

# TATA CONSULTANCY SERVICES LTD.

1<sup>st</sup> Quarter April 2022 to June 2022 (Quarterly results analysis)

## TCS reports 5% rise in Q1 consolidated net profit

Starting the new fiscal year on a strong note, with all-round growth and strong deal wins across all its segments, Tata Consultancy Services (TCS) has reported rise of 5.40% in its consolidated net profit at Rs 9519 crore for the first quarter ended June 30, 2022 as compared to Rs 9031 crore for the same quarter in the previous year. Consolidated total income of the company increased by 16.07% at Rs 53,547 crore for Q1FY23 as compared Rs 46,132 crore for the corresponding quarter previous year.

## Revenue from operations

Revenue from operations of the company rose 16.18% to Rs 52,758 crore in the first quarter ended June 30, 2022 as against Rs 45,411 crore in the corresponding quarter previous year.

## Other income

Other income of the company also increased 9.43% to Rs 789 crore in Q1FY23 as compared to Rs 721 crore in the corresponding quarter previous year.

## Total Expenses

The company's total expenses surged 20.02% to Rs 40,771 crore in the first quarter ended June 30, 2022 as compared to Rs 33,969 crore in the corresponding quarter previous year, on the back of rise in employee benefit expenses, finance costs and higher depreciation and amortisation expense.

## Segment wise revenue

Revenue from the Banking, Financial Services and Insurance segment gained 11.53% to Rs 20,244 crore in Q1FY23 as against Rs 18,151 crore in Q1FY22, while revenue from manufacturing segment surged 15.66% to Rs 5,088 crore in Q1FY23 as compared to Rs 4,399 crore in Q1FY22. Retail and Consumer Business segment revenue rose 23.16% to Rs 8,832 crore in Q1FY23 as against Rs 7,171 crore in Q1FY22, while revenue from Communication, Media and Technology segment increased 19.37% to Rs 8,848 crore in Q1FY23 as against Rs 7,412 crore in Q1FY22. Besides, Life Sciences and Healthcare segment revenue also grew 15.68% to Rs 5,667 crore in Q1FY23 as compared to Rs 4,899 crore in Q1FY22.

## Growth across geographies

Among major markets, North America led with +19.1% growth; Continental Europe grew +12.1% and UK grew +12.6%. In emerging markets, India grew +20.8%, Asia Pacific grew +6.2%, Latin America grew +21.6%, and Middle East & Africa grew 3.2%.

## Industries wise growth

Growth was led by Retail and CPG (25.1%), Communications & Media (+19.6%), Manufacturing vertical (+16.4%) and Technology & Services (+16.4%). BFSI grew +13.9% while Life Sciences and Healthcare grew +11.9%.

## Standalone result

The company has reported a rise of 3.71% in its net profit at Rs 8,588 crore for the quarter under review as compared to Rs 8,281 crore for the same quarter in the previous year. Total income of the company increased by 17.46% at Rs 45,195 crore for Q1FY23 as compared Rs 38,478 crore for the corresponding quarter previous year.

## Management comments

**Rajesh Gopinathan, Chief Executive Officer and Managing Director, said:** “We are starting the new fiscal year on a strong note, with all-round growth and strong deal wins across all our segments. Pipeline velocity and deal closures continue to be strong, but we remain vigilant given the macro-level uncertainties. Our new organization structure has settled in nicely, getting us closer to our clients and making us nimbler in a dynamic environment. Looking ahead, we remain confident in the resilience of technology spending and the secular tailwinds driving our growth.”

**N Ganapathy Subramaniam, Chief Operating Officer and Executive Director, said:** “We are pleased with our execution during the quarter wherein we successfully delivered several transformation programs. The investments we made on people, upskilling efforts and select lateral hiring et al helped manage the talent turnover with minimum impact on our operations. During the quarter, we have resumed in-person meetings, and hosted several clients at our facilities. We are bringing in more of our associates back to our development centres, and it is steadily increasing at all levels. On the sustainability front, we have signed our commitment to SBTi version 5 standards during the quarter and are making steady progress towards our net zero journey with tremendous alignment to this initiative across our associates.”

**Samir Seksaria, Chief Financial Officer, said:** “It has been a challenging quarter from a cost management perspective. Our Q1 operating margin of 23.1% reflects the impact of our annual salary increase, the elevated cost of managing the talent churn and gradually normalizing travel expenses. However, our longer-term cost structures and relative competitiveness remain unchanged, and position us well to continue on our profitable growth trajectory.”

**Milind Lakkad, Chief HR Officer, said:** “Our investment in strategic talent development initiatives and the linking of learning to career development have energized our workforce. Following our annual compensation review, employees received salary increases of 5 to 8%, with top performers getting even bigger hikes. Our empowering, performance-driven work culture is helping us attract local talent across all our key markets. Continued hiring momentum resulted in a milestone quarter, with the employee strength crossing the 600,000 mark.”

Rs.in Millions									
	Quarter ended			Year to Date			Year ended		
	Jun 22	Jun 21	% Var			%Var	Mar 22	Mar 21	% Var
<b>Sales</b>	444800.00	377220.00	17.92	-	-	-	1603410.00	1359630.00	17.93
<b>Other Income</b>	7150.00	7560.00	-5.42	-	-	-	74860.00	54000.00	38.63
<b>PBIDT</b>	125440.00	119490.00	4.98	-	-	-	537310.00	457100.00	17.55
<b>Interest</b>	1840.00	1200.00	53.33	-	-	-	4860.00	5370.00	-9.50
<b>PBDT</b>	123600.00	118290.00	4.49	-	-	-	532450.00	439550.00	21.14
<b>Depreciation</b>	9600.00	8090.00	18.67	-	-	-	35220.00	30530.00	15.36
<b>PBT</b>	114000.00	110200.00	3.45	-	-	-	497230.00	409020.00	21.57
<b>TAX</b>	28120.00	27390.00	2.67	-	-	-	115360.00	99420.00	16.03
<b>Deferred Tax</b>	-660.00	-540.00	-22.22	-	-	-	-3950.00	-3580.00	10.34
<b>PAT</b>	85880.00	82810.00	3.71	-	-	-	381870.00	309600.00	23.34
<b>Equity</b>	3660.00	3700.00	-1.08	-	-	-	3660.00	3700.00	-1.08

Note :  
P to L :- Profit To Loss  
L to P :- Loss To Profit