

India's TCS reports strong quarter, announces share buyback

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India's largest software exporter Tata Consultancy Services announced a \$2.4 billion share buyback Wednesday after reporting strong quarterly earnings, boosted by sustained demand for its digital services.

Net profit at the IT giant rose more than 12 percent to 97.69 billion rupees (\$1.32 billion) in the three months to December 31, above analysts' expectations, compared to the same period last year.

Strong demand across business segments pushed third-quarter revenue growth to its highest in five years, increasing more than 16 percent year-on-year to 488.85 billion rupees, the Mumbai-headquartered company said.

"We've had an exceptional quarter," chief executive and managing director Rajesh Gopinathan said in a media briefing following the results announcement.

"In the calendar year '21, we have now hit the 25-billion-dollar-revenue mark. Most importantly, the growth came with continuingly industry-leading profitability."

The country's second-most valuable firm by market size announced it will buy back shares worth 180 billion rupees at a price of 4,500 rupees per [share](#).

This represents a 16.67 percent premium to Wednesday's share closing

price of 3,857 rupees.

Operating margins fell marginally to 25 percent, compared to 25.6 percent in the previous quarter, impacted by an increased focus on hiring and retaining talent.

TCS said it hired 28,823 new employees in the quarter, even as employee attrition—a key metric for IT companies—inched up to 15.3 percent from 11.9 percent in the previous quarter.

TCS was at the forefront of an IT boom that saw India become a back office to the world as firms in North America and Europe subcontracted work, taking advantage of a skilled English-speaking workforce.

The company earns more than 80 percent of its revenues from its Western markets outside of India.

Overseas growth at TCS was led by North America, which contributes half of its total business and saw [revenue growth](#) of 18 percent year-on-year.

Revenues from Europe, the United Kingdom and Latin America grew 17.5, 12.7 and 21.1 percent respectively, compared to the year-ago quarter.

TCS won new orders worth \$7.6 billion in the quarter, 12 percent higher than orders worth \$6.8 billion signed in the previous quarter.

The board also approved an interim dividend of seven rupees (\$.09) per share for shareholders.

Shares of TCS closed 1.5 percent lower in Mumbai ahead of the release of the results.

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