

January 16, 2023



TATA CONSULTANCY SERVICES

Current Price: ₹ 3374.20

STOCK DATA

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

VALUE PARAMETERS

52 W H/L(Rs)	4045.50/2926.00
Mkt. Cap.(Rs Cr)	1234637.13
Latest Equity(Subscribed)	365.91
Latest Reserve (cons.)	96600
Latest EPS (cons.) -Unit Curr.	111.18
Latest P/E Ratio -cons	30.35
Latest Bookvalue(cons.) -Unit Curr.	265
Latest P/BV - cons	12.73
Dividend Yield -%	1.27
Face Value	1

SHARE HOLDING PATTERN (%)

Description as on	% of Holding (AS ON 30 Sep 2022)
Foreign	13.27
Institutions	8.58
Non Promoter Corp. Hold.	0.30
Promoters	72.30
Public & Others	5.56

Consolidated Results

	Qtr Ending		Var. (%)	In Cr.	
	Dec. 2022	Sept. 2022		Qtr Ending Dec. 2021	Var. (%)
Sales	58229.00	55309.00	5.28	48885.00	19.11
OPM (%)	26.71	26.25		27.48	
OP	15553.00	14516.00	7.14	13433.00	15.78
Other income	520.00	965.00	-46.11	1205.00	-56.85
PBIDT	16073.00	15481.00	3.82	14638.00	9.80
Interest	160.00	148.00	8.11	251.00	-36.25
PBDT	15913.00	15333.00	3.78	14387.00	10.61
Depreciation	1269.00	1237.00	2.59	1196.00	6.10
PBT	14644.00	14096.00	3.89	13191.00	11.02
Tax	3761.00	3631.00	3.58	3385.00	11.11
PAT	10883.00	10465.00	3.99	9806.00	10.98
Minority interest	37.00	34.00	8.82	37.00	0.00
Net profit	10846.00	10431.00	3.98	9769.00	11.02
EPS (Rs)	29.63	28.50		26.40	

TCS Q3 Results: Revenue Rises 5% But Net Profit Misses Estimates

On consolidated basis

TCS for the quarter ended Dec 2022 registered a consolidated sales of Rs 58229 crore, a growth of 5.3% QoQ and 19.1% yoy basis. On USD terms the revenue for the quarter was up by 2.9% QoQ basis and 8.4% YoY basis. On CC basis the USD revenue growth was 13.5% YoY. Eventually the net profit (after MI) was Rs 10846 crore, up 4% QoQ basis and +11% YoY basis.

Quarter ended December 2022 compared with Quarter ended September 2022.

Net sales (including other operating income) of Tata Consultancy Services has increased 5.28% to Rs 58229 crore. Operating profit margin has jumped from 26.25% to 26.71%, leading to 7.14% rise in operating profit to Rs 15,553.00 crore. Employee cost decreased from 56.12% to 55.76%. Other expenses fell from 17.63% to 17.53%. Software technology development services cost rose from 0.73% to 1.10%. Other income fell 46.11% to Rs 520 crore. PBIDT rose 3.82% to Rs 16073 crore. Provision for interest rose 8.11% to Rs 160 crore.

PBDT rose 3.78% to Rs 15913 crore. Provision for depreciation rose 2.59% to Rs 1269 crore. Profit before tax grew 3.89% to Rs 14,644.00 crore. Share of profit/loss were nil in both the periods. Provision for tax was expense of Rs 3761 crore, compared to Rs 3631 crore. Effective tax rate was 25.68% compared to 25.76%. Minority interest increased 8.82% to Rs 37.00 crore. Net profit attributable to owners of the company increased 3.98% to Rs 10,846.00 crore.

Quarter ended December 2022 compared with Quarter ended December 2021.

Net sales (including other operating income) of Tata Consultancy Services has increased

19.11% to Rs 58229 crore. Sales of Banking Finance Insurance segment has gone up 16.56% to Rs 22,145.00 crore (accounting for 38.03% of total sales). Sales of Manufacturing segment has gone up 14.95% to Rs 5,428.00 crore (accounting for 9.32% of total sales). Sales of Communication, Media and Technology segment has gone up 18.16% to Rs 9,753.00 crore (accounting for 16.75% of total sales). Sales of Others segment has gone up 25.66% to Rs 4,888.00 crore (accounting for 8.39% of total sales). Sales of Retail and Consumer Packing Goods segment has gone up 23.04% to Rs 9,661.00 crore (accounting for 16.59% of total sales). Sales of Life Sciences and Healthcare segment has gone up 22.93% to Rs 6,354.00 crore (accounting for 10.91% of total sales).

Profit before interest, tax and other unallocable items (PBIT) has jumped 15.78% to Rs 15,553.00 crore. PBIT of Banking Finance Insurance segment rose 14.76% to Rs 5,848.00 crore (accounting for 37.60% of total PBIT). PBIT of Manufacturing segment rose 4.81% to Rs 1,481.00 crore (accounting for 9.52% of total PBIT). PBIT of Communication, Media and Technology segment rose 17.33% to Rs 2,796.00 crore (accounting for 17.98% of total PBIT). PBIT of Others segment rose 25.83% to Rs 1,140.00 crore (accounting for 7.33% of total PBIT). PBIT of Retail and Consumer Packing Goods segment rose 18.25% to Rs 2,521.00 crore (accounting for 16.21% of total PBIT). PBIT of Life Sciences and Healthcare segment rose 17.56% to Rs 1,767.00 crore (accounting for 11.36% of total PBIT).

PBIT margin of Banking Finance Insurance segment fell from 26.82% to 26.41%. PBIT margin of Manufacturing segment fell from 29.92% to 27.28%. PBIT margin of Communication, Media and Technology segment fell from 28.87% to 28.67%. PBIT margin of Others segment rose from 23.29% to 23.32%. PBIT margin of Retail and Consumer Packing Goods segment fell from 27.15% to 26.09%. PBIT margin of Life Sciences and Healthcare segment fell from 29.08% to 27.81%. Overall PBIT margin fell from 27.48% to 26.71%.

Operating profit margin has declined from 27.48% to 26.71%, leading to 15.78% rise in operating profit to Rs 15,553.00 crore. Employee cost increased from 55.58% to 55.76%. Other expenses rose from 16.95% to 17.53%. Software technology development services cost rose from 0.88% to 1.10%.

Other income fell 56.85% to Rs 520 crore. PBIDT rose 9.80% to Rs 16073 crore. Provision for interest fell 36.25% to Rs 160 crore. PBDT rose 10.61% to Rs 15913 crore. Provision for depreciation rose 6.10% to Rs 1269 crore. Profit before tax grew 11.02% to Rs 14,644.00 crore. Share of profit/loss were nil in both the periods. Provision for tax was expense of Rs 3761 crore, compared to Rs 3385 crore. Effective tax rate was 25.68% compared to 25.66%. Net profit attributable to owners of the company increased 11.02% to Rs 10,846.00 crore.

Others

Dividend: The company has announced a third interim dividend of Rs 75 per equity share including special dividend of Rs 67 per share.

TCV(Total Contract Value) : The company recorded order book of TCV (total Contract Value) of US \$ 7.8 billion in Q3FY2023.

Management Commentary

Rajesh Gopinathan, Chief Executive Officer and Managing Director, said: "We are pleased with our strong growth in a seasonally weak quarter, driven by cloud services, market share gains through vendor consolidation, and continued momentum in North America and UK. The sustained strength of demand for our services is a validation of the value we provide to our clients in helping them differentiate themselves, while enhancing their competitiveness.

Looking ahead, and beyond current uncertainties, our longer-term growth outlook remains robust.”

N Ganapathy Subramaniam, Chief Operating Officer and Executive Director, said:

“As I look back at 2022, it’s gratifying to see the privileged partnership that we continue to enjoy with our clients globally. In a hybrid working model we delivered many complex transformation programs tailored to the specific needs of our clients’ ecosystem with speed and agility. It’s also refreshing to see our delivery centers and Pace Port labs busy with our consultants and client executives jointly reimagining solutions to deliver the future, now. The year also saw us embracing data, AI and ML holistically to disrupt ourselves and drive competitive advantage to our clients’ businesses. All these augur well for our future as we step into 2023.”

Samir Seksaria, Chief Financial Officer, said:

“Improved productivity, currency support and abating supplyside challenges helped expand our operating margin in Q3. This gives us greater confidence in our ability to steer our profitability towards our preferred range, while continuing to invest in building newer capabilities to support our growth and market share gains.”

Milind Lakkad, Chief HR Officer, said:

“Our focus over the last few quarters on bringing in fresh talent at scale, training them on new technologies and making them productive is paying off. We are particularly proud of having 125,000 TCSers at middle and senior levels who have been with the company for more than 10 years on average. They have been central to the successful cultural integration of all the fresh talent we have onboarded in the last couple of years, and their contextual knowledge and customer-centricity have been key to the high level of customer satisfaction that TCS is known for.”

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