

April 14, 2023



**TATA CONSULTANCY SERVICES**

**Current Price: ₹ 3189.85**

### STOCK DATA

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

### VALUE PARAMETERS

|                                     |                 |
|-------------------------------------|-----------------|
| 52 W H/L(Rs)                        | 3710.05/2926.00 |
| Mkt. Cap.(Rs Cr)                    | 1167182.5       |
| Latest Equity(Subscribed)           | 365.91          |
| Latest Reserve (cons.)              | 89570           |
| Latest EPS (cons.) -Unit Curr.      | 115.19          |
| Latest P/E Ratio -cons              | 27.69           |
| Latest Bookvalue(cons.) -Unit Curr. | 245.79          |
| Latest P/BV - cons                  | 12.98           |
| Dividend Yield -%                   | 3.61            |
| Face Value                          | 1               |

### SHARE HOLDING PATTERN (%)

| Description as on        | % of Holding<br>(AS ON 31 Dec, 2022) |
|--------------------------|--------------------------------------|
| Foreign                  | 13.16                                |
| Institutions             | 9.31                                 |
| Non Promoter Corp. Hold. | 0.26                                 |
| Promoters                | 72.30                                |
| Public & Others          | 4.98                                 |

### Consolidated Results

|                   | Qtr Ending<br>Mar. 2023 | Qtr Ending<br>Dec. 2022 | Var.<br>(%) | Qtr Ending<br>Mar. 2022 | In Cr.<br>Var. (%) |
|-------------------|-------------------------|-------------------------|-------------|-------------------------|--------------------|
| Sales             | 59162.00                | 58229.00                | 2           | 50591.00                | 17                 |
| OPM (%)           | 26.66                   | 26.71                   |             | 27.37                   |                    |
| OP                | 15774.00                | 15553.00                | 1           | 13845.00                | 14                 |
| Other income      | 1175.00                 | 520.00                  | 126         | 981.00                  | 20                 |
| PBIDT             | 16949.00                | 16073.00                | 5           | 14826.00                | 14                 |
| Interest          | 272.00                  | 160.00                  | 70          | 245.00                  | 11                 |
| PBDT              | 16677.00                | 15913.00                | 5           | 14581.00                | 14                 |
| Depreciation      | 1286.00                 | 1269.00                 | 1           | 1217.00                 | 6                  |
| PBT               | 15391.00                | 14644.00                | 5           | 13364.00                | 15                 |
| Tax               | 3955.00                 | 3761.00                 | 5           | 3405.00                 | 16                 |
| PAT               | 11436.00                | 10883.00                | 5           | 9959.00                 | 15                 |
| Minority interest | 44.00                   | 37.00                   | 19          | 33.00                   | 33                 |
| Net profit        | 11392.00                | 10846.00                | 5           | 9926.00                 | 15                 |
| EPS (Rs)          | 31.13                   | 29.63                   | 5           | 27.12                   | 15                 |

**TCS Q4 FY23 Results: Operating profit margin has declined from 26.71% to 26.66% and PAT rises 5% QoQ to Rs 11,392 cr, below estimates**

### On consolidated basis

TCS for the quarter ended Mar 2023 registered a consolidated sales of Rs 59162 crore, a growth of 1.6% QoQ and 16.9% yoy basis. On USD terms the revenue for the quarter was up by 1.7% QoQ basis and 7.5% YoY basis. On CC basis the USD revenue growth was 10.7% YoY. Eventually the net profit (after MI) was Rs 11392 crore, up 5% QoQ basis and +14.8% YoY basis.

### Quarter ended March 2023 compared with Quarter ended December 2022.

Net sales (including other operating income) of Tata Consultancy Services has increased 1.60% to Rs 59162 crore. Operating profit margin has declined from 26.71% to 26.66%, leading to 1.42% rise in operating profit to Rs 15,774.00 crore. Employee cost increased from 55.76% to 56.94%. Other expenses fell from 17.53% to 16.40%. Software technology development services cost fell from 1.10% to 1.05%. Other income rose 125.96% to Rs 1175 crore. PBIDT rose 5.45% to Rs 16949 crore. Provision for interest rose 70% to Rs 272 crore. Loan funds remained nil.

PBDT rose 4.80% to Rs 16677 crore. Provision for depreciation rose 1.34% to Rs 1286 crore. Profit before tax grew 5.10% to Rs 15,391.00 crore. Share of profit/loss were nil in both the periods. Provision for tax was expense of Rs 3955 crore, compared to Rs 3761 crore. Effective tax rate was 25.70% compared to 25.68%. Minority interest increased 18.92% to Rs 44.00

## Segment Results

|                                     | Qtr Ending Mar'23 | Qtr Ending Mar'22 | Var. (%)   | In Cr.<br>% of (Total) |
|-------------------------------------|-------------------|-------------------|------------|------------------------|
| <b>Sales</b>                        |                   |                   |            |                        |
| Banking Finance Insurance           | 22,628.00         | 19,532.00         | 16         | 38.25                  |
| Manufacturing                       | 5,550.00          | 4,951.00          | 12         | 9.38                   |
| Communication, Media and Technology | 9,696.00          | 8,475.00          | 14         | 16.39                  |
| Others                              | 4,930.00          | 4,008.00          | 23         | 8.33                   |
| Retail and Consumer Packing Goods   | 9,773.00          | 8,209.00          | 19         | 16.52                  |
| Life Sciences and Healthcare        | 6,585.00          | 5,416.00          | 22         | 11.13                  |
| Total Reported Sales                | 59,162.00         | 50,591.00         | 17         | 100                    |
| Less: Inter segment revenues        | 0                 | 0                 | -          |                        |
| Net Sales                           | 59,162.00         | 50,591.00         | 17         | 100                    |
| <b>PBIT</b>                         |                   |                   |            |                        |
| Banking Finance Insurance           | 5,869.00          | 5,242.00          | 12         | 37.21                  |
| Manufacturing                       | 1,522.00          | 1,491.00          | 2          | 9.65                   |
| Communication, Media and Technology | 2,889.00          | 2,499.00          | 16         | 18.31                  |
| Others                              | 1,088.00          | 793               | 37         | 6.9                    |
| Retail and Consumer Packing Goods   | 2,575.00          | 2,217.00          | 16         | 16.32                  |
| Life Sciences and Healthcare        | 1,831.00          | 1,603.00          | 14         | 11.61                  |
| Total PBIT                          | 15,774.00         | 13,845.00         | 14         | 100                    |
| Less : Interest                     | 0                 | 0                 | -          |                        |
| Add: Other un-allocable             | -383              | -481              | 20         |                        |
| <b>PBIT Margin(%)</b>               |                   |                   |            |                        |
| Banking Finance Insurance           | 25.94             | 26.84             | -90.11bps  |                        |
| Manufacturing                       | 27.42             | 30.12             | -269.17bps |                        |
| Communication, Media and Technology | 29.8              | 29.49             | 30.91bps   |                        |
| Others                              | 22.07             | 19.79             | 228.35bps  |                        |
| Retail and Consumer Packing Goods   | 26.35             | 27.01             | -65.88bps  |                        |
| Life Sciences and Healthcare        | 27.81             | 29.6              | -179.19bps |                        |
| PBT                                 | 15,391.00         | 13,364.00         |            | 100                    |

crore. Net profit attributable to owners of the company increased 5.03% to Rs 11,392.00 crore.

### Quarter ended March 2023 compared with Quarter ended March 2022.

Net sales (including other operating income) of Tata Consultancy Services has increased 16.94% to Rs 59162 crore. Sales of Banking Finance Insurance segment has gone up 15.85% to Rs 22,628.00 crore (accounting for 38.25% of total sales). Sales of Manufacturing segment has gone up 12.10% to Rs 5,550.00 crore (accounting for 9.38% of total sales). Sales of Communication, Media and Technology segment has gone up 14.41% to Rs 9,696.00 crore (accounting for 16.39% of total sales). Sales of Others segment has gone up 23.00% to Rs 4,930.00 crore (accounting for 8.33% of total sales). Sales of Retail and Consumer Packing Goods segment has gone up 19.05% to Rs 9,773.00 crore (accounting for 16.52% of total sales). Sales of Life Sciences and Healthcare segment has gone up 21.58% to Rs 6,585.00 crore (accounting for 11.13% of total sales).

Profit before interest, tax and other unallocable items (PBIT) has jumped 13.93% to Rs 15,774.00 crore. PBIT of Banking Finance Insurance segment rose 11.96% to Rs 5,869.00 crore

(accounting for 37.21% of total PBIT). PBIT of Manufacturing segment rose 2.08% to Rs 1,522.00 crore (accounting for 9.65% of total PBIT). PBIT of Communication, Media and Technology segment rose 15.61% to Rs 2,889.00 crore (accounting for 18.31% of total PBIT). PBIT of Others segment rose 37.20% to Rs 1,088.00 crore (accounting for 6.90% of total PBIT). PBIT of Retail and Consumer Packing Goods segment rose 16.15% to Rs 2,575.00 crore (accounting for 16.32% of total PBIT). PBIT of Life Sciences and Healthcare segment rose 14.22% to Rs 1,831.00 crore (accounting for 11.61% of total PBIT).

PBIT margin of Banking Finance Insurance segment fell from 26.84% to 25.94%. PBIT margin of Manufacturing segment fell from 30.12% to 27.42%. PBIT margin of Communication, Media and Technology segment rose from 29.49% to 29.80%. PBIT margin of Others segment rose from 19.79% to 22.07%. PBIT margin of Retail and Consumer Packing Goods segment fell from 27.01% to 26.35%. PBIT margin of Life Sciences and Healthcare segment fell from 29.60% to 27.81%. Overall PBIT margin fell from 27.37% to 26.66%. Operating profit margin has declined from 27.37% to 26.66%, leading to 13.93% rise in operating profit to Rs 15,774.00 crore. Employee cost increased from 56.04% to 56.94%. Other expenses fell from 16.59% to 16.40%. Software technology development services cost rose from 0.51% to 1.05%.

Other income rose 19.78% to Rs 1175 crore. PBITD rose 14.32% to Rs 16949 crore. Provision for interest rose 11.02% to Rs 272 crore. Loan funds declined from Rs 7,818.00 crore as of 31 March 2022 to Rs 7,688.00 crore as of 31 March 2023. Inventories rose to Rs 28.00 crore as of 31 March 2023 from Rs 20.00 crore as of 31 March 2022. Sundry debtors were higher at Rs 41,049.00 crore as of 31 March 2023 compared to Rs 34,074.00 crore as of 31 March 2022. Cash and bank balance declined from Rs 18,221.00 crore as of 31 March 2022 to Rs 11,032.00 crore as of 31 March 2023. Investments rose to Rs 37,163.00 crore as of 31 March 2023 from Rs 30,485.00 crore as of 31 March 2022. PBDT rose 14.37% to Rs 16677 crore. Provision for depreciation rose 5.67% to Rs 1286 crore. Fixed assets declined from Rs 19,615.00 crore as of 31 March 2022 to Rs 19,024.00 crore as of 31 March 2023. Intangible assets declined from Rs 2,888.00 crore to Rs 2,725.00 crore.

Profit before tax grew 15.17% to Rs 15,391.00 crore. Share of profit/loss were nil in both the periods. Provision for tax was expense of Rs 3955 crore, compared to Rs 3405 crore. Effective tax rate was 25.70% compared to 25.48%. Minority interest increased 33.33% to Rs 44.00 crore. Net profit attributable to owners of the company increased 14.77% to Rs 11,392.00 crore.

### **Full year results analysis.**

Net sales (including other operating income) of Tata Consultancy Services has increased 17.58% to Rs 225458 crore. Sales of Banking Finance Insurance segment has gone up 14.64% to Rs 86,127.00 crore (accounting for 38.20% of total sales). Sales of Manufacturing segment has gone up 14.11% to Rs 21,236.00 crore (accounting for 9.42% of total sales). Sales of Communication, Media and Technology segment has gone up 18.13% to Rs 37,653.00 crore (accounting for 16.70% of total sales). Sales of Others segment has gone up 22.48% to Rs 18,331.00 crore (accounting for 8.13% of total sales). Sales of Retail and Consumer Packing Goods segment has gone up 22.11% to Rs 37,506.00 crore (accounting for 16.64% of total sales). Sales of Life Sciences and Healthcare segment has gone up 20.25% to Rs 24,605.00 crore (accounting for 10.91% of total sales).

Profit before interest, tax and other unallocable items (PBIT) has jumped 11.69% to Rs 59,259.00 crore. PBIT of Banking Finance Insurance segment rose 10.76% to Rs 22,345.00 crore (accounting for 37.71% of total PBIT). PBIT of Manufacturing segment rose 4.28% to Rs

5,842.00 crore (accounting for 9.86% of total PBIT). PBIT of Communication, Media and Technology segment rose 12.07% to Rs 10,667.00 crore (accounting for 18.00% of total PBIT). PBIT of Others segment rose 25.40% to Rs 3,875.00 crore (accounting for 6.54% of total PBIT). PBIT of Retail and Consumer Packing Goods segment rose 12.91% to Rs 9,636.00 crore (accounting for 16.26% of total PBIT). PBIT of Life Sciences and Healthcare segment rose 12.30% to Rs 6,894.00 crore (accounting for 11.63% of total PBIT).

PBIT margin of Banking Finance Insurance segment fell from 26.85% to 25.94%. PBIT margin of Manufacturing segment fell from 30.10% to 27.51%. PBIT margin of Communication, Media and Technology segment fell from 29.86% to 28.33%. PBIT margin of Others segment rose from 20.65% to 21.14%. PBIT margin of Retail and Consumer Packing Goods segment fell from 27.78% to 25.69%. PBIT margin of Life Sciences and Healthcare segment fell from 30.00% to 28.02%. Overall PBIT margin fell from 27.67% to 26.28%.

Operating profit margin has declined from 27.67% to 26.28%, leading to 11.69% rise in operating profit to Rs 59,259.00 crore. Employee cost increased from 56.09% to 56.56%. Other expenses rose from 16.24% to 17.15%. Software technology development services cost rose from 0.61% to 0.83%.

Other income fell 14.16% to Rs 3449 crore. PBIDT rose 9.87% to Rs 62708 crore. Provision for interest fell 0.64% to Rs 779 crore. Loan funds declined from Rs 7,818.00 crore as of 31 March 2022 to Rs 7,688.00 crore as of 31 March 2023. Inventories rose to Rs 28.00 crore as of 31 March 2023 from Rs 20.00 crore as of 31 March 2022. Sundry debtors were higher at Rs 41,049.00 crore as of 31 March 2023 compared to Rs 34,074.00 crore as of 31 March 2022. Cash and bank balance declined from Rs 18,221.00 crore as of 31 March 2022 to Rs 11,032.00 crore as of 31 March 2023. Investments rose to Rs 37,163.00 crore as of 31 March 2023 from Rs 30,485.00 crore as of 31 March 2022.

PBDT rose 10.02% to Rs 61929 crore. Provision for depreciation rose 9.08% to Rs 5022 crore. Fixed assets declined from Rs 19,615.00 crore as of 31 March 2022 to Rs 19,024.00 crore as of 31 March 2023. Intangible assets declined from Rs 2,888.00 crore to Rs 2,725.00 crore. Profit before tax grew 10.10% to Rs 56,907.00 crore. Share of profit/loss were nil in both the periods. Provision for tax was expense of Rs 14604 crore, compared to Rs 13238 crore. Effective tax rate was 25.66% compared to 25.61%. Minority interest increased 27.87% to Rs 156.00 crore. Net profit attributable to owners of the company increased 9.97% to Rs 42,147.00 crore.

#### Others:

- **Dividend:** The Company's board announced a dividend of Rs 24 per share
- **TCV(Total Contract Value) :** The Company recorded order book of TCV (total Contract Value) of US \$ 10 billion in Q4FY2023.
- **CEO:** The Board has decided that Mr K Krithivasan will be taking over as CEO of the company from June 01,2023.

#### Management Commentary:

**Commenting on the performance Rajesh Gopinathan, Chief Executive Officer and Managing Director, said:** "It is very satisfying to look back at our strong growth in FY 2023, on top of the mid-teen growth in the prior year. The strength of our order book demonstrates the resilience of demand for our services and gives us visibility for growth in the medium term. Krithi and I are working closely to ensure that the leadership transition over the next few

months is smooth and seamless to all our stakeholders, and that TCS is well positioned to capture the opportunities ahead.”

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

“During Q4 and through the year, we successfully delivered transformation programs of varying size and scale. Cloud and Data continue to generate huge demand both internally from a talent perspective and externally from a solutions point of view. We are embracing AI/ML holistically in our execution methods to leverage the huge data and metrics that we have on our delivery performance over decades, to generate insights and raise the bar on quality and experience to our clients.”

**Samir Seksaria, Chief Financial Officer, said:**

“FY 23 was a year of transition, as supply-side challenges abated while pandemic-depressed travel and discretionary spends normalized. We navigated this change well, without slowing down our investments in our people, research and innovation and intellectual property. Our longer term competitiveness remains intact, giving us industry-leading profitability even as we pursue our growth aspirations.”

**Milind Lakkad, Chief HR Officer, said:**

“As we grow the TCS family, I want to call out the stellar role played by our recruitment team in swiftly scaling up hiring, and onboarding the best available talent, enabling TCS to meet its delivery commitments and capture growth. We are honoring all job offers, and have added 22,600 employees on a net basis in FY 23. During the year, we onboarded over 44K freshers and our highest-ever number of experienced professionals. We also doubled down on organic talent development, obtaining over 53K cloud certifications during the year, bringing the total to over 110K employees certified on hyperscaler platforms. This places us among the top 2 partners for the largest cloud providers.”

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