



Powered by the Sharekhan 3R Research Philosophy

### 3R MATRIX

	+	=	-
Right Sector (RS)	✓	■	■
Right Quality (RQ)	✓	■	■
Right Valuation (RV)	■	✓	■

+ Positive = Neutral - Negative

### What has changed in 3R MATRIX

	Old		New
RS	■	↔	■
RQ	■	↔	■
RV	■	↔	■

### ESG Disclosure Score **NEW**

**ESG RISK RATING** Updated Feb 08, 2022 **14.25**

#### Low Risk

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

Source: Morningstar

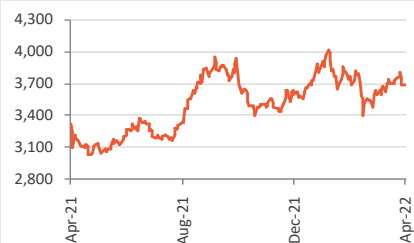
### Company details

Market cap:	Rs. 13,52,532 cr
52-week high/low:	Rs. 4,045 / 3,004
NSE volume: (No of shares)	27.7 lakh
BSE code:	532540
NSE code:	TCS
Free float: (No of shares)	101.4 cr

### Shareholding (%)

Promoters	72.3
FII	15.2
DII	8.3
Others	4.3

### Price chart



### Price performance

(%)	1m	3m	6m	12m
Absolute	2.7	-4.7	-5.0	11.3
Relative to Sensex	-3.5	-2.3	-3.8	-7.6

Sharekhan Research, Bloomberg

# Tata Consultancy Services Ltd

## Good Q4; strong deal wins to drive growth

IT & ITES	Sharekhan code: TCS	
<b>Reco/View: Buy</b>	CMP: <b>Rs. 3,696</b>	Price Target: <b>Rs. 4,600</b>
↑ Upgrade	↔ Maintain	↓ Downgrade

### Summary

- TCS reported healthy numbers for Q4FY2022, with marginal beat in revenues and in-line EBIT margins. Deal wins stayed at record high of \$11.3 billion (including two mega deals), rising 49%/23% q-o-q/y-o-y.
- Demand remains robust, led by (1) higher Cloud adoption, (2) increased outsourcing and (3) Growth & Transformation agenda. TCS remains at forefront in participating in client's growth and transformation journey, given full-service model.
- Record high deal win TCVs, good client additions and broad-based growth across industries provide strong double-digit revenue growth visibility for FY2023E. USD revenue/earnings to clock a 12%/14% CAGR over FY2022-24E.
- We continue to prefer TCS led by its solid execution, strong digital competencies, robust order intake, higher payouts to shareholders and a robust client base. Hence, we maintain a Buy on the stock with an unchanged PT of Rs. 4,600.

**Q4FY22 revenue performance was better than expected, led by increasing participation in clients' growth & transformation (G&T) programs, while margins remained in-line despite supply-side challenges. Constant currency (CC) revenue grew by 3.2%/14.3% y-o-y in Q4FY2022, slightly ahead of our estimates, led by broad-based growth across key verticals (retail & CPG, manufacturing, etc) and continued strong growth in North America. Deal TCVs remained strong at \$11.3 billion (includes two mega deals worth of \$1 billion+) during Q4FY22, up by 49%/23% q-o-q/y-o-y and the book-to-bill ratio of 1.69x. Excluding two mega deals, the deal win TCVs remained healthy at \$9.5 billion. EBIT margin remained flat sequentially at 25%, in-line with our estimates. Net employee additions, client additions, orders intake and cash conversion remained impressive.**

### Key positives

- Strong deal singings of \$11.3 billion, includes two mega deals worth over \$1 billion.
- Fresher hiring in FY2022 remained significantly strong compared to its initial 40,000 target.
- Stable margin performance despite supply-side challenges

### Key negatives

- Attrition inched up 210 bps q-o-q to 17.4%
- IT budgets likely to be re-prioritized in Europe due to Russia-Ukraine conflicts

### Management Commentary

- TCS continues to see strong demand environment despite geo-political tensions
- Pricing realisation was stable on q-o-q in 4QFY22. It witnesses uptick in pricing during renewal from strategic clients.
- Order intake to remain at \$8-9 billion for next few quarters
- The company sees strong fresher hiring in FY2023, similar to FY2022.

**Revision in estimates** – We have tweaked our earnings estimates for FY23E/FY24E EPS factoring in Q4FY2022 results and anticipated margin pressure in the near-term.

### Our Call

**Valuation –Maintain Buy with a PT of Rs. 4,600:** TCS is expected to remain at forefront of participating in clients' growth and transformation journeys, given its strong digital competencies, robust contextual understanding of clients' operation, mature product & platform portfolio and solid execution. Record high deal win TCVs, good client addition and broad-based growth across industries provide strong double-digit revenue growth visibility for FY2023E. We expect the company's US Dollar revenues and earnings to clock a 12%/14% CAGR over FY2022-24E. We introduced FY2025E numbers in this report. At CMP, the stock trades at valuation of 31x/27x its FY2023E/FY2024E earnings, which is justified given strong earnings growth potential, breadth of capabilities, strong deal TCVs and better supply-management capability than its peers. Hence, we maintain a Buy on TCS with an unchanged PT of Rs. 4,600.

### Key Risks

Rupee appreciation and/or adverse cross-currency movements and/or constraint in local talent supply in the US and a stringent visa regime would affect earnings.

### Valuation (Consolidated)

Particulars	FY22	FY23E	FY24E	FY25E
Revenue	1,91,754.0	2,22,222.4	2,49,468.5	2,77,904.5
OPM (%)	27.7	27.5	27.8	28.0
Adjusted PAT	38,327.0	43,638.5	49,527.7	55,579.2
% y-o-y growth	14.8	13.9	13.5	12.2
Adjusted EPS (Rs.)	103.6	119.3	135.4	151.9
P/E (x)	35.7	31.0	27.3	24.3
P/B (x)	15.2	13.7	11.9	11.6
EV/EBITDA (x)	25.0	21.4	18.7	16.7
RoNW (%)	43.3	46.3	46.7	48.4
RoCE (%)	81.1	78.2	71.1	73.6

Source: Company; Sharekhan estimates

## Revenue beat, margin was in-line

TCS reported strong revenue growth on the back of its increasing participation in clients' growth & transformation (G&T) programs and higher spends on digital and cloud transformation initiatives. Constant currency (CC) revenue rose by 3.2% q-o-q and 14.3% y-o-y, led by broad-based growth across verticals and continued strong growth in North America. Revenue in US Dollar terms grew by 2.6%/11.8% q-o-q/y-o-y to \$6,696 million. EBIT margin remained flat sequentially at 25%, in line with our estimates. Headwinds for the quarter on q-o-q basis included (1) 70 bps from tactical measures to control attrition including wage incentives and (2) 20 bps from the higher subcontracting. This was offset by operating efficiencies (+80bps), lower travel costs and 10 bps from currency tailwinds. Net profit stood at Rs. 9,926 crore (up 1.6% q-o-q and 7.4% y-o-y) and was in line with our estimates. Net employee additions, client additions, orders intake and cash conversion remained strong. Cash conversion remained strong with operating cash flow (OCF) to net income ratio at 111% (flat on q-o-q basis).

## Key result highlights

- ◆ **FY2022 – Strong revenue growth, margins declined:** TCS reported strong revenue growth of 15.9% y-o-y to \$25,707 million in FY2022, while CC revenue grew by 15.4%. Vertical-wise, retail and CPG grew by 22.1% y-o-y in FY2022, while manufacturing, communication and media and technology and services vertical grew by 19%, 18.7% and 18% respectively. BFSI growth moderated to 12.9% y-o-y in FY2022. EBIT margins contracted 60 bps y-o-y to 25.3% due to supply-side challenges, tactical interventions, annual increment and a rise in sub-contractor usages. The margin headwinds were offset by operational efficiencies, improved realisation and currency tailwinds. Net profit increased by 14.8% y-o-y to Rs. 38,327 crore.
- ◆ **Restructured organization to achieve next \$25 billion in revenue:** TCS plans to roll out a new organization structure with an intention to reach the next \$25 billion in revenues. The new organizational structure will focus on creating value for customers based on customer relationship stage.
- ◆ **Strong demand outlook:** Strong demand has been driven by - (1) higher cloud adoption, (2) increased outsourcing and (3) Growth & Transformation agenda. As organisations have been focusing on optimising operations to support its transformation program, it has resulted in rising spends on technologies. The key technologies in growth and transformation space are gaining tractions are cloud migration & modernization, connected plants, customer experience, cyber security and next-gen enterprise transformation. Given its end-to-end capabilities, strong contextual understanding of clients' operation, robust digital competencies, deep domain expertise and excellent product and platform offerings, we believe that TCS will be at the forefront of driving clients' growth and transformation initiatives.
- ◆ **Margin to remain under pressure in near term:** Supply-side issues could drive margin volatility in the near-term, given rising discretionary spends. However, management remains confident in achieving its margin aspirational band of 26-28% in the long-term.
- ◆ **Broad-based growth across core verticals:** Barring the BFSI and regional markets & others verticals, the remaining verticals grew by over 2.6% sequentially led by communication & media (up 5.8% q-o-q on USD), followed by retail & CPG (up 4.7% q-o-q), manufacturing (up 3.7% q-o-q), life-sciences and healthcare (up 3.7% q-o-q) and technology and services (up 2.6% q-o-q). The BFSI vertical grew 2.0% q-o-q, while regional markets & others vertical revenue declined by 0.2% q-o-q on USD terms. The company's industry verticals grew in the mid to high teens on y-o-y basis. Retail & CPG reported strong revenue growth of 18.7% y-o-y, followed by manufacturing (up 16.5% y-o-y), Technology & services (up 15.8% y-o-y) and life-sciences and healthcare (up 15.3% y-o-y). During the quarter, revenue growth of the communication & media accelerated to 15.2% y-o-y, while the revenue growth of BFSI moderated to 10.8% y-o-y in Q4FY2022.
- ◆ **Growth led by major markets:** Revenues grew on a sequential basis for all markets except Continental Europe, and India. North America, UK and APAC clocked a growth of 4.5%, 2.6% and 1.4% q-o-q, respectively, on USD terms, while Continental Europe and India reported a revenue decline of 0.6% q-o-q and 4.8% q-o-q respectively; Latin America posted a growth of 2.6% q-o-q.
- ◆ **Price hikes:** TCS said that pricing is stable with an upward bias. There are some price increases in current quarter during the renewals and ongoing relation with the strategic clients. management sees very high competitive intensity in the fresh new deals. Prices increased on y-o-y in FY2022, while the price remained flattish sequentially in Q4FY2022.

- ◆ **Wage hikes:** The company announced wage increase for its employees, effective from April 1, 2022. The quantum of salary increase is expected to be similar to the last year with an upward bias. It is expected to be at 6-7%.
- ◆ **Commentary on Europe:** IT budgets of Europe-based clients are being re-prioritized due to on-going Russia-Ukraine conflict.
- ◆ **Strong product & platform portfolio:** TCS continued to witness strong traction in its product and platform portfolio. Ignio, a cognitive automation solution platform, acquired 36 (versus 10 in Q3FY22) new logos during the quarter and 6 (versus 5 in Q3FY22) customers' 'go-lives' on the product. Ignio had 100 deals and 27 go-lives in FY2022. TCS BaNCS, its flagship product in the financial services domain, had four new wins during the quarter and three 'go-lives' on the product. Quartz had two new wins during the quarter and is being leveraged across use cases such as mobile payments, issuance of bank guarantees, internet borrowings, etc. TCS HOBS, plug & play SaaS-based business platforms to digitally transform businesses had two deal wins on the product during Q4FY2022. TCS Omnistore and TCS MasterKraft had 3 and 2 new wins, respectively during the quarter.
- ◆ **Strong headcount additions continue, attrition inches up:** The company's headcount stood at 5,92,195, a net addition of 35,209 employees q-o-q. Net employee additions remained strong for sixth consecutive quarter. The company added 103,546 net employees in the past four quarters, which was 21.2% of Q4FY2021 the total headcount. Attrition rate at 17.4% remained the lowest in the industry, but it increased significantly 210 bps q-o-q. The management expects that attrition would stay high in the next couple of quarters owing to a strong demand environment. We believe the company's robust talent retention model is expected to help it to overcome supply-side concerns. TCS intends to maintain its hiring pace in FY2023 as it wants to keep supply ready to meet ongoing strong demand environment and anticipated higher attrition. The company's quarterly annualising attrition is plateauing, which indicates that the attrition would moderate in the next couple of quarters. The company continues to invest heavily in organic talent development.
- ◆ **Strong client addition:** TCS had a strong addition of clients in most revenue bucket, both y-o-y and q-o-q. The number of '\$100-million' clients increased by 10 on y-o-y and remained flat on q-o-q basis, taking total count of such clients to 58. The number of '\$50 million' clients increased by 2 on a q-o-q basis (up 19 y-o-y), taking the total count of such clients to 120. The number of clients under the '\$20 million' bucket increased by 13 q-o-q (up 40 y-o-y). The number of clients under the '\$10 million' rose by 13 q-o-q (up 52 y-o-y). The number of '\$5 million' clients increased by 7/86 q-o-q/ y-o-y basis, taking total count of such clients to 1182.
- ◆ **Cash generation remained strong:** Operating cash flows increased by 2% to Rs. 11,051 crore, which was 111.3% to net profit. The company's free cash flow (FCF) stood at Rs. 10,259 crore, up 26.9% y-o-y. Cash conversion remained strong with the FCF/EBITDA ratio at 74%. Total cash & investments stood at Rs. 56,053 crore during the quarter versus Rs. 69,850 crore in Q3FY2022. The Board has recommended a final dividend of Rs. 22 per share (taking total Rs. 43 in FY2022). The company returned around Rs. 31,424 crore to the shareholders in FY2022.
- ◆ **Large deal wins remained broad-based:** TCS highlighted that deal wins were broad-based across the industries. The mix of deals in pipeline remains across sizes. The company reported record-high deal wins of \$11.3 billion in Q4FY2022, included couple of mega deals (\$1 billion+). Deal win TCVs increased by 23%/49% y-o-y/q-o-q. The book-to-bill ratio during the quarter remained at 1.69x in Q4FY2022 versus 1.16x in Q3FY2022. Excluding two mega deals, the deal win TCVs remained all-time high of \$9.5 billion. Management remains confident in maintaining deal win TCVs above \$8-9 billion in the coming quarters. The duration of the large two deals remained in the range of 7-10 years. TCS signed deals worth \$6.1 billion in North America, \$3.2 billion in the BFSI vertical and \$2.6 billion in the retail vertical. The company total deal TCVs stood at \$34.6 billion for FY2022, which is 10% y-o-y and book-to-bill ratio of 1.35x.
- ◆ **DSO days:** The management highlighted that DSO days declined by 3 days to 64 days q-o-q.

Results

Particulars	Rs cr				
	Q4FY22	Q4FY21	Q3FY22	y-o-y (%)	q-o-q (%)
Revenue (\$ mn)	6,696.0	5,989.0	6,524.0	11.8	2.6
Revenue in INR (cr)	50,591.0	43,705.0	48,885.0	15.8	3.5
Direct costs	29,364.0	24,860.0	28,401.0	18.1	3.4
<b>Gross profit</b>	<b>21,227.0</b>	<b>18,845.0</b>	<b>20,484.0</b>	<b>12.6</b>	<b>3.6</b>
SG&A	7,382.0	6,044.0	7,051.0	22.1	4.7
<b>EBITDA</b>	<b>13,845.0</b>	<b>12,801.0</b>	<b>13,433.0</b>	<b>8.2</b>	<b>3.1</b>
Depreciation	1,217.0	1,067.0	1,196.0	14.1	1.8
<b>EBIT</b>	<b>12,628.0</b>	<b>11,734.0</b>	<b>12,237.0</b>	<b>7.6</b>	<b>3.2</b>
Other income	736.0	793.0	954.0	-7.2	-22.9
PBT	13,364.0	12,527.0	13,191.0	6.7	1.3
Tax provision	3,405.0	3,245.0	3,385.0	4.9	0.6
<b>Net profit</b>	<b>9,959.0</b>	<b>9,282.0</b>	<b>9,806.0</b>	<b>7.3</b>	<b>1.6</b>
Minority interest	33.0	36.0	37.0	-8.3	-10.8
<b>Adj. Net Profit</b>	<b>9,926.0</b>	<b>9,246.0</b>	<b>9,769.0</b>	<b>7.4</b>	<b>1.6</b>
<b>EPS (Rs.)</b>	<b>26.9</b>	<b>25.0</b>	<b>26.4</b>	<b>7.5</b>	<b>1.7</b>
<b>Margin (%)</b>				<b>BPS</b>	<b>BPS</b>
EBITDA	27.4	29.3	27.5	-192	-11
EBIT	25.0	26.8	25.0	-189	-7
NPM	19.6	21.2	20.0	-154	-36
Tax rate	25.5	25.9	25.7	-43	-18

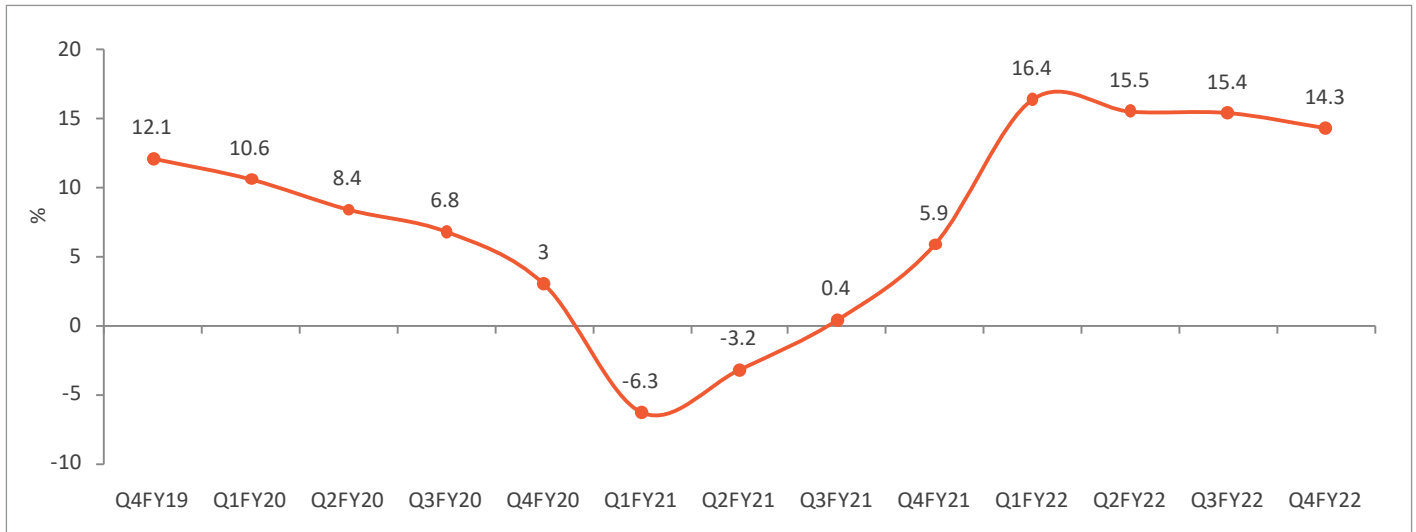
Source: Company, Sharekhan Research

Operating metrics

Particulars	Revenue	Contribution	\$ Growth (%)		CC growth (%)
	(\$ mn)	(%)	Q-o-Q %	Y-o-Y %	Y-o-Y %
Revenue (\$ mn)	6,696	100	2.6	11.8	14.3
<b>Geographic mix</b>					
North America	3,455	51.6	4.5	18.7	18.7
Latin America	114	1.7	2.6	18.8	20.6
U.K.	1,045	15.6	2.6	9.0	13.0
Continental Europe	1,038	15.5	-0.6	3.2	10.1
India	341	5.1	-4.8	1.8	7.0
APAC	569	8.5	1.4	1.1	5.5
MEA	134	2.0	8.0	11.8	7.3
<b>Industry verticals</b>					
BFSI	2,136	31.9	2.0	10.8	12.9
Retail & CPG	1,031	15.4	4.7	18.7	22.1
Communication & media	449	6.7	5.8	15.2	18.7
Manufacturing	670	10.0	3.7	16.5	19.0
Life Science and healthcare	670	10.0	3.7	15.3	16.4
Technology & services	583	8.7	2.6	15.8	18.0
Regional markets and others	1,158	17.3	-0.2	1.3	4.0

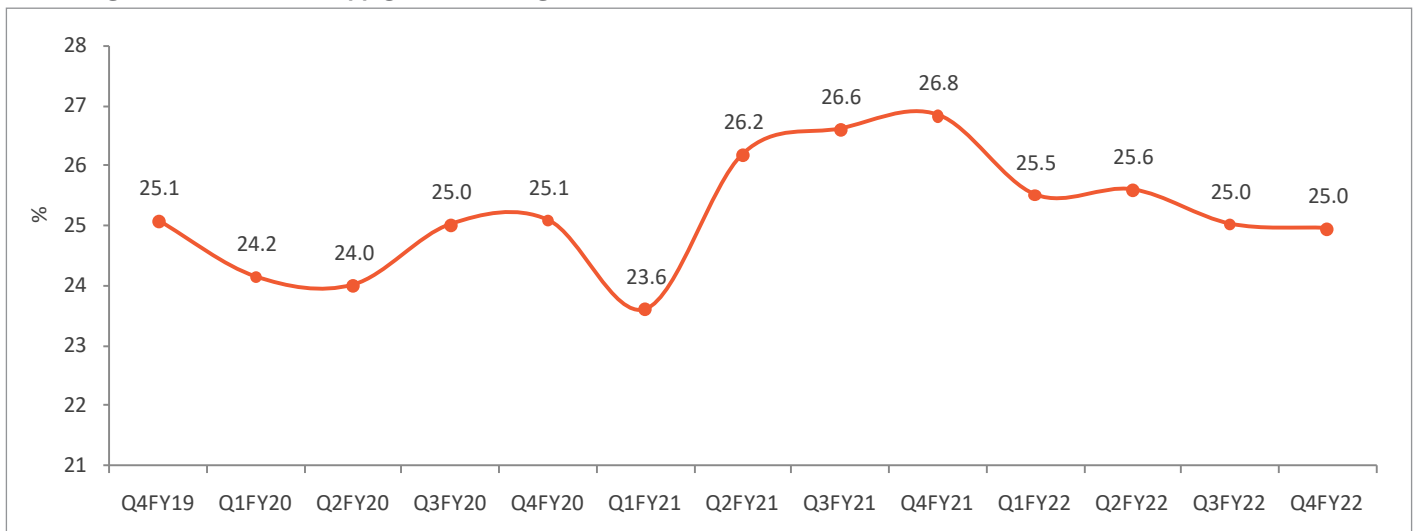
Source: Company; Sharekhan Research

**TCS' constant-currency revenue growth (y-o-y) stays strong**



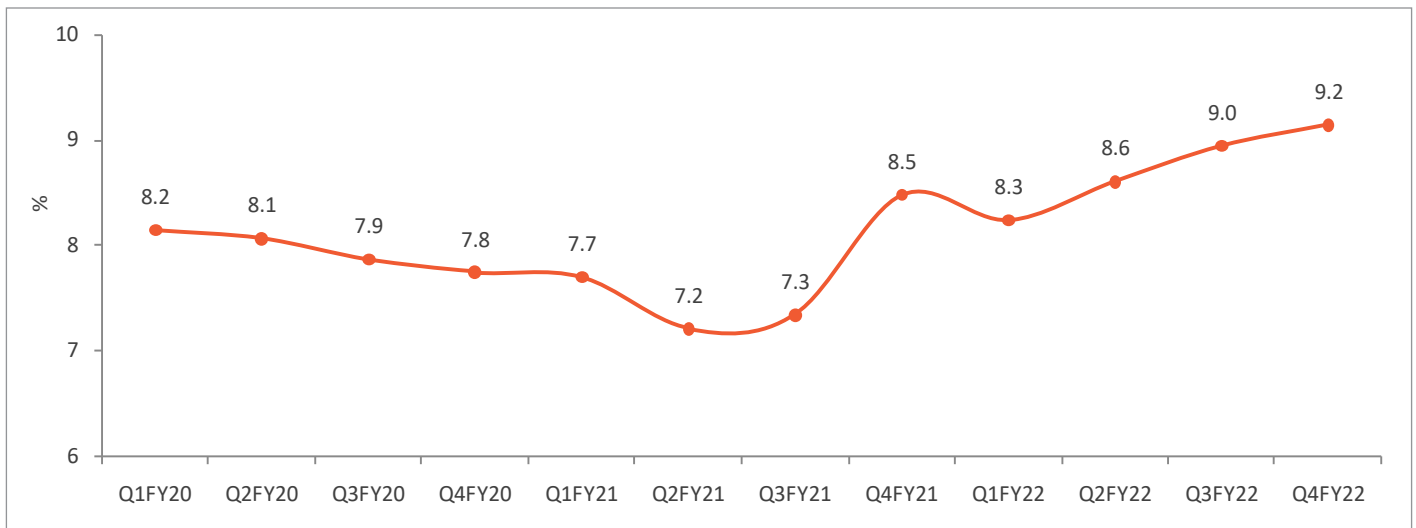
Source: Company, Sharekhan Research

**EBIT margin declined due to supply-side challenges**



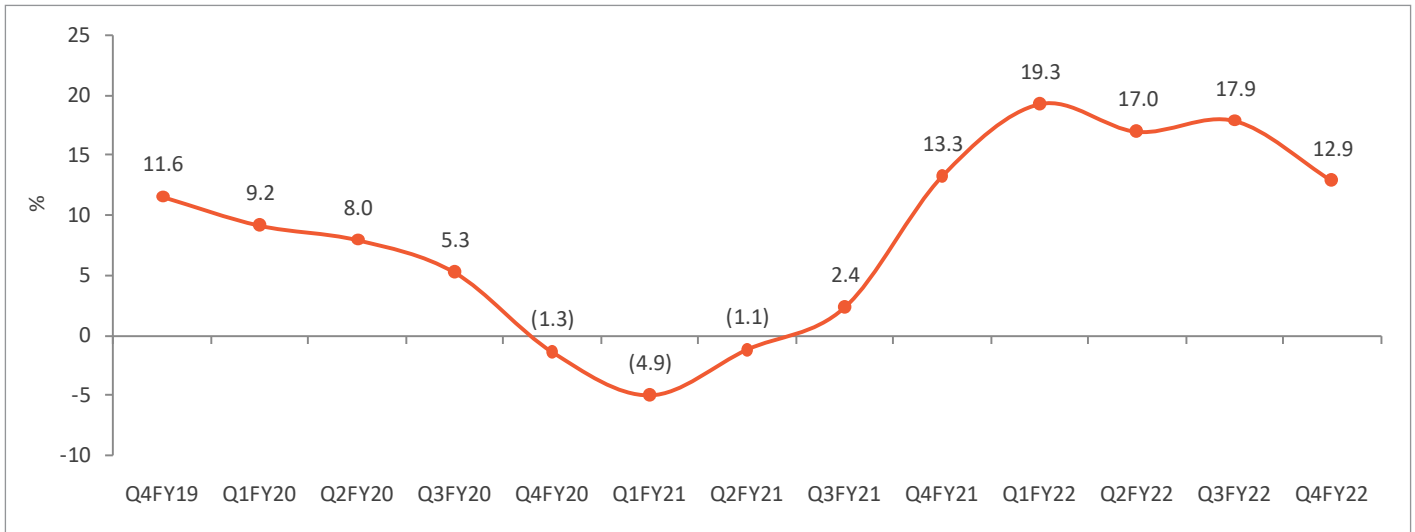
Source: Company, Sharekhan Research

**Subcontracting costs as % of revenue inched up**



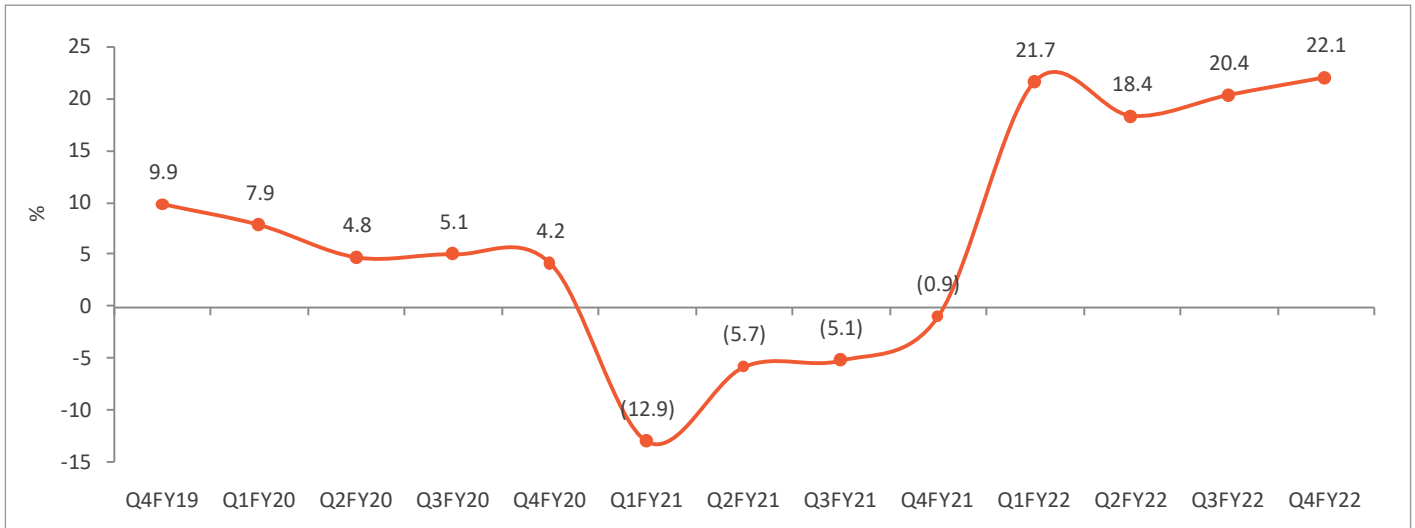
Source: Company, Sharekhan Research

**BFSI revenue growth remained strong**



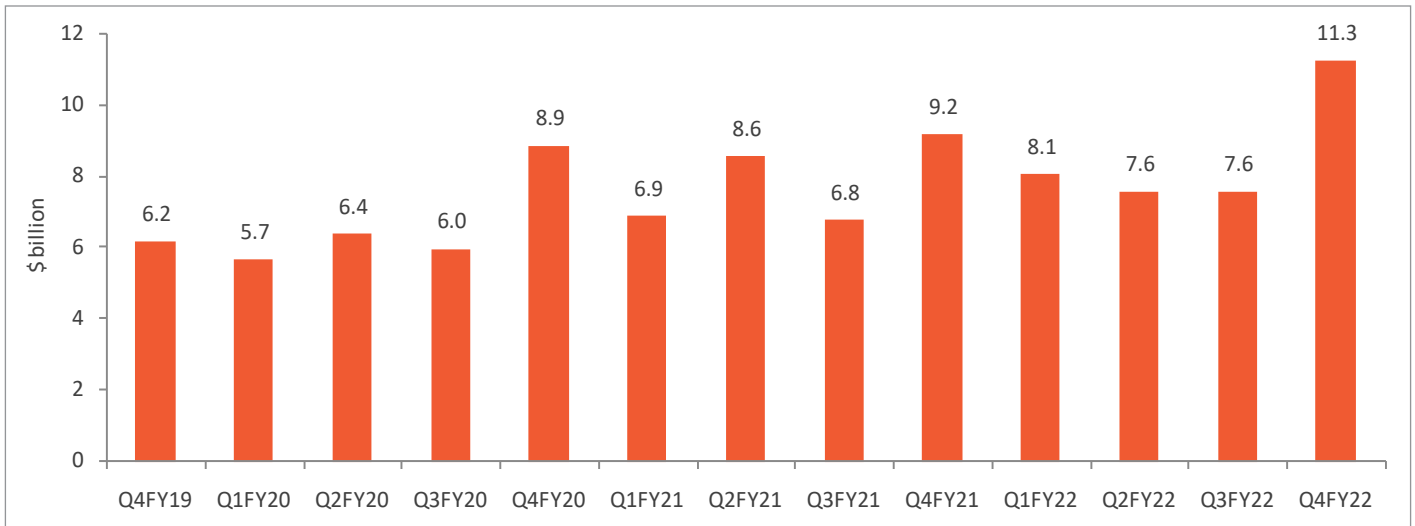
Source: Company, Sharekhan Research

**Strong growth in retail vertical continues**



Source: Company, Sharekhan Research

**Record-high deal TCVs, higher than average deal TCVs of last eight quarters**



Source: Company, Sharekhan Research

## Outlook and Valuation

### ■ Sector view - Expect acceleration in technology spending going forward

Industry analysts such as Gartner estimate that IT services spending would grow by 8-8.5% in the next four years as compared to the average of 4.3% achieved over 2011-20. Consulting (+11%) and application implementation and managed services (+9%) are expected to grow faster than BPO (+7%) and infra implementation and managed services (+4%) in CY2022E. Forecasts indicate higher demand for Cloud infrastructure services, a potential increase in specialised software, potential investments in transformation projects by clients, and increased online adoption across verticals.

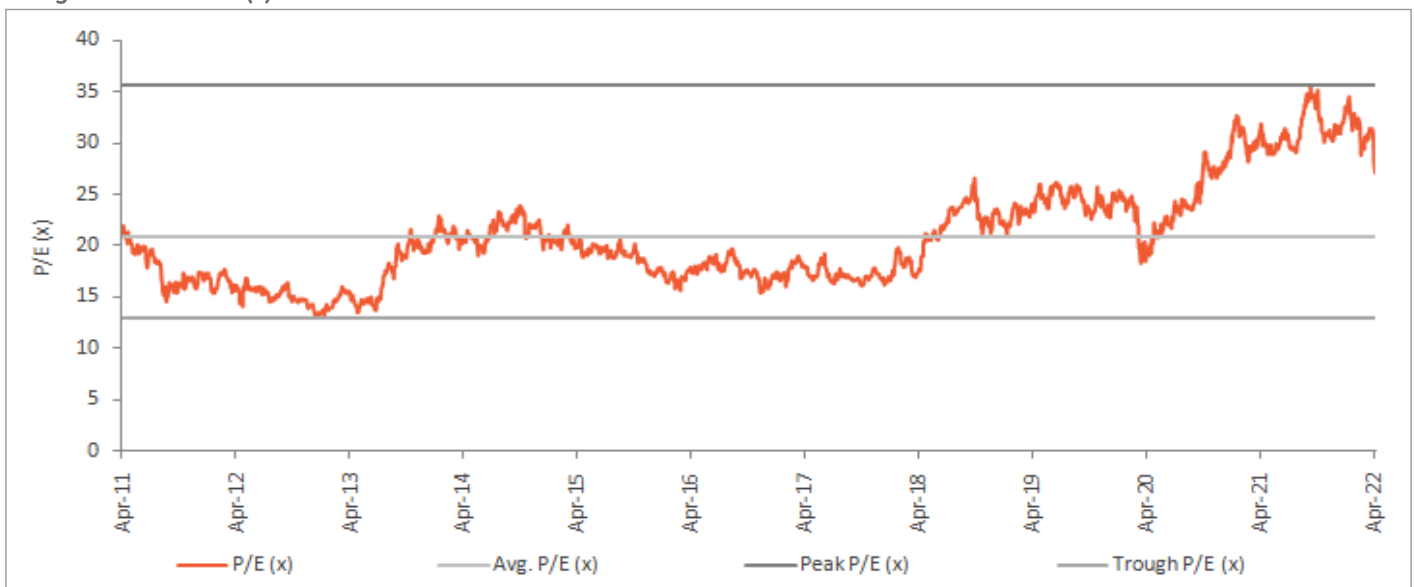
### ■ Company outlook - Staying ahead of the race

Being one of the largest IT services companies worldwide and having preferred partners as clients, TCS can capture a fair share of spends on digital and cloud transformation initiatives and is well-positioned to participate in clients' transformation journeys. Further, the company is well-placed from a competitive perspective, especially in newer technologies. A stable management, full-service capabilities, the ability to structure large multi-service deals and multi-horizon transformation demand would help TCS to deliver strong revenue growth in the next three years. The management intends to keep the payout ratio at 80-100% of free cash generated.

### ■ Valuation - Maintain Buy with a revised PT of Rs. 4,600

TCS is expected to remain at forefront in participating in clients' growth and transformation journeys, given its strong digital competencies, robust contextual understanding of clients' operation, mature product & platform portfolio and solid execution. Record high deal win TCVs, good client addition and broad-based growth across industries provide strong double-digit revenue growth visibility for FY2023E. We expect the company's US Dollar revenues and earnings to clock a 12%/14% CAGR over FY2022-24E. We introduced FY2025E numbers in this report. At CMP, the stock trades at valuation of 31x/27x its FY2023E/FY2024E earnings, which is justified given strong earnings growth potential, breadth of capabilities, strong deal TCVs and better supply-management capability than its peers. Hence, we maintain a Buy on TCS with an unchanged PT of Rs. 4,600.

### One-year forward P/E (x) band



Source: Sharekhan Research

### Peer Comparison

Companies	CMP (Rs / Share)	O/S Shares (Cr)	MCAP (Rs Cr)	P/E (x)		EV/EBITDA (x)		P/BV (x)		RoE (%)	
				FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
HCL Tech	1,134	271	3,07,675	19.9	17.7	13.3	11.9	4.6	4.3	23.0	24.3
Infosys	1,767	421	7,43,183	28.6	25.0	19.6	17.2	4.7	4.2	29.9	30.8
TCS	3,696	366	13,52,532	31.0	27.3	21.4	18.7	13.7	11.9	46.3	46.7

Source: Company, Sharekhan Research

## About company

TCS is among the pioneers of IT services outsourcing business in India and is the largest (\$25,707 million revenue in FY2022) IT services firm in terms of export revenue. Incorporated in 1968, the company provides a comprehensive range of IT services to industries such as BFS, insurance, manufacturing, telecommunications, retail and transportation. TCS is well positioned to benefit from growing demand for offshore IT services, given its solid execution capabilities, long-standing relationships with clients, and stable management team. The company is a serious contender for winning large deals, as it has better experience compared to peers in implementing large, complex and mission-critical projects. TCS is one of the preferred IT vendors for most Fortune 500/Global 1,000 companies.

## Investment theme

TCS is one of the leading IT services companies with a wide-range of capabilities, robust digital competencies, strong platform and stable management. The company is the preferred partner of large corporates and is increasing its participation in large digital implementation. Hence, we believe TCS would continue to gain market share in digital versus its large peers, given its superior execution capabilities on the digital front. We remain positive on the sustainability of its revenue growth momentum in the medium term, given strong deal wins, broad-based service offerings, higher spend on digital technologies and best-in-class execution.

## Key Risks

1) Rupee appreciation and/or adverse cross-currency movements, 2) slackening pace in deal closures, and 3) crunch in local talent supply in the U.S. along with stringent visa regime.

## Additional Data

### Key management personnel

N. Chandrasekaran	Chairman
Rajesh Gopinathan	Chief Executive Officer
N. Ganapathy Subramaniam	Chief Operating Officer
Samir Seksaria	Chief Financial Officer
Milind Lakkad	EVP and Global Head, HR

Source: Company

### Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Life Insurance Corporation of India	3.65
2	Vanguard Group Inc.	0.94
3	BlackRock Inc.	0.88
4	Invesco Ltd.	0.86
5	SBI Funds Management Pvt. Ltd.	0.85
6	JP Morgan Chase & Co.	0.72
7	Axis Asset Management Co. Ltd.	0.63
8	First State Investments ICVC	0.41
9	FMR LLC	0.32
10	UTI Asset Management	0.31

Source: Bloomberg

Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.



## Understanding the Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Sharekhan Research

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Compliance Officer: Mr. Joby John Meledan; Tel: 022-61150000; email id: [compliance@sharekhan.com](mailto:compliance@sharekhan.com);

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