

### TCS reported a stellar performance in Q3FY21 that beat our estimates on revenue as well as profitability front despite a seasonally weak quarter and wage hike

- **\$ Revenue** came in at \$5,702 Mn, +5.1% qoq / 2.1% yoy and 2% above our estimates
- **INR revenue** came in at INR 420,150 Mn, +4.7% qoq / +5.4% yoy and 3.4% above our estimates
- **EBIT** was reported at INR 111,840 Mn, +6.4% qoq / +12.1% yoy and 8.9% above our estimates
- **EBIT translated into margins of 26.6%**, vs 26.2% / 25% in Q2FY21 / Q3FY20 respectively and 130 bps above our estimates and highest margins in the last 8 quarters
- **PAT** came in at INR 87,010 Mn, +3.2% qoq / +7.2% yoy and 3.9% above our estimates
- **EPS** at INR 23.2 in Q3FY21 vs 22.5 / 21.6 in Q2FY21 / Q3FY20 respectively
- **Management indicated that deal wins were strong and healthy**
- Company also declared a dividend of INR 6 per share

### Segmental Performance

#### Vertical Highlights:

Growth was primarily led by:

- **Manufacturing (9.6% of Revenue)** which grew by 7.1% QoQ followed by **Communications & Media (6.6% of Revenue)** growing at 5.5% QoQ and **Lifesciences & Healthcare (9.8% of Revenue)** with a growth of 5.2% QoQ.
- **BFSI (31.3% of Revenue)** grew by 2% QoQ despite seasonally weak quarter, **Retail (14.5% of Revenue)** followed with a growth of +3.1% QoQ and **Technology & Services (8.6% of Revenue)** was flat at 0.8% growth in cc terms.

#### Geographical Highlights:

- Growth was led by **India (5.6% of Revenue)** growing at 18.1% QoQ followed by **MEA (2% of Revenue)** which grew by 6.7% QoQ and **UK (15.7% of Revenue)** with a growth of 4.5% QoQ
- **North America (49.1% of Revenue)** grew by 3.3% QoQ followed by **Latin America (1.7% of Revenue)** growing at 3.1% QoQ and **Continental Europe (16.2% of Revenue)** growing at 2.5% QoQ.

#### Financial Summary

Y/E Mar (Rs mn)	FY 18	FY 19	FY 20	FY 21E	FY 22E	FY 23E
Net sales	12,31,040	14,64,630	15,69,490	16,34,955	18,25,903	19,99,172
EBIT	3,05,020	3,74,500	3,85,800	4,21,470	4,66,245	5,13,649
Adjusted net profit	2,58,457	3,17,155	3,22,382	3,41,524	3,82,346	4,13,536
Free cash flow	2,08,143	2,24,013	2,07,759	3,19,116	3,14,347	3,55,773
EPS (Rs)	67.5	83.7	85.9	92.4	103.4	111.9
growth (%)		24%	3%	8%	12%	8%
P/E (x)	23.1	37.3	36.3	33.8	30.2	27.9
P/B (x)	7.0	13.2	13.9	13.1	11.1	9.5
EV/EBITDA (x)	18.2	29.6	27.8	24.9	22.9	20.8
D/E	-	-	-	-	-	-
ROCE (%)	27.5	33.1	28.8	33.1	32.5	30.5
RoE (%)	28.4	34.1	37.1	39.6	39.8	36.8
Dividend yield (%)	1.6	0.9	2.7	1.0	1.7	1.8

Source: Company

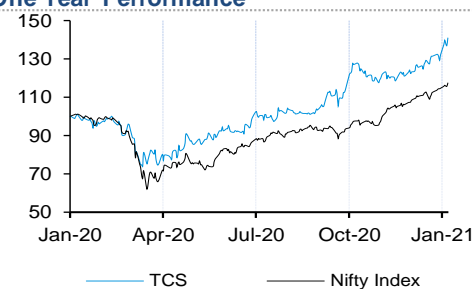
Rating	TP (Rs)	Up/Dn (%)
<b>BUY</b>	<b>3356</b>	<b>8</b>

#### Market data

<b>Current price</b>	<b>Rs</b>	<b>3,120</b>
Market Cap (Rs.Bn)	(Rs Bn)	11709
Market Cap (US\$ Mn)	(US\$ Bn)	160
Face Value	Rs	1
52 Weeks High/Low	Rs	3128/1504
Avg Daily Volume	('000)	3878
BSE Code		532540
Bloomberg		TCS:IN

Source: Bloomberg

#### One Year Performance



Source: Bloomberg

% Shareholding	Dec-20	Sep-20
Promoters	72.05	72.05
Public	27.95	27.95
Others	0.00	0.00
<b>Total</b>	<b>100</b>	<b>100</b>

Source: BSE

**Mayank Babla**  
(022) 67141412  
mayank.babla@dalal-broacha.com

**Timshar Dhamodiwala**  
(022) 67141441  
timshar.dhamodiwala@dalal-broacha.com

## Conference Call KTAs

### Operational Highlights

- **Factors that drove growth:** demand for core transformation, market share gains and strong revenue conversion.
- Growth momentum in last 2 quarters has helped the company recover to pre-COVID levels 1 quarter earlier than initially expected. This has been the strongest growth in December quarter in the last 9 years.
- Margin expansion includes 160 bps impact of wage hike during the quarter which was more than offset by SBWS working model, currency and operational efficiency.
- **Balance Sheet Metrics:** 1) Cash conversion was at all time high of 137% of net income at INR 119.52 Bn. 2) FCF was at INR 103.12 Bn and Invested funds stood at INR 653 Bn
- **Employees & Attrition:** Net addition of 15721 heads which was highest ever in a quarter. Attrition stood at all-time low of 7.6%. However, one can expect attrition to inch up slightly going ahead.
- **Key Focus Areas:** Heightened focus on investments in call-center modernization, Analytics, Workplace transformation, Cloud adoption, core modernization and cyber security.
- **Operations transformation side:** trying to integrate all solutions into MFDM model known as Cognix platform.
- Retailers continued to spend on customer experience.

### Deal Wins & Clients

- **2 large deals signed during the quarter – Prudential and Postbank**
- **Deal Win TCV at \$6.8 Bn vs \$6.1 Bn** (excluding the large deal). BFSI contributed \$2.6 Bn and Retail contributed \$0.98 Bn. North America contributed \$4 Bn.
- **Number of large deals (in \$50 Bn and \$100 Bn range) are significantly higher compared to previous quarters.**
- Client spend in following areas were highest: customer experience enhancements, new product innovations and regulatory work.
- Client metrics were flat and since they are on LTM basis, they will remain stagnant until decline from June quarter is factored out.

### Products & Platforms Performance

- **Ignio** acquired 8 new logos and 7 go-lives (holds 27 patents granted till date with 2 additions in the last quarter).
- **TCS Bancs** saw 5 new wins and 6 go-lives, Quartz had 4 new wins and 1 go-live whereas Hobbs had 3 new wins and 4 go-lives.
- **TCS Mastercraft** (intelligent automation product for end-to-end modernization) had 8 new wins

### Digital Transformation & Cloud Adoption

- Seeing traction in both client aspects Growth & Transformation and Improved Productivity and Efficiency through technology. Participation has traditionally been more on the productivity and efficiency side but with the investments that TCS has made – participation on Growth side has also been strong.
- **Cloud Adoption Journey:** cloud adoption will remain secular growth driver over next 3-5 years + cloud transformation trends going on very strongly + 3 dedicated units (have hit the ground in Q3) for 3 largest hyperscalers to enhance individual focus which helped win cloud engagements across 200 clients during the quarter

- **Cloud is the new ERP:** 1<sup>st</sup> is migration to cloud followed by phase 2 which entails utilizing that capability and infrastructure and tools to drive growth revolutionize business model. Incremental differentiation will happen on the cloud platforms.

### Talent Acquisition & Contextual Masters

- Talent development has been a significant aspect of growth **Contextual masters (employees that have in-depth contextual and domain knowledge of clients and industries) stood at 15,000.** Additionally, talent development will also help reduce subcon costs (“which have been rather sticky”) by gaining skills which are currently being outsourced.

### Future Growth & Outlook

- **Management is highly optimistic on UK geography** (which is a tough geography to assess) and TCS has been able to deliver strong performance this quarter from UK.
- Expect margins to remain resilient on the back of growth as the firm continues to improve and aid utilization wherever possible.
- **Wage hike in FY22 will be as per normal cycle.**
- Growth in BFSI will come from public cloud space as substantial workload has yet not shifted due to redundancy and security perspectives. Therefore, there is significant headroom as everyone is now aligned conceptually that cloud is the way forward. But this will be a long-term growth driver.
- Management plans to have huge spending in wealth management area going forward. Customer experience is the key focus area. Insurance is seeing good demand for cloud in order to improve on its complex structure
- **Orderbook includes all time high orders from BFSI industry provides good runway for FY22.**

## Quarterly Performance Analysis

### Exhibit 1

YE March (Rs. mn)	Q3 FY21	Q2 FY21	Q-o-Q change %	Q3 FY20	Y-o-Y change %	Q3FY21 Est.	Deviation %
Total Revenue (USD Mn)	5,702	5,424	5.1%	5,586	2.1%	5,590	2.0%
Total Revenue (INR Mn)	4,20,150	4,01,350	4.7%	3,98,540	5.4%	4,06,211	3.4%
Less:							
Cost of Revenues	2,37,490	2,29,580	3.4%	2,26,820	4.7%	2,34,643	1.2%
SG&A Expenses	60,590	56,640	7.0%	63,010	(3.8%)	58,901	2.9%
Total Expenditure	2,98,080	2,86,220	4.1%	2,89,830	2.8%	2,93,544	1.5%
EBIDTA	1,22,070	1,15,130	6.0%	1,08,710	12.3%	1,12,667	8.3%
Less: Depreciation	10,230	9,980	2.5%	8,970	14.0%	9,980	2.5%
EBIT	1,11,840	1,05,150	6.4%	99,740	12.1%	1,02,687	8.9%
Other income (expense), net	5,080	7,400	(31.4%)	5,950	(14.6%)	10,155	-50.0%
Profit Before Tax	1,16,920	1,12,550	3.9%	1,05,690	10.6%	1,11,792	4.6%
Total Tax	29,650	27,930	6.2%	24,260	22.2%	27,742	6.9%
PAT before Minority Interest	87,270	84,620	3.1%	81,430	7.2%	84,050	3.8%
Minority Interest	260	290	N.A.	250	N.A.	288	
Profit After Tax	87,010	84,330	3.2%	81,180	7.2%	83,762	3.9%
Basic & Diluted EPS (Rs.)	23.2	22.5	3.2%	21.6	7.2%	22.3	3.9%
Basic & Diluted Outstanding (mn)	3,752	3,752		3,752		3,752	
Margin Analysis %			Change In bps		Change In bps		
EBIDTA Margin	29.1%	28.7%	37	27.3%	178	27.7%	132
Operating Margin	26.6%	26.2%	42	25.0%	159	25.3%	134
PBT Margin	27.8%	28.0%	-21	26.5%	131	27.5%	31
NPM	20.7%	21.0%	-30	20.4%	34	20.6%	9
Effective Tax Rate (%)	25.4%	24.8%	54	23.0%	241	24.8%	54
Cost Analysis %			Change In bps		Change In bps		
Cost of Revenues/ Sales	56.5%	57.2%	-68	56.9%	-39	57.8%	-124
SG&A/Sales	14.4%	14.1%	31	15.8%	-139	14.5%	-8
Other income/ PBT	4.3%	6.6%	-223	5.6%	-128	9.1%	-474

Source: Dalal & Broacha Research, Company

TCS' USD revenue growth beat our estimate (3.1% growth) and street estimate (3.2% qoq growth) by 200 bps

EBIT margin of 26.6% was phenomenal despite a stagnant USD INR, wage hike and a seasonally weak quarter. EBIT margin beat our estimates by 134 bps

### Exhibit 2

Industry wise Trends (US\$ Mn)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	FY 20	Q1FY21	Q2FY21	Q3FY21
BFSI	1,689	1,710	1,698	1,617	6,715	1,583	1,730	1,785
Q-o-Q	1.3%	1.2%	-0.7%	-4.8%		-2.1%	9.3%	3.1%
Y-o-Y	7.5%	5.1%	5.0%	-3.0%	3.6%	-6.3%	1.2%	5.1%
Manufacturing	538	541	559	550	2,187	491	510	547
Q-o-Q	3.7%	0.6%	3.3%	-1.6%		-10.8%	3.9%	7.4%
Y-o-Y	4.3%	5.8%	8.6%	6.1%	6.2%	-8.7%	-5.7%	-2.0%
Comms & Media	378	386	391	392	1,548	359	353	376
Q-o-Q	3.1%	2.0%	1.3%	0.2%		-8.4%	-1.8%	6.7%
Y-o-Y	5.5%	8.9%	7.9%	6.8%	7.3%	-5.1%	-8.7%	-3.8%
Life science & Healthcare	433	447	464	479	1,823	486	532	559
Q-o-Q	4.3%	3.1%	3.8%	3.3%		1.4%	9.4%	5.1%
Y-o-Y	17.5%	14.3%	16.2%	15.3%	15.8%	12.1%	18.9%	20.5%
Retail & Distribution	823	817	849	838	3,327	708	792	827
Q-o-Q	1.0%	-0.8%	4.0%	-1.3%		-15.5%	11.8%	4.4%
Y-o-Y	5.8%	1.7%	4.3%	2.9%	3.6%	-13.9%	-3.0%	-2.6%
Technology & Services	483	480	469	474	1,906	460	483	490
Q-o-Q	4.0%	-0.6%	-2.2%	0.9%		-2.8%	4.9%	1.6%
Y-o-Y	6.2%	3.4%	2.7%	2.0%	3.6%	-4.6%	0.6%	4.5%
Regional Market & Others	1,141	1,137	1,156	1,094	4,528	971	1,025	1,118
Q-o-Q	-0.8%	-0.4%	1.7%	-5.4%		-11.2%	5.5%	9.0%
Y-o-Y	13.5%	6.8%	6.4%	-4.8%	5.2%	-14.9%	-9.8%	-3.3%
Total	5,485	5,517	5,586	5,444	22,032	5,059	5,424	5,702
Q-o-Q	1.6%	0.6%	1.3%	-2.5%		-7.1%	7.2%	5.1%
Y-o-Y	8.6%	5.8%	6.4%	0.9%	5.4%	-7.8%	-1.7%	2.1%
Industry % of Total Revenue	Q1FY20	Q2FY20	Q3FY20	Q4FY20	FY 20	Q1FY21	Q2FY21	Q3FY21
BFSI	30.8%	31.0%	30.4%	29.7%	30.5%	31.3%	31.9%	31.3%
Manufacturing	9.8%	9.8%	10.0%	10.1%	9.9%	9.7%	9.4%	9.6%
Communication & Media	6.9%	7.0%	7.0%	7.2%	7.0%	7.1%	6.5%	6.6%
Life science & Healthcare	7.9%	8.1%	8.3%	8.8%	8.3%	9.6%	9.8%	9.8%
Retail & Distribution	15.0%	14.8%	15.2%	15.4%	15.1%	14.0%	14.6%	14.5%
Technology & Services	8.8%	8.7%	8.4%	8.7%	8.7%	9.1%	8.9%	8.6%
Regional Market & Others	20.8%	20.6%	20.7%	20.1%	20.6%	19.2%	18.9%	19.6%

Source: Dalal & Broacha Research, Company

Growth was led by Mfg, Comms & Media and Lifesciences & Healthcare

Management believes that there is immense potential for the BFSI industry to grow particularly in the public cloud space, however, this would be a longer-term driver of growth

**Exhibit 3**

Geography Revenue US\$ mn	Q1FY20	Q2FY20	Q3FY20	Q4FY20	FY 20	Q1FY21	Q2FY21	Q3FY21
<b>Americas</b>	<b>2,775</b>	<b>2,792</b>	<b>2,799</b>	<b>2,738</b>	<b>11,104</b>	<b>2,600</b>	<b>2,707</b>	<b>2,800</b>
Q-o-Q	1.4%	0.6%	0.3%	-2.2%		-5.0%	4.1%	3.4%
Y-o-Y	7.7%	4.8%	4.1%	0.1%	4.1%	-6.3%	-3.0%	0.0%
<b>UK</b>	<b>867</b>	<b>861</b>	<b>888</b>	<b>871</b>	<b>3,487</b>	<b>774</b>	<b>841</b>	<b>895</b>
Q-o-Q	1.0%	-0.7%	3.2%	-1.9%		-11.1%	8.6%	6.5%
Y-o-Y	10.7%	5.8%	9.1%	1.5%	6.7%	-10.7%	-2.3%	0.8%
<b>Europe</b>	<b>784</b>	<b>805</b>	<b>832</b>	<b>827</b>	<b>3,250</b>	<b>789</b>	<b>884</b>	<b>924</b>
Q-o-Q	3.1%	2.7%	3.3%	-0.6%		-4.6%	12.0%	4.5%
Y-o-Y	10.9%	10.3%	12.4%	8.7%	10.6%	0.6%	9.8%	11.0%
<b>India</b>	<b>329</b>	<b>314</b>	<b>318</b>	<b>299</b>	<b>1,261</b>	<b>218</b>	<b>271</b>	<b>319</b>
Q-o-Q	5.1%	-4.4%	1.3%	-6.0%		-27.3%	24.7%	17.7%
Y-o-Y	12.3%	7.7%	6.4%	-4.3%	5.4%	-33.9%	-13.8%	0.3%
<b>Asia pacific</b>	<b>516</b>	<b>519</b>	<b>519</b>	<b>506</b>	<b>2,060</b>	<b>470</b>	<b>526</b>	<b>553</b>
Q-o-Q	0.6%	0.6%	0.2%	-2.5%		-7.1%	11.8%	5.1%
Y-o-Y	6.3%	3.6%	5.3%	-1.3%	3.4%	-8.7%	1.5%	6.5%
<b>Ibero America</b>	<b>99</b>	<b>105</b>	<b>106</b>	<b>98</b>	<b>408</b>	<b>86</b>	<b>92</b>	<b>97</b>
Q-o-Q	-8.5%	6.2%	1.3%	-7.7%		-12.2%	7.2%	5.1%
Y-o-Y	2.9%	0.5%	1.1%	-9.2%	-1.3%	-12.9%	-12.0%	-8.7%
<b>MEA</b>	<b>115</b>	<b>121</b>	<b>123</b>	<b>103</b>	<b>463</b>	<b>96</b>	<b>103</b>	<b>114</b>
Q-o-Q	6.7%	5.4%	1.3%	-15.8%		-7.1%	7.2%	10.7%
Y-o-Y	3.7%	10.8%	11.5%	-4.2%	5.4%	-16.6%	-15.1%	-7.2%
<b>% of Total Revenue</b>	<b>Q1FY20</b>	<b>Q2FY20</b>	<b>Q3FY20</b>	<b>Q4FY20</b>	<b>FY 20</b>	<b>Q1FY21</b>	<b>Q2FY21</b>	<b>Q3FY21</b>
<b>Americas</b>	<b>50.6%</b>	<b>50.6%</b>	<b>50.1%</b>	<b>50.3%</b>	<b>50.4%</b>	<b>51.4%</b>	<b>49.9%</b>	<b>49.1%</b>
<b>UK</b>	<b>15.8%</b>	<b>15.6%</b>	<b>15.9%</b>	<b>16.0%</b>	<b>15.8%</b>	<b>15.3%</b>	<b>15.5%</b>	<b>15.7%</b>
<b>Europe</b>	<b>14.3%</b>	<b>14.6%</b>	<b>14.9%</b>	<b>15.2%</b>	<b>14.8%</b>	<b>15.6%</b>	<b>16.3%</b>	<b>16.2%</b>
<b>India</b>	<b>6.0%</b>	<b>5.7%</b>	<b>5.7%</b>	<b>5.5%</b>	<b>5.7%</b>	<b>4.3%</b>	<b>5.0%</b>	<b>5.6%</b>
<b>Asia pacific</b>	<b>9.4%</b>	<b>9.4%</b>	<b>9.3%</b>	<b>9.3%</b>	<b>9.4%</b>	<b>9.3%</b>	<b>9.7%</b>	<b>9.7%</b>
<b>Ibero America</b>	<b>1.8%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>1.8%</b>	<b>1.9%</b>	<b>1.7%</b>	<b>1.7%</b>	<b>1.7%</b>
<b>MEA</b>	<b>2.1%</b>	<b>2.2%</b>	<b>2.2%</b>	<b>1.9%</b>	<b>2.1%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>2.0%</b>

Growth was broad-based across geographies and was led by India and APAC (albeit on a low base) followed by N. America and UK.

Management commentary and outlook for North America and UK was positive and healthy. Order wins in North America were robust at \$4 Bn out of the total 6.8 Bn

Source: Dalal & Broacha Research, Company

**Exhibit 4**

Client Metrics	Q1FY20	Q2FY20	Q3FY20	Q4FY20	FY 20	Q1FY21	Q2FY21	Q3FY21
US\$ 1-5 mn	463	478	496	507	507	502	511	512
US\$ 5-10 mn	167	156	162	174	174	182	179	179
US\$ 10-20 mn	165	173	163	151	151	152	158	157
US\$ 20-50 mn	119	124	130	135	135	130	131	132
US\$ 50-100 mn	56	54	55	56	56	52	48	49
US\$ 100 mn +	44	47	47	49	49	48	49	48

Source: Dalal & Broacha Research, Company

**Valuation & Outlook**

TCS is currently trading at 30.2x / 27.9x FY22e / FY23e EPS. Despite being India's largest IT services provider and a seasonally weak quarter, the company delivered phenomenal growth and solid margins - which beat ours as well as street estimates. This is the 2<sup>nd</sup> consecutive quarter that the company has outperformed expectations and achieved its target - of reaching pre-COVID levels of financials - a quarter earlier. Healthy deal win run-rate coupled with strong management outlook on overall tech industry, sustained momentum of cloud adoption and client spends indicate that this, in fact, is truly a multiyear technology transformation phase and will continue over the next 3-5 years. We rollover our estimates to FY23e and raise our target price as well to INR 3,356, which is 30x FY23e EPS.

# Financial

Profit & Loss A/c					
YE March (Rs.mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>Net Sales</b>	<b>14,64,630</b>	<b>15,69,490</b>	<b>16,34,955</b>	<b>18,25,903</b>	<b>19,99,172</b>
Sales Growth%	19.0%	7.2%	4.2%	11.7%	9.5%
<b>Total Revenue</b>	<b>14,64,630</b>	<b>15,69,490</b>	<b>16,34,955</b>	<b>18,25,903</b>	<b>19,99,172</b>
Less:					
Employees Cost	8,35,090	8,96,350	9,35,551	10,40,035	11,43,745
SG&A	2,34,490	2,52,040	2,37,724	2,87,890	3,10,045
<b>Total Operating Exp</b>	<b>10,69,580</b>	<b>11,48,390</b>	<b>11,73,275</b>	<b>13,27,925</b>	<b>14,53,790</b>
<b>EBITDA</b>	<b>3,95,050</b>	<b>4,21,100</b>	<b>4,61,680</b>	<b>4,97,978</b>	<b>5,45,382</b>
EBITDA Growth%	21.5%	6.6%	9.6%	7.9%	9.5%
Less: Depreciation	20,550	35,300	40,210	31,733	31,733
<b>Operating Profit</b>	<b>3,74,500</b>	<b>3,85,800</b>	<b>4,21,470</b>	<b>4,66,245</b>	<b>5,13,649</b>
Growth%	22.8%	3.0%	9.2%	10.6%	10.2%
Non-operating Income	41,130	36,680	27,796	36,518	29,988
<b>Profit Before Tax</b>	<b>4,15,630</b>	<b>4,22,480</b>	<b>4,47,566</b>	<b>5,01,063</b>	<b>5,41,937</b>
Tax	95,595	97,170	1,02,940	1,15,245	1,24,646
Minority Interest	2,880	2,928	3,102	3,472	3,756
<b>Net Profit</b>	<b>3,17,155</b>	<b>3,22,382</b>	<b>3,41,524</b>	<b>3,82,346</b>	<b>4,13,536</b>
Adjusted Profit	3,17,155	3,22,382	3,41,524	3,82,346	4,13,536
Diluted EPS Rs	83.7	85.9	92.4	103.4	111.9
Diluted EPS Growth%	24.0%	2.7%	7.5%	12.0%	8.2%

Key Ratios					
YE March (Rs.Mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>EBIT Margins %</b>	<b>25.6%</b>	<b>24.6%</b>	<b>25.8%</b>	<b>25.5%</b>	<b>25.7%</b>
NPM(%)	21.7%	20.5%	20.9%	20.9%	20.7%
RoE(%)	34.1%	30.5%	36.6%	35.6%	33.2%
RoCE(%)	33.1%	28.8%	33.1%	32.5%	30.5%
BV/PerShareRs.	236	224	238	281	327
Valuation Ratios					
P/E(x)	37.3x	36.3x	33.8x	30.2x	27.9x
EV/EBITDA	29.6x	27.8x	24.9x	22.9x	20.8x
P/BV(x)	13.2x	13.9x	13.1x	11.1x	9.5x
EV/Sales(x)	8.0x	7.5x	7.0x	6.3x	5.7x
Market Cap./Sales(x)	8.1x	7.5x	7.1x	6.3x	5.8x

Free Cash Flow Statement					
YEMarch (Rs.mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>EBITDA</b>	<b>3,74,500</b>	<b>3,85,800</b>	<b>4,21,470</b>	<b>4,66,245</b>	<b>5,13,649</b>
Less: Adjusted Taxes	86,135	88,734	96,938	1,07,236	1,18,139
<b>NOPLAT</b>	<b>2,88,365</b>	<b>2,97,066</b>	<b>3,24,532</b>	<b>3,59,009</b>	<b>3,95,510</b>
Plus: Depreciation	20,550	35,300	40,210	31,733	31,733
<b>Operating Cashflow</b>	<b>3,36,543</b>	<b>3,31,839</b>	<b>3,57,331</b>	<b>3,73,847</b>	<b>4,11,011</b>
Less: Net Capex	18,860	40,520	20,378	21,102	21,000
<b>Total FCF</b>	<b>2,24,013</b>	<b>2,07,759</b>	<b>3,19,116</b>	<b>3,14,347</b>	<b>3,55,773</b>

Balance Sheet					
YE March(Rs.mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>Liabilities</b>					
Equity Capital	3,750	3,750	3,697	3,697	3,697
Reserves & Surplus	8,90,710	8,37,510	8,77,944	10,34,726	12,04,296
<b>Equity</b>	<b>8,94,460</b>	<b>8,41,260</b>	<b>8,81,641</b>	<b>10,38,423</b>	<b>12,07,993</b>
<b>Net Worth</b>	<b>8,94,460</b>	<b>8,41,260</b>	<b>8,81,641</b>	<b>10,38,423</b>	<b>12,07,993</b>
Minority Interest	4,530	6,230	9,332	12,804	16,560
DTL/(DTA)	10,420	7,790	7,790	7,790	7,790
Total Loans (Lease Liabilities)	440	81,740	81,740	81,740	81,740
Other Non Current Liabilities	10,300	7,080	7,375	8,237	9,018
<b>Capital Employed</b>	<b>9,20,150</b>	<b>9,44,100</b>	<b>9,87,878</b>	<b>11,48,993</b>	<b>13,23,101</b>
<b>Assets</b>					
Gross Block	2,42,790	2,64,440	2,84,440	3,04,440	3,24,440
Less: Depreciation	1,39,170	1,55,030	1,95,240	2,26,973	2,58,706
<b>Net Block</b>	<b>1,03,620</b>	<b>1,09,410</b>	<b>89,200</b>	<b>77,467</b>	<b>65,734</b>
Capital WIP	9,630	9,060	9,438	10,540	11,540
<b>Investments</b>	<b>2,93,300</b>	<b>2,63,560</b>	<b>2,74,553</b>	<b>3,06,619</b>	<b>3,35,715</b>
Intangible Assets	18,790	19,930	19,930	19,930	19,930
Other non-current assets (Includes)	93,200	1,66,060	1,79,845	2,00,849	2,19,909
<b>Current Assets</b>					
Inventories	100	50	51	58	63
Sundry Debtors	3,25,030	3,62,640	3,77,766	4,21,886	4,61,921
Cash and Bank Balance	1,12,090	82,720	1,08,002	1,91,875	2,96,078
Loans and Advances	80,290	84,750	88,285	98,596	1,07,952
Other Current Assets	1,04,940	1,03,840	1,08,171	1,20,805	1,32,268
<b>Total Current Assets</b>	<b>6,22,450</b>	<b>6,34,000</b>	<b>6,82,275</b>	<b>8,33,219</b>	<b>9,98,283</b>
<b>Less: Current Liabilities</b>					
Sundry Creditors	62,920	67,400	68,861	77,937	85,324
Provisions	2,390	2,930	3,088	3,457	3,739
Other Current Liabilities	1,55,530	1,87,590	1,95,415	2,18,237	2,38,947
<b>Total Current Liabilities</b>	<b>2,20,840</b>	<b>2,57,920</b>	<b>2,67,363</b>	<b>2,99,632</b>	<b>3,28,010</b>
<b>Capital Applied</b>	<b>9,20,150</b>	<b>9,44,100</b>	<b>9,87,878</b>	<b>11,48,993</b>	<b>13,23,101</b>

Key Ratios					
YE March (Rs.mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>Key Operating Ratios</b>					
EBITDA Margin(%)	27.0%	26.8%	28.2%	27.3%	27.3%
Tax/PBT(%)	23.0%	23.0%	23.0%	23.0%	23.0%
Net Profit Margin(%)	21.7%	20.5%	20.9%	20.9%	20.7%
RoE(%)	34.1%	37.1%	39.6%	39.8%	36.8%
RoCE(%)	33.1%	28.8%	33.1%	32.5%	30.5%
Current Ratio(x)	2.8x	2.5x	2.6x	2.8x	3.0x
Dividend Payout(%)	36.0%	116.7%	41.3%	59.0%	59.0%
Book Value Per Share(Rs.)	236.0	224.2	238.5	280.9	326.7
<b>Growth Indicators</b>					
Growth in Gross Block(%)	6.9%	8.9%	7.6%	7.0%	6.6%
Sales Growth(%)	19.0%	7.2%	4.2%	11.7%	9.5%
EBITDA Growth(%)	21.5%	6.6%	9.6%	7.9%	9.5%
Net Profit Growth(%)	22.7%	1.6%	5.9%	12.0%	8.2%
Diluted EPS Growth(%)	24.0%	2.7%	7.5%	12.0%	8.2%

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Name	Designation	Email	Phone	Sector
Mr. Kunal Bhatia	HOR	kunal.bhatia@dalal-broacha.com	022 67141442	Auto   Auto Ancillary   FMCG
Mrs.Charulata Gaidhani	Sr. Analyst	charulata.gaidhani@dalal-broacha.com	022 67141446	Pharma   Healthcare
Mr. Mayank Babla	Sr. Analyst	mayank.babla@dalal-broacha.com	022 67141412	IT   Telecom   Media
Mr. Avinash Tanawade	Sr. Analyst	avinash.tanawade@dalal-broacha.com	022 67141449	BFSI
Mr. Akshay Ashok	Analyst	akshay.ashok@dalal-broacha.com	022 67141486	BFSI
Mr. Suraj Nandu	Analyst	suraj.nandu@dalal-broacha.com	022 67141438	FMCG   Retail
Ms. Timshar Dhamodiwala	Associate	timshar.dhamodiwala@dalal-broacha.com	022 67141441	IT   Telecom   Media

Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400021.

Tel: 91-22- 2282 2992, 2287 6173, Fax: 91-22-2287 0092

E-mail: [equity.research@dalal-broacha.com](mailto:equity.research@dalal-broacha.com)