by 4.0% qoq to ₹28,449cr (V/s ₹28,454cr expected), led by rupee depreciation. The EBIT margin for the quarter came in at 26.1% V/s 26.7% expected. PAT came in at ₹6,341cr (V/s ₹6,201cr expected), up 3.8% qoq. The company expects a stronger FY2017 for which it has guided at an EBIT margin of 26-28%. **We maintain our Buy on the stock with a target price of ₹3,004.**

**Quarterly highlights:** For 4QFY2016, the company posted revenue of US\$4,207mn (V/s US\$4,215mn expected), up 1.5% qoq. The growth was mostly volume led, which grew by 3.2% qoq. In constant currency (CC) terms, the company posted a qoq revenue growth of 2.1%. In terms of geography, the company posted a CC growth of 2.4% in USA, 1.8% in Latin America, 3.6% in continental Europe, 2.2% in India, 1.1% in Asia Pacific and 9.5% in MEA while UK posted a dip of 0.4%. . The EBIT margin for the quarter came in at 26.1% V/s 26.7% expected. PAT came in at ₹6,341cr (V/s ₹6,201cr expected), up 3.8% qoq.

**Outlook and valuation:** TCS highlighted that it had not received any negative indications on IT budgets/spending trends and expects FY2017 to be better than FY2016. Over FY2016-18E, we expect TCS to post a revenue CAGR of 13.0% in USD as well as INR terms.

### Key financials (Consolidated, IFRS)

Y/E March (₹ cr)	FY2015	FY2016	FY2017E	FY2018E
<b>Net sales</b>	<b>94,648</b>	<b>1,08,646</b>	<b>1,22,770</b>	<b>1,38,730</b>
% chg	15.7	14.8	13.0	13.0
<b>Net profit</b>	<b>21,696</b>	<b>24,215</b>	<b>27,598</b>	<b>30,941</b>
% chg	13.5	11.6	14.0	12.1
EBITDA margin (%)	28.2	28.3	28.3	28.3
<b>EPS (₹)</b>	<b>110.9</b>	<b>123.7</b>	<b>141.0</b>	<b>158.1</b>
P/E (x)	22.4	20.1	17.6	15.7
P/BV (x)	8.5	6.7	6.1	5.6
RoE (%)	34.2	33.1	34.6	35.5
RoCE (%)	33.9	31.6	28.1	28.8
EV/Sales (x)	4.9	4.3	3.6	3.1
EV/EBITDA (x)	17.4	15.1	12.7	11.0

Source: Company, Angel Research; Note: CMP as of April 26, 2016

## BUY

CMP	₹2,488
Target Price	₹3,004

Investment Period 12 Months

### Stock Info

Sector	IT
Market Cap (₹ cr)	490,242
Net Debt (₹ cr)	(14,442)
Beta	0.6
52 Week High / Low	2,769/2,119
Avg. Daily Volume	75,650
Face Value (₹)	1
BSE Sensex	26,007
Nifty	7,963
Reuters Code	TCS.BO
Bloomberg Code	TCS@IN

### Shareholding Pattern (%)

Promoters	73.4
MF / Banks / Indian Fls	5.5
FII / NRIs / OCBs	16.8
Indian Public / Others	4.3

Abs.(%)	3m	1yr	3yr
Sensex	6.2	(5.2)	34.8
TCS	7.9	(0.4)	81.8

### 3-Year Daily Price Chart



Source: Company, Angel Research

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**Exhibit 1: 4QFY2016 performance (Consolidated, IFRS)**

(₹ cr)	4QFY16	3QFY16	% chg (qoq)	4QFY15	% chg (yoy)	FY2016	FY2015	% chg(yoy)
<b>Net revenue</b>	<b>28,449</b>	<b>27,364</b>	<b>4.0</b>	<b>24,220</b>	<b>17.5</b>	<b>1,08,646</b>	<b>94,648</b>	<b>14.8</b>
Cost of revenue	15,592	14,883	4.8	15,176	2.7	59,459	53,227	11.7
Gross profit	12,857	12,481	3.0	9,044	42.2	49,187	41,421	18.7
SG&A expense	4,975	4,734	5.1	4,757	4.6	18,956	17,353	9.2
<b>EBITDA</b>	<b>7,883</b>	<b>7,747</b>	<b>1.8</b>	<b>4,287</b>	<b>83.9</b>	<b>30,231</b>	<b>24,068</b>	<b>25.6</b>
Dep. and amortisation	471	471	-	324	45.3	1,441	1,272	13.3
EBIT	7,412	7,276	1.9	3,963	87.0	28,790	22,796	26.3
Other income	905	699	29.5	1,129	(19.8)	3,050	3,140	
PBT	8,317	7,975	4.3	5,092	63.3	31,840	25,936	22.8
Income tax	1,970	1,850		1,202	63.9	7,503	6,083	23.3
<b>PAT</b>	<b>6,347</b>	<b>6,125</b>	<b>3.6</b>	<b>3,890</b>	<b>63.2</b>	<b>24,338</b>	<b>19,853</b>	<b>22.6</b>
Earnings in affiliates	-	-	-	-	-	-	-	-
Minority interest	6	16	(64.3)	32	(82.5)	123	205	(40.1)
<b>Reported PAT</b>	<b>6,341</b>	<b>6,110</b>	<b>3.8</b>	<b>3,858</b>	<b>64.4</b>	<b>24,215</b>	<b>19,648</b>	<b>23.2</b>
<b>Adj. PAT</b>	<b>6,341</b>	<b>6,110</b>	<b>3.8</b>	<b>5,906</b>	<b>7.4</b>	<b>24,215</b>	<b>21,696</b>	<b>11.6</b>
<b>EPS</b>	<b>32.2</b>	<b>31.0</b>	<b>3.8</b>	<b>30.2</b>	<b>6.6</b>	<b>123.7</b>	<b>110.9</b>	<b>11.5</b>
Gross margin (%)	45.2	45.6	(42)bp	37.3	785bp	45.3	43.8	151bp
EBITDA margin (%)	27.7	28.3	(60)bp	17.7	1001bp	27.8	25.4	240bp
EBIT margin (%)	26.1	26.6	(54)bp	16.4	969bp	26.5	24.1	241bp

Source: Company, Angel Research

**Exhibit 2: Actual vs Angel estimates**

(₹ cr)	Actual	Estimate	Var. (%)
<b>Net revenue</b>	<b>28,449</b>	<b>28,454</b>	<b>(0.0)</b>
EBIT margin (%)	26.1	26.7	(64)bps
<b>Adj. PAT</b>	<b>6,341</b>	<b>6,201</b>	<b>2.3</b>

Source: Company, Angel Research

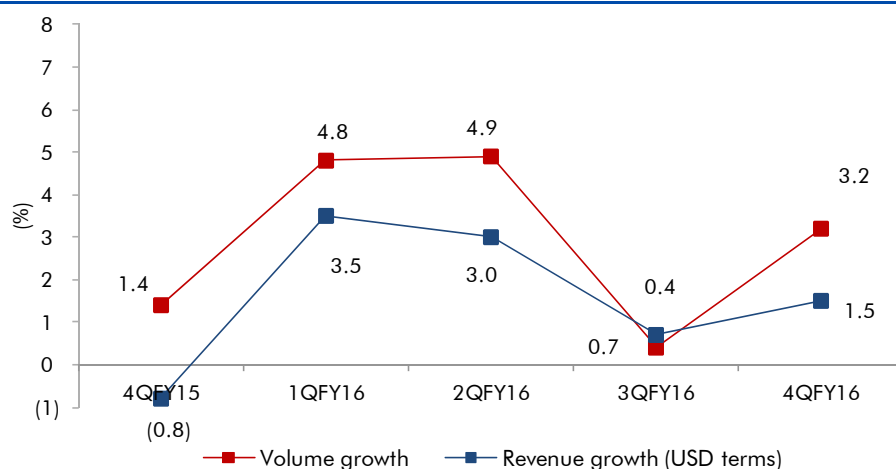
**Numbers in line with expectations**

For 4QFY2016, TCS posted revenue of US\$4,207mn (V/s US\$4,215mn expected), up 1.5% qoq. The growth was mostly volume led, which grew by 3.2% qoq. In constant currency (CC) terms, the company posted a qoq revenue growth of 2.1%. In rupee terms, revenues grew by 4.0% qoq to ₹28,449cr (V/s ₹28,454cr expected), led by rupee depreciation.

In terms of geography, the company posted a CC growth of 2.4% in USA, 1.8% in Latin America, 3.6% in continental Europe, 2.2% in India, 1.1% in Asia Pacific and 9.5% in MEA while UK posted a dip of 0.4%.

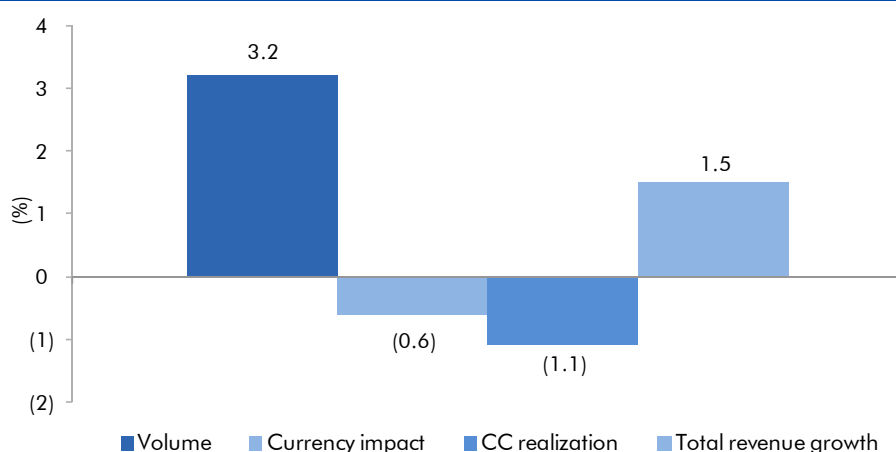
In terms of verticals, the company posted a CC growth of 3.2% in BSFI, Retail & Distribution grew by 2.1%, Manufacturing grew by 3.9%, Telecom grew by 1.3%, and Energy & Utilities grew by 3.0%.

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



Source: Company, Angel Research

**Exhibit 4: Revenue drivers for 4QFY2016**



Source: Company, Angel Research

In terms of verticals, BFSI (40.9% of sales) grew 3.2% qoq on CC, Telecom (8.3% of sales) grew 1.3% qoq on CC, Retail & Distribution (14.1% of sales) grew 2.1% qoq on CC and Manufacturing (10.4% of sales) grew 3.9% qoq on CC, during the quarter. Hi-Tech and Life Sciences & Healthcare posted a de-growth of 1.5% and growth of 1.2% qoq on CC, respectively. Travel & Hospitality (3.7% of sales) posted a growth of 0.8% qoq on CC, while Energy & Utilities (4.1% of sales) posted a growth of 3.0% qoq on CC basis.

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

	% to revenue	% chg (CC qoq)	% chg (yoy)
BFSI	40.9	3.2	11.8
Manufacturing	10.4	3.9	10.7
Telecom	8.3	1.3	15.3
Life sciences and healthcare	7.3	1.2	19.0
Retail and distribution	14.1	2.1	13.8
Transportation & Hospitality	3.7	0.8	18.2
Energy and utilities	4.1	3.0	16.8
Media and entertainment	2.5	1.9	(0.6)
Hi-tech	5.6	(1.5)	2.0
Others	3.1	(5.4)	(26.4)

Source: Company, Angel Research

Service line wise, Infrastructure Services reported a sequential growth of 2.2% on CC basis. In the company's anchor service line - IT Solutions and Services - ADM grew 1.2% qoq on CC basis, Enterprise Solutions remained flat and Assurance Services grew by 4.5% qoq on CC basis. The BPO segment grew by 1.1% qoq on CC basis, during the quarter. Asset Leveraged Solutions (3.2% of sales) grew by 18.5% qoq on CC basis.

**Exhibit 6: Revenue growth (Service wise on CC basis)**

	% to revenue	% chg (CC qoq)	% chg (yoy)
IT solutions and services			
ADM	39.7	1.2	8.3
Enterprise solutions	17.1	0.0	1.2
Assurance services	8.8	4.5	15.5
Engg. and industrial services	4.7	5.8	13.5
Infrastructure services	15.2	2.2	15.2
Asset-leveraged solutions	3.2	18.5	64.3
BPO	11.6	1.1	11.1

Source: Company, Angel Research

Geography wise, growth in INR sales in key geographies was as follows: - USA (1.4% qoq on CC basis), Latin America (13.3% qoq on CC basis), Continental Europe (2.3% qoq on CC basis), India (-6.7% qoq on CC basis) and MEA (-5.8% qoq on CC basis). The UK and Asia Pacific posted a de-growth of 0.7% qoq and growth of 0.4% qoq on CC basis, respectively.

TCS has been making significant progress in Digital, which is evident from the growth in the area and deal wins. Digital, which is now ~15.5% of total revenues, grew by 14.8% qoq. In FY2016, Digital contributed by 13.8% to the total revenue and saw a growth of 52.2% yoy.

**Exhibit 7: Revenue growth (Geography wise in INR terms)**

	% of revenue	% chg (CC qoq)	% chg (yoy)
U.S.	54.0	2.4	11.7
Latin America	2.0	1.8	17.5
U.K.	14.9	(0.4)	6.4
Continental Europe	11.2	3.6	10.3
India	5.9	2.2	5.6
Asia Pacific	9.6	1.1	8.6
MEA	2.4	9.5	25.2

Source: Company, Angel Research

**Hiring moderate**

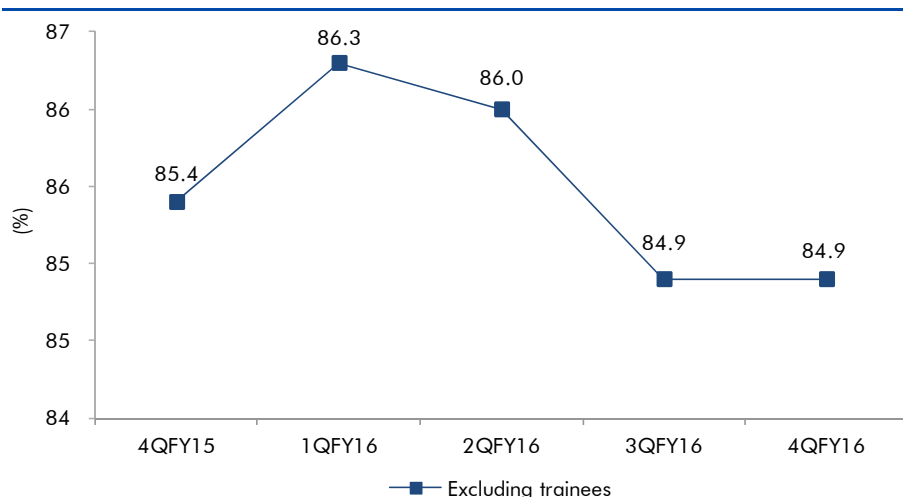
In 4QFY2016, TCS witnessed a gross addition of 22,576 employees and net addition of 9,152 employees, taking its total employee base to 3,53,843. During the quarter, the attrition rate (last twelve month [LTM] basis) for the company decreased from 15.9% to 14.7% in 4QFY2016.

**Exhibit 8: Hiring and attrition trend**

Particulars	4QFY15	1QFY16	2QFY16	3QFY16	4QFY16
Gross addition	14,395	20,320	25,186	22,118	22,576
Net addition	1,031	5,279	10,685	9,071	9,152
Total employee base	3,19,656	3,24,935	3,35,620	3,44,691	3,53,843
Attrition (%) - LTM basis	14.9	15.9	16.2	15.9	14.7

Source: Company, Angel Research

For 4QFY2016, the utilization rate (excluding trainees) remained stagnant at 84.9%.

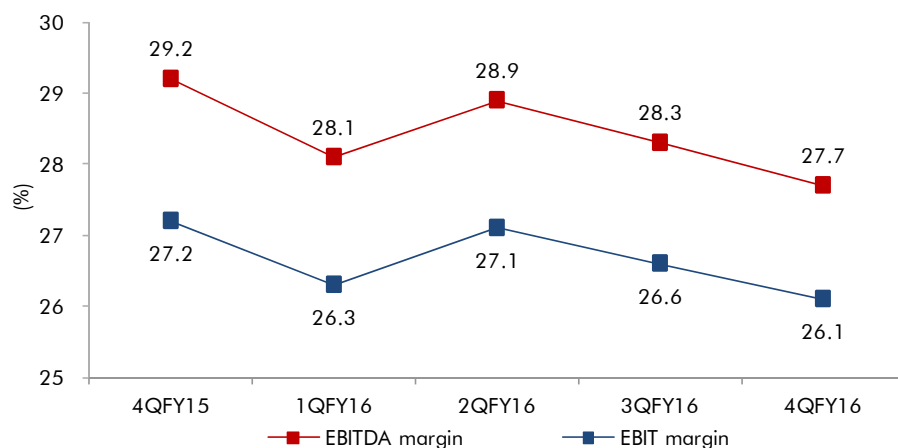
**Exhibit 9: Trend in utilization**


Source: Company, Angel Research

## Margin dips

TCS' EBIT margins for the quarter came in at 26.1% V/s 26.7% expected, a dip of 54bp qoq. Rupee depreciation and strong growth in Asset Leveraged Solutions weren't able to offset pricing pressure and reinvestments.

### Exhibit 10: Adj. Margin profile



Source: Company, Angel Research

## Client metrics

The client pyramid during the quarter witnessed a qualitative improvement, with client additions seen in higher revenue brackets. The clients in \$100mn+ revenue band increased by 3, in \$50mn+ revenue band by 8 and in \$10mn+ revenue band by 17.

### Exhibit 11: Client pyramid

	4QFY15	1QFY16	2QFY16	3QFY16	4QFY16
US\$1mn–5mn	389	391	415	425	400
US\$5mn–10mn	128	123	130	132	131
US\$10mn–20mn	99	96	103	108	125
US\$20mn–50mn	94	103	106	108	100
US\$50mn–100mn	39	39	32	31	36
US\$100mn plus	29	30	33	34	37

Source: Company, Angel Research

## Investment Argument

**Guidance – Outlook upbeat:** The Management refrained from giving any additional color on FY2017E revenue growth outlook, but expects FY2017 to be better than FY2016 as most of the headwinds (like Diligenta and Japan’s underperformance) that were effecting the company’s growth in FY2016, seems to be diminishing. TCS highlighted that deal wins remain decent across major markets like the US and Europe with traction in Digital deals also remaining solid. We expect the company to post a US\$ revenue CAGR of 13.0% over FY2016-18E.

**Deal pipeline outlook healthier:** The Company has given a positive outlook for FY2017. It expects a strong demand environment across the board in most areas that it focuses on. TCS, post 4QFY2016, is in a much better position relative to the end of FY2015. The key reasons behind the same are - dramatic acceleration in the adoption of Digital technologies, good resilience and strong momentum in BFSI, North America and Continental Europe, major headwinds of Diligenta, Insurance vertical, Japan and Latin America are now behind, strong order book and pipeline, and robust growth in platforms.

## Outlook and valuation

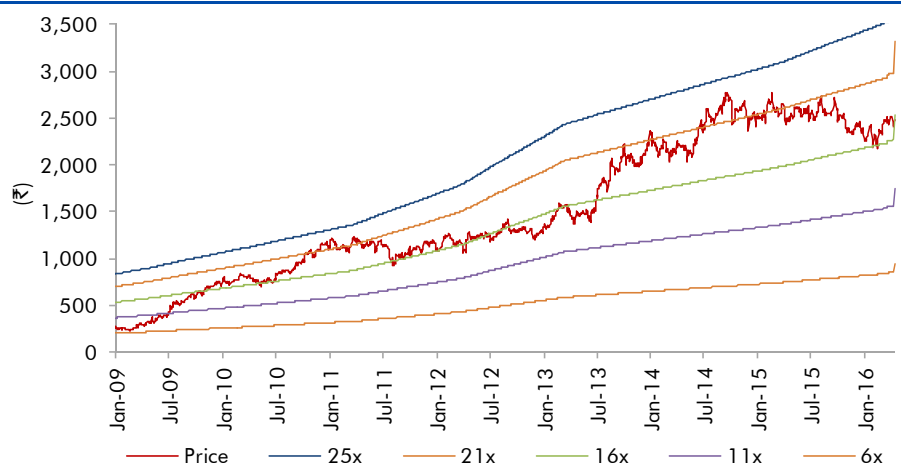
Over FY2016-18E, we expect TCS’ revenue to post a CAGR of 13.0% in USD and INR terms. The company highlighted that it stands comfortable of sustaining the EBIT margin in the range of 26-28%. On the EBIT and PAT fronts, we expect the company to post a 14.3% and 13.0% CAGR over FY2016-18E, respectively. At the current market price of ₹2,488, the stock is trading at 17.6x FY2017E and 15.7x FY2018E EPS of ₹141.0 and ₹158.1, respectively. **We maintain our Buy rating on the stock with a target price of ₹3,004.**

### Exhibit 12: Key assumptions

	FY2017E	FY2018E
Revenue growth (USD)	13.0	13.0
USD-INR rate (realized)	65.7	65.7
Revenue growth (₹)	13.0	13.0
EBITDA margin (%)	28.3	28.3
Tax rate (%)	23.5	23.5
EPS growth (%)	14.0	12.1

Source: Company, Angel Research

**Exhibit 13: One-year forward PE chart**



Source: Company, Angel Research

**Exhibit 14: Recommendation summary**

Company	Reco	CMP (₹)	Tgt. price (₹)	Upside (%)	FY2017E EBITDA (%)	FY2017E P/E (x)	FY2015-17E EPS CAGR (%)	FY2017E EV/Sales (x)	FY2017E RoE (%)
HCL Tech	Buy	850	1,038	22.1	21.5	16.5	10.6	2.5	19.8
Infosys	Accumulate	1,233	1,374	11.4	27.5	20.9	8.9	4.0	19.7
<b>TCS</b>	<b>Buy</b>	<b>2,488</b>	<b>3,004</b>	<b>20.7</b>	<b>28.3</b>	<b>17.6</b>	<b>12.8</b>	<b>4.1</b>	<b>35.5</b>
Tech Mahindra	Accumulate	476	530	11.3	17.0	16.5	8.0	1.5	18.6
Wipro	Buy	555	6801	22.6	23.8	14.9	9.7	2.2	17.9

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 3.0 lakh professionals, offering services to more than 1,000 clients across various industry segments. The company has one of the widest portfolios of services 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)	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>Net sales</b>	<b>81,809</b>	<b>94,648</b>	<b>1,08,646</b>	<b>1,22,770</b>	<b>1,38,730</b>
Cost of revenue	42,207	50,599	58,952	65,068	73,527
<b>Gross profit</b>	<b>39,603</b>	<b>44,049</b>	<b>49,695</b>	<b>57,702</b>	<b>65,203</b>
% of net sales	48.4	46.5	45.7	47.0	47.0
SGA expenses	14,471	17,353	18,956	22,958	25,943
% of net sales	17.7	18.3	17.4	18.7	18.7
<b>EBITDA</b>	<b>25,132</b>	<b>26,696</b>	<b>30,738</b>	<b>34,744</b>	<b>39,261</b>
% of net sales	30.7	28.2	28.3	28.3	28.3
Dep. and amortization	1324	1272	1948	1535	1655
% of net sales	1.6	1.3	1.8	1.3	1.2
<b>EBIT</b>	<b>23,808</b>	<b>25,424</b>	<b>28,790</b>	<b>33,209</b>	<b>37,606</b>
% of net sales	29.1	26.9	26.5	27.0	27.1
Other income, net	1589	3140	3050	3050	3050
Profit before tax	25,397	28,564	31,840	36,259	40,656
Provision for tax	6,071	6,083	7,503	8,521	9,554
% of PBT	23.9	21.3	23.6	23.5	23.5
<b>PAT</b>	<b>19,326</b>	<b>22,481</b>	<b>24,338</b>	<b>27,738</b>	<b>31,102</b>
Minority interest	209	205	123	141	161
Extra-ordinary (Exp.)/ Inc.		(2,627.9)			
<b>Reported PAT</b>	<b>19,117</b>	<b>19,648</b>	<b>24,215</b>	<b>27,598</b>	<b>30,941</b>
<b>Adj. PAT</b>	<b>19,117</b>	<b>21,696</b>	<b>24,215</b>	<b>27,598</b>	<b>30,941</b>
<b>Diluted EPS (₹)</b>	<b>97.6</b>	<b>110.9</b>	<b>123.7</b>	<b>141.0</b>	<b>158.1</b>

**Balance sheet (Consolidated, IFRS)**

Y/E March (₹ cr)	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>Assets</b>					
Cash and cash equivalents	1,469	1,862	1,862	1,603	1,770
Other current financial assets	18,107	16,383	4,833	27,366	35,229
Accounts receivable	18,230	20,440	24,073	26,506	29,952
Unbilled revenues	4,006	3,827	3,992	5,347	5,348
Other current assets	-	6,414	5,975	5,975	5,975
Property and equipment	10,364	11,572	11,790	12,790	13,790
Intangible assets and goodwill	4,157	3,931	3,946	3,946	3,946
Investments	3,449	9,619	22,822	22,822	22,822
Other non current assets	-	906	11,919	11,919	11,919
<b>Total assets</b>	<b>68,913</b>	<b>74,954</b>	<b>91,212</b>	<b>1,18,274</b>	<b>1,30,752</b>
<b>Liabilities</b>					
Current liabilities	10,906	14,428	15,407	35,425	40,031
Short term borrowings	170	243	162	162	162
Redeemable preference shares	-	-	(0)	-	1
Long term debt	127	114	83	83	83
Other non current liabilities	1,684	1,778	2,017	2,310	2,610
Minority interest	691	914	354	495	656
Shareholders funds	55,335	57,477	73,190	79,800	87,210
<b>Total liabilities</b>	<b>68,913</b>	<b>74,954</b>	<b>91,212</b>	<b>1,18,274</b>	<b>1,30,752</b>

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

Y/E March (₹ cr)	FY2014	FY2015	FY2016	FY2017E	FY2018E
Pre-tax profit from oper.	23,808	22,481	24,338	27,738	31,102
Depreciation	1,324	1,272	1,948	1,535	1,655
Exp. (deferred)/written off	209	160	174	-	-
Pre tax cash from oper	24,923	23,913	26,460	29,273	32,757
Other inc./prior period ad	1,589	1,272	1,948	1,535	1,655
Net cash from operations	26,512	25,185	28,408	30,808	34,412
Tax	6,071	6,083	7,503	8,521	9,554
<b>Cash profits</b>	<b>20,441</b>	<b>19,102</b>	<b>20,905</b>	<b>22,287</b>	<b>24,857</b>
(Inc)/dec in acc. recv.	(4,154)	(2,210)	(3,633)	(2,433)	(3,446)
(Inc)/dec in unbilled rev.	(846)	179	(165)	(1,355)	(1)
(Inc)/dec in oth. current asst.	(6,650)	(6,414)	439	-	-
Inc/(dec) in current liab.	2,223	(1,207)	(218)	(1,000)	(1,000)
Net trade working capital	(9,427)	(9,652)	(3,577)	(4,788)	(4,447)
<b>Cash flow from oper. actv.</b>	<b>11,015</b>	<b>9,450</b>	<b>17,328</b>	<b>17,499</b>	<b>20,411</b>
(Inc)/dec in fixed assets	(3,494)	(1,207)	(218)	(1,000)	(1,000)
(Inc)/dec in investments	(1,409)	(4,446)	(1,653)	(22,533)	(7,863)
(Inc)/dec in intangible asst.	(651)	(226)	16	-	-
(Inc)/dec in non-cur.asst.	(1,335)	(906)	(11,013)	-	-
<b>Cash flow from invt. actv.</b>	<b>(6,889)</b>	<b>(6,786)</b>	<b>(12,869)</b>	<b>(23,533)</b>	<b>(8,863)</b>
Inc/(dec) in debt	203	61	(113)	-	-
Inc/(dec) in equity	34	223	(559)	141	161
Inc/(dec) in minority int.	(14,666)	(19,923)	(18,415)	(20,988)	(23,530)
Dividends	9,929	17,369	14,629	26,622	11,989
<b>Cash flow from finan. actv.</b>	<b>(4,500)</b>	<b>(2,271)</b>	<b>(4,459)</b>	<b>5,774</b>	<b>(11,380)</b>
<b>Cash generated/(utilized)</b>	<b>(374)</b>	<b>393</b>	<b>-</b>	<b>(260)</b>	<b>167</b>
Cash at start of the year	1,843	1,469	1,862	1,862	1,603
Cash at end of the year	1,469	1,862	1,862	1,603	1,770

**Key ratios**

Y/E March	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>Valuation ratio(x)</b>					
P/E (on FDEPS)	25.5	22.4	20.1	17.6	15.7
P/CEPS	23.8	23.3	18.6	16.7	15.0
P/BVPS	8.8	8.5	6.7	6.1	5.6
Dividend yield (%)	1.3	1.7	1.6	1.8	2.1
EV/Sales	5.7	4.9	4.3	3.6	3.1
EV/EBITDA	18.7	17.4	15.1	12.7	11.0
EV/Total assets	6.8	6.2	5.1	3.7	3.3
<b>Per share data (₹)</b>					
EPS	97.6	110.9	123.7	141.0	158.1
Cash EPS	104.4	106.8	133.6	148.7	166.4
Dividend	32.0	43.5	40.2	45.8	51.3
Book value	283	294	374	408	446
<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	0.3	0.3
Asset turnover ratio (Sales/Assets)	1.2	1.3	1.2	1.0	1.1
Leverage ratio (Assets/Equity)	1.2	1.3	1.2	1.5	1.5
Operating ROE	34.9	39.1	33.3	34.8	35.7
<b>Return ratios (%)</b>					
RoCE (pre-tax)	34.5	33.9	31.6	28.1	28.8
Angel RoIC	51.9	54.0	46.7	50.0	53.0
RoE	34.5	34.2	33.1	34.6	35.5
<b>Turnover ratios(x)</b>					
Asset turnover (fixed assets)	7.9	8.2	9.2	9.6	10.1
Receivables days	81	79	81	79	79

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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

Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors

**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)