

## TCS

### Performance Highlights

(Rs cr)	1QFY11	4QFY10	%chg (qoq)	1QFY10	%chg (yoy)
Net revenue	8,217	7,737	6.2	7,207	14.0
EBIT margin (%)	27.1	27.5	(0.4)	24.8	2.3
PAT	1,844	1,948	(5.3)	1,520	21.3

Source: Company, Angel Research; US GAAP financials in INR terms

**Outstanding performance assures strong business pipeline:** TCS reported strong performance in 1QFY2011, which was well ahead of our as well as consensus estimates. In INR terms, TCS reported top-line growth of 6.2% qoq (14% yoy); while in USD terms, it reported growth of 6.4% qoq (21.2% yoy). Growth was backed by 8.1% growth in volumes, which combated the cross-currency and pricing impact of negative ~190bp. Growth was broad-based, led by North America and Asia Pacific markets. Despite the 215bp and 32bp negative impacts of wage hikes and adverse currency movement, respectively, the company witnessed a slight dip of only 36bp qoq in EBIT margin mainly due to rate productivity improvement and lower selling and general administration (SG&A) costs. Other income was down by 49% qoq on account of Forex loss, while the higher tax rate moved up from 14.8% to 19% qoq. Thus, TCS recorded a 5.3% qoq decline in bottom line to Rs1,844cr mainly because of higher Forex loss and tax rate.

**Outlook & Valuation:** Despite a weaker macro-economic scenario, TCS continued to perform well in 1QFY2011. TCS has a strong deal pipeline, including large transformational deals with an uptick in discretionary spends. The company also raised its gross employee-hiring target to 40,000 for FY2011 from the earlier 30,000, exhibiting a positive demand environment. We expect the company to deliver a top-line CAGR of 17.9% over FY2010–12E, backed by a 19% CAGR in volumes. However, EPS is likely to register an 11.7% CAGR during the same period because of increased tax rate. The stock is currently trading at 20.7x FY2011E EPS of Rs40.3 and 19x FY2012E EPS of Rs43.8. Although the ongoing crisis in Europe and adverse cross-currency movements are causes for concern for IT companies, we believe growth will be sustained through volumes with stable pricing. We have valued the stock at 21x FY2012E earnings, similar to its historical average of 21x during FY2007–10 and at par with our target P/E multiple of 21x for Infosys. **We recommend an Accumulate rating on the stock with a Target Price of Rs920.**

### Key Financials (Consolidated US GAAP)

Y/E March (Rs cr)	FY2009	FY2010	FY2011E	FY2012E
<b>Net Sales</b>	<b>27,813</b>	<b>30,029</b>	<b>35,940</b>	<b>41,710</b>
% chg	23.0	8.0	19.7	16.1
<b>Net Profit</b>	<b>5,172</b>	<b>6,873</b>	<b>7,889</b>	<b>8,571</b>
% chg	3.0	32.9	14.8	8.6
EBIT Margin (%)	25.8	28.9	29.2	29.0
<b>FDEPS (Rs)</b>	<b>26.4</b>	<b>35.1</b>	<b>40.3</b>	<b>43.8</b>
P/E (x)	15.8	23.7	20.7	19.0
P/BV (x)	5.1	7.6	6.3	5.3
RoE (%)	36.2	36.8	33.6	30.4
RoCE (%)	47.4	48.5	50.8	53.2
EV/Sales (x)	3.0	5.5	4.3	3.6
EV/EBITDA (x)	11.1	18.3	14.8	12.6

Source: Company, Angel Research

## ACCUMULATE

CMP	Rs832
Target Price	Rs920

Investment Period	12 Months
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### Stock Info

Sector	IT
Market Cap (Rs cr)	162,917
Beta	0.9
52 Week High / Low	844/420
Avg. Daily Volume	399477
Face Value (Rs)	1
BSE Sensex	17,956
Nifty	5,394
Reuters Code	TCS.BO
Bloomberg Code	TCS@IN

### Shareholding Pattern (%)

Promoters	74.1
MF / Banks / Indian Fls	8.5
FII / NRIs / OCBs	12.3
Indian Public / Others	5.0

Abs. (%)	3m	1yr	3yr
Sensex	2.1	26.0	17.3
TCS	2.1	98.0	47.6

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**Exhibit 1: 1QFY2011 performance (Consolidated, US GAAP)**

Y/E March (Rs cr)	FY2011 1Q	FY2010 4Q	% chg (qoq)	FY2010 1Q	% chg (yoy)	FY2010	FY2009	%chg (yoy)
<b>Net revenue</b>	<b>8,217</b>	<b>7,737</b>	<b>6.2</b>	<b>7,207</b>	<b>14.0</b>	<b>30,029</b>	<b>27,813</b>	<b>8.0</b>
Cost of revenue	4,398	3994	10.1	3,821	15.1	15,724	15,075	4.3
<b>Gross profit</b>	<b>3,820</b>	<b>3,743</b>	<b>2.0</b>	<b>3,386</b>	<b>12.8</b>	<b>14,305</b>	<b>12,738</b>	<b>12.3</b>
SG&A expenses	1,411	1,431	(1.4)	1,424	(1.0)	5,625	5,561	1.1
<b>EBITDA</b>	<b>2,409</b>	<b>2,312</b>	<b>4.2</b>	<b>1,962</b>	<b>22.8</b>	<b>8,680</b>	<b>7,178</b>	<b>20.9</b>
Other income	83	163	(48.9)	19		226	(467)	
Depreciation	178	184	(3.2)	173	3.1	721	576	25.1
<b>Income before income taxes</b>	<b>2,314</b>	<b>2,291</b>	<b>1.0</b>	<b>1,808</b>	<b>27.9</b>	<b>8,185</b>	<b>6,134</b>	<b>33.4</b>
Minority interest	27	3	750.0	23	20.4	103	61	68.4
Tax	442	340	30.2	266	66.6	1,209	901	34.1
<b>Net income</b>	<b>1,844</b>	<b>1,948</b>	<b>(5.3)</b>	<b>1,520</b>	<b>21.3</b>	<b>6,873</b>	<b>5,172</b>	<b>32.9</b>
<b>Diluted EPS (Rs)</b>	<b>9.4</b>	<b>10.0</b>	<b>(5.3)</b>	<b>7.8</b>	<b>21.2</b>	<b>35.1</b>	<b>26.4</b>	<b>32.9</b>
Gross profit margin (%)	46.5	48.4		47.0		47.6	45.8	
EBITDA margin (%)	29.3	29.9		27.2		28.9	25.8	
EBIT margin (%)	27.1	27.5		24.8		26.5	23.7	
Net profit margin (%)	22.4	25.2		21.1		22.9	18.6	

Source: Company, Angel Research

**Exhibit 2: 1QFY2011 – Actual v/s Angel estimates**

(Rs cr)	Estimates	Actual	Variation (%)
Net revenue	7,890	8,217	4.1
EBIT margin (%)	25.5	27.1	1.6
PAT	1,809	1,844	1.9

Source: Company, Angel Research

**Strong volumes combated adverse cross-currency impact**
**Exhibit 3: INR revenue growth break-up (%)**

	1QFY11
<b>(A) Positive factors</b>	
Volume growth	8.10
<b>Total (A)</b>	<b>8.10</b>
<b>(B) Negative factors</b>	
Pricing & productivity	0.32
Offshore shift	0.48
Cross currency impact	1.09
<b>Total (B)</b>	<b>1.89</b>
<b>(C) Revenue growth (A) - (B)</b>	<b>6.21</b>

Source: Company, Angel Research

For 1QFY2011, TCS recorded top-line growth of 6.2% qoq (14% yoy), backed by volume growth of 8.1% qoq. However, this positive impact on growth was largely curtailed by the 1.1% qoq impact of cross-currency movement as the INR continued to appreciate even against the euro and GBP by 8.6% and 5.1%, respectively, during the quarter.

In 1QFY2011, the company's international revenue grew by 6.3% qoq (14.4% yoy) to Rs7,492.0cr. Domestic revenue during the quarter grew by 5.3% qoq (9.8% yoy) to Rs725.2cr, sustaining the strong growth momentum.

TCS closed 10 large deals across the BFSI, hi-tech, manufacturing and lifesciences verticals and added 36 new clients during the quarter. A large deal was also closed in Europe during the quarter, despite the unstable environment. The company's Bancs product performed extremely well with eight implementations going live in 1QFY2011 and 13 new large deals being signed for the same.

Amongst service lines, except for global consulting and asset leveraged solutions, all services witnessed strong growth. Among verticals, except for manufacturing, all verticals witnessed strong growth.

During the quarter, TCS added gross of 10,849 employees (net addition was 3,271), taking the total headcount (including subsidiaries) to 1,63,700 employees. The total headcount excluding subsidiaries stood at 1,42,939, up 2,320 on a net basis.

#### Exhibit 4: Service line break-up

Service line (Rs cr)	1QFY11	4QFY10	1QFY10	%chg (qoq)	%chg (yoy)
Application dvlpt. & maintenance	3,936	3,683	3,510	6.9	12.1
Business intelligence	444	418	440	6.2	0.9
Enterprise solutions	805	781	786	3.1	2.5
Assurance services	526	449	317	17.2	65.8
Engineering & industrial services	394	371	375	6.2	5.2
Infrastructure services	715	642	670	11.3	6.7
Global consulting	173	193	101	(10.8)	71.0
Asset leveraged solutions	304	309	187	(1.8)	62.3
BPO	920	890	822	3.4	12.0
<b>Total revenue</b>	<b>8,217</b>	<b>7,737</b>	<b>7,207</b>	<b>6.2</b>	<b>14.0</b>

Source: Company, Angel Research

#### Exhibit 5: Verticals split

Verticals (Rs cr)	1QFY11	4QFY10	1QFY10	%chg (qoq)	%chg (yoy)
BFSI	3,673	3,528	3,157	4.1	16.4
Telecom	1,044	944	951	10.6	9.7
Manufacturing	608	603	627	0.8	(3.0)
Retail & distribution	904	843	764	7.2	18.3
Hi-Tech	378	340	310	11.0	22.0
Lifesciences & healthcare	427	402	353	6.2	21.0
Travel & hospitality	255	248	238	2.9	7.1
Energy & utilities	271	232	180	16.8	50.5
Media & entertainment	156	139	144	12.1	8.3
Others	501	456	483	9.8	3.8
<b>Total revenue</b>	<b>8,217</b>	<b>7,737</b>	<b>7,207</b>	<b>6.2</b>	<b>14.0</b>

Source: Company, Angel Research

**Exhibit 6: Client contribution**

Client	1QFY11	4QFY10	1QFY10	% chg (qoq)	% chg (yoy)
<b>Top client</b>	<b>666</b>	<b>634</b>	<b>411</b>	<b>4.9</b>	<b>62.0</b>
% of revenue	8.1	8.2	5.7		
<b>Top 5 clients</b>	<b>1,808</b>	<b>1,687</b>	<b>1,398</b>	<b>7.2</b>	<b>29.3</b>
% of revenue	22.0	21.8	19.4		
<b>Top 10 clients</b>	<b>2,506</b>	<b>2,336</b>	<b>2,018</b>	<b>7.3</b>	<b>24.2</b>
% of revenue	30.5	30.2	28.0		

Source: Company, Angel Research

In terms of geography, growth was on the back of continued strong recovery in North America, up 8.2% qoq (19.9% yoy), and robust growth in emerging markets. In Europe, growth was led by 5.5% qoq growth in the UK; however, Continental Europe witnessed a 5.5% qoq decline on account of the ongoing crisis.

**Exhibit 7: Geographical break-up**

Geographies (Rs cr)	1QFY11	4QFY10	1QFY10	% chg (qoq)	% chg (yoy)
<b>America</b>					
North America	4,520	4,178	3,769	8.2	19.9
Latin America	353	340	332	3.8	6.6
<b>Europe</b>					
UK	1,241	1,176	1,218	5.5	1.9
Continental Europe	731	774	793	(5.5)	(7.7)
<b>Emerging Markets</b>					
India	723	689	656	5.0	10.3
Asia Pacific	485	433	310	11.9	56.4
MEA	164	147	130	11.8	26.7
<b>Total revenue</b>	<b>8,217</b>	<b>7,737</b>	<b>7,207</b>	<b>6.2</b>	<b>14.0</b>

Source: Company, Angel Research

**SG&A leverage and improved productivity prevented margin erosion**
**Exhibit 8: Factors impacting EBIT margin**

(A) Positive factors	1QFY11
Rate productivity improvement	0.57
Offshore shift	0.15
SG&A leverage	1.39
<b>Total (A)</b>	<b>2.11</b>
(B) Negative factors	
Wage Hike	2.15
Cross currency impact	0.32
<b>Total (B)</b>	<b>2.47</b>
<b>(C) Change in EBIT margin (A) - (B)</b>	<b>(0.36)</b>

Source: Company, Angel Research

The company provided offshore wage hike of around 10% and onsite hike of 2–4%, which contracted EBIT margin by 215bp and 32bp on account of adverse currency movements, respectively. This resulted in a slight dip of 36bp qoq in EBIT margin, much lower than expected. Further margin erosion was mainly due to improvement in rate productivity, lower SG&A costs and offshore shift.

**Lower other income and higher taxes impact bottom line**

The company's other income declined by 49% qoq to Rs83.1cr in 1QFY2011 on account of Forex loss of Rs47cr versus Forex gain witnessed in 4QFY2010. The tax rate also moved up from 14.8% to 19% qoq. Thus, TCS recorded a decline of 5.3% qoq in bottom line to Rs1,844cr.

## Investment Arguments

**Strong deal pipeline and uptick in discretionary spends exhibit strong business prospectus:** Though Europe continues to be a spoilsport for the Indian IT industry, TCS's current bottom's up statistics are in disconnect with the weak macro-economic indicators, as the company is witnessing strong IT spends from the US, UK and emerging markets. Though there are concerns related to business prospects from Continental Europe, the same had witnessed growth of 1.2% qoq in constant currency terms in 1QFY2011. Further, the company's demand pipeline is quite robust, comprising large transformational deals, and is witnessing an uptick in discretionary IT spends with 15 such critical deals coming from new clients, exhibiting strong improvement in the company's business prospects. Moreover, the company's UK government's pension-related project seems to be on track with no major concerns seen in its ramp up. The company has also raised its gross employee-hiring target to 40,000 for FY2011 from the earlier 30,000, exhibiting a positive demand environment. Though TCS does not give direct guidance, based on the current cues from the management and our analysis, we believe TCS will witness strong volume-backed performance in FY2011. The pricing for the company is expected to remain stable with an upward bias on account of key transformational deals in the pipeline.

**Adverse cross-currency and higher attrition impacts to be mitigated by other operational levers:** The adverse cross-currency movement remains a concern as TCS has higher dependence on Europe. However, we believe the same would be combated through hedges and strong growth in other markets. TCS's total outstanding hedge position as in 1QFY2011 stands at around US \$455mn, at an INR/USD strike rate of 46.3. TCS now focuses on smaller-tenure hedges in view of volatile currency, which would prove helpful in the current business environment.

The higher attrition rate of 13.1% observed in 1QFY2011 was mainly on account of overall buoyancy in the job market, driven by strong economic recovery and employees leaving for higher studies, which generally happens in first quarter of a financial year. However, the company's promotional drives and focus on talent retention are expected to restrain growth in attrition rate going forward. Though we expect employee costs to increase going forward, management's focus would remain on capping non-employee costs through better managerial efficiency and by growing its offshore leverage the way it did during 1QFY2011.

**Outlook & Valuation:** Despite a weaker macro-economic scenario, TCS continued to perform well during the quarter. The company has a strong deal pipeline, including large transformational deals with an uptick in discretionary spends. The company also raised its gross employee-hiring target to 40,000 for FY2011 from the earlier 30,000, exhibiting a positive demand environment.

We expect the company to deliver a top-line CAGR of 17.9% over FY2010–12E, backed by a 19% CAGR in volumes. However, EPS is likely to register an 11.7% CAGR during the same period on account of increased tax rate. The stock is currently trading at 20.7x FY2011E EPS of Rs40.3 and 19x FY2012E EPS of Rs43.8. Although the ongoing crisis in Europe and adverse cross-currency movements are causes for concern for IT companies, we believe growth will be sustained through volumes with stable pricing. We have valued the stock at 21x FY2012E earnings, similar to its historical average of 21x during FY2007–10 and at par with our target PE multiple of 21x for Infosys. **We recommend an Accumulate rating on the stock with a Target Price of Rs920**

#### Exhibit 9: Key assumptions

	FY2011E	FY2012E
Volume growth	21.4	16.3
Pricing growth	0.7	2.2
Revenue growth (in USD terms)	22.2	14.7
USD-INR rate (realised)	46.5	47.0
Revenue growth (in INR terms)	19.7	16.1
EBIT margin (%)	27.0	26.8
Tax rate (%)	19.0	24.0
EPS growth (%)	14.8	8.6

Source: Company, Angel Research

#### Exhibit 10: Change in estimates

Parameter (Rs cr)	FY2011E			FY2012E		
	Earlier estimates	Revised estimates	Var. (%)	Earlier estimates	Revised estimates	Var. (%)
<b>Net revenue</b>	33,351	35,940	7.8	38,821	41,710	7.4
EBIT (ex. other income)	8,391	9,695	15.5	9,442	11,196	18.6
<b>PBT</b>	9,064	9,865	8.8	10,533	11,455	8.8
Tax	1,541	1,861	20.7	2,212	2,749	24.3
<b>PAT</b>	7,413	7,889	6.4	8,200	8,571	4.5

Source: Company, Angel Research

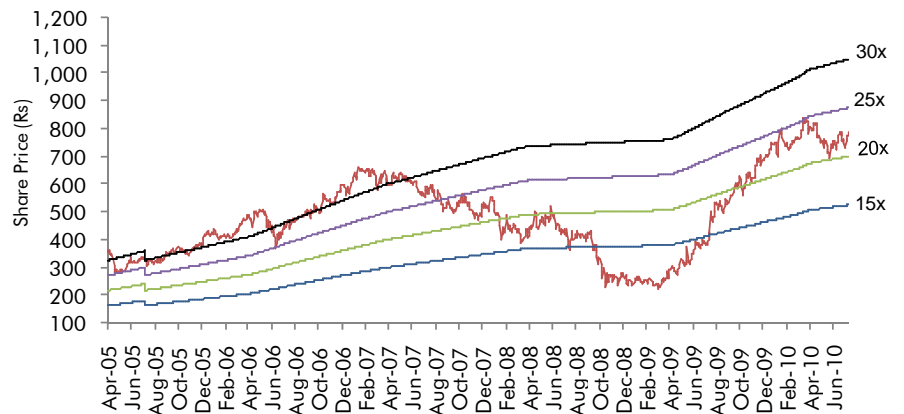
We have upgraded our FY2011E and FY2012E top-line estimates, in line with strong cues from the management and the expected higher infusion of gross manpower. However, we expect other income to be lower on account of the expected unfavorable cross-currency movement. We estimate PAT to be higher in FY2011E and FY2012E, compared to the earlier estimates, on the back of upgraded growth in volumes and better margins.

#### Exhibit 11: Angel EPS forecast v/s consensus

Year (%)	Angel forecast	Bloomberg consensus	Variation (%)
FY2011E	40.3	40.0	0.8
FY2012E	43.8	45.0	(2.7)

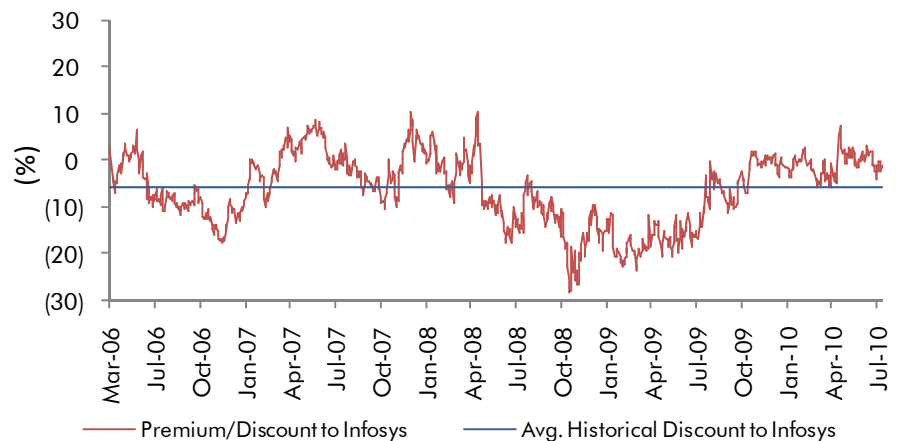
Source: Company, Angel Research

**Exhibit 12: One-year forward P/E band**



Source: Company, Angel Research

**Exhibit 13: Premium/discount in TCS P/E versus Infosys P/E**



Source: Company, Angel Research

**Exhibit 14: Recommendation summary**

Company	Reco.	CMP (Rs)	Tgt. price (Rs)	Upside (%)	FY2012E P/BV (x)	FY2012E P/E (x)	FY2010-12E EPS CAGR (%)	FY2012E RoCE (%)	FY2012E RoE (%)
3iInfotech	Buy	66	129	95.9	0.6	3.7	218.4	15.0	16.5
Educomp	Buy	630	734	16.6	2.8	13.7	26.9	21.0	22.3
HCL Tech	Accumulate	373	420	12.5	3.0	13.9	17.9	40.9	24.1
Infosys	Accumulate	2,778	3037	9.3	4.6	20.1	12.6	33.1	25.0
Mphasis	Buy	617	872	41.3	2.5	9.6	14.9	41.6	29.2
NIIT	Buy	70	83	18.4	1.8	12.1	16.6	12.1	15.8
TCS	Accumulate	832	921	10.6	5.3	19.0	11.7	53.2	30.4
Tech Mahindra	Buy	770	1,168	51.7	2.2	11.5	11.8	73.4	22.0
Wipro	Buy	402	475	18.1	3.7	17.0	12.0	27.9	23.6

Source: Company, Angel Research



**Profit & Loss Statement (Consolidated US GAAP)**

Y/E March (Rs cr)	FY2009	FY2010	FY2011E	FY2012E
<b>Gross sales</b>	<b>27,813</b>	<b>29,085</b>	<b>35,940</b>	<b>41,710</b>
Less: Excise duty	-	944	-	-
<b>Net Sales</b>	<b>27,813</b>	<b>30,029</b>	<b>35,940</b>	<b>41,710</b>
Other operating income	-	-	-	-
<b>Total operating income</b>	<b>27,813</b>	<b>30,029</b>	<b>35,940</b>	<b>41,710</b>
% chg	23.0	8.0	19.7	16.1
Total Expenditure	20,635	21,349	25,444	29,614
Cost of Equipment	894	812	19,182	22,523
SGA	5,513	5,540	6,262	7,091
Cost of IT	14,181	14,912	-	-
Other	47	85	-	-
<b>EBITDA</b>	<b>7,178</b>	<b>8,680</b>	<b>10,496</b>	<b>12,096</b>
% chg	26.0	20.9	20.9	15.2
(% of Net Sales)	25.8	28.9	29.2	29.0
Depreciation & Amortisation	577	721	801	900
<b>EBIT</b>	<b>6,601</b>	<b>7,959</b>	<b>9,695</b>	<b>11,196</b>
% chg	28.9	20.6	21.8	15.5
(% of Net Sales)	23.7	26.5	27.0	26.8
Interest & other Charges	54	54	-	-
Other Income	(414)	278	170	259
(% of PBT)	(6.8)	3.4	1.7	2.3
Share in profit of Associates	-	-	-	-
<b>Recurring PBT</b>	<b>6,133</b>	<b>8,184</b>	<b>9,865</b>	<b>11,455</b>
% chg	5.6	33.4	20.5	16.1
Extraordinary Expense/(Inc.)	-	-	-	-
<b>PBT (reported)</b>	<b>6,133</b>	<b>8,184</b>	<b>9,865</b>	<b>11,455</b>
Tax	901	1,209	1,861	2,749
(% of PBT)	14.7	14.8	18.9	24.0
<b>PAT (reported)</b>	<b>5,232</b>	<b>6,975</b>	<b>8,005</b>	<b>8,706</b>
Add: Share of earnings of associate	-	-	-	-
Less: Minority interest (MI)	(60.4)	(101.9)	(115.9)	(135.0)
Prior period items	-	-	-	-
<b>PAT after MI (reported)</b>	<b>5,172</b>	<b>6,873</b>	<b>7,889</b>	<b>8,571</b>
<b>ADJ. PAT</b>	<b>5,172</b>	<b>6,873</b>	<b>7,889</b>	<b>8,571</b>
% chg	3.0	32.9	14.8	8.6
(% of Net Sales)	18.6	22.9	21.9	20.5
<b>Basic EPS (Rs)</b>	<b>52.8</b>	<b>35.1</b>	<b>40.3</b>	<b>43.8</b>
<b>Fully Diluted EPS (Rs)</b>	<b>52.8</b>	<b>35.1</b>	<b>40.3</b>	<b>43.8</b>
% chg	3.0	32.9	14.8	8.6

**Balance Sheet (Consolidated US GAAP)**

Y/E March (Rs cr)	FY2009	FY2010	FY2011E	FY2012E
<b>SOURCES OF FUNDS</b>				
Equity Share Capital	98	196	196	196
Preference Capital	-	-	-	-
Reserves & Surplus	15,557	20,743	25,046	30,027
<b>Shareholders Funds</b>	<b>15,654</b>	<b>20,938</b>	<b>25,242</b>	<b>30,223</b>
Minority Interest	313	406	421	441
Total Loans	1,181	1,011	911	911
Deferred Tax Liability	-	-	-	-
<b>Total Liabilities</b>	<b>17,149</b>	<b>22,355</b>	<b>26,574</b>	<b>31,574</b>
<b>APPLICATION OF FUNDS</b>				
<b>Net Block</b>	<b>6,262</b>	<b>7,128</b>	<b>7,527</b>	<b>7,977</b>
Capital Work-in-Progress	-	-	-	-
Goodwill	2,591	2,533	2,533	2,533
<b>Investments</b>	<b>1,727</b>	<b>3,782</b>	<b>6,282</b>	<b>8,782</b>
Current Assets	12,300	14,012	15,932	18,608
Cash	1,463	1,025	1,765	3,160
Loans & Advances	3,167	5,958	6,158	6,358
Other	7,671	7,029	8,009	9,089
Current liabilities	5,731	5,100	5,700	6,325
<b>Net Current Assets</b>	<b>6,569</b>	<b>8,912</b>	<b>10,232</b>	<b>12,283</b>
<b>Total Assets</b>	<b>17,149</b>	<b>22,355</b>	<b>26,574</b>	<b>31,574</b>

**Cash flow statement (Consolidated US GAAP)**

Y/E March (Rs cr)	FY2009	FY2010	FY2011E	FY2012E
Profit before tax	6,133	8,184	9,865	11,455
Depreciation	577	721	801	900
Change in Working Capital	133	(2,967)	(696)	(790)
Less: Other income	244	278	170	259
Direct taxes paid	1,212	1,209	1,861	2,749
<b>Cash Flow from Operations</b>	<b>5,386</b>	<b>4,450</b>	<b>7,940</b>	<b>8,557</b>
Inc./ (Dec.) in Fixed Assets	1,047	1,000	1,200	1,350
Inc./ (Dec.) in Investments	1,373	2,055	2,500	2,500
Inc./ (Dec.) in loans and advances	-	-	-	-
Other income	(1,013)	278	170	259
<b>Cash Flow from Investing</b>	<b>3,433</b>	<b>2,777</b>	<b>3,530</b>	<b>3,591</b>
Issue of Equity	-	-	-	-
Inc./ (Dec.) in loans	(13)	(350)	(100)	-
Dividend Paid (Incl. Tax)	1,643	3,124	3,570	3,570
Others	-	-	-	-
<b>Cash Flow from Financing</b>	<b>(1,656)</b>	<b>(3,474)</b>	<b>(3,670)</b>	<b>(3,570)</b>
Inc./ (Dec.) in Cash	298	(1,800)	740	1,396
<b>Opening Cash balances</b>	<b>1,199</b>	<b>2,825</b>	<b>1,025</b>	<b>1,765</b>
<b>Closing Cash balances</b>	<b>1,497</b>	<b>1,025</b>	<b>1,765</b>	<b>3,160</b>

**Key Ratios**

Y/E March	FY2009	FY2010	FY2011E	FY2012E
<b>Valuation Ratio (x)</b>				
P/E (on FDEPS)	15.8	23.7	20.7	19.0
P/CEPS	7.4	11.2	9.8	9.0
P/BV	5.1	7.6	6.3	5.3
Dividend yield (%)	1.7	1.7	1.9	1.9
EV/Sales	3.0	5.5	4.3	3.6
EV/EBITDA	11.1	18.3	14.8	12.6
EV / Total Assets	3.5	5.8	4.8	4.0
<b>Per Share Data (Rs)</b>				
EPS (Basic)	52.8	35.1	40.3	43.8
EPS (fully diluted)	52.8	35.1	40.3	43.8
Cash EPS	112.2	74.4	85.3	92.9
DPS	14.0	14.0	16.0	16.0
Book Value	163.2	109.1	131.1	156.7
<b>Dupont Analysis</b>				
EBIT margin	23.7	26.5	27.0	26.8
Tax retention ratio	85.3	85.2	81.1	76.0
Asset turnover (x)	1.4	1.3	1.5	1.6
ROIC (Post-tax)	43.3	40.3	39.6	38.5
Cost of Debt (Post Tax)	4.7	4.2	0.0	0.0
Leverage (x)	0.1	0.0	0.0	0.0
Operating ROE	36.2	35.5	38.0	36.5
<b>Returns (%)</b>				
ROCE (Pre-tax)	47.4	48.5	50.8	53.2
Angel ROIC (Pre-tax)	58.9	55.1	57.4	58.9
ROE	36.2	36.8	33.6	30.4
<b>Turnover ratios (x)</b>				
Asset Turnover (Gross Block)	4.9	4.5	4.7	4.7
Inventory / Sales (days)	-	-	-	-
Receivables (days)	104	88	80	77
Payables (days)	95	102	84	73
Working capital cycle (ex-cash) (days)	41	99	86	80
<b>Solvency ratios (x)</b>				
Net debt to equity	(0.03)	-	-	-
Net debt to EBITDA	(0.08)	-	-	-
Interest Coverage (EBIT / Interest)	123.3	148.6	-	-

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Disclosure of Interest Statement (Company name)	TCS
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	Yes
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

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<b>Ratings (Returns) :</b>	Buy (> 15%)	Accumulate (5% to 15%)	Neutral (-5 to 5%)
	Reduce (-5% to 15%)	Sell (< -15%)	