



**Ananya Research**

Facts Without Fiction

Buy Recommendation- Tata Consultancy Services  
Ltd

Target Long Term: 3316

Short Term Target: 3243

Stop Loss: 3078

Complete Exit: 2977

Current Market Price: 3097

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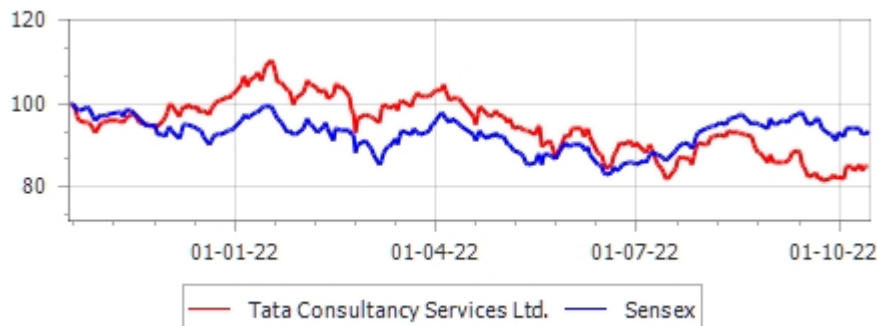
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**Snapshot - Tata Consultancy Services Ltd. - Consolidated**
**Registered Office: 9th Floor, Nirmal Building, Mumbai, 400021, Maharashtra**

Tata Consultancy Services is an IT services, consulting and business solutions organization that has been partnering with many of the world's largest businesses in their transformation journeys for over 50 years. TCS offers a consulting-led, cognitive powered, integrated portfolio of business, technology and engineering services and solutions. This is delivered through its unique Location TM Independent Agile delivery model, recognized as a benchmark of excellence in software development.

**Company Details**

Industry	IT - Software
Chairman	N Chandrasekaran
Managing Director	Rajesh Gopinathan
Company Secretary	Pradeep Manohar Gaitonde
ISIN	INE467B01029
Bloomberg Code	TCS IN
Reuters Code	TCS.BO

**Price Vs Sensex Chart**

**Key Market Indicators (Consolidated)**

Latest Date	14-Oct-2022
Latest Price (Rs)	3,097.65
Previous Close (Rs)	3,101.05
1 Day Price Var%	-0.11
1 Year Price Var%	-14.22
52 Week High (Rs)	4,045.50
52 Week Low (Rs)	2,926.00
Beta	0.8388
Face Value (Rs)	1.00
Industry PE	25.59
Industry BV	6.63
TTM Period	202209
TTM EPS(Rs)	108.24
TTM CEPS(Rs)	121.97
Price/TTM CEPS(x)	25.40
TTM PE (x)	28.62
Price/BV(x)	11.69
EV/TTM EBITDA(x)	19.04
EV/TTM Sales(x)	5.43
Dividend Yield%	1.39
MCap/TTM Sales(x)	5.46
Latest Book Value (Rs)	265.00
Market Cap (Rs. In Crores)	11,33,446.05

EV (Rs. In Crores)	11,26,096.05
[Latest no. of shares (Rs. In Crores)]	365.91

**[Share Holding Pattern as on 202206]**

[Promoter No of shares (In Crores)]	264.54
Promoter %	72.30
FII No of Shares (In Crores)	49.39
FII %	13.50
Total No of Shares (In Crores)	365.91
Free Float %	27.70

**Inc/Exp Statement(Consolidated)**
**(Rs in Crores)**

Description	202203	202103	202003	201903	201803
Net Sales	191754	164177	156949	146463	123104
Total Income	195781	167311	161541	150774	126746
Total Expenditure	138706	117631	114840	106957	90588
PBIDT	57075	49680	46701	43817	36158
PAT	38449	32562	32447	31562	25880
Dividend %	4300	3800	7300	3000	5000
Adj. EPS(Rs)	104.72	87.65	86.24	83.93	67.61

**Assets and Liabilities (C) as on 202209(U)**
**(Rs in Crores)**

Share Capital	366	Net Block	11295
Reserve	97088	Long term Investments	257
Share Holder's Funds	97454	Short term investments	42861
Long Term Debt - Calc	0	Total Investments	43118
Short Term Debt - Calc		Cash and Bank Bal	7350
Total Debt - Calc	0	Net Current Assets	75619

**Quarter On Quarter (Consolidated)**
**(Rs in Crores)**

Particulars	202209	202206	Q on Q Var%	202109	Y on Y Var%
Net Sales	55309	52758	4.84	46867	18.01
Total Expenditure	40793	39342	3.69	33751	20.86
PBIDT (Excl OI)	14516	13416	8.20	13116	10.67
PAT	10465	9519	9.94	9653	8.44
PBIDTM% (Excl OI)	26.25	25.43	3.22	27.99	-6.22
PBIDTM%	27.99	26.92	3.97	30.36	-7.84
PATM%	18.92	18.04	4.88	20.6	-8.16
Adj. EPS(Rs)	28.5	25.9	10.04	26.01	9.57

**Top Holdings as on 202206**

Name	Category	Holding %
TATA SONS PRIVATE LIMITED	Promoters	72.27
Life Insurance Corporation of India	Non - Promoters	3.94

**Latest Events [BC, Bonus,AGM, Split & Rights Only]**

Event	AGM / Board Meeting / Record Date	Details
Ex Dividend	18-Oct-2022	800% - Rs. 8

Peer Group Comparison					(Rs in Crores)	
Company Name	HCL Tech.	Infosys	TCS	Tech Mahindra	Wipro	
Year End	202203	202203	202203	202203	202203	
Net Sales	85651	121641	191754	44646	79312	
PBIDT	21597	33786	57075	9132.3	18745.4	
PAT	13524	22146	38449	5627.3	12237.7	
Adj. EPS(Rs)	49.72	52.74	104.72	63.42	22.31	
PBIDTM%	25.22	27.78	29.76	20.45	23.64	
PATM%	15.79	18.21	20.05	12.6	15.43	
ROCE%	26.63	39.96	60.22	26.48	21.79	
ROE%	22.22	29.39	44.13	22.12	20.49	
<b>TTM Ratios</b>	14-Oct-2022	14-Oct-2022	14-Oct-2022	14-Oct-2022	14-Oct-2022	
Latest EPS(Rs)	50.88	54.37	108.24	54.92	20.56	
Latest CEPS(Rs)	66.03	63.39	121.97	72.7	26.12	
Price/TTM CEPS(x)	15.18	23.25	25.4	14.03	14.45	
TTM PE (x)	19.7	27.11	28.62	18.57	18.35	
Price/BV(x)	4.44	7.75	11.69	3.59	2.9	
EV/TTM EBIDTA(x)	12.04	17.1	19.04	10.79	11.99	
EV/TTM Sales(x)	2.85	4.48	5.43	2.05	2.54	
Dividend Yield%	4.19	2.1	1.39	4.41	1.59	
MCap/TTM Sales(x)	2.92	4.59	5.46	2.1	2.43	
Latest Book Value (Rs)	225.68	190.09	265	284.35	130	

Company News	
Date	News
13-Oct-2022	TCS collaborates with Microsoft
12-Oct-2022	D B Realty, Marksans Pharma and Genesys International to see some action today
12-Oct-2022	TCS enhances Quartz solution to help Central Banks, financial institutions to support CBDC issuance
12-Oct-2022	TCS trades higher on the bourses
11-Oct-2022	Adani Green Energy, Panacea Biotec and Adani Ports to see some action today

Latest Events		
Date	Events	Details
10-Oct-2022	Board Decision	Inter alia, the Directors have declared a second interim dividend of Rs.8 per Equity Share of Re. 1 each of the Company. The second interim dividend shall be paid on Monday, November 7, 2022, to the equity shareholders of the Company, whose names appear on the Register of Members of the Company or in the records of the Depositories as beneficial owners of the shares as on Tuesday, October 18, 2022, which is the Record Date fixed for the purpose
30-Sep-2022	Dividend Announcement	Interim Dividend & Audited Results
30-Sep-2022	Board Meeting	Interim Dividend & Audited Results
28-Jul-2022	General Announcement	Pursuant to Regulation 39(3) of Listing Regulations, please find enclosed the intimation letter received from our Registrars and Share Transfer Agent - TSRConsultants Private Limited, providing information regarding issue of duplicate share certificates after compliance of required formalities.
08-Jul-2022	Board Decision	Inter alia, have declared an interim dividend of Rs.8 per Equity Share of Re.1 each of the Company. The interim dividend shall be paid on Wednesday, August 3, 2022, to the equity shareholders of the Company, whose names appear on the Register of Members of the Company or in the records of the Depositories as beneficial owners of the shares as on Saturday, July 16, 2022, which is the Record Date fixed for the purpose

#### Source : ACE EQUITY NXT

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#### Financial Highlight's:

On a YoY basis, there was a constant currency revenue growth of 15.4%.  
The operating margin for Q2 FY23 increased by 90 bps on a QoQ basis and decreased by 160 bps on a YoY basis.  
During the quarter, net cash from operations was ₹10,675 crore, representing 102.3% of net income.  
In Q2 FY23, free cash flow was \$100.6 billion.  
Demand for their services continued to be strong. They registered strong, profitable growth across all their industry verticals and in all the major markets.  
The total contract value (TCV) in Q2 FY23 was \$8.1 billion. BFSI (Banking, Financial Services and Insurance) order book stood at \$2.3 billion while retail order book stood was \$1.6 billion. Their order book is holding up well, with a healthy mix of growth and transformation initiatives, cloud migration and outsourcing engagements.  
The effective tax rate was ~25.8% during the quarter.

#### PORTFOLIO OF PRODUCTS & PLATFORMS

**Ignio** the suite of cognitive automation software signed 4 new customers and 3 new clients went live during the quarter. The market demand for Ignio trained professionals continued to grow in the quarter.  
**TCS BaNCS** its flagship product suite in the financial services domain had 4 new deal wins during the quarter.  
**The Quartz blockchain** solution had 2 new go-lives in Q2 FY23. It facilitates real time exchanges information among multiple stakeholders on a private permissioned blockchain platform.  
**TwinX** its AI (Artificial Intelligence) based digital twin solution had 2 new deal wins and 3 go live in Q2 FY23.  
**TCS Optumera** an AI powered retail optimization suite had 2 go lives during the quarter.

#### KEY HIGHLIGHTS

They had migration of 2.3 million policies to their **TCS Insurance platform** in one go in the UK, or the trading platform at the Gift City.  
**Sainsbury's**, a leading supermarket retailer in UK had selected TCS as its transformation partner to build business agility and flexibility.  
It had been selected by **Northern Powergrid**, a large UK-based power distribution company, as the partner for Smart Utility Solutions. TCS will implement distribution system analysis tools, which would support long term planning, advanced power systems analysis, real-time network analytics and automated operations.  
They have been selected by **Prorail**, the Dutch Government organization responsible for management of the national rail infrastructure, to manage and transform its core traffic management portfolio of applications. TCS has been selected for its rich railway domain experience and proven delivery capabilities in Netherlands.  
A **leading oil and gas MNC** has renewed its partnership with TCS for business transformation and generating value through digital technologies.  
A **large UK bank** has selected TCS for developing an enterprise data fabric architecture that enables advanced analytics at scale. TCS proposed this solution leveraging its deep contextual knowledge, portfolio of tools and accelerators and hyperscaler cloud expertise

## HUMAN RESOURCES

In Q2 FY23, the company **added** 9,840 new employees (net), resulting in a total workforce of 6,16,171.

The on-boarding of **fresher's** continued to remain as per the plan for FY23.

The management believes that their quarterly **annualized attrition** has peaked in Q2 FY23 and should see it taper down from this point, while compensation expectations of experienced professionals to moderate in the coming quarters.

## FUTURE OUTLOOK

The management is steadily making its way towards achieving the **operating margin** priority for the year, aided by leverage from good growth, the flattening of the workforce pyramid, steadily improving productivity and currency support. The headwinds from the supply-side challenges are abating, so that sets them well for the seasonally weak second half of the year.

With the availability of visa and headwinds like attrition rate easing down, the management expects its **sub-contractor cost** to soften.

The management believes **environment** is challenging in the Europe and UK region and it requires all of them to remain vigilant. However, the overall demand environment is good across region and there would be more visibility on client spending plan from January onwards.

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