

Estimate change



TP change



Rating change



	TCS IN
Bloomberg	TCS IN
Equity Shares (m)	3,752
M.Cap.(INRb)/(USD\$b)	13673.2 / 180
52-Week Range (INR)	4046 / 3005
1, 6, 12 Rel. Per (%)	-3/2/-8
12M Avg Val (INR M)	9584
Free float (%)	27.8

#### Financials & Valuations (INR b)

Y/E Mar	2022	2023E	2024E
Sales	1,918	2,226	2,514
EBIT Margin (%)	25.3	25.0	25.5
PAT	384	448	514
EPS (INR)	104.0	123.0	141.2
EPS Gr. (%)	19.9	18.3	14.8
BV/Sh. (INR)	242	252	261

#### Ratios

RoE (%)	43.7	49.5	55.0
RoCE (%)	36.8	41.3	45.7
Payout (%)	97.1	80.0	80.0

#### Valuations

P/E (x)	35.5	30.0	26.2
P/BV (x)	15.3	14.7	14.1
EV/EBITDA (x)	25.4	21.9	19.1
Div Yield (%)	2.7	2.7	3.1

#### Shareholding pattern (%)

As On	Dec-21	Sep-21	Dec-20
Promoter	72.2	72.2	72.1
DII	8.0	7.9	7.8
FII	15.0	15.4	15.9
Others	4.9	4.5	4.3

FII Includes depository receipts

**CMP: INR3,696**
**TP: INR4,240 (+15%)**
**Buy**
**Strong demand outlook to compensate for margin headwind**
**Record headcount addition adds to demand visibility**

- TCS reported a revenue of USD6.7b in 4QFY22, up 3.2%/2.6% QoQ in constant currency (CC)/USD terms, but slightly below our estimate of 3.1% QoQ growth. Revenue in 4QFY22 was driven by Retail and Manufacturing, while regional markets and others remained weak.
- EBIT margin was flat QoQ at 25% in 4QFY22 (in line). Given its record high employee headcount of 35k and continued sub-contracting pressure (+5% QoQ), we view the flat margin as a positive. Net profit rose 1.6% QoQ to INR99.3b (in line).
- TCS clocked record-high deal wins at USD11.3b (book-to-bill ratio at 1.7x), with two mega deals of ~USD1b each (with a tenor of seven-to-ten years). These strong deal wins suggest a robust revenue growth outlook for FY23.
- The management's commentary on the demand environment continues to remain strong. It said it is in a better place v/s 4QFY21. With a record high employee addition, higher visibility on Cloud-led spending over the next two-to-three years, and strong demand, we are factoring in a revenue growth of 13.9% YoY in CC terms in FY23.
- While deal TCV in 9MFY22 was in a narrow range, a record TCV in 4Q should help ease concerns on smaller deals dominating flows in the sector. TCS has been able to tap into large transformational and platform-led opportunities, which should help position itself well in the context of its peer group in FY23.
- While the management indicated a muted margin over the next few quarters, it is seeing an uptick in pricing (including COLA adjustments in existing contracts), which should help profitability recover by 2HFY23. Moreover, TCS should start seeing some benefit in overall cost in FY23 from its fresher intake of 100k in FY22. We expect margin to continue to remain under pressure and below their long-term guided range of 26-28%.
- LTM attrition rose 210bp QoQ to 17.4%. The management indicated that attrition is normalizing on a quarterly annualized basis. We expect the current supply-side challenges to normalize over the next two quarters.
- We have marginally (1%/2%) raised our FY23/FY24 EPS. We expect a 13.4%/16.5% USD revenue/INR EPS CAGR over FY22-24. Our TP of INR4,240/share, implies 30x FY24E EPS, with a 15% upside potential. We maintain our **Buy** rating on the stock.

#### Small revenue miss, but large jump in deal flow in 4QFY22

- Revenue (CC) grew 3.2% QoQ, INR EBIT rose 7.6% YoY, and INR PAT increased by 7.3% YoY in 4QFY22.
- In FY22, USD revenue/INR EBIT/INR PAT grew 16%/14%/18% YoY.
- Revenue rose 2.6% QoQ to USD6.7b and slightly missed our estimate of 3.1% QoQ growth.
- Strong growth was seen in Retail and Manufacturing, while regional markets and others dragged down growth.
- EBIT margin was flat QoQ at 25% (in line).
- It recorded the highest ever employee count at 35k. Sub-contracting cost rose 5% QoQ.

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

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- TCS reported a record total contract value (TCV) of USD11.3b, which increased by 49% QoQ and 23% YoY.
- The company reported an LTM attrition rate of 17.4% (+210bp QoQ).
- Net profit rose 1.6% QoQ of INR99.3b (in line).
- Net cash from operations jumped 19% YoY to INR110.51b (i.e. 111% of net income). Free cash flow rose 27% YoY to INR102.6b (i.e. 103% of net income).
- Total cash and investments stood at INR561b at the end of 4QFY22.
- TCS announced a dividend of INR22/share.

### Key highlights from the management commentary

- **Deal TCV:** TCS reported a record high TCV of USD11.3b, including two mega deals of ~USD1b each (with a tenor of seven-to-ten years). Deal wins stood at USD9.5b, excluding these mega deals. Of these deals, USD3.2b/USD2.6b were in BFSI/Retail. North America posted a TCV of USD6.1b in 4QFY22. It is witnessing a strong deal pipeline, buoyed by robust industry demand.
- **Cloud:** The management reiterated that Cloud will drive growth. TCS enjoys strong partnerships with each hyperscalers. It witnessed ample Horizon 1 deals and believes these deals will fuel short-term growth. The Horizon 1 deals are also opening doors for Horizon 2 deals for TCS.
- **Margin:** Operating margin stood flat QoQ at 25% in 4QFY22. There was a 330bp headwind from increased sub-contractor expenses and wage hikes. Forex provided a 10bp tailwind and the rest of the margin impact was offset by operating leverage. The management is seeing a slight uptick in pricing and the same should flow through to the numbers as contracts get renewed. It reiterated that it would operate in the 26-28% aspirational margin band in the long run, with a planned cost structure, though there will be some volatility and margin pressures in FY23.

### Growth to underpin valuation

- IT Services has entered into a technology upcycle, with Cloud migration and Digital transformation-led deals coming into the market.
- Given TCS' size, capabilities, and portfolio stretch, it is rightly positioned to leverage anticipated industry growth.
- TCS has consistently maintained its market leadership position and shown best-in-class execution. This renders the company with ample room to maintain its industry-leading margin and demonstrate superior return ratios.
- We maintain our positive stance on TCS, given its strong growth outlook. Our TP of INR4,240 implies 30x FY24E EPS, with a 15% upside potential. We maintain our **Buy** rating.

## Quarterly performance (IFRS)

(INR b)

Y/E March	FY21				FY22				FY21	FY22	FY22 Variance	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%/bp)
Revenue from IT Services (USD m)	5,059	5,424	5,702	5,989	6,154	6,333	6,524	6,696	22,174	25,707	6,726	-0.4
QoQ (%)	-7.1	7.2	5.1	5.0	2.8	2.9	3.0	2.6	0.6	15.9	3.1	-46bp
Overall revenue (INR b)	383	401	420	437	454	469	489	506	1,642	1,918	506	0.0
QoQ (%)	-4.1	4.7	4.7	4.0	3.9	3.2	4.3	3.5			3.5	2bp
YoY (%)	0.4	3.0	5.4	9.4	18.5	16.8	16.4	15.8	4.6	16.8	15.7	3bp
GPM (%)	39.4	40.9	41.6	41.2	40.4	40.4	40.0	40.1	40.8	40.2	40.0	9bp
SGA (%)	15.8	14.7	15.0	14.4	14.8	14.8	15.0	15.2	15.0	15.0	14.9	27bp
EBITDA	100	115	122	128	127	131	134	138	465	530	138	0.2
EBITDA Margin (%)	26.2	28.7	29.1	29.3	27.9	28.0	27.4	27.4	28.4	27.7	27.3	4bp
EBIT	90	105	112	117	116	120	122	126	425	485	127	-0.7
EBIT Margin (%)	23.6	26.2	26.6	26.8	25.5	25.6	25.0	25.0	25.9	25.3	25.1	-18bp
Other Income	5	7	5	8	6	10	10	7	25	32	8	-3.0
PBT	95	113	117	125	122	130	132	134	450	517	135	-0.8
ETR (%)	25.8	24.8	25.4	25.9	25.8	25.6	25.7	25.5	25.5	25.6	25.0	48bp
Adj. PAT	70	85	87	93	90	97	98	100	335	384	101	-1.5
Exceptional Items	0	-10	0	0	0	0	0	0	-10	0	0	
Reported PAT	70	75	87	93	90	97	98	100	326	384	101	-1.5
QoQ (%)	-12.9	6.5	16.3	6.4	-2.7	6.9	1.6	1.6			3.1	-151bp
YoY (%)	-13.5	-6.9	7.2	14.7	28.1	28.6	12.4	7.3	0.4	18.1	8.9	-159bp
EPS (INR)	18.7	19.9	23.2	25.0	24.4	26.0	26.4	27.2	86.7	104.0	27.2	0.0

## Key performance indicators

Y/E March	FY21				FY22				FY21	FY22
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (QoQ CC %)	-6.3	4.8	4.1	4.2	2.4	4.0	3.9	3.2	-0.8	14.3
Costs (as a percentage of revenue)										
COGS	60.6	59.1	58.4	58.8	59.6	59.6	60.0	59.9	59.2	59.8
SGA	15.8	14.7	15.0	14.4	14.8	14.8	15.0	15.2	15.0	15.0
Margins										
Gross Margin	39.4	40.9	41.6	41.2	40.4	40.4	40.0	40.1	40.8	40.2
EBIT Margin	23.6	26.2	26.6	26.8	25.5	25.6	25.0	25.0	25.9	25.3
Net Margin	18.4	21.1	20.8	21.2	19.9	20.6	20.1	19.7	20.4	20.1
Operating Metrics										
Headcount (k)	444	454	469	489	509	529	557	592	489	509
Attrition (%)	11.1	8.9	7.6	7.2	8.6	11.9	15.3	17.4	7.2	8.6
Deal win TCV (USD b)	6.9	8.6	6.8	9.2	8.1	7.6	7.6	11.3	31.5	32.7
Key verticals (YoY CC %)										
BFSI	-4.9	-1.1	2.4	13.3	19.3	17.0	17.9	12.9	2.4	16.7
Retail	-12.9	-5.7	-5.1	-0.9	21.7	18.4	20.4	22.1	-6.2	20.6
Key geographies (YoY CC %)										
North America	-6.1	-3.0	-0.2	5.9	15.8	17.4	18.0	18.7	-0.9	17.5
UK	-8.5	-8.1	-1.6	1.0	16.3	15.6	12.7	13.0	-4.3	14.3
Continental Europe	2.7	3.7	3.6	11.7	19.7	13.5	17.5	10.1	5.5	15.1

## Highlights from the management commentary

### 4QFY22 performance and demand outlook

- TCS reported a revenue growth of 2.6% QoQ and 11.8% YoY in USD terms and 14.3% YoY in CC terms in 4QFY22 on the back of continued demand traction.
- The company reported a record high TCV of USD11.3b, including two mega deals of ~USD1b each (with a tenor of seven-to-ten years). Deal wins stood at USD9.5b, excluding these mega deals. Of these deals, USD3.2b/USD2.6b were in BFSI/Retail. North America posted a TCV of USD6.1b in 4QFY22.
- The company introduced a new model with a split across geography, industry, and service lines, which will help TCS become more client-centric and strengthen its relationships with clients to drive growth.
- The management reiterated that Cloud will drive growth. TCS enjoys strong partnerships with each hyperscalers. It witnessed ample Horizon 1 deals and believes these deals will fuel short-term growth. The Horizon 1 deals are also opening doors for Horizon 2 deals for TCS.
- TCS is witnessing a strong deal pipeline, buoyed by robust industry demand.

### Margin performance and outlook

- Operating margin stood flat QoQ at 25% in 4QFY22. There was a 330bp headwind from increased sub-contractor expenses and wage hikes. Forex provided a 10bp tailwind and the rest of the margin impact was offset by operating leverage.
- The management is seeing a slight uptick in pricing and the same should flow through to the numbers as contracts get renewed. New deals come with a very high competitive intensity, impacting its ability to charge higher prices.
- It reiterated that it would operate in the 26-28% aspirational margin band in the long run, with a planned cost structure, though there will be some volatility and margin pressures in FY23.
- Supply-side pressures will ease going forward as freshers get deployed on projects.
- The management indicated that utilization levels have scope for improvement in coming quarters.
- It expects the trend of increasing travel cost and discretionary spends to continue.

### Other highlights

- TCS posted record net additions of 35k after clocking a similar high of 28k in 3QFY22. It also indicated its intent to hire ~40k freshers in FY23.
- Though attrition is stabilizing, this will not be reflected in the attrition numbers as it is reported on an LTM basis. On a QoQ basis, the annualized number is starting to flatten, and the LTM number should start moderating in a few quarters before declining.

**Exhibit 1: Strong growth witnessed in MEA and America**

Geographies	Contribution to revenue (%)	QoQ growth (%)
North America	51.6	4.5
Latin America	1.7	2.6
UK	15.6	2.6
Continental Europe	15.5	-0.6
India	5.1	-4.8
Asia Pacific	8.5	1.4
MEA	2.0	8.0

Source: Company, MOFSL

**Exhibit 2: Retail and Manufacturing drives growth**

Verticals	Contribution to revenue (%)	QoQ CC growth (%)
BFSI	31.9	2.0
Retail and CPG	15.4	9.0
Communications and Media	6.7	4.2
Manufacturing	10.0	6.9
Life Sciences and Healthcare	10.0	4.7
Technology and Services	8.7	3.8
Regional Markets and Others	17.3	-5.6

Source: Company, MOFSL

**Maintain Buy with a TP of INR4,240/share****Growth to support valuation**

- IT Services has entered into a technology upcycle, with Cloud migration and Digital transformation-led deals coming into the market.
- Given TCS' size, capabilities, and portfolio stretch, it is rightly positioned to leverage anticipated industry growth.
- TCS has consistently maintained its market leadership position and shown best-in-class execution. This renders the company with ample room to maintain its industry-leading margin and demonstrate superior return ratios.
- We maintain our positive stance on TCS, given its strong growth outlook. Our TP of INR4,240 implies 30x FY24E EPS, with a 15% upside potential. We maintain our **Buy** rating.

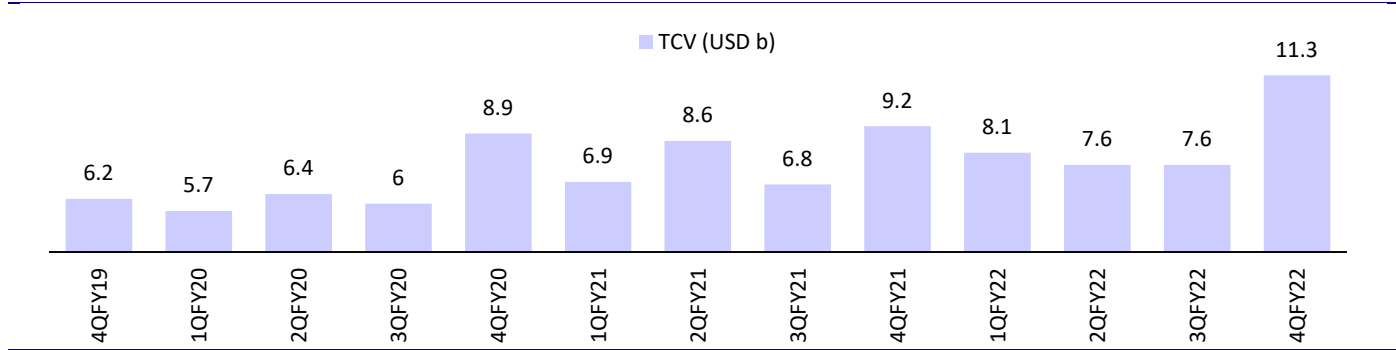
**Exhibit 3: Revisions to our estimates**

	Revised			Earlier			Change (%)		
	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
USD:INR	74.6	76.0	76.0	74.5	75.0	75.0	0.1	1.3	1.3
USD revenue (m)	25,707	29,286	33,078	25,737	29,439	33,236.4	-0.1	-0.5	-0.5
Growth (%)	15.9	13.9	12.9	16.1	14.4	12.9	-10bps	-50bps	0bps
EBIT margin (%)	25.3	25.0	25.5	25.3	25.2	25.5	0bps	-20bps	0bps
PAT (INR b)	383	449	515	385	449	511.7	-0.4	0.0	0.7
EPS	104.0	123.0	141.2	104.0	121.4	138.3	0.0	1.4	2.1

Source: MOFSL

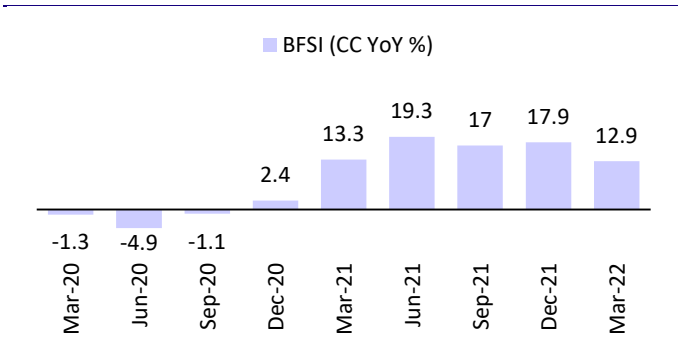
Story in charts

Exhibit 4: TCS reports the highest ever deal wins in 4QFY22



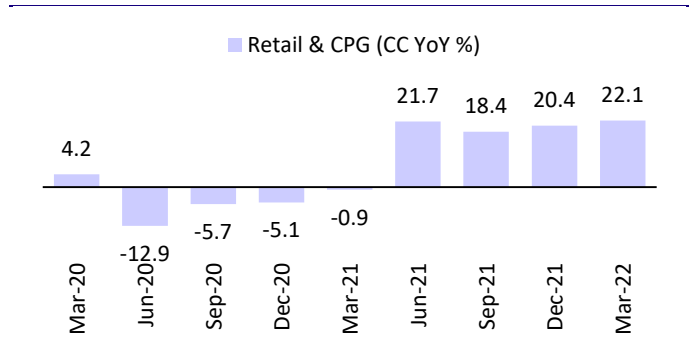
Source: Company, MOFSL

Exhibit 5: Growth moderates in BFSI...



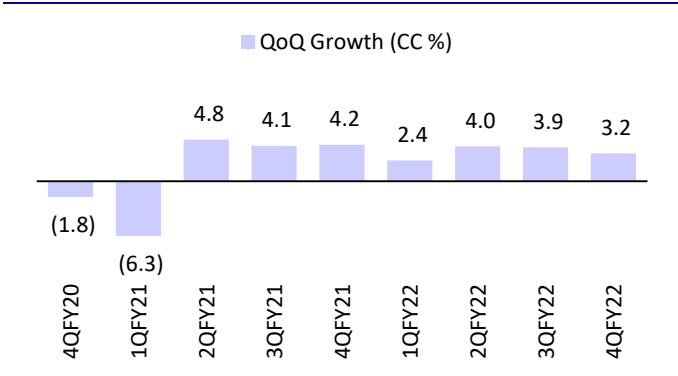
Source: Company, MOFSL

Exhibit 6: ...but improves further in Retail



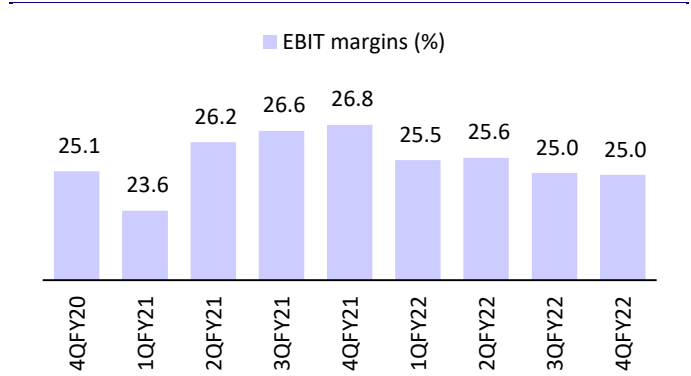
Source: Company, MOFSL

Exhibit 7: TCS delivers strong growth in 4QFY22



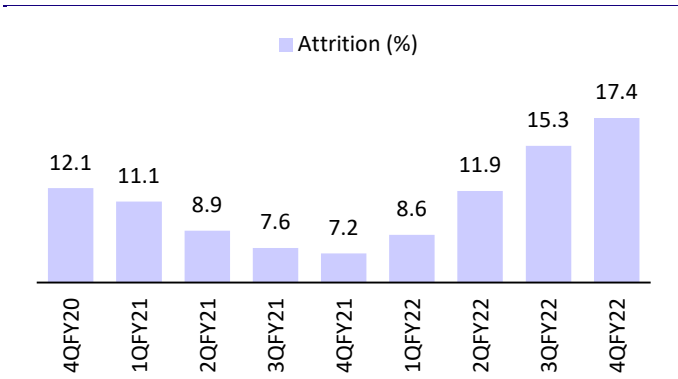
Source: Company, MOFSL

Exhibit 8: Margin remains flat in 4QFY22



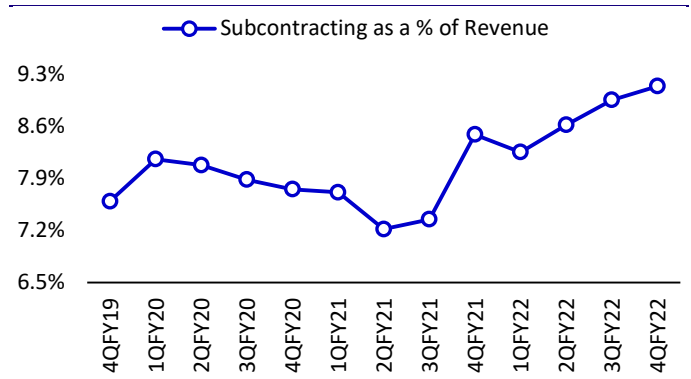
Source: Company, MOFSL

Exhibit 9: Attrition jumps to 17.4%



Source: Company, MOFSL

Exhibit 10: Sub-contracting cost rose 10bp QoQ



Source: Company, MOFSL

## Operating metrics

Exhibit 11: Operating metrics

	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22
<b>Verticals (%)</b>									
BFSI	29.7	31.3	31.9	31.3	32.2	32.5	32.4	32.1	31.9
Retail and CPG	15.4	14	14.6	14.5	14.5	14.8	15.0	14.5	15.4
Communications and Media	7.2	7.1	6.5	6.6	6.5	6.4	6.5	6.6	6.7
Manufacturing	10.1	9.7	9.4	9.6	9.6	9.8	9.9	9.6	10.0
Life Sciences and Healthcare	8.8	9.6	9.8	9.8	9.7	10.2	10.0	9.8	10.0
Technology and Services	8.7	9.1	8.9	8.6	8.4	8.6	8.8	8.6	8.7
Regional markets and others	20.1	19.2	18.9	19.6	19.1	17.7	17.4	18.8	17.3
<b>Geographies (%)</b>									
North America	50.3	51.4	49.9	49.1	48.6	49.4	50.3	50.7	51.6
Latin America	1.8	1.7	1.7	1.7	1.6	1.6	1.6	1.7	1.7
UK	16.0	15.3	15.5	15.7	16.0	16.3	16.1	15.6	15.6
Continental Europe	15.2	15.6	16.3	16.2	16.8	16.7	15.9	16.0	15.5
India	5.5	4.3	5.0	5.6	5.6	4.6	5.1	5.5	5.1
Asia Pacific	9.3	9.8	9.7	9.7	9.4	9.3	9.0	8.6	8.5
MEA	1.9	1.9	1.9	2	2	2.1	2.0	1.9	2.0
<b>QoQ growth (%)</b>									
BFSI	(4.8)	(2.1)	9.3	3.1	8.1	3.7	2.6	2.1	2.0
Retail and CPG	(1.3)	(15.5)	11.8	4.4	5.0	4.9	4.3	-0.4	9.0
Communications and Media	0.2	(8.4)	(1.8)	6.7	3.4	1.2	4.5	4.6	4.2
Manufacturing	(1.6)	(10.8)	3.9	7.4	5.0	4.9	4.0	-0.1	6.9
Life Sciences and Healthcare	3.3	1.4	9.4	5.1	4.0	8.1	0.9	1.0	4.7
Technology and Services	0.9	(2.8)	4.9	1.6	2.6	5.2	5.3	0.7	3.8
Regional markets and others	(5.4)	(11.2)	5.5	9.0	2.4	(4.8)	1.2	11.3	-5.6
North America	(2.2)	(5.0)	4.1	3.4	4.0	4.4	4.8	3.8	4.5
Latin America	(7.7)	(12.2)	7.2	5.1	(1.1)	2.8	2.9	9.5	2.6
UK	(1.9)	(11.1)	8.6	6.5	7.0	4.7	1.6	-0.2	2.6
Continental Europe	(0.6)	(4.6)	12.0	4.5	8.9	2.1	-2.0	3.7	-0.6
India	(6.0)	(27.3)	24.7	17.7	5.0	(15.6)	14.1	11.1	-4.8
Asia Pacific	(2.5)	(2.1)	6.1	5.1	1.8	1.7	-0.4	-1.6	1.4
MEA	(15.8)	(7.1)	7.2	10.7	5.0	7.9	-2.0	-2.1	8.0
<b>Total Employees (k)</b>	<b>448</b>	<b>444</b>	<b>454</b>	<b>469</b>	<b>489</b>	<b>509</b>	<b>528.7</b>	<b>557.0</b>	<b>592.2</b>
<b>Net Additions (k)</b>	<b>2</b>	<b>-5</b>	<b>10</b>	<b>16</b>	<b>19</b>	<b>20</b>	<b>19.7</b>	<b>28.2</b>	<b>35.2</b>
<b>Attrition (LTM %)</b>	<b>12.1</b>	<b>11.1</b>	<b>8.9</b>	<b>7.6</b>	<b>7.2</b>	<b>8.6</b>	<b>11.9</b>	<b>15.3</b>	<b>17.4</b>

Source: Company, MOFSL

## Financials and valuations

Income Statement								(INR b)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Sales</b>	<b>1,180</b>	<b>1,231</b>	<b>1,465</b>	<b>1,569</b>	<b>1,642</b>	<b>1,918</b>	<b>2,226</b>	<b>2,514</b>
Change (%)	8.6	4.4	19.0	7.2	4.6	16.8	16.1	12.9
Cost of Services	669	713	852	923	971	1,146	1,341	1,506
SG&A Expenses	208	213	239	260	246	287	328	367
<b>EBITDA</b>	<b>323</b>	<b>325</b>	<b>395</b>	<b>421</b>	<b>465</b>	<b>532</b>	<b>613</b>	<b>703</b>
As a percentage of Net Sales	27.4	26.4	27.0	26.8	28.4	27.8	27.5	28.0
Depreciation	20	20	21	35	41	48	56	63
<b>EBIT</b>	<b>303</b>	<b>305</b>	<b>375</b>	<b>386</b>	<b>425</b>	<b>485</b>	<b>557</b>	<b>641</b>
As a percentage of Net Sales	25.7	24.8	25.6	24.6	25.9	25.3	25.0	25.5
Other Income	42	36	41	37	25	32	40	45
<b>PBT</b>	<b>345</b>	<b>341</b>	<b>416</b>	<b>422</b>	<b>450</b>	<b>517</b>	<b>597</b>	<b>685</b>
Tax	82	82	100	98	115	132	149	171
Rate (%)	23.6	24.1	24.1	23.2	25.5	25.6	25.0	25.0
<b>PAT</b>	<b>264</b>	<b>259</b>	<b>316</b>	<b>324</b>	<b>335</b>	<b>384</b>	<b>448</b>	<b>514</b>
Extraordinary Gains/Losses	0	0	0	0	-10	0	0	0
<b>Adjusted PAT</b>	<b>264</b>	<b>259</b>	<b>316</b>	<b>324</b>	<b>326</b>	<b>384</b>	<b>448</b>	<b>514</b>
Minority Interest	1	1	1	1	1	1	-1	-1
<b>Reported PAT</b>	<b>263</b>	<b>258</b>	<b>315</b>	<b>323</b>	<b>324</b>	<b>383</b>	<b>449</b>	<b>515</b>
Change (%)	8.6	-1.8	21.9	2.8	0.3	18.2	17.1	14.8

Balance Sheet								(INR b)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Share capital	2	2	4	4	4	4	4	4
Reserves	860	849	891	838	861	888	916	949
<b>Net Worth</b>	<b>862</b>	<b>851</b>	<b>894</b>	<b>841</b>	<b>864</b>	<b>891</b>	<b>920</b>	<b>953</b>
Minority Interest and Others	25	33	34	97	102	100	110	118
Loans	1	1	0	0	0	0	0	0
<b>Capital Employed</b>	<b>888</b>	<b>885</b>	<b>929</b>	<b>938</b>	<b>966</b>	<b>992</b>	<b>1,030</b>	<b>1,071</b>
Gross Block	247	266	287	408	449	502	555	616
Depreciation	131	151	171	207	247	295	351	414
<b>Net Block</b>	<b>116</b>	<b>115</b>	<b>116</b>	<b>201</b>	<b>201</b>	<b>207</b>	<b>205</b>	<b>202</b>
Intangibles	44	52	44	45	57	55	62	68
Other LT assets	67	84	69	60	56	70	81	91
<b>Current Assets</b>	<b>805</b>	<b>812</b>	<b>921</b>	<b>902</b>	<b>993</b>	<b>1,083</b>	<b>1,119</b>	<b>1,176</b>
Debtors	280	316	325	363	367	418	495	566
Cash and Bank Balance	41	49	72	97	69	125	78	75
Investments	416	380	347	261	316	360	335	310
Other Current Assets	67	67	177	182	241	180	211	226
<b>Current Liab. and Prov.</b>	<b>145</b>	<b>178</b>	<b>221</b>	<b>271</b>	<b>342</b>	<b>424</b>	<b>437</b>	<b>467</b>
<b>Net Current Assets</b>	<b>660</b>	<b>634</b>	<b>700</b>	<b>632</b>	<b>651</b>	<b>660</b>	<b>682</b>	<b>710</b>
<b>Application of Funds</b>	<b>887</b>	<b>885</b>	<b>929</b>	<b>938</b>	<b>966</b>	<b>992</b>	<b>1,030</b>	<b>1,071</b>



## Financials and valuations

### Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>66.7</b>	<b>67.0</b>	<b>82.3</b>	<b>86.2</b>	<b>86.7</b>	<b>104.0</b>	<b>123.0</b>	<b>141.2</b>
Cash EPS	71.8	72.2	87.6	95.6	97.6	117.0	138.3	158.5
Book Value	218.8	220.9	233.8	224.2	231.1	241.8	252.3	261.3
DPS	27.5	70.7	76.9	71.4	97.2	100.9	98.4	113.0
Payout (%)	41.2	105.6	93.5	82.8	112.1	97.1	80.0	80.0
<b>Valuation (x)</b>								
P/E	55.4	55.2	44.9	42.9	42.6	35.5	30.0	26.2
Cash P/E	51.5	51.2	42.2	38.7	37.9	31.6	26.7	23.3
EV/EBITDA	45.0	43.7	35.6	32.7	29.5	25.4	21.9	19.1
EV/Sales	12.3	11.5	9.6	8.8	8.4	7.0	6.0	5.3
Price/Book Value	16.9	16.7	15.8	16.5	16.0	15.3	14.7	14.1
Dividend Yield (%)	0.7	1.9	2.1	1.9	2.6	2.7	2.7	3.1
<b>Profitability Ratios (%)</b>								
RoE	34.7	30.1	36.1	37.3	38.0	43.7	49.5	55.0
RoCE	29.7	26.1	31.4	31.7	33.2	36.8	41.3	45.7
<b>Turnover Ratios</b>								
Debtors (Days)	87	94	81	84	82	80	81	82
Fixed Asset Turnover (x)	10.1	10.7	12.7	7.8	8.1	9.3	10.9	12.4

### Cash Flow Statement

(INR b)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
CF from Operations	259	282	308	370	379	427	493	565
Cash for Working Capital	-6	0	-22	-47	9	-28	-102	-62
<b>Net Operating CF</b>	<b>252</b>	<b>282</b>	<b>286</b>	<b>324</b>	<b>388</b>	<b>399</b>	<b>391</b>	<b>503</b>
Net Purchase of FA	-20	-19	-21	-32	-32	-30	-43	-49
<b>Free Cash Flow</b>	<b>232</b>	<b>263</b>	<b>265</b>	<b>291</b>	<b>356</b>	<b>370</b>	<b>348</b>	<b>454</b>
Net Purchase of Invest.	-147	16	36	118	-50	21	25	25
<b>Net Cash from Invest.</b>	<b>-167</b>	<b>-3</b>	<b>16</b>	<b>86</b>	<b>-81</b>	<b>-9</b>	<b>-18</b>	<b>-24</b>
Proceeds from Equity Issues	-1	0	0	0	0	0	0	0
Proceeds from LTB/STB	0	0	-2	-13	-211	-195	0	0
Others	0	0	-2	-9	-6	-7	0	0
Dividend Payments	-110	-268	-275	-377	-109	-134	-420	-482
<b>Cash Flow from Fin.</b>	<b>-110</b>	<b>-268</b>	<b>-279</b>	<b>-399</b>	<b>-326</b>	<b>-336</b>	<b>-420</b>	<b>-482</b>
<b>Net Cash Flow</b>	<b>-27</b>	<b>13</b>	<b>23</b>	<b>14</b>	<b>-18</b>	<b>56</b>	<b>-47</b>	<b>-3</b>
<b>Opening Cash Balance</b>	<b>68</b>	<b>41</b>	<b>54</b>	<b>77</b>	<b>91</b>	<b>73</b>	<b>130</b>	<b>82</b>
Add: Net Cash	-27	13	23	14	-18	56	-47	-3
<b>Closing Cash Balance</b>	<b>41</b>	<b>54</b>	<b>77</b>	<b>91</b>	<b>73</b>	<b>130</b>	<b>82</b>	<b>79</b>

NOTES

Explanation of Investment Rating	
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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