

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR3,241
TP: INR3,250
Neutral

Strong FY21 exit rate and deal wins to drive growth in FY22

Valuation continues to factor in growth

- Tata Consultancy Services (TCS) reported revenue growth of 4.2% QoQ CC in 4QFY21 (v/s our estimate of 3.4%), delivering its third consecutive quarter of broad based (over 4% QoQ) growth. It marginally improved its EBIT margin to 26.8% (+20bp QoQ/+170bp YoY). The same was below our estimate (27.2%) on ramp up of large deals. Deal wins in 4QFY21 stood at USD9.2b, the highest in its history, with a book-to-bill ratio of 1.5x. **A good 4Q helped it report sales (USD)/EBIT/PAT growth of 0.6%/10%/0.4% in FY21.**
- Strong recovery from TCS, post the initial phases of the COVID-19 pandemic, indicates continued strength in the tech spending environment, along with its ability to capture outsized market share. The management commentary on enterprise demand, especially on Cloud, implies a positive outlook for peers as well. It also highlighted a robust pipeline, with a mix of small/mid-sized deals along with a few large ones, giving it confidence on client spends.
- TCS continued to positively surprise with its ability to manage attrition (7.2%, record low). Despite higher demand for talent in the market, the management feels it won't face much pressure given its ability to train employees in Digital skills. TCS added 19.4k employees in 4QFY21, the highest in its history.
- We expect TCS to be relatively better positioned (v/s the sector) to leverage the acceleration in large deals as clients increase spends on Cloud. Backed by strong deal wins in FY21 and continued momentum in Cloud and Data, we expect the company to deliver ~16% USD growth CAGR over FY21-23E.
- It reported an OCF/PAT of 100% and FCF/PAT of 87% on good working capital management. The total cost of the buyback (including expenses) was INR197.6b, resulting in 4QFY21 cash of INR504b (v/s INR654b in 3QFY21).
- We keep our EPS estimates unchanged. While we continue to be positive on the company, we remain **Neutral** given the elevated multiples. The stock currently trades ~25x FY23E EPS.

Good exit to FY21, deal wins at record highs

- In CC terms, revenue was up 4.2% QoQ, above our estimate of 3.4%. On a YoY basis, revenue grew by 5.9% YoY CC.
- USD revenue was up 5% QoQ v/s our estimate of 4%. On a YoY basis, USD revenue was up 10% v/s our estimate of 8.8%.
- Overall TCV of deals won during 4QFY21 was at a record high of USD9.2b compared to USD8.9b in 4QFY20.
- EBIT margin stood at 26.8% (v/s our estimate of 27.2%), up 20bp QoQ and 180bp YoY.
- PAT grew 14.7% YoY to INR93b, 3% miss, on account of higher ETR at 25.9% v/s our estimate of 23.5%.
- Growth was broad-based across verticals with BFSI (+7% QoQ, +13.3% YoY), Retail and CPG (+4% QoQ, -0.9% YoY), Life Sciences and Healthcare (+3.8% QoQ, +19.3% YoY), Manufacturing (+3.9% QoQ, +1.3% YoY), Technology and Services (+2.8% QoQ, +3.9% YoY), and Communications and Media (+1.8% QoQ, -4% YoY). 4QFY21 BFSI growth benefitted from scaling up of Postbank and Prudential captive deals.

Bloomberg	TCS IN
Equity Shares (m)	3,752
M.Cap.(INRb)/(USD\$)	11990.3 / 159.8
52-Week Range (INR)	3359 / 1678
1, 6, 12 Rel. Per (%)	12/-3/30
12M Avg Val (INR M)	10542
Free float (%)	28.0

Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	1,642	1,902	2,180
EBIT Margin (%)	25.9	26.4	26.4
PAT	335	405	464
EPS (INR)	86.7	109.0	124.9
EPS Gr. (%)	0.6	25.7	14.6
BV/Sh. (INR)	234	249	265

Ratios

RoE (%)	38.0	45.4	49.1
RoCE (%)	33.2	38.1	41.3
Payout (%)	112.1	75.0	75.0

Valuations

P/E (x)	37.5	29.8	26.0
P/BV (x)	13.9	13.0	12.3
EV/EBITDA (x)	25.9	21.8	19.0
Div Yield (%)	3.0	2.5	2.9

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	72.1	72.1	72.1
DII	7.8	7.9	8.1
FII	15.9	16.0	15.9
Others	4.3	4.0	4.0

FII Includes depository receipts

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- On a full-year basis, Life Sciences and Healthcare (+17.1%), BFSI (+2.4%), and Technology and Services (+0.2%) grew, while the rest continued to be below prior year levels.
- Growth was dominated by Continental Europe (+8.5% QoQ CC). North America and the UK also saw healthy growth (3.9%/3.4% QoQ CC).
- 4QFY21 saw the highest net addition of employees at 19.4k QoQ at 488,649. This was further complimented by lowest ever LTM attrition of 7.2%.
- During 4QFY21, subcontracting cost increased by 80bp YoY.
- CFO/FCF was 100%/87% of PAT. Total cash and cash equivalents at the end of FY21 stood at INR504b.

Key highlights from the management commentary

- TCS reported the highest ever TCV at USD9.2b in 4QFY21. Of this, USD3.9b/USD1.4b was in BFSI/Retail, while North America reported USD4.2b. The company had many wins around Digital transformation, with Cloud migration at the core of it. TCS has a strong order book and pipeline, which will result in strong growth momentum in FY22.
- Margin expanded despite an increase in subcontracting expenses, which was more on the tactical side. The management remains confident of managing supply constraints in the longer term, given its ability to train employees in Digital skills. It alluded that supply-side constraints in the short term may lead to higher subcontracting expenses.
- Employee addition of 19.8k was at a fresh record high, with attrition at 7.2% (record low). The management expects attrition to increase as growth returns to the industry. In terms of salary hikes, the management stated that it would be on the same level as previous hikes.

Valuation and view – rich multiples justified

- IT Services has entered into a technology upcycle, with Cloud- and Data-driven deals coming into the market.
- Given TCS' size, capabilities, and portfolio stretch, it is rightly positioned to leverage expected industry growth.
- The company has consistently maintained its market leadership and shown best-in-class execution. This gives the company continued room to increase its margin, while demonstrating industry-leading return ratios.
- We have left our estimates unchanged as we have factored in double-digit growth for the company in FY22E.
- Our TP implies 26x FY23E EPS. While we remain positive on the company, we remain Neutral given its rich multiples.

Quarterly perf. (IFRS)

(INR b)

Y/E March	FY20				FY21				FY20	FY21	4Q	Vari.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			FY21E	(%/bp)
IT Services Revenue (USD m)	5,485	5,517	5,586	5,444	5,059	5,424	5,702	5,989	22,032	22,174	5,927	1.0
QoQ (%)	1.6	0.6	1.3	-2.5	-7.1	7.2	5.1	5.0	5.4	0.6	4.0	108bp
Overall Revenue (INR b)	382	390	399	399	383	401	420	437	1,569	1,642	432	1.1
QoQ (%)	0.4	2.1	2.3	0.2	-4.1	4.7	4.7	4.0			2.8	118bp
YoY (%)	11.4	5.8	6.7	5.1	0.4	3.0	5.4	9.4	7.2	4.6	8.2	124bp
GPM (%)	40.5	40.8	41.4	42.0	39.4	40.9	41.6	41.2	41.2	40.8	42.3	-106bp
SGA (%)	16.3	16.8	16.3	16.9	15.8	14.7	15.0	14.4	16.6	15.0	15.1	-71bp
EBITDA	100	102	109	110	100	115	122	128	421	465	128	-0.3
EBITDA Margin (%)	26.3	26.2	27.3	27.5	26.2	28.7	29.1	29.3	26.8	28.4	29.7	-43bp
EBIT	92	94	100	100	90	105	112	117	386	425	118	-0.2
EBIT Margin (%)	24.2	24.0	25.0	25.1	23.6	26.2	26.6	26.8	24.6	25.9	27.2	-35bp
Other income	14	12	6	5	5	7	5	8	37	25	7	6.0
PBT	106	105	106	105	95	113	117	125	422	450	125	0.2
ETR (%)	23.4	23.5	23.0	23.0	25.8	24.8	25.4	25.9	23.2	25.5	23.5	240bp
Adj. PAT	82	81	81	81	70	85	87	93	324	335	96	-2.9
Exceptional items	0	0	0	0	0	-10	0	0	0	-10	0	
Reported PAT	82	81	81	81	70	75	87	93	324	326	96	-2.9
QoQ (%)	0.0	-1.2	1.1	-0.6	-12.9	6.5	16.3	6.4			9.6	-323bp
YoY (%)	10.7	1.7	0.3	-0.7	-13.5	-6.9	7.2	14.7	2.8	0.4	18.2	-348bp
EPS (INR)	21.7	21.4	21.7	21.5	18.7	19.9	23.2	25.0	86.2	86.7	25.4	-1.8

E: MOFSL estimates

Key performance indicators

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (QoQ CC %)	2.0	1.4	0.3	-1.8	-6.3	4.8	4.1	4.2	7.1	-0.8
Costs (% of revenue)										
COGS	59.5	59.2	58.6	58.0	60.6	59.1	58.4	58.8	58.8	59.2
SGA	16.3	16.8	16.3	16.9	15.8	14.7	15.0	14.4	16.6	15.0
Margins										
Gross Margin	40.5	40.8	41.4	42.0	39.4	40.9	41.6	41.2	41.2	40.8
EBIT Margin	24.2	24.0	25.0	25.1	23.6	26.2	26.6	26.8	24.6	25.9
Net Margin	21.4	20.7	20.4	20.3	18.4	21.1	20.8	21.2	20.7	20.4
Operating metrics										
Headcount (k)	437	451	447	448	444	454	469	489	448	489
Attrition (%)	11.5	11.6	12.2	12.1	11.1	8.9	7.6	7.2	12.1	7.2
Deal Win TCV (USD b)	5.7	6.4	6	8.9	6.9	8.6	6.8	9.2	27	31.5
Key Verticals (YoY CC %)										
BFSI	9.2	8.0	5.3	-1.3	-4.9	-1.1	2.4	13.3	5.2	2.4
Retail	7.9	4.8	5.1	4.2	-12.9	-5.7	-5.1	-0.9	5.5	-6.2
Key Geographies (YoY CC %)										
North America	7.8	5.3	4.1	0.2	-6.1	-3.0	-0.2	5.9	4.3	-0.9
UK	16.0	13.3	7.5	5.4	-8.5	-8.1	-1.6	1.0	10.4	-4.3
Continental Europe	15.0	16.0	15.9	11.9	2.7	3.7	3.6	11.7	14.6	5.5

Management commentary highlights

Quarter performance and demand outlook

- TCS reported strong revenue growth of 4.2% QoQ and 5.9% YoY in CC terms on the back of market share gains and large deal ramp ups.
- The highest ever TCV at USD9.2b was reported in 4QFY21. Of this, USD3.9b/USD1.4b was in BFSI/Retail, while North America reported USD4.2b. The company had many wins around Digital transformation, with Cloud migration at the core of it. TCS has a strong order book and pipeline, which will result in strong growth momentum in FY22.
- Within BFSI, growth was led by large deals. The company is excited to participate in small but Digital transformation engagements. CPG and Retail witnessed strong sequential growth despite weakness in some sectors.
- The Products and Platforms segment of the company continues to do well. It added 50 customers in FY21, bringing the total to 200. TCS BaNCS had 19 wins, with the platform attracting new Digital Banks.
- The Cloud will be the unifying tech fabric going forward. The growth and transformation opportunity is still very large and will only strengthen ahead. The industry is now entering a large growth opportunity.
- Few verticals have reported a sequential growth, but declined on a YoY basis, indicating that strength has been returning, but they have not fully recovered. Other sectors, barring Travel, are seeing a good recovery and could see strong demand trends next year.
- Large deals have started coming in. Moreover, smaller deal volumes have become larger. These small deals have a faster conversion and run down.
- On a steady state basis, double-digit growth is what it aspires for. The management is confident of achieving the same in FY22.

Margin outlook

- The company reported a 20bp QoQ expansion in EBIT margin at 26.8%. This was despite the increase in the subcontracting expenses, which was more on the tactical side. However, the management alluded that supply-side constraints in the short term may lead to higher subcontracting expenses.
- Employee addition of 19.8k was at a fresh record high, with attrition at 7.2% (record low). The management expects attrition to increase as growth returns to the industry.
- In terms of salary hikes, the management stated that it would be on the same level as previous hikes.

Other highlights

- Like last year, campus hiring will be the same in FY22 as well. TCS will also hire people from the market.
- The management's focus would be to enable people to work from anywhere.

Exhibit 1: All geographies report sequential growth, with Continental Europe leading the pack

Geographies	Contribution to revenue (%)	QoQ CC growth (%)
North America	48.6	3.9
Latin America	1.6	2.5
UK	16.0	3.4
Continental Europe	16.8	8.5
India	5.6	2.8
Asia Pacific	9.4	1.0
MEA	2.0	4.2

Source: Company, MOFSL

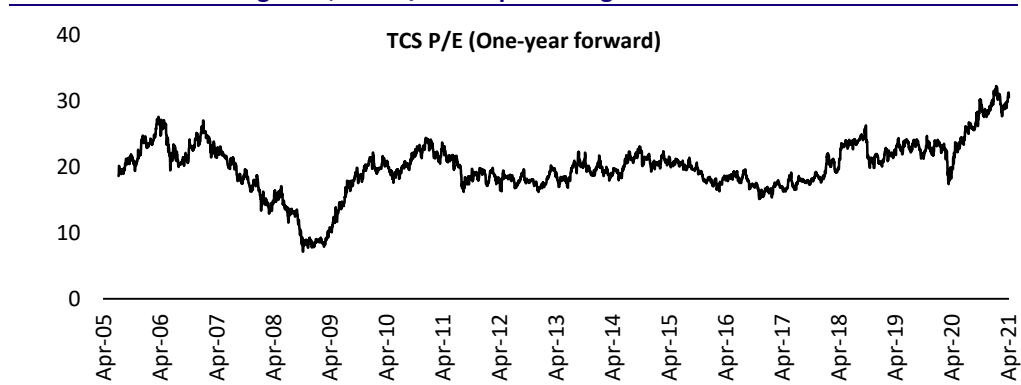
Exhibit 2: BFSI reports strong sequential growth

Services	Contribution to revenue (%)	QoQ CC growth (%)
BFSI	32.2	7.0
Retail and CPG	14.5	4.0
Communications and Media	6.5	1.8
Manufacturing	9.6	3.9
Life Sciences and Healthcare	9.7	3.8
Technology and Services	8.4	2.8
Regional markets and Others	19.1	1.7

Source: Company, MOFSL

Valuation and view**Rich multiples justified**

- IT Services has entered into a technology upcycle, with Cloud- and Data-driven deals coming into the market.
- Given TCS' size, capabilities, and portfolio stretch, it is rightly positioned to leverage expected industry growth.
- The company has consistently maintained its market leadership and shown best-in-class execution. This gives the company continued room to increase its margin, while demonstrating industry-leading return ratios.
- We have left our estimates unchanged as we have factored in double-digit growth for the company in FY22E.
- Our TP implies 26x FY23E EPS. While we remain positive on the company, we remain Neutral given its rich multiples.

Exhibit 3: Over the long term, TCS' P/E multiple averages ~20x

Source: Bloomberg, MOFSL

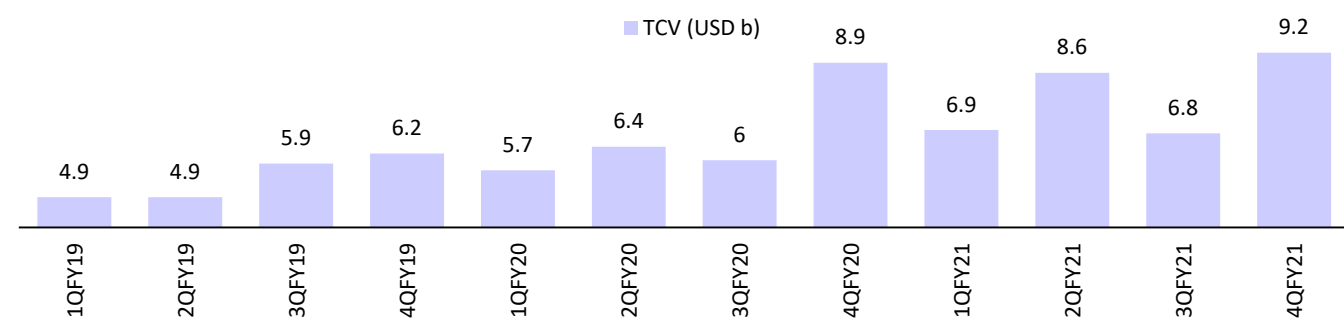
Exhibit 4: Revision to our estimates

	Revised			Earlier			Change		
	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
USD:INR	74.1	73.5	74.5	74.1	73.5	74.5	0.0%	0.0%	0.0%
USD Revenue (m)	22,174	25,880	29,264	22,112	25,750	28,833	0.3%	0.5%	1.5%
Growth (%)	0.6	16.7	13.1	0.4	16.5	12.0	30bp	30bp	110bp
EBIT margin (%)	25.9	26.4	26.4	26.0	26.8	26.9	-10bp	-40bp	-50bp
PAT (INR b)	324	403	462	327	412	474	-0.9%	-2.1%	-2.4%
EPS	86.7	109.0	124.9	87.2	109.8	126.2	-0.6%	-0.8%	-1.1%

Source: MOFSL

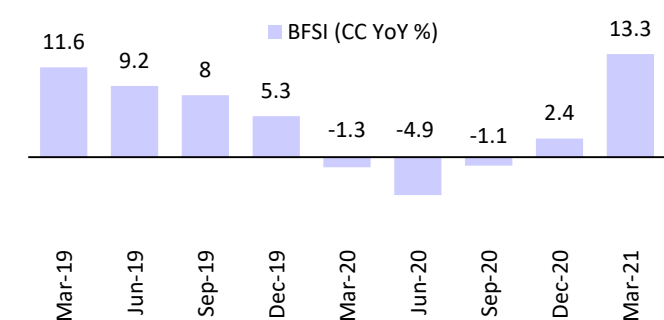
Story in charts

Exhibit 5: TCS reports the highest ever deal wins in 4QFY21



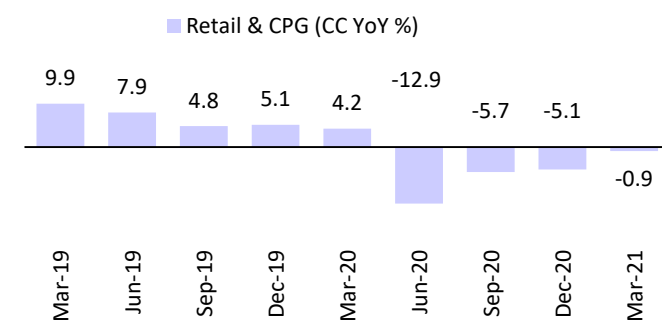
Source: Company, MOFSL

Exhibit 6: Robust growth in BFSI and...



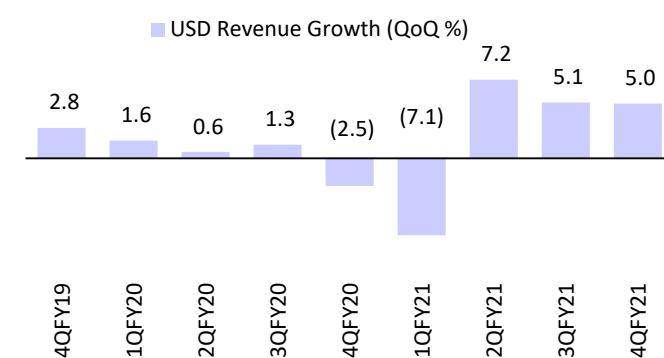
Source: Company, MOFSL

Exhibit 7: ...healthy recovery in Retail led to...



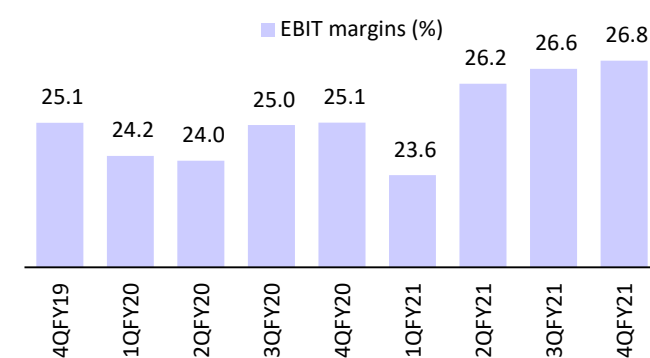
Source: Company, MOFSL

Exhibit 8: ...strong performance in 4QFY21



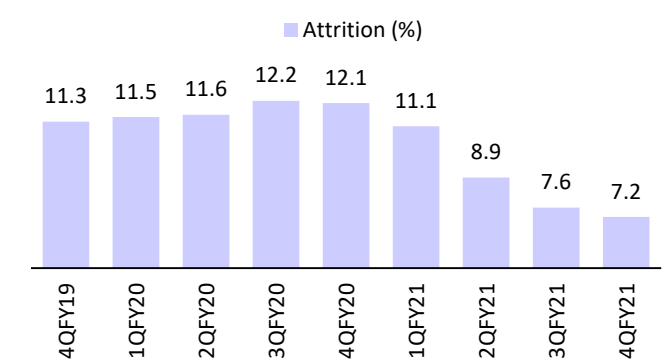
Source: Company, MOFSL

Exhibit 9: Margin expands due to improved efficiency



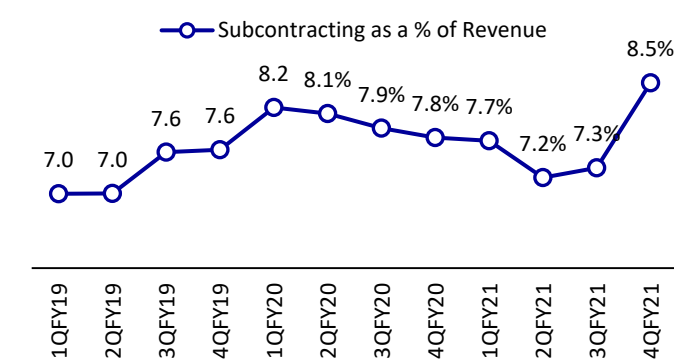
Source: Company, MOFSL

Exhibit 10: Reported attrition at record low



Source: Company, MOFSL

Exhibit 11: Subcontracting expenses rise during 4QFY21 (%)



Source: Company, MOFSL

Operating metrics

Exhibit 12: Operating metrics

	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21
Verticals (%)												
BFSI	31.1	31.2	30.8	30.9	30.8	31	30.4	29.7	31.3	31.9	31.3	32.2
Retail and CPG	15.4	15.4	15.5	15.1	15.0	14.8	15.2	15.4	14	14.6	14.5	14.5
Communication and Media	7.1	6.8	6.9	6.8	6.9	7.0	7.0	7.2	7.1	6.5	6.6	6.5
Manufacturing	10.2	9.8	9.8	9.6	9.8	9.8	10.0	10.1	9.7	9.4	9.6	9.6
Life Sciences and Healthcare	7.3	7.5	7.6	7.7	7.9	8.1	8.3	8.8	9.6	9.8	9.8	9.7
Technology and Services	9.0	8.9	8.7	8.6	8.8	8.7	8.4	8.7	9.1	8.9	8.6	8.4
Regional markets and Others	19.9	20.4	20.7	21.3	20.8	20.6	20.7	20.1	19.2	18.9	19.6	19.1
Geographies (%)												
North America	51	51.1	51.2	50.7	50.6	50.6	50.1	50.3	51.4	49.9	49.1	48.6
Latin America	1.9	2.0	2.0	2.0	1.8	1.9	1.9	1.8	1.7	1.7	1.7	1.6
UK	15.5	15.6	15.5	15.9	15.8	15.6	15.9	16.0	15.3	15.5	15.7	16.0
Continental Europe	14.0	14.0	14.1	14.1	14.3	14.6	14.9	15.2	15.6	16.3	16.2	16.8
India	5.8	5.6	5.7	5.8	6.0	5.7	5.7	5.5	4.3	5.0	5.6	5.6
Asia Pacific	9.6	9.6	9.4	9.5	9.4	9.4	9.3	9.3	9.8	9.7	9.7	9.4
MEA	2.2	2.1	2.1	2.0	2.1	2.2	2.2	1.9	1.9	1.9	2	2
QoQ growth (%)												
BFSI	1.6	3.6	(0.6)	3.1	1.3	1.2	(0.7)	(4.8)	(2.1)	9.3	3.1	8.1
Retail and CPG	(5.8)	3.2	1.3	0.1	1.0	(0.8)	4.0	(1.3)	(15.5)	11.8	4.4	5.0
Communication and Media	1.6	(1.1)	2.2	1.3	3.1	2.0	1.3	0.2	(8.4)	(1.8)	6.7	3.4
Manufacturing	40.0	(0.8)	0.7	0.7	3.7	0.6	3.3	(1.6)	(10.8)	3.9	7.4	5.0
Life Sciences and Healthcare	3.0	6.1	2.0	4.2	4.3	3.1	3.8	3.3	1.4	9.4	5.1	4.0
Technology and Services	17.2	2.1	(1.6)	1.6	4.0	(0.6)	(2.2)	0.9	(2.8)	4.9	1.6	2.6
Regional markets and Others	12.3	5.8	2.2	5.8	(0.8)	(0.4)	1.7	(5.4)	(11.2)	5.5	9.0	2.4
North America	3.2	3.4	0.9	1.8	1.4	0.6	0.3	(2.2)	(5.0)	4.1	3.4	4.0
Latin America	(3.5)	8.7	0.7	2.8	(8.5)	6.2	1.3	(7.7)	(12.2)	7.2	5.1	(1.1)
UK	3.6	3.9	0.0	5.5	1.0	(0.7)	3.2	(1.9)	(11.1)	8.6	6.5	7.0
Continental Europe	0.2	3.2	1.4	2.8	3.1	2.7	3.3	(0.6)	(4.6)	12.0	4.5	8.9
India	(5.0)	(0.3)	2.5	4.6	5.1	(4.4)	1.3	(6.0)	(27.3)	24.7	17.7	5.0
Asia Pacific	0.5	3.2	(1.4)	3.9	0.6	0.6	0.2	(2.5)	(2.1)	6.1	5.1	1.8
MEA	(10.6)	(1.4)	0.7	(2.1)	6.7	5.4	1.3	(15.8)	(7.1)	7.2	10.7	5.0
Total Employees (k)	401	411	418	424	437	451	447	448	444	454	469	489
Net Additions (k)	6	10	7	6	12	14	-4	2	-5	10	16	19
Attrition (LTM %)	10.9	10.9	11.2	11.3	11.5	11.6	12.2	12.1	11.1	8.9	7.6	7.2

Source: Company, MOFSL

Financials and valuations

Income Statement

(INR b)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Sales	1,086	1,180	1,231	1,465	1,569	1,642	1,902	2,180
Change (%)	14.8	8.6	4.4	19.0	7.2	4.6	15.9	14.6
Cost of Services	609	669	713	852	923	971	1,117	1,276
SG&A Expenses	185	208	213	239	260	246	283	329
EBITDA	307	323	325	395	421	465	549	629
% of Net Sales	28.2	27.4	26.4	27.0	26.8	28.4	28.9	28.9
Depreciation	19	20	20	21	35	41	48	55
EBIT	288	303	305	375	386	425	501	575
% of Net Sales	26.5	25.7	24.8	25.6	24.6	25.9	26.4	26.4
Other Income	30	42	36	41	37	25	38	44
PBT	318	345	341	416	422	450	540	618
Tax	75	82	82	100	98	115	135	155
Rate (%)	23.5	23.6	24.1	24.1	23.2	25.5	25.0	25.0
PAT	243	264	259	316	324	335	405	464
Extraordinary gains/loss	0	0	0	0	0	-10	0	0
Adjusted PAT	243	264	259	316	324	326	405	464
Minority Interest	1	1	1	1	1	1	1	1
Reported PAT	242	263	258	315	323	324	403	462
Change (%)	23.2	8.6	-1.8	21.9	2.8	0.3	24.4	14.6

Balance Sheet

(INR b)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Share capital	2	2	2	4	4	4	4	4
Reserves	652	860	849	891	838	871	920	977
Net Worth	654	862	851	894	841	874	924	980
Minority Interest and Others	20	25	33	34	97	102	117	133
Loans	1	1	1	0	0	0	0	0
Capital Employed	675	888	885	929	938	976	1,041	1,113
Gross Block	235	247	266	287	408	449	491	542
Depreciation	111	131	151	171	207	247	295	349
Net Block	124	116	115	116	201	201	197	192
Intangibles	27	44	52	44	45	57	62	66
Other LT assets	112	67	84	69	60	56	65	74
Curr. Assets	631	805	812	921	902	1,003	1,109	1,225
Debtors	281	280	316	325	363	367	423	484
Cash and Bank Balance	68	41	49	72	97	93	72	76
Investments	224	416	380	347	261	292	307	317
Other Current Assets	59	67	67	177	182	251	308	348
Current Liab. and Prov.	220	145	178	221	271	342	391	444
Net Current Assets	411	660	634	700	632	661	718	782
Application of Funds	674	887	885	929	938	976	1,041	1,114

E: MOFSL estimates

Financials and valuations

Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Basic (INR)								
EPS	61.6	66.7	67.0	82.3	86.2	86.7	109.0	124.9
Cash EPS	66.4	71.8	72.2	87.6	95.6	97.6	121.8	139.6
Book Value	166.2	218.8	220.9	233.8	224.2	233.8	249.5	264.8
DPS	21.8	27.5	29.2	35.1	71.4	97.2	81.7	93.7
Payout (%)	35.4	41.2	43.6	42.7	82.8	112.1	75.0	75.0
Valuation (x)								
P/E	52.8	48.7	48.5	39.5	37.7	37.5	29.8	26.0
Cash P/E	49.0	45.3	45.0	37.1	34.0	33.3	26.7	23.3
EV/EBITDA	41.4	39.5	38.4	31.3	28.7	25.9	21.8	19.0
EV/Sales	11.7	10.8	10.1	8.4	7.7	7.3	6.3	5.5
Price/Book Value	19.6	14.9	14.7	13.9	14.5	13.9	13.0	12.3
Dividend Yield (%)	0.7	0.8	0.9	1.1	2.2	3.0	2.5	2.9
Profitability Ratios (%)								
RoE	41.8	34.7	30.1	36.1	37.3	38.0	45.4	49.1
RoCE	36.5	29.7	26.1	31.4	31.7	33.2	38.1	41.3
Turnover Ratios								
Debtors (Days)	94	87	94	81	84	82	81	81
Fixed Asset Turnover (x)	8.8	10.1	10.7	12.7	7.8	8.1	9.7	11.3

Cash Flow Statement

(INR b)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
CF from Operations	239	259	282	308	370	379	446	510
Cash for Working Capital	-48	-6	0	-22	-47	9	-37	-48
Net Operating CF	191	252	282	286	324	388	409	462
Net Purchase of FA	-20	-20	-19	-21	-32	-32	-37	-42
Free Cash Flow	171	232	263	265	291	356	372	420
Net Purchase of Invest.	-32	-147	16	36	118	-50	-15	-10
Net Cash from Invest.	-52	-167	-3	16	86	-81	-52	-52
Proc. from equity issues	0	-1	0	0	0	0	0	0
Proceeds from LTB/STB	-1	0	0	-2	-13	-211	0	0
Others	0	0	0	-2	-9	14	0	0
Dividend Payments	-95	-110	-268	-275	-377	-109	-379	-406
Cash Flow from Fin.	-96	-110	-268	-279	-399	-306	-379	-406
Net Cash Flow	44	-27	13	23	14	2	-22	4
Opening Cash Bal.	23	68	41	54	77	91	93	72
Add: Net Cash	44	-27	13	23	14	2	-22	4
Closing Cash Bal.	68	41	54	77	91	93	72	76

E: MOFSL estimates

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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