



# TCS Financial Results

Quarter III Ended FY 2023-24

Jan 11, 2024

## Disclaimer

Certain statements in this release concerning our future prospects are forward-looking statements. Forward-looking statements by their nature involve a number of risks and uncertainties that could cause actual results to differ materially from market expectations. These risks and uncertainties include, but are not limited to our ability to, manage growth, intense competition among global IT services companies, various factors which may affect our profitability, such as wage increases or an appreciating Rupee, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on cross-border movement of skilled personnel, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which TCS has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry. TCS may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements.

# Q3 FY24 Performance Highlights

## ➤ Revenue:

- INR Revenue of ₹ **605,830 Mn, up 4.0% YoY**
- USD Revenue of \$ **7,281 Mn, up 2.9% YoY**
- Constant currency revenue **up 1.7% YoY**

## ➤ Profit:

- Operating Margin at **25.0%\***
- Net Margin at **19.4%\***
- Cash flow from operations at **102.0%** of net profit

## ➤ Demand:

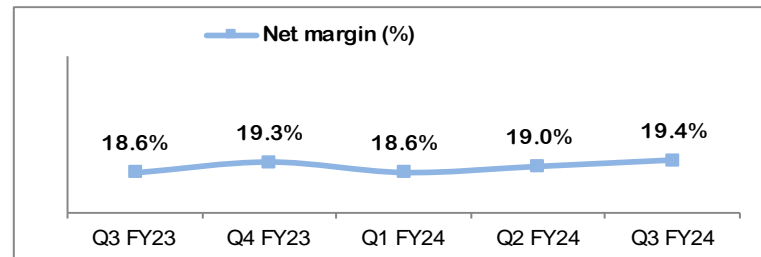
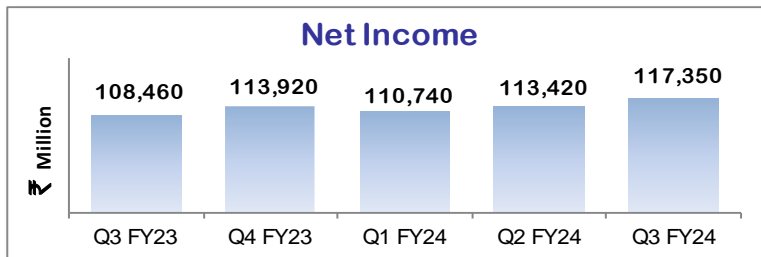
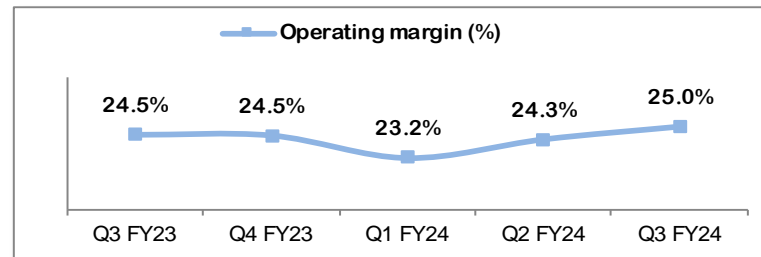
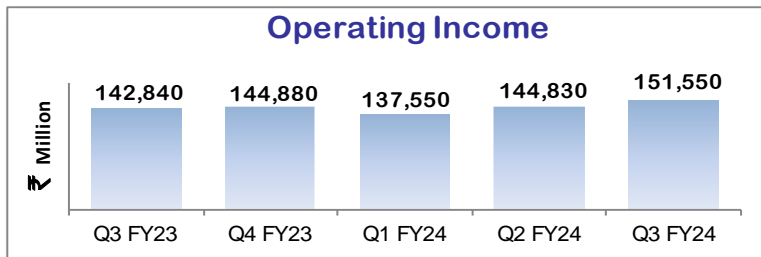
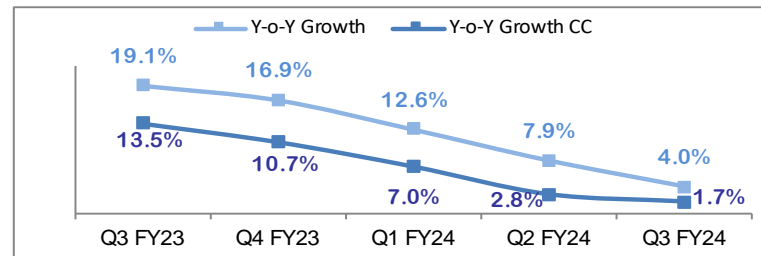
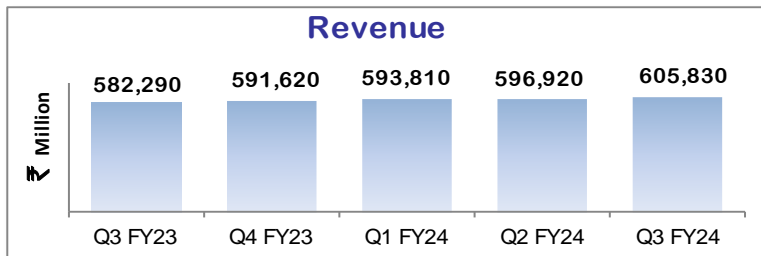
- Clients \$100M+ up by 2 ; \$50M+ up by 7 ; \$10M+ up by 24 & \$1M+ up by 71 YoY
- Order book TCV at \$8.1 Bn; North America TCV at \$4.2 Bn; BFSI TCV at \$2.6 Bn, Consumer Business TCV at \$1.5 Bn

## ➤ People:

- Closing headcount: **603,305**, net addition of **-5,680** associates during the quarter
- LTM attrition at **13.3%** in IT Services

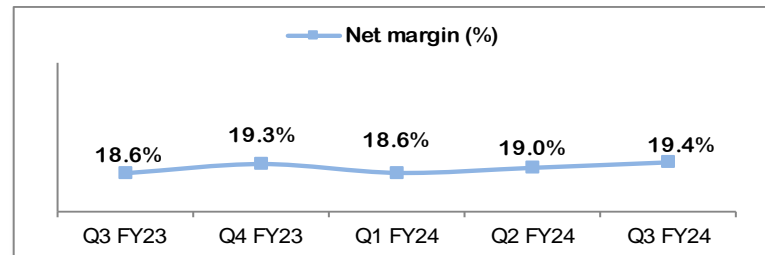
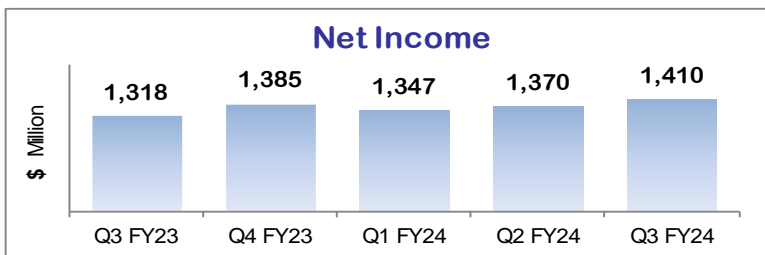
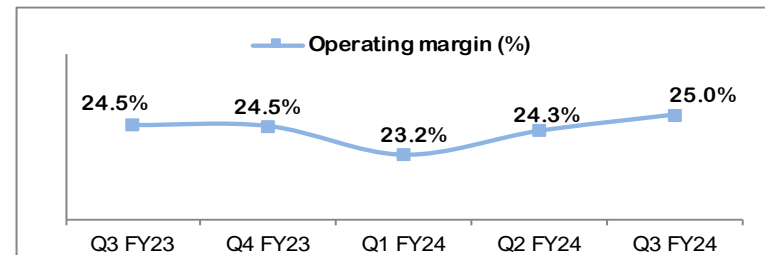
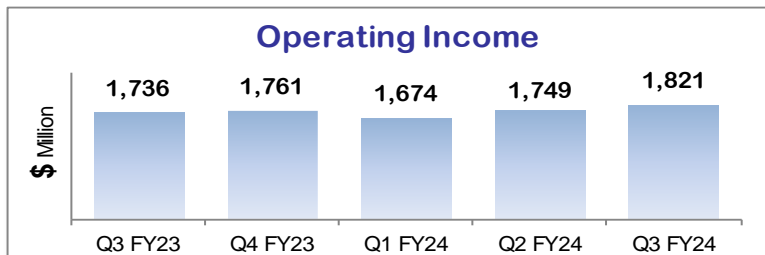
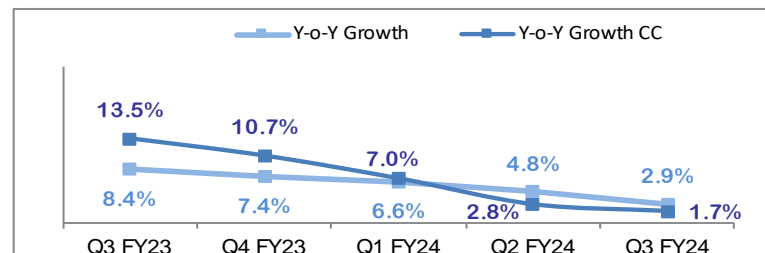
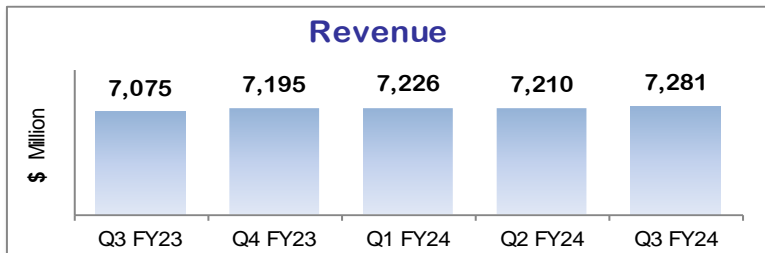
\*excludes settlement of legal claim

# Growth Summary (INR)



\*Q3FY24 excludes settlement of legal claim

# Growth Summary (USD)



\* Q3FY24 excludes settlement of legal claim



## Operational Parameters

# Growth by Market

Geography (%)	Q3 FY23	Q3 FY24	Y-o-Y CC Growth
<b>Americas</b>			
North America	53.7	<b>50.6</b>	<b>- 3.0</b>
Latin America	1.8	<b>2.1</b>	<b>13.2</b>
<b>Europe</b>			
UK	14.9	<b>16.4</b>	<b>8.1</b>
Continental Europe	14.8	<b>15.0</b>	<b>0.5</b>
<b>Asia Pacific</b>			
India	5.1	<b>6.1</b>	<b>23.4</b>
MEA	1.8	<b>2.0</b>	<b>16.0</b>
<b>Total</b>	100.0	<b>100.0</b>	<b>1.7</b>

# Growth by Domain

Vertical (%)	Q3 FY23	Q3 FY24	Y-o-Y CC Growth
BFSI	33.1	<b>31.7</b>	<b>- 3.0</b>
Consumer Business	16.0	<b>15.7</b>	<b>- 0.3</b>
Life Sciences & Healthcare	10.8	<b>10.9</b>	<b>3.1</b>
Technology & Services	9.0	<b>8.4</b>	<b>- 5.0</b>
Manufacturing	8.2	<b>8.6</b>	<b>7.0</b>
Communication & Media	7.2	<b>6.7</b>	<b>- 4.9</b>
Energy, Resources and Utilities	5.2	<b>5.7</b>	<b>11.8</b>
Regional Markets & Others	10.5	<b>12.3</b>	<b>19.2</b>
<b>Total</b>	100.0	<b>100.0</b>	<b>1.7</b>



- Clients continue to prioritize investments that accelerate cost reduction, drive business agility and improve resiliency across the supply chain.
- TCS is helping clients realize business benefits with its significant investments in talent development, proprietary solutions and expanding alliances and partnerships.
- AI.Cloud, Cyber Security and Cognitive Business Operations led the growth amongst service lines.
- We continued to see broad based global awards/recognitions for our service offerings across Service Lines, including the Global System Integrator (GSI) Partner of the Year – Global, from AWS.

## AI.Cloud

During this quarter, we saw significant demand for migration, modernization, and business transformation opportunities on cloud platforms. We also saw increased demand for data on cloud with enterprises seeking to harness the capabilities offered by both cloud and Gen AI. The demand for Gen AI is being driven by "Assist" and "Augment" use cases addressing the need to augment operations and personalize experiences across all industry segments. This quarter we launched TCS AI Experience Zone to provide Innovation and experimentation opportunities to TCS associates on multiple Gen AI technologies. We continue to deepen our partnerships with the hyperscalers as well as other important AI technology players.

## IoT & Digital Engineering

During the quarter, we saw good traction with clients in Manufacturing, CMI, CBG, and ERU. Clients chose our offerings to improve customer experience on OTT platforms, enhance performance and resiliency of 5G networks, build autonomous vehicle programs and invest in Industry 4.0. TCS is also helping clients re-shore manufacturing operations to address supply chain-related concerns.

## TCS Interactive

Enterprises are partnering with TCS Interactive to drive their digital experience, design, and transformation strategy including innovation portfolios, product concepts, product and experience design, design for delivery, and product engineering and service deployment. Our sustained focus in bringing advanced offerings to drive significant value for clients has also helped TCS win digital agency-type of engagements.

## Enterprise Solutions

Clients continued to expand their investments in digital core by modernizing their ERP. They also partnered with TCS on implementing enterprise solutions for supply chain optimization, sustainability and reimagining sales and service channels. Our consulting led transformation approach, along with industry pre-configured solutions and innovations including TCS Crystallus™, are enabling clients to accelerate their growth and transformation journeys. We also continue to invest and strengthen our joint go-to-market approach with alliance partners.

## Cyber Security

This quarter saw strong growth in our services across industry verticals. Clients continued to focus on identity and access management, security operations, cloud, and data security engagements. We are also seeing good traction for our services in Post Quantum Cryptography and Cloud Investigation & Response Automation.

## Cognitive Business Operations

The quarter saw good traction in deals led by Cognix™-powered digital transformation across business and IT infrastructure operations, including workplace transformation and end-to-end IT infrastructure services. There is continued demand for high-end services such as financial planning and analysis, tax, statutory reporting, strategic sourcing, and sustainable procurement. Key trends resonating with enterprises were vendor consolidation, Gen AI, and employee experience enhancement.

# Client Parameters

Clients Contribution	Q3 FY23	Q3 FY24
US\$ 1m+ Clients	1217	<b>1288</b>
US\$ 5m+ Clients	658	<b>693</b>
US\$ 10m+ Clients	456	<b>480</b>
US\$ 20m+ Clients	290	<b>299</b>
US\$ 50m+ Clients	130	<b>137</b>
US\$ 100m+ Clients	59	<b>61</b>

\*Last Twelve Months' services revenues

# Key Highlights

- A leading UK Bank selected TCS as its strategic partner for the end-to-end transformation of its motor finance and leasing business. TCS will deliver a modern mobility platform by combining its advisory and transformation expertise and provide a reimagined customer experience leveraging its Interactive studio. TCS will also modernise the entire data and technology estate and optimise the operations division, bringing in efficiency.
- **ASX**, Australia's primary securities exchange selected TCS to provide a next generation clearing and settlement platform to service the Australian market. TCS will leverage its flagship product TCS BaNCS™ for Market Infrastructure to enable the transformation, replacing ASX's existing platform for cash equities clearing and settlement.
- Chosen by a global manufacturing company, to provide design engineering, supply chain and logistic services. TCS will also develop a digital assistant leveraging Gen AI, which will leverage concise information from the manufacturer's repository of maintenance information and provide solutions for unique scenarios in their shop floor operations.
- Partnered with **The Munch Museum** in Oslo, to create immersive and interactive drawing experiences for local visitors and global audiences. Scientists from TCS Research will leverage their expertise in AI and Machine Learning to bring Edvard Munch's artworks and creative process to life through the power of digital innovation. TCS will also provide IT consultancy, collaborative workshops, and talent exchanges to help create immersive museum experiences that showcase the future of art.
- Selected by a leading European postal company to transform their mission critical E-commerce and cross border Solutions. TCS will leverage its collaborative PacePort™ innovation hub, deep domain knowledge and technology expertise to jointly design state-of-the-art digital solutions for consumers, partners and staff.
- Selected by a leading European insurance provider, with presence in 200+ countries, to reimagine their IT operating model. As part of this multi-year partnership, TCS will provide end-to-end enterprise IT application services by leveraging its global delivery framework and its proprietary solution including ignio™ AIOps from the Digitate suite of offerings. TCS will also set up a global command centre to drive operational resilience and business agility.
- Selected by a US based healthcare company to reimagine its current operating model, by modernizing enterprise technology and leveraging cloud. The partnership will focus on an increase in adoption of service reliability engineering across the organization at scale.
- **TPG Telecom**, Australia's leading telecommunications company, has selected TCS as a strategic technology transformation partner. TCS will closely collaborate with TPG Telecom as a prime system integrator and technology partner to simplify and streamline internal systems and platforms, enhance customer journeys and products, and increase digitisation. This will help TPG Telecom become Australia's best digital telco by delivering great value connectivity services to end customers.
- Selected by **Virgin Media O2** UK as the key transformation partner to create a modernized and future-ready digital workplace. As part of the long-term partnership, TCS will create a new solution that involves significant automation and self-help and will offer a unified and superior employee experience.
- A large German automotive financial services company has selected TCS to provide a comprehensive portfolio of SAP IT services. The client has embarked on a multi-year SAP S/4 HANA Transformation along with other initiatives to digitally transform their SAP Landscape. As a strategic partner, TCS will help the client build a new future-ready digital core powered by SAP S4/HANA, enabling simplification of the business operations and elevating user experience across all value chains.

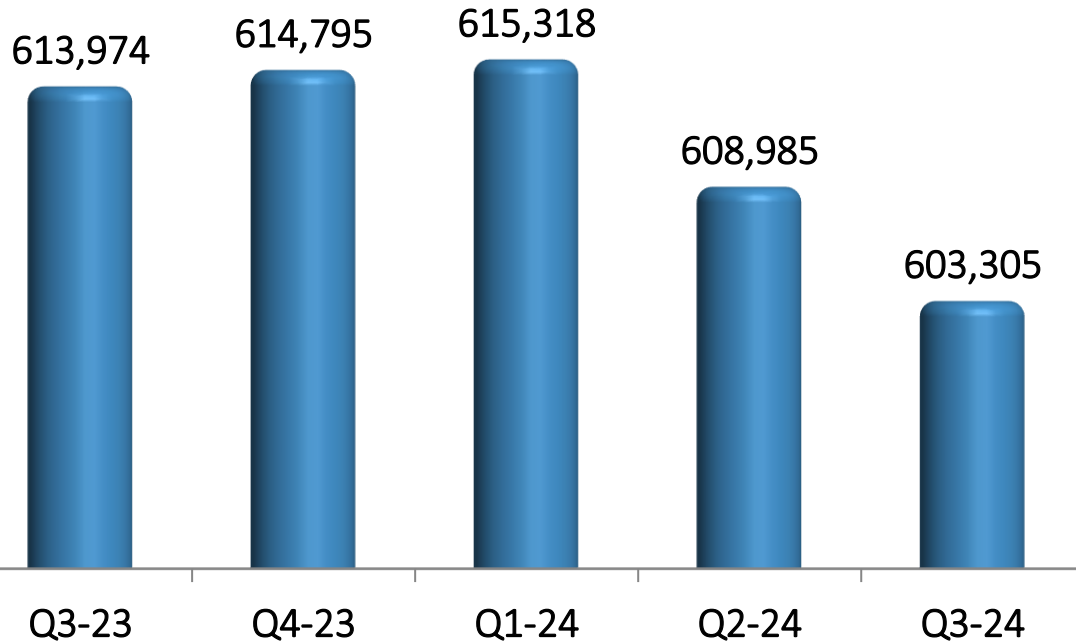
“ This is going to give a second life to our core Central Securities Depository platform and make our relationship with TCS even stronger. We are conscious of the pressure and high expectations that we have put on TCS for the most complex project in recent years, but the TCS team has lived up to the expectations with an outstanding level of commitment. Our main goal is becoming more customer-centric and user friendly and we have achieved it with the platform upgrade. I am sure that we can count on TCS for the many challenges that SIX has ahead. ”

**Arturo Merino, Head IT Securities Services, SIX**



# Human Resources

# Total Employee Base



## Attrition\*:

- **13.3%** (LTM), IT Services

## Diversity:

- **35.7%** Women employees
- **153** Nationalities

\*Excluding Subsidiaries

## Talent Development:

- **39.7 Mn** Learning Hrs YTD (FY24)
- **3.7 Mn** competencies acquired YTD (FY24)
- **515K+** high demand competencies acquired YTD (FY24)



# Annexure

# IFRS Income Statement

Consolidated IFRS	₹ Million			% of Revenue		
	Q3 FY23	Q3 FY24		Q3 FY23	Q3 FY24	
		Ex Adj*	Reported		Ex Adj*	Reported
<b>Revenue</b>	<b>582,290</b>	<b>605,830</b>	<b>605,830</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Cost of revenue	349,080	358,710	358,710	59.96	59.21	59.21
<b>Gross margin</b>	<b>233,210</b>	<b>247,120</b>	<b>247,120</b>	<b>40.04</b>	<b>40.79</b>	<b>40.79</b>
SG & A expenses	90,370	95,570	105,150	15.51	15.78	17.36
<b>Operating income</b>	<b>142,840</b>	<b>151,550</b>	<b>141,970</b>	<b>24.53</b>	<b>25.01</b>	<b>23.43</b>
Other income (expense), net	3,600	7,150	6,320	0.62	1.18	1.05
<b>Income before income taxes</b>	<b>146,440</b>	<b>158,700</b>	<b>148,290</b>	<b>25.15</b>	<b>26.19</b>	<b>24.48</b>
Income taxes	37,610	40,960	37,320	6.46	6.76	6.16
<b>Income after income taxes</b>	<b>108,830</b>	<b>117,740</b>	<b>110,970</b>	<b>18.69</b>	<b>19.43</b>	<b>18.32</b>
Non-controlling interests	370	390	390	0.06	0.06	0.06
<b>Net income</b>	<b>108,460</b>	<b>117,350</b>	<b>110,580</b>	<b>18.63</b>	<b>19.37</b>	<b>18.26</b>
Earnings per share in ₹	29.64	32.14	30.29			

\*excludes settlement of legal claim

# COR – SG&A Details

COR	₹ Million			% of Revenue		
	Q3 FY23	Q3 FY24		Q3 FY23	Q3 FY24	
		Ex Adj*	Reported		Ex Adj*	Reported
Employee cost	251,940	269,500	269,500	43.27	44.48	44.48
Fees to external consultants	53,470	37,200	37,200	9.19	6.14	6.14
Equipment and software	6,430	11,730	11,730	1.10	1.94	1.94
Facility expenses	4,110	4,800	4,800	0.71	0.79	0.79
Depreciation	9,660	9,510	9,510	1.66	1.57	1.57
Travel	4,560	4,840	4,840	0.78	0.80	0.80
Communication	3,790	3,550	3,550	0.65	0.59	0.59
Other expenses	15,120	17,580	17,580	2.60	2.90	2.90
<b>Cost of Revenue</b>	<b>349,080</b>	<b>358,710</b>	<b>358,710</b>	<b>59.96</b>	<b>59.21</b>	<b>59.21</b>

SG&A	₹ Million			% of Revenue		
	Q3 FY23	Q3 FY24		Q3 FY23	Q3 FY24	
		Ex Adj*	Reported		Ex Adj*	Reported
Employee cost	72,730	77,720	77,720	12.49	12.83	12.83
Fees to external consultants	1,320	2,510	2,510	0.22	0.41	0.41
Facility expenses	2,650	3,070	3,070	0.46	0.51	0.51
Depreciation	3,040	2,820	2,820	0.52	0.46	0.46
Travel	2,750	1,990	1,990	0.47	0.33	0.33
Communication	2,260	2,100	2,100	0.39	0.35	0.35
Provision for Doubtful Debts	430	220	220	0.07	0.04	0.04
Settlement of legal claim	-	-	9,580	-	-	1.58
Other expenses	5,190	5,140	5,140	0.89	0.85	0.85
<b>S G &amp; A expenses</b>	<b>90,370</b>	<b>95,570</b>	<b>105,150</b>	<b>15.51</b>	<b>15.78</b>	<b>17.36</b>

\*excludes settlement of legal claim



# Cash Flow Summary

IFRS in ₹ Mn	Q3 FY23	Q3 FY24
Net Cash from Operations	111,540	112,760
Capital Expenditure	9,390	9,240
Free Cash Flow	102,150	103,520
Dividends Paid	29,270	32,930
Buy Back (incl. expenses)	-	210,050
Operating Cash Flow to Sales (%)	19.2	18.6
Operating Cash Flow to Net Profit (%)	102.8	102.0
Total Cash and Investments	669,240	457,310

# IFRS Statement of Financial Position

Consolidated IFRS	₹ Million	
	31-Mar-23	31-Dec-23
<b>Assets</b>		
Property and equipment	115,950	110,830
Right-of-use Assets	75,600	74,190
Intangible assets and Goodwill	48,730	46,260
Accounts Receivable	411,980	444,330
Unbilled Revenues	149,350	140,670
Invested Funds	498,240	457,310
Other current assets	66,100	79,590
Other non current assets	91,740	91,840
<b>Total assets</b>	<b>1,457,690</b>	<b>1,445,020</b>
<b>Liabilities and Shareholders' Equity</b>		
Shareholders' Funds	925,420	901,720
Current liabilities	435,580	448,820
Non-current liabilities	88,870	86,500
Non-controlling interests	7,820	7,980
<b>Total Liabilities</b>	<b>1,457,690</b>	<b>1,445,020</b>

Detailed financials are uploaded.

# IFRS Income Statement – In USD

Consolidated IFRS	\$ Million			% of Revenue		
	Q3 FY23	Q3 FY24		Q3 FY23	Q3 FY24	
		Ex Adj*	Reported		Ex Adj*	Reported
<b>Revenue</b>	<b>7,075</b>	<b>7,281</b>	<b>7,281</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Cost of revenue	4,241	4,311	4,311	59.96	59.21	59.21
<b>Gross margin</b>	<b>2,834</b>	<b>2,970</b>	<b>2,970</b>	<b>40.04</b>	<b>40.79</b>	<b>40.79</b>
SG & A expenses	1,098	1,149	1,264	15.51	15.78	17.36
<b>Operating income</b>	<b>1,736</b>	<b>1,821</b>	<b>1,706</b>	<b>24.53</b>	<b>25.01</b>	<b>23.43</b>
Other income (expense), net	44	86	76	0.62	1.18	1.05
<b>Income before income taxes</b>	<b>1,780</b>	<b>1,907</b>	<b>1,782</b>	<b>25.15</b>	<b>26.19</b>	<b>24.48</b>
Income taxes	457	492	448	6.46	6.76	6.16
<b>Income after income taxes</b>	<b>1,323</b>	<b>1,415</b>	<b>1,334</b>	<b>18.69</b>	<b>19.43</b>	<b>18.32</b>
Non-controlling interests	5	5	5	0.06	0.06	0.06
<b>Net income</b>	<b>1,318</b>	<b>1,410</b>	<b>1,329</b>	<b>18.63</b>	<b>19.37</b>	<b>18.26</b>
Earnings per share in \$	0.36	0.39	0.36			

\*excludes settlement of legal claim (refer note 19 to Financial Statements)

# COR – SG&A Details – In USD

COR	\$ Million			% of Revenue		
	Q3 FY23	Q3 FY24		Q3 FY23	Q3 FY24	
		Ex Adj*	Reported		Ex Adj*	Reported
Employee cost	3,061	3,239	3,239	43.27	44.48	44.48
Fees to external consultants	650	447	447	9.19	6.14	6.14
Equipment and software	78	141	141	1.10	1.94	1.94
Facility expenses	50	58	58	0.71	0.79	0.79
Depreciation	117	114	114	1.66	1.57	1.57
Travel	55	58	58	0.78	0.80	0.80
Communication	46	43	43	0.65	0.59	0.59
Other expenses	184	211	211	2.60	2.90	2.90
<b>Cost of Revenue</b>	<b>4,241</b>	<b>4,311</b>	<b>4,311</b>	<b>59.96</b>	<b>59.21</b>	<b>59.21</b>

SG&A	\$ Million			% of Revenue		
	Q3 FY23	Q3 FY24		Q3 FY23	Q3 FY24	
		Ex Adj*	Reported		Ex Adj*	Reported
Employee cost	884	934	934	12.49	12.83	12.83
Fees to external consultants	16	30	30	0.22	0.41	0.41
Facility expenses	32	37	37	0.46	0.51	0.51
Depreciation	37	34	34	0.52	0.46	0.46
Travel	33	24	24	0.47	0.33	0.33
Communication	28	25	25	0.39	0.35	0.35
Provision for Doubtful Debts	5	3	3	0.07	0.04	0.04
Settlement of legal claim		-	115	-	-	1.58
Other expenses	63	62	62	0.89	0.85	0.85
<b>SG&amp;A expenses</b>	<b>1,098</b>	<b>1,149</b>	<b>1,264</b>	<b>15.51</b>	<b>15.78</b>	<b>17.36</b>

\*excludes settlement of legal claim (refer note 19 to Financial Statements)

# IFRS Statement of Financial Position in USD

Consolidated IFRS	\$ Million	
	31-Mar-23	31-Dec-23
<b>Assets</b>		
Property and equipment	1,410	1,333
Right-of-use Assets	919	892
Intangible assets and Goodwill	593	557
Accounts Receivable	5,010	5,344
Unbilled Revenues	1,816	1,691
Invested Funds	6,058	5,498
Other current assets	805	960
Other non current assets	1,117	1,105
<b>Total assets</b>	<b>17,728</b>	<b>17,380</b>
<b>Liabilities and Shareholders' Equity</b>		
Shareholders' Funds	11,252	10,842
Current liabilities	5,297	5,400
Non-current liabilities	1,082	1,040
Non-controlling interests	97	98
<b>Total Liabilities</b>	<b>17,728</b>	<b>17,380</b>

Detailed financials are uploaded.

# Ind AS Income Statement - Consolidated

Consolidated Ind AS	₹ Crore			%of Revenue		
	Q3 FY23	Q3 FY24		Q3 FY23	Q3 FY24	
		Ex Adj*	Reported		Ex Adj*	Reported
<b>Revenue</b>	<b>58,229</b>	<b>60,583</b>	<b>60,583</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>Expenditure</b>						
a) Employee Costs	32,467	34,722	34,722	55.76	57.31	57.31
b) Cost of equipment and software licences	643	1,173	1,173	1.10	1.94	1.94
c) Other Operating expenses	9,566	8,300	8,300	16.43	13.70	13.70
d) Depreciation	1,269	1,233	1,233	2.18	2.04	2.04
<b>Total Expenditure</b>	<b>43,945</b>	<b>45,428</b>	<b>45,428</b>	<b>75.47</b>	<b>74.99</b>	<b>74.99</b>
<b>Profit Before Taxes, Other Income &amp; Exceptional Items</b>	<b>14,284</b>	<b>15,155</b>	<b>15,155</b>	<b>24.53</b>	<b>25.01</b>	<b>25.01</b>
Settlement of legal claim	-	-	958	-	-	1.58
<b>Profit Before Taxes &amp; Other Income</b>	<b>14,284</b>	<b>15,155</b>	<b>14,197</b>	<b>24.53</b>	<b>25.01</b>	<b>23.43</b>
Other income (expense), net	360	715	632	0.62	1.18	1.05
<b>Profit Before Taxes</b>	<b>14,644</b>	<b>15,870</b>	<b>14,829</b>	<b>25.15</b>	<b>26.19</b>	<b>24.48</b>
Provision For Taxes	3,761	4,096	3,732	6.46	6.76	6.16
<b>Profit After Taxes &amp; Before Non-controlling interests</b>	<b>10,883</b>	<b>11,774</b>	<b>11,097</b>	<b>18.69</b>	<b>19.43</b>	<b>18.32</b>
Non-controlling interests	37	39	39	0.06	0.06	0.06
<b>Net Profit</b>	<b>10,846</b>	<b>11,735</b>	<b>11,058</b>	<b>18.63</b>	<b>19.37</b>	<b>18.26</b>
Earnings per share in ₹	29.64	32.14	30.29			

\*excludes settlement of legal claim (refer note 19 to Financial Statements)

# Ind AS Balance Sheet - Consolidated

Consolidated Ind AS	₹ Crore	
	31-Mar-23	31-Dec-23
<b>Assets</b>		
Property and equipment	11,464	10,834
Right-of-use Assets	7,560	7,419
Intangible assets and Goodwill	2,725	2,475
Accounts Receivable	41,198	44,433
Unbilled Revenues	14,935	14,067
Invested Funds	49,824	45,731
Other current assets	6,610	7,959
Other non current assets	9,335	9,462
<b>Total Assets</b>	<b>143,651</b>	<b>142,380</b>
<b>Liabilities and Shareholders' Equity</b>		
Shareholders' Funds	90,424	88,050
Current liabilities	43,558	44,882
Non-current liabilities	8,887	8,650
Non-controlling interests	782	798
<b>Total Liabilities</b>	<b>143,651</b>	<b>142,380</b>

Detailed financials are uploaded.

## Currency mix and average realized rates in INR

Currency	Average rates		% of Revenue	
	Q3 FY23	Q3 FY24	Q3 FY23	Q3 FY24
USD	82.30	83.21	56.37%	52.91%
GBP	98.05	104.24	12.69%	14.35%
EUR	85.06	90.06	10.64%	11.14%
Others			20.30%	21.60%
<b>Total</b>			<b>100.00%</b>	<b>100.00%</b>





Thank you