

July 9, 2019

## Q1FY20 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY20E	FY21E	FY20E	FY21E
Rating	BUY		BUY	
Target Price	2,291		2,291	
Sales (Rs. m)	1,609,838	1,799,952	1,624,498	1,815,691
% Chng.	(0.9)	(0.9)		
EBITDA (Rs. m)	439,169	491,604	441,189	495,906
% Chng.	(0.5)	(0.9)		
EPS (Rs.)	92.3	101.1	91.4	101.8
% Chng.	1.0	(0.7)		

### Key Financials - Standalone

Y/e Mar	FY18	FY19	FY20E	FY21E
Sales (Rs. bn)	1,231	1,465	1,610	1,800
EBITDA (Rs. bn)	325	395	439	492
Margin (%)	26.4	27.0	27.3	27.3
PAT (Rs. bn)	258	315	350	383
EPS (Rs.)	67.1	83.0	92.3	101.1
Gr. (%)	0.6	23.8	11.2	9.5
DPS (Rs.)	50.0	30.0	51.5	54.0
Yield (%)	2.3	1.4	2.4	2.5
RoE (%)	29.8	36.1	36.0	33.7
RoCE (%)	35.1	42.8	42.4	40.7
EV/Sales (x)	6.3	5.2	4.7	4.1
EV/EBITDA (x)	23.9	19.4	17.1	15.0
PE (x)	31.8	25.7	23.1	21.1
P/BV (x)	9.6	9.0	7.7	6.6

### Key Data

### TCS.BO | TCS IN

52-W High / Low	Rs.2,293 / Rs.1,784
Sensex / Nifty	38,731 / 11,556
Market Cap	Rs.7,998bn/ \$ 116,564m
Shares Outstanding	3,752m
3M Avg. Daily Value	Rs.12464.62m

### Shareholding Pattern (%)

Promoter's	72.05
Foreign	15.80
Domestic Institution	7.68
Public & Others	4.47
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(2.3)	13.0	13.2
Relative	(0.1)	5.6	5.0

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## Digital fueling growth

TCS posted a muted revenue growth of 1.6% QoQ USD (Pl:2.7%, Cons: 2.6%) with inline margin performance at 24.2%. Strong hiring in Q1 resulted in a net addition of 12,356 employees, highest in last five years. TCS has issued joining letter to 30,000 fresh graduates of which ~40% will be joining in Q1 & rest in Q2FY20E. This trend suggests strong demand environment for newer technologies. TCS digital revenues are at US\$7bn (Q1FY20 annualized) growing at ~40% on YoY basis. TCS management is clearly echoing, 'digital is non-discretionary thesis'. TCS continues to display signs of rising client relevance with a combination of large deal-wins momentum and a rising share of digital. We expect TCS to be a prime beneficiary of the commoditization of digital and AI adoption. We believe TCS to continue revenue momentum in FY20E on the back of 1) Strong TCV of deal wins at US\$5.7bn (16% up YoY) in Q1FY20E & US\$22bn TCV in FY19 offers us visibility in FY20E growth 2) Strong, sustained growth in digital (growing at 40% on YoY basis), 3) Core strengths such as lowest cost/attrition, large agile workforce. We would also like to highlight in last 8 quarters inspite of slight contraction in EBIT margins, TCS has always maintained its net profit margin at ~21%. We have estimated 10.1% & 10.3% USD revenue & EPS CAGR respectively for FY19-21E. We maintain Buy rating with target price of Rs.2291 valued at 22.5x FY21E earnings. Stock is currently trading at 23.1x/ 21.1x FY20E/21E earnings.

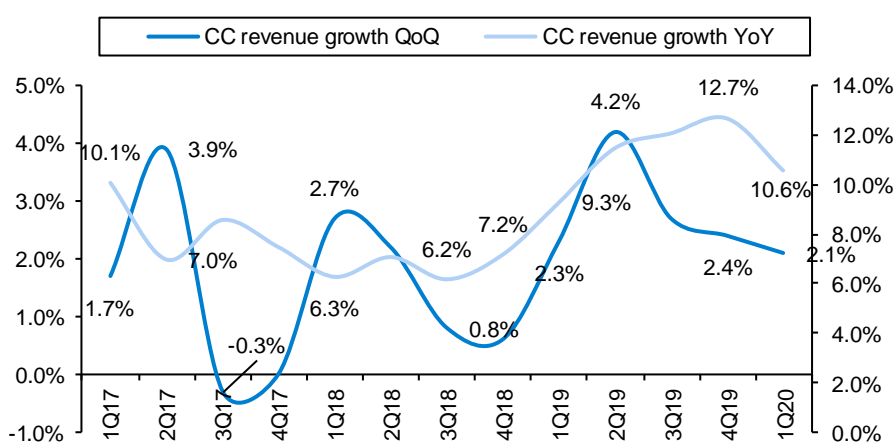
- **Tepid revenue acceleration, inline margin performance:** TCS posted a USD revenue growth of 1.6% (Pl: 2.7%, Cons: 2.6%) below our & street estimates. Implied QoQ CC growth is at ~2.1%, below our estimate of 3.2% & street estimates of 3%. Even last year we saw a similar trend in revenue trajectory, with Q1FY19 posted weak growth of 1.5% USD & again strong growth of 3.5% USD in Q2FY19. TCS reported EBIT margin at 24.2% (Pl:24.2%, cons:24.2%) erosion of 94 bps QoQ. PAT at Rs8130mn was 5% above our estimates due to higher other income at Rs.14.2 bn (Pl: Rs. 8bn). EPS is at Rs. 21.7 (Pl: Rs.20.6).
- **No signs of macro environment on deal wins:** TCS bagged USD 5.7 bn in TCV in Q1FY20 with steady improvement in deal wins across key verticals/geographies. Despite worsening macro indicators of US/Europe/UK, management guided strong demand environment for this geographies & expects Retail to grow further in coming quarters. Management mentioned weakness in capital markets in US & in manufacturing vertical in Europe. TCS digital revenues are at US\$7bn (Q1FY20 annualized) growing at ~40% on YoY basis & now accounts to 32% of revenue.
- **Growth was led by life sciences & Europe geography:** Among verticals, growth was led by life sciences & healthcare (18.1% YoY CC) and regional markets (up 16.9% YoY CC). Among geographies, UK (up 16% YoY CC) and India (up 15.9% YoY CC) delivered strong growth. Management cited slowdown in retail vertical and capital markets in US and European market. However, expects growth revival in retail in next quarter.

**Exhibit 1: Q1FY20 Result Overview (Rs mn)**

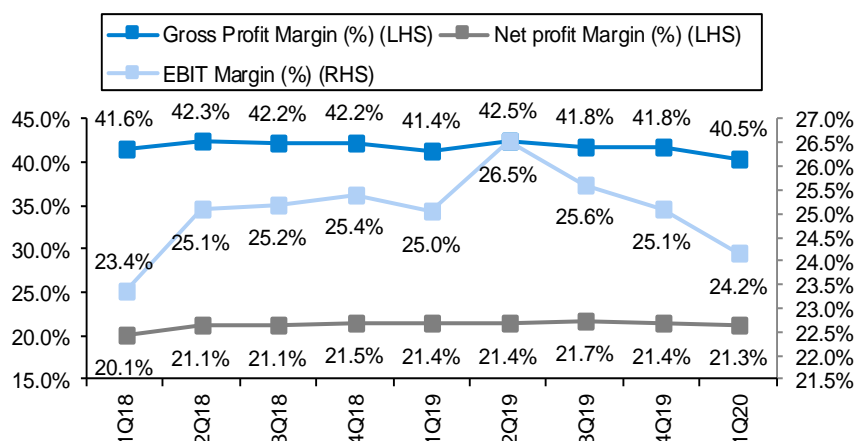
Y/e March	1Q20	4Q19	QoQ	1Q19	YoY	Ple	Ple vs Act
Revenues (US\$mn)	5,485	5,397	1.6%	5,051	8.6%	5,541	-1.0%
Revenues	381,720	380,100	0.4%	342,610	11.4%	385,132	-0.9%
EBITDA	100,370	100,730	-0.4%	90,710	10.6%	99,287	1.1%
EBITDA Margin	26.3%	26.5%	-21 bps	26.5%	-18 bps	26%	51 bps
EBIT	92,200	95,370	-3.3%	85,780	7.5%	93,258	-1.1%
EBIT Margin	24.2%	25.1%	-94 bps	25.0%	-88 bps	24.2%	-6 bps
Adjusted PAT	81,310	81,260	0.1%	73,400	10.8%	77,462	5.0%
EPS (Rs)	21.68	21.67	0.1%	19.17	13.1%	20.66	5.0%

Source: Company, PL

TCS posted weak revenue growth in the quarter, below our estimates and street expectations.

**Exhibit 2: Revenue growth weaker than expectations**


Source: Company, PL

**Exhibit 3: Net Profit margin maintained at ~21%**


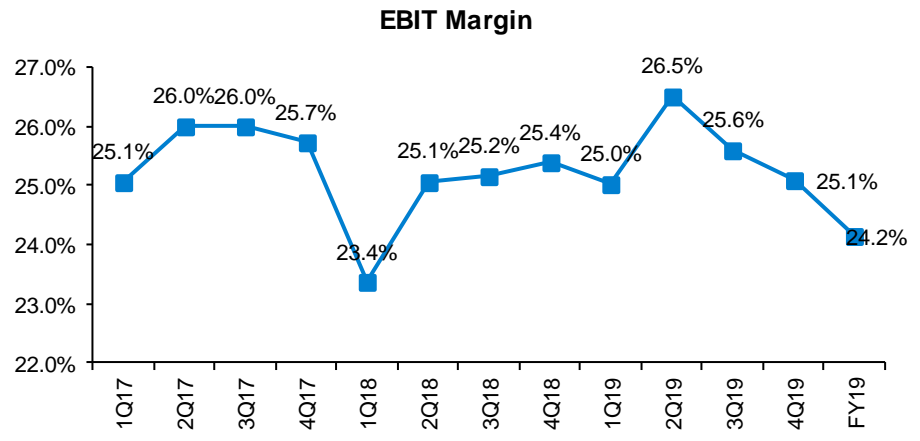
Source: Company, PL

Margins came inline with our estimates at 24.2%. management cited that currency appreciation and wage hikes during the quarter impacted margins.

TCS has managed to reduce SG&A Expenses despite headwinds such as onsite hiring, localization, higher sub-contracting cost.

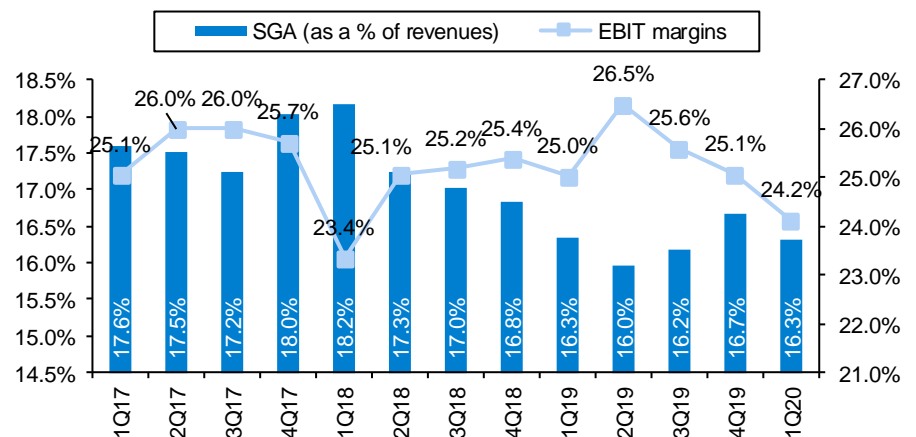
Higher Sub-contracting cost reflecting headwinds from onsite hiring, localization which are ultimately putting pressure on margins.

**Exhibit 4: Margins came under pressure due to currency headwinds**



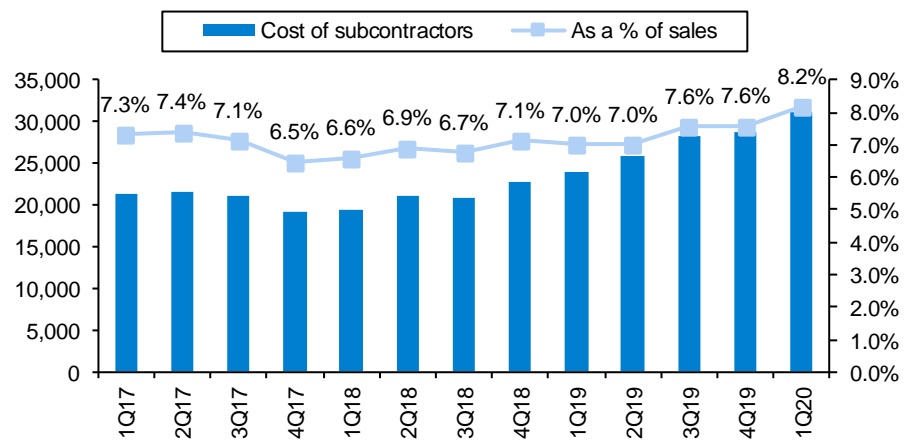
Source: Company, PL

**Exhibit 5: Tailwind from decreasing SG&A expenses**



Source: Company, PL

**Exhibit 6: Sub-Contracting building new normal level**



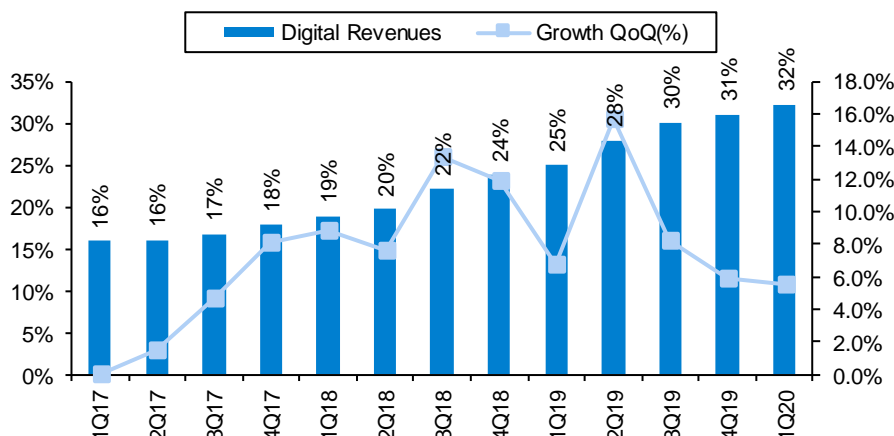
Source: Company, PL

Digital remains the key growth driver for TCS and now accounts to 32.2% of total revenues. Digital grew by 42.1% YoY in cc terms.

TCS bagged USD 5.7 bn in TCV in Q1FY20 with steady deal wins across key verticals/geographies.

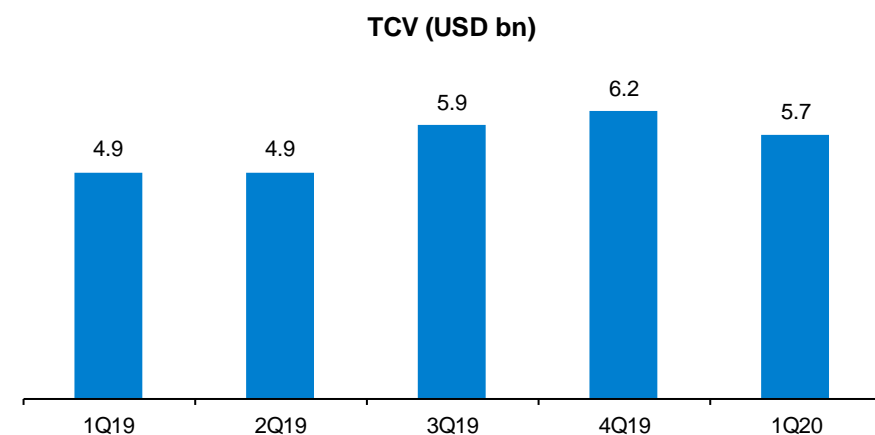
Attrition rate at 11.5%, up by 20bps QoQ

Exhibit 7: Digital growing at decelerating rate



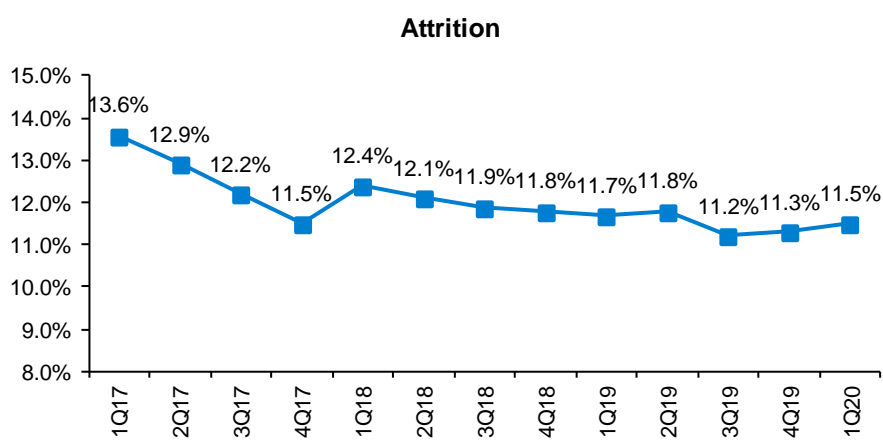
Source: Company, PL

Exhibit 8: TCV Deal Pipeline continues to remain strong



Source: Company, PL

Exhibit 9: Attrition rate inched up during quarter



Source: Company, PL

## Conference Call Highlights

### Growth Outlook & Deal Signings

- Management cited that this quarter was softer than expected on revenue growth. However, remain confident with strong TCV deal pipeline.
- Management cited that medium term outlook is positive and remain confident with deal wins.
- Company has reimagined the design structure in training center which has improved ability to absorb a much larger training for employees. Physical training facility transformed to digital training facility resulting into higher training
- TCV Deal stood at USD5.7Bn (vs USD4.9Bn in Q1FY19). Out of this deal, USD2.8bn won in North America geography. Among vertical wise classification, BFSI deal wins stood at USD2bn and Retail at USD1bn.
- Management cited that Q2FY20 is expected to be stronger quarter and hence will help in achieving double digit growth in FY20. However, also cited that if it comes softer than expectation, then it will be tough to recover growth trajectory in 2HFY20 as generally H1 is better.
- Headcount at the end of quarter stood at 436,641 which implied net addition of 12,356 employees. We note that this is highest net addition by TCS in a quarter in last 5 years.

### Margins:

- Margins impacted during the quarter with headwind from wage hikes and INR appreciation.
- Due to change in lease accounting policy there will be impact of ~INR100Cr on margins.
- Sub-contracting cost was higher mainly due to increasing tight supply in core market (USA). Deficient to market in capturing market and this has led to higher cost.

### Vertical:

- **BFSI:** Management cited some slowdown in capital markets in US and European market that has impacted this vertical.
- **Communication:** Strong growth in Media & entertainment services. Management cited that this vertical is doing stronger in Europe & UK than North America.
- **Manufacturing:** more based on regional split than sub-vertical split. Company is strong growth in USA while UK & Europe remains weaker.
- Growth is broad-based across sub-verticals.

- Retail: Growth was tepid during the quarter specifically to quarter issue and management guided that it will recover in next quarter.
- Enterprise: Focusing on machine first approach. Automation simplifying traditional businesses.

**Geography:**

- **Europe:** Continue to see traction which is helping in gaining market share and strengthening position in this market.
- **Regional Markets:** Strong growth is mainly driven by nature of business in this vertical. It is quite volatile than other vertical hence in near term growth might not be sustainable.

**Other key Highlights:**

- DSO for the quarter stood at 73 days
- Company declared interim dividend of Rs5.
- Platform: It's much broader strategy in implementation and ticket size over here is smaller.
- Client metrics has improved with deepen relationship and embedded team focusing on client mining.

## Valuations

TCS is the most expensive stock (~23.3x one year forward P/E) under our coverage but because of its sector leading FCF generation & disciplined policy of returning all of that to shareholders' via dividend/buyback, TCS's FCF yield stands at 3-4%.

TCS's predictable cash flow generation, strong revenue momentum, maintaining stable margin, tight balance sheet, stickiness of clients will help them to maintain its premium valuations. Amidst pricing pressure & other supply side headwinds TCS has been able to maintain superior margins.

If we compare TCS with peers such as ACN and CTSI, which command forward multiples of 20-21x, TCS, with its organic-dependent growth, too can command the same or more, which is also in line with its long period average. We would also like to highlight in last 8 quarters inspite of slight contraction in EBIT margins, TCS has always maintained its net profit margin at ~21%.

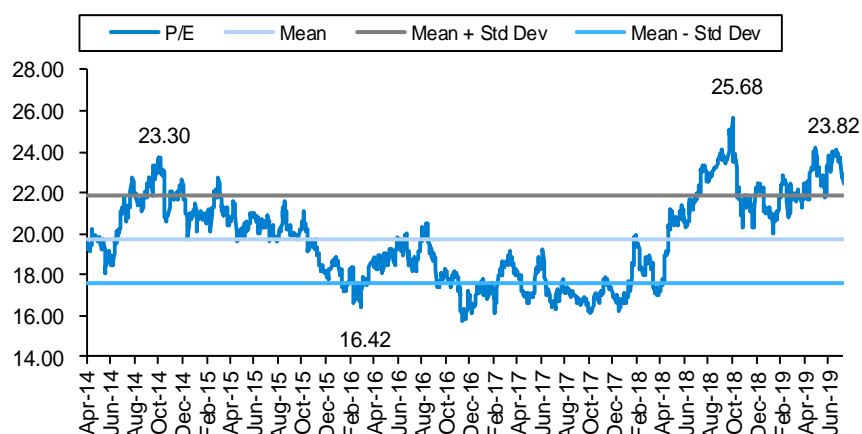
We have estimated 10.1% & 10.3% USD revenue & EPS CAGR respectively for FY19-21E. We maintain Buy rating with target price of Rs.2291 valued at 22.5x FY21E earnings. Stock is currently trading at 23.1x/ 21.1x FY20E/21E earnings.

### Exhibit 10: Change in Estimates

Y/e March	FY20E	FY21E
<b>USD revenues (US\$ m)</b>		
- New	22,905	25,351
- Old	23,121	25,573
Change (%)	-0.9%	-0.9%
<b>EBIT Margin</b>		
- New	25.6%	25.8%
- Old	25.6%	25.8%
Change (%)	-2 bps	0 bps
<b>Recurring EPS - Fully diluted (Rs)</b>		
- New	92.3	101.1
- Old	91.4	101.8
Change (%)	1.0%	-0.7%

Source: PL

### Exhibit 11: One year forward PE chart of TCS



Source: Bloomberg, Company, PL

**Exhibit 12: Geography-wise revenues**

(US\$ m)	1Q20	4Q19	QoQ	1Q19	YoY	YoY (CC)
America	2,874	2,844	1.1%	2,672	7.6%	
North America	2,775	2,736	1.4%	2,576	7.7%	7.7%
Ibero America	99	108	-8.5%	96	2.9%	6.4%
Europe	1,651	1,619	2.0%	1,490	10.8%	
UK	867	858	1.0%	783	10.7%	16.0%
Continental Europe	784	761	3.1%	707	10.9%	15.0%
India	329	313	5.1%	293	12.3%	15.9%
Asia Pacific	516	513	0.6%	485	6.3%	9.5%
MEA	115	108	6.7%	111	3.7%	6.4%
<b>% of Total</b>						
America	52.4%	52.7%	-30 bps	52.9%	-50 bps	
North America	50.6%	50.7%	-10 bps	51.0%	-40 bps	
Ibero America	1.8%	2.0%	-20 bps	1.9%	-10 bps	
Europe	30.1%	30.0%	10 bps	29.5%	60 bps	
UK	15.8%	15.9%	-10 bps	15.5%	30 bps	
Continental Europe	14.3%	14.1%	20 bps	14.0%	30 bps	
India	6.0%	5.8%	20 bps	5.8%	20 bps	
Asia Pacific	9.4%	9.5%	-10 bps	9.6%	-20 bps	
MEA	2.1%	2.0%	10 bps	2.2%	-10 bps	

Source: Company, PL

**Exhibit 13: Vertical-wise revenues**

(US\$ m)	1Q20	4Q19	QoQ	1Q19	YoY	YoY (CC)
BFSI	1,689	1,668	1.3%	1,571	7.5%	9.2%
Retail & CPG	823	815	1.0%	778	5.8%	7.9%
Comm & media	378	367	3.1%	359	5.5%	8.4%
Mfg	538	518	3.7%	515	4.3%	5.5%
Life Sc & Healthcare	433	416	4.3%	369	17.5%	18.1%
Tech Services	483	464	4.0%	455	6.2%	7.8%
Regional Markets & Others	1,141	1,150	-0.8%	1,005	13.5%	16.9%
<b>Total</b>	<b>5,485</b>	<b>5,397</b>	<b>1.6%</b>	<b>5,051</b>	<b>8.6%</b>	<b>10.6%</b>
<b>% of Total</b>						
BFSI	30.8%	30.9%	-10 bps	31.1%	-30 bps	
Retail & CPG	15.0%	15.1%	-10 bps	15.4%	-40 bps	
Comm & media	6.9%	6.8%	10 bps	7.1%	-20 bps	
Mfg	9.8%	9.6%	20 bps	10.2%	-40 bps	
Life Sc & Healthcare	7.9%	7.7%	20 bps	7.3%	60 bps	
Tech Services	8.8%	8.6%	20 bps	9.0%	-20 bps	
Regional Markets & Others	20.8%	21.3%	-50 bps	19.9%	90 bps	
Digital Revenue	32.2%	31.0%	120 bps	25.0%	720 bps	

Source: Company, PL



**Exhibit 14: Client Metrics**

	1Q20	4Q19	QoQ	1Q19	YoY
US\$ 1mn clients	1,014	1,008	6	978	36
US\$ 5mn clients	551	532	19	508	43
US\$ 10mn clients	384	371	13	355	29
US\$ 20mn clients	219	215	4	206	13
US\$ 50mn clients	100	99	1	97	3
US\$ 100mn clients	44	44	0	40	4

Source: Company, PL

**Exhibit 15: Headcount Metrics**

Headcount Metrics	1Q20	4Q19	QoQ	1Q19	YoY
Headcount	436,641	424,285	2.9%	400,875	8.9%
Net Addition (Consolidated)	12,356	6,356	94.4%	5,877	110.2%
Overall Attrition	11.5%	11.3%	20 bps	11.7%	-20 bps

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY18	FY19	FY20E	FY21E
<b>Net Revenues</b>	<b>1,231,040</b>	<b>1,464,630</b>	<b>1,609,838</b>	<b>1,799,952</b>
YoY gr. (%)	4.4	19.0	9.9	11.8
Employee Cost	697,160	835,090	902,625	999,881
Gross Profit	533,880	629,540	707,212	800,071
Margin (%)	43.4	43.0	43.9	44.4
SG&A Expenses	-	-	-	-
Other Expenses	-	-	-	-
<b>EBITDA</b>	<b>325,150</b>	<b>395,050</b>	<b>439,169</b>	<b>491,604</b>
YoY gr. (%)	0.6	21.5	11.2	11.9
Margin (%)	26.4	27.0	27.3	27.3
Depreciation and Amortization	20,130	20,550	26,657	27,989
<b>EBIT</b>	<b>305,020</b>	<b>374,500</b>	<b>412,512</b>	<b>463,615</b>
Margin (%)	24.8	25.6	25.6	25.8
Net Interest	-	-	-	-
Other Income	35,900	41,130	44,180	41,600
<b>Profit Before Tax</b>	<b>340,920</b>	<b>415,630</b>	<b>456,692</b>	<b>505,215</b>
Margin (%)	27.7	28.4	28.4	28.1
Total Tax	82,120	100,010	106,155	121,764
Effective tax rate (%)	24.1	24.1	23.2	24.1
<b>Profit after tax</b>	<b>258,800</b>	<b>315,620</b>	<b>350,537</b>	<b>383,451</b>
Minority interest	540	900	700	300
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>258,260</b>	<b>314,720</b>	<b>349,837</b>	<b>383,151</b>
YoY gr. (%)	(1.8)	21.9	11.2	9.5
Margin (%)	21.0	21.5	21.7	21.3
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>258,260</b>	<b>314,720</b>	<b>349,837</b>	<b>383,151</b>
YoY gr. (%)	(1.8)	21.9	11.2	9.5
Margin (%)	21.0	21.5	21.7	21.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	258,260	314,720	349,837	383,151
<b>Equity Shares O/s (m)</b>	<b>3,849</b>	<b>3,790</b>	<b>3,790</b>	<b>3,790</b>
<b>EPS (Rs)</b>	<b>67.1</b>	<b>83.0</b>	<b>92.3</b>	<b>101.1</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY18	FY19	FY20E	FY21E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>154,960</b>	<b>156,630</b>	<b>189,189</b>	<b>206,792</b>
Tangibles	116,000	116,500	149,059	166,662
Intangibles	38,960	40,130	40,130	40,130
<b>Acc: Dep / Amortization</b>	-	-	-	-
Tangibles	-	-	-	-
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>154,960</b>	<b>156,630</b>	<b>189,189</b>	<b>206,792</b>
Tangibles	116,000	116,500	149,059	166,662
Intangibles	38,960	40,130	40,130	40,130
Capital Work In Progress	-	-	-	-
Goodwill	-	-	-	-
Non-Current Investments	3,010	2,390	2,390	2,390
Net Deferred tax assets	-	-	-	-
Other Non-Current Assets	92,750	69,100	69,100	69,100
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	-	-	-	-
Trade receivables	316,290	325,030	405,679	453,588
Cash & Bank Balance	428,680	419,390	561,782	691,885
Other Current Assets	67,270	176,890	64,394	71,998
<b>Total Assets</b>	<b>1,062,960</b>	<b>1,149,430</b>	<b>1,292,534</b>	<b>1,495,753</b>
<b>Equity</b>				
Equity Share Capital	1,910	3,750	3,750	3,750
Other Equity	849,370	890,710	1,045,375	1,223,880
<b>Total Network</b>	<b>851,280</b>	<b>894,460</b>	<b>1,049,125</b>	<b>1,227,630</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	1,810	-	-	-
Provisions	-	-	-	-
Other non current liabilities	31,590	34,130	34,130	34,130
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	540	440	-	-
Trade payables	-	-	-	-
Other current liabilities	177,740	220,400	209,279	233,994
<b>Total Equity &amp; Liabilities</b>	<b>1,062,960</b>	<b>1,149,430</b>	<b>1,292,534</b>	<b>1,495,753</b>

Source: Company Data, PL Research

### Cash Flow (Rs m)

Y/e Mar	FY18	FY19	FY20E	FY21E
PBT	340,920	415,630	456,692	505,215
Add. Depreciation	20,130	20,550	26,657	27,989
Add. Interest	-	-	-	-
Less Financial Other Income	35,900	41,130	44,180	41,600
Add. Other	-	-	-	-
Op. profit before WC changes	361,050	436,180	483,349	533,204
Net Changes-WC	3,900	(49,510)	20,726	(30,798)
Direct tax	(82,120)	(100,010)	(106,155)	(121,764)
<b>Net cash from Op. activities</b>	<b>282,830</b>	<b>286,660</b>	<b>397,920</b>	<b>380,642</b>
Capital expenditures	(20,000)	(22,220)	(59,216)	(45,592)
Interest / Dividend Income	-	-	-	-
Others	430	620	-	-
<b>Net Cash from Invt. activities</b>	<b>(19,570)</b>	<b>(21,600)</b>	<b>(59,216)</b>	<b>(45,592)</b>
Issue of share cap. / premium	(50,880)	1,840	-	-
Debt changes	(540)	(1,910)	(440)	-
Dividend paid	(192,459)	(113,692)	(195,172)	(204,646)
Interest paid	-	-	-	-
Others	(47,331)	(160,588)	(700)	(300)
<b>Net cash from Fin. activities</b>	<b>(291,210)</b>	<b>(274,350)</b>	<b>(196,312)</b>	<b>(204,946)</b>
<b>Net change in cash</b>	<b>(27,950)</b>	<b>(9,290)</b>	<b>142,392</b>	<b>130,103</b>
Free Cash Flow	262,830	264,440	338,704	335,050

Source: Company Data, PL Research

### Key Financial Metrics

Y/e Mar	FY18	FY19	FY20E	FY21E
<b>Per Share(Rs)</b>				
EPS	67.1	83.0	92.3	101.1
CEPS	72.3	88.5	99.3	108.5
BVPS	221.2	236.0	276.8	323.9
FCF	68.3	69.8	89.4	88.4
DPS	50.0	30.0	51.5	54.0
<b>Return Ratio(%)</b>				
RoCE	35.1	42.8	42.4	40.7
ROIC	30.3	36.3	35.4	33.2
RoE	29.8	36.1	36.0	33.7
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.5)	(0.5)	(0.5)	(0.6)
Debtor (Days)	94	81	92	92
<b>Valuation(x)</b>				
PER	31.8	25.7	23.1	21.1
P/B	9.6	9.0	7.7	6.6
P/CEPS	29.5	24.1	21.5	19.7
EV/EBITDA	23.9	19.4	17.1	15.0
EV/Sales	6.3	5.2	4.7	4.1
Dividend Yield (%)	2.3	1.4	2.4	2.5

Source: Company Data, PL Research

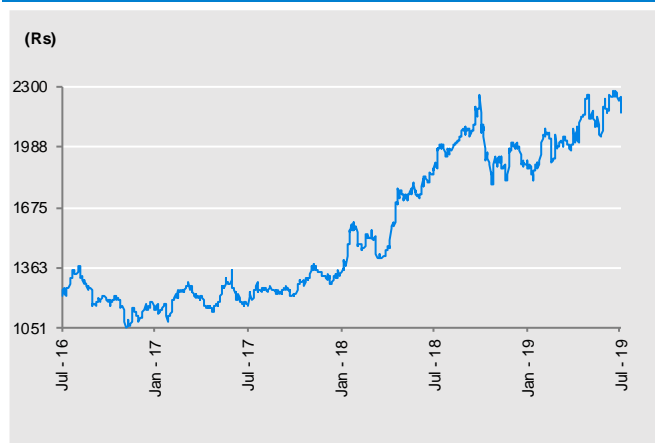
### Quarterly Financials (Rs m)

Y/e Mar	Q2FY19	Q3FY19	Q4FY19	Q1FY20
<b>Net Revenue</b>	<b>368,540</b>	<b>373,380</b>	<b>380,100</b>	<b>381,720</b>
YoY gr. (%)	20.7	20.8	18.5	11.4
Raw Material Expenses	207,950	213,200	217,090	221,020
Gross Profit	160,590	160,180	163,010	160,700
Margin (%)	43.6	42.9	42.9	42.1
<b>EBITDA</b>	<b>102,780</b>	<b>100,830</b>	<b>100,730</b>	<b>100,370</b>
YoY gr. (%)	25.9	22.2	16.4	10.6
Margin (%)	27.9	27.0	26.5	26.3
Depreciation / Depletion	5,070	5,190	5,360	8,170
<b>EBIT</b>	<b>97,710</b>	<b>95,640</b>	<b>95,370</b>	<b>92,200</b>
Margin (%)	26.5	25.6	25.1	24.2
Net Interest	-	-	-	-
Other Income	5,930	11,470	11,650	14,180
<b>Profit before Tax</b>	<b>103,640</b>	<b>107,110</b>	<b>107,020</b>	<b>106,380</b>
Margin (%)	28.1	28.7	28.2	27.9
Total Tax	24,370	25,900	25,500	24,850
Effective tax rate (%)	23.5	24.2	23.8	23.4
<b>Profit after Tax</b>	<b>79,270</b>	<b>81,210</b>	<b>81,520</b>	<b>81,530</b>
Minority interest	260	160	260	220
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>79,010</b>	<b>81,050</b>	<b>81,260</b>	<b>81,310</b>
YoY gr. (%)	22.6	24.1	17.7	10.8
Margin (%)	21.4	21.7	21.4	21.3
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>79,010</b>	<b>81,050</b>	<b>81,260</b>	<b>81,310</b>
YoY gr. (%)	22.6	24.1	17.7	10.8
Margin (%)	21.4	21.7	21.4	21.3
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>79,010</b>	<b>81,050</b>	<b>81,260</b>	<b>81,310</b>
Avg. Shares O/s (m)	3,849	3,849	3,750	3,750
<b>EPS (Rs)</b>	<b>20.5</b>	<b>21.1</b>	<b>21.7</b>	<b>21.7</b>

Source: Company Data, PL Research

## Price Chart

## Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	4-Jul-19	BUY	2,291	2,243
2	10-Jun-19	BUY	2,312	2,182
3	15-Apr-19	BUY	2,312	2,013
4	5-Apr-19	BUY	2,265	2,048
5	10-Jan-19	Accumulate	2,275	1,889
6	7-Jan-19	Accumulate	2,300	1,898
7	11-Oct-18	Accumulate	2,300	1,980
8	5-Oct-18	Accumulate	2,300	2,065
9	11-Jul-18	Accumulate	2,080	1,875
10	10-Jul-18	Accumulate	2,010	1,874

## Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Cyient	Accumulate	621	539
2	HCL Technologies	BUY	1,186	1,041
3	Hexaware Technologies	Hold	339	373
4	Infosys	Accumulate	782	734
5	L&T Technology Services	Accumulate	1,835	1,698
6	Larsen & Toubro Infotech	BUY	1,947	1,656
7	Mindtree	Reduce	817	899
8	Mphasis	Accumulate	1,111	994
9	NIIT Technologies	BUY	1,539	1,338
10	Persistent Systems	Hold	621	621
11	Redington (India)	BUY	114	107
12	Sonata Software	Accumulate	400	352
13	Tata Consultancy Services	BUY	2,291	2,243
14	TeamLease Services	Hold	3,203	3,079
15	Tech Mahindra	Hold	690	701
16	Wipro	Reduce	242	284
17	Zensar Technologies	Accumulate	260	257

## PL's Recommendation Nomenclature (Absolute Performance)

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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