

January 12, 2024



TATA CONSULTANCY SERVICES

Current Price: ₹ 3736.20

STOCK DATA

BSE Code	532540
NSE Symbol	TCS
Reuters	TCS.BO
Bloomberg	TCS IN

VALUE PARAMETERS

52 W H/L(Rs)	3928.95/3070.30
Mkt. Cap.(Rs Cr)	1367094.75
Latest Equity(Subscribed)	365.91
Latest Reserve (cons.)	100274
Latest EPS (cons.) -Unit Curr.	124.58
Latest P/E Ratio -cons	29.99
Latest Bookvalue(cons.) -Unit Curr.	275.04
Latest P/BV - cons	13.58
Dividend Yield -%	3.08
Face Value	1

SHARE HOLDING PATTERN (%)

Description as on	% of Holding (As on 30 Sep, 2023)
Foreign	12.69
Institutions	10.06
Non Promoter Corp. Hold.	0.24
Promoters	72.30
Public & Others	4.72

Consolidated Results

	Qtr Ending	Qtr Ending	Var. (%)	Qtr Ending	In Cr. Var. (%)
	Dec. 2023	Sept. 2023		Dec. 2022	
Sales	60583.00	59692.00	1	58229.00	4
OPM (%)	27.05	26.38	67bps	26.71	34bps
OP	16388.00	15746.00	4	15553.00	5
Other income	862.00	1006.00	-14	520.00	66
PBIDT	17250.00	16752.00	3	16073.00	7
Interest	230.00	159.00	45	160.00	44
PBDT	17020.00	16593.00	3	15913.00	7
Depreciation	1233.00	1263.00	-2	1269.00	-3
PBT before EO	15787.00	15330.00	3	14644.00	8
EO	-958.00	0.00		0.00	
PBT after EO	14829.00	15330.00	-3	14644.00	1
Tax	3732.00	3950.00	-6	3761.00	-1
PAT	11097.00	11380.00	-2	10883.00	2
Minority interest	39.00	38.00	3	37.00	5
Net profit	11058.00	11342.00	-3	10846.00	2
EPS (Rs)	32.53	30.99		29.63	

TCS Q3 Results: Revenue up 4% YoY to Rs 60583 crore in Q3FY2024 beats Estimates

On consolidated basis

Quarter ended December 2023 compared with Quarter ended September 2023.

Net sales (including other operating income) of Tata Consultancy Services has increased 1.49% to Rs 60583 crore. Operating profit margin has jumped from 26.38% to 27.05%, leading to 4.08% rise in operating profit to Rs 16,388.00 crore. Employee cost decreased from 58.84% to 57.31%. Other expenses rose from 14.78% to 15.64%. Software technology development services cost rose from 0.77% to 1.94%. Other income fell 14.31% to Rs 862 crore. PBIDT rose 2.97% to Rs 17250 crore. Provision for interest rose 44.65% to Rs 230 crore. PBDT rose 2.57% to Rs 17020 crore. Provision for depreciation fell 2.38% to Rs 1233 crore. Profit before tax grew 2.98% to Rs 15,787.00 crore. Share of profit/loss were nil in both the periods. Provision for tax was expense of Rs 3732 crore, compared to Rs 3950 crore. Effective tax rate was 25.17% compared to 25.77%. Minority interest increased 2.63% to Rs 39.00 crore. Net profit attributable to owners of the company decreased 2.50% to Rs 11,058.00 crore.

Quarter ended December 2023 compared with Quarter ended December 2022.

Net sales (including other operating income) of Tata Consultancy Services has increased 4.04% to Rs 60583 crore. Sales of Banking Finance Insurance segment has gone up 2.36% to Rs 22,667.00 crore (accounting for 37.41% of total sales). Sales of Manufacturing segment has gone up 9.27% to Rs 5,931.00 crore (accounting for 9.79% of total sales). Sales of Communication, Media and Technology segment has gone up 1.84% to Rs 9,932.00 crore (accounting for 16.39% of total sales). Sales of Others segment has gone up 12.73% to Rs 5,510.00 crore (accounting for 9.09% of total sales). Sales of Retail and Consumer Packing Goods segment has gone up 1.61% to Rs 9,817.00 crore (accounting for 16.20% of total sales). Sales of Life Sciences and Healthcare segment has gone up 5.85% to Rs 6,726.00 crore (accounting for 11.10% of total sales).

Tata Consultancy Services : Consolidated Segment Results

In Cr.

Sales	Qtr Ending Dec. 23	Qtr Ending Dec. 22	Var. (%)	% of (Total)
Banking Finance Insurance	22,667.00	22,145.00	2.36	
Manufacturing	5,931.00	5,428.00	9.27	37.41
Communication, Media and Technology	9,932.00	9,753.00	1.84	9.79
Others	5,510.00	4,888.00	12.73	16.39
Retail and Consumer Packing Goods	9,817.00	9,661.00	1.61	9.09
Life Sciences and Healthcare	6,726.00	6,354.00	5.85	16.2
Total Reported Sales	60,583.00	58,229.00	4.04	11.1
Less: Inter segment revenues	0	0	-	100
Net Sales	60,583.00	58,229.00	4.04	
PBIT				100
Banking Finance Insurance	5,951.00	5,848.00	1.76	
Manufacturing	1,869.00	1,481.00	26.2	36.31
Communication, Media and Technology	2,833.00	2,796.00	1.32	11.4
Others	1,226.00	1,140.00	7.54	17.29
Retail and Consumer Packing Goods	2,583.00	2,521.00	2.46	7.48
Life Sciences and Healthcare	1,926.00	1,767.00	9	15.76
Total PBIT	16,388.00	15,553.00	5.37	11.75
Less : Interest	0	0	-	100
Add: Other un-allocable	-1,559.00	-909	-71.51	
PBIT Margin(%)				
Banking Finance Insurance	26.25	26.41	-15.37	
Manufacturing	31.51	27.28	422.79	
Communication, Media and Technology	28.52	28.67	-14.41	
Others	22.25	23.32	-107.2	
Retail and Consumer Packing Goods	26.31	26.09	21.69	
Life Sciences and Healthcare	28.64	27.81	82.59	
PBT	14,829.00	14,644.00	1.26	

** Margins numbers are in bps

Profit before interest, tax and other unallocable items (PBIT) has jumped 5.37% to Rs 16,388.00 crore. PBIT of Banking Finance Insurance segment rose 1.76% to Rs 5,951.00 crore (accounting for 36.31% of total PBIT). PBIT of Manufacturing segment rose 26.20% to Rs 1,869.00 crore (accounting for 11.40% of total PBIT). PBIT of Communication, Media and Technology segment rose 1.32% to Rs 2,833.00 crore (accounting for 17.29% of total PBIT). PBIT of Others segment rose 7.54% to Rs 1,226.00 crore (accounting for 7.48% of total PBIT). PBIT of Retail and Consumer Packing Goods segment rose 2.46% to Rs 2,583.00 crore (accounting for 15.76% of total PBIT). PBIT of Life Sciences and Healthcare segment rose 9.00% to Rs 1,926.00 crore (accounting for 11.75% of total PBIT).

PBIT margin of Banking Finance Insurance segment fell from 26.41% to 26.25%. PBIT margin of Manufacturing segment rose from 27.28% to 31.51%. PBIT margin of Communication, Media and Technology segment fell from 28.67% to 28.52%. PBIT margin of Others segment fell from 23.32% to 22.25%. PBIT margin of Retail and Consumer Packing Goods segment rose from 26.09% to 26.31%. PBIT margin of Life Sciences and Healthcare segment rose from 27.81% to 28.64%. Overall PBIT margin rose from 26.71% to 27.05%.

Operating profit margin has jumped from 26.71% to 27.05%, leading to 5.37% rise in operating profit to Rs 16,388.00 crore. Employee cost increased from 55.76% to 57.31%. Other expenses fell from 17.53% to 15.64%. Software technology development services cost rose from 1.10%

to 1.94%. Other income rose 65.77% to Rs 862 crore. PBIDT rose 7.32% to Rs 17250 crore. Provision for interest rose 43.75% to Rs 230 crore. PBDT rose 6.96% to Rs 17020 crore. Provision for depreciation fell 2.84% to Rs 1233 crore. Profit before tax grew 7.81% to Rs 15,787.00 crore. Share of profit/loss were nil in both the periods. Provision for tax was expense of Rs 3732 crore, compared to Rs 3761 crore. Effective tax rate was 25.17% compared to 25.68%. Minority interest increased 5.41% to Rs 39.00 crore. Net profit attributable to owners of the company increased 1.95% to Rs 11,058.00 crore.

Others:

- **Dividend:** The board has recommended third interim dividend of Rs 9 per share and a special dividend of Rs 18 per share totalling Rs 27 per share.
- **TCV(Total Contract Value) :** The Company recorded order book of TCV (total Contract Value) of US \$ 8.1 billion in Q3FY2024.
- Order Book of \$8.1 billion, Book to Bill ratio of 1.1
- Very Strong Double-digit growth in Emerging Markets, led by India (+23.4%)
- Growth led by Energy, Resources and Utilities (+11.8%), Manufacturing (+7.0%), and
- Life Sciences & Healthcare (+3.1%)
- AI.Cloud led the demand among Service Lines with strong momentum sustaining for
- Cloud migrations and increasing interest among customers for AI and Generative AI.
- LTM IT Services attrition rate at 13.3%
- Growth led by UK (+10.7% YoY), Energy, Resources and Utilities (+14.8%) and Manufacturing (+5.8%)

Management Commentary:

K Krithivasan, Chief Executive Officer and Managing Director, said: "Our strong performance in a seasonally weak quarter buffeted by macro-economic headwinds, demonstrates the strength of our business model with a well-diversified portfolio and a customer centric strategy. We are seeing strong deal momentum across markets resulting in a solid order book providing visibility into our long-term growth. We are seeing tremendous interest in Generative AI and are leading the innovation and exploratory efforts for our customers in this area."

N Ganapathy Subramaniam, Chief Operating Officer and Executive Director, said: "The quarter saw us make significant progress in many projects of national importance, demonstrating our execution strength. Our products and platforms had a strong quarter with new wins and go-lives. The MCX platform is scaling well and processing record transaction volumes. We are on course with the BSNL 4G/5G network roll out. We are making good progress in upskilling our employees in Generative AI through our AI playground platform."

Samir Seksaria, Chief Financial Officer, said: "Our disciplined execution and operational rigor drove strong improvement in our industry leading margins despite seasonal headwinds. We are making the right investments in our people, innovation and infrastructure to differentiate ourselves and create long term value for all our stakeholders."

Milind Lakkad, Chief HR Officer, said: The vibrancy and energy levels in our offices are increasing as more and more of our employees are back in the offices. We expect to be back to our normal operating mode by the end of the current fiscal year. Parallely, attrition is trending down and at 13.3%, is now in our range of comfort. We are committed to hiring from college campuses and growing talent organically. We have commenced our campus hiring process for the next year and see tremendous excitement among freshers to join TCS."

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