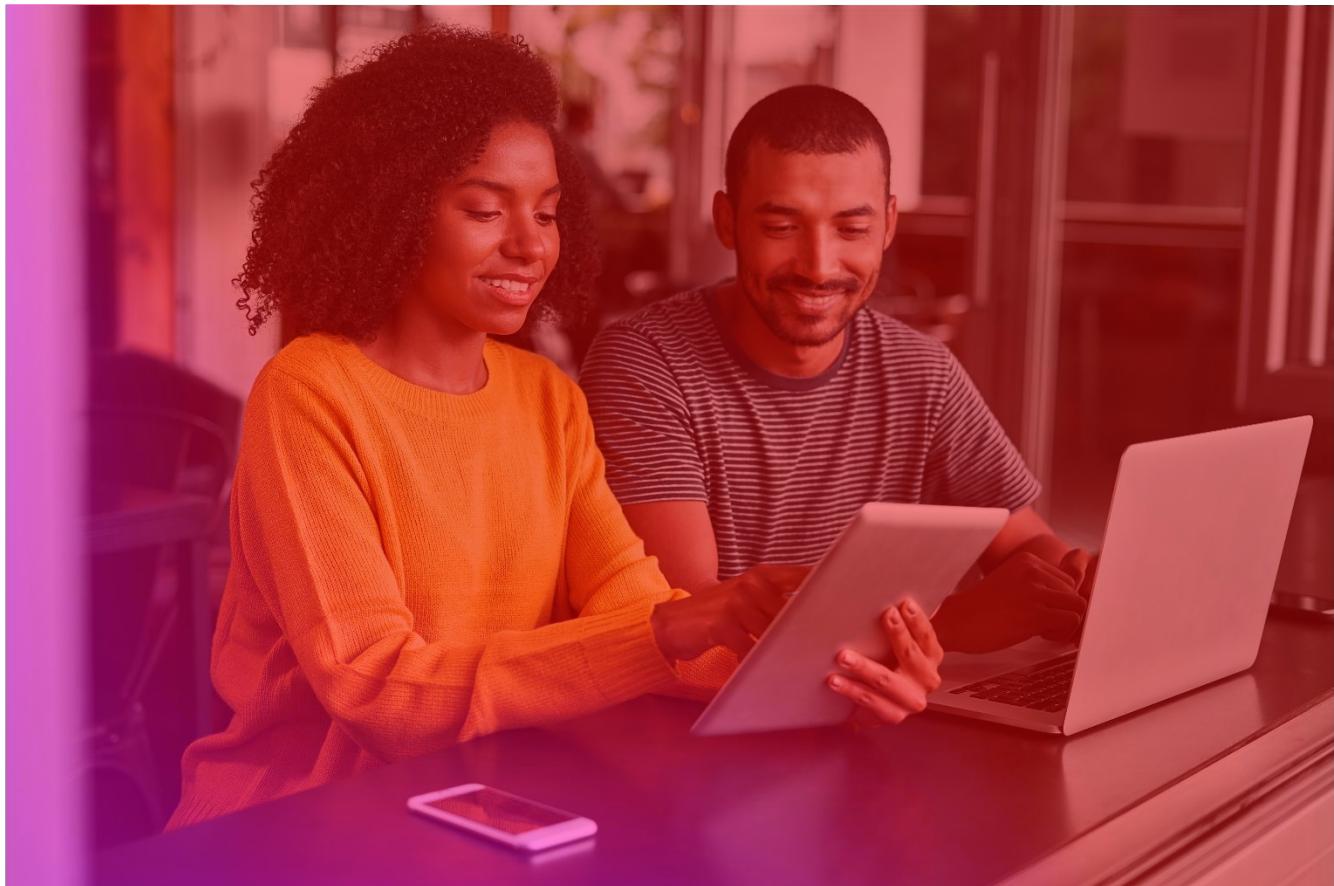


TCS Financial Results

Quarter II Ended FY 2023-24

Oct 11, 2023



Building on belief

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.



Q2 FY24 Performance Highlights

➤ Revenue:

- INR Revenue of ₹ 596,920 Mn, up 7.9% YoY
- USD Revenue of \$ 7,210 Mn, up 4.8% YoY
- Constant currency revenue up 2.8% YoY

➤ Profit:

- Operating Margin at 24.3%
- Net Margin at 19.0%
- Cash flow from operations at 104.2% of net profit

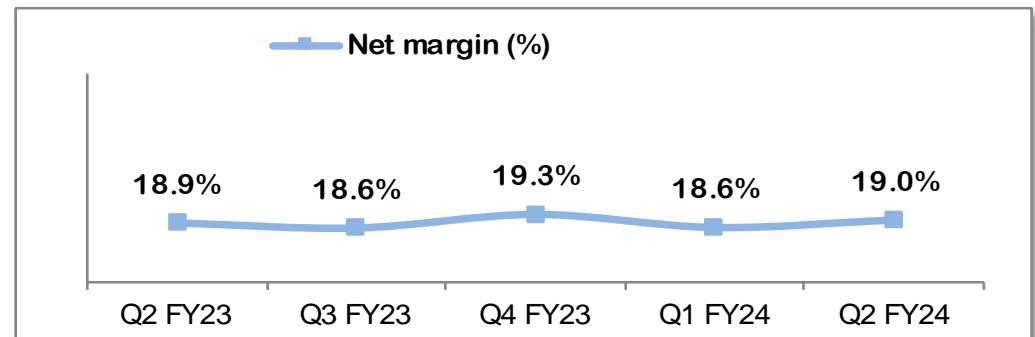
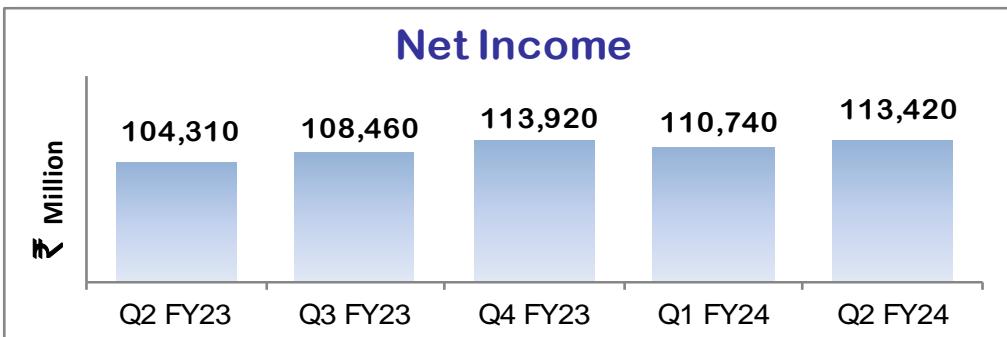
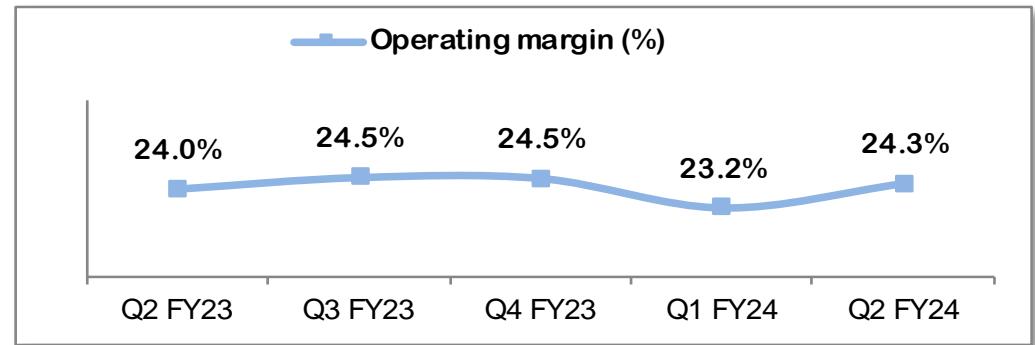
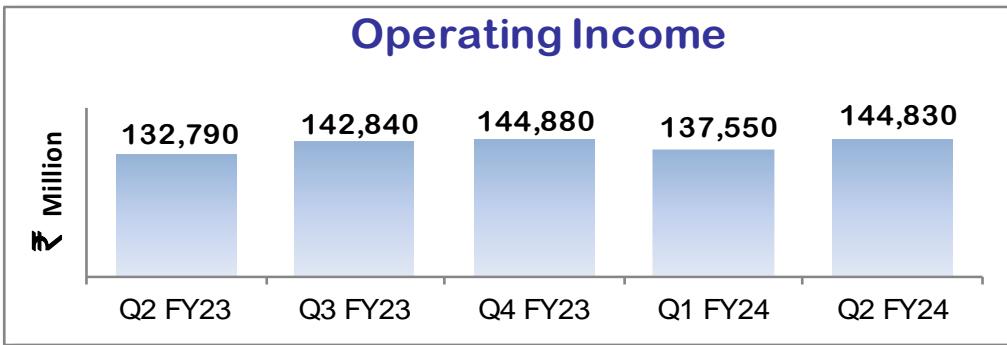
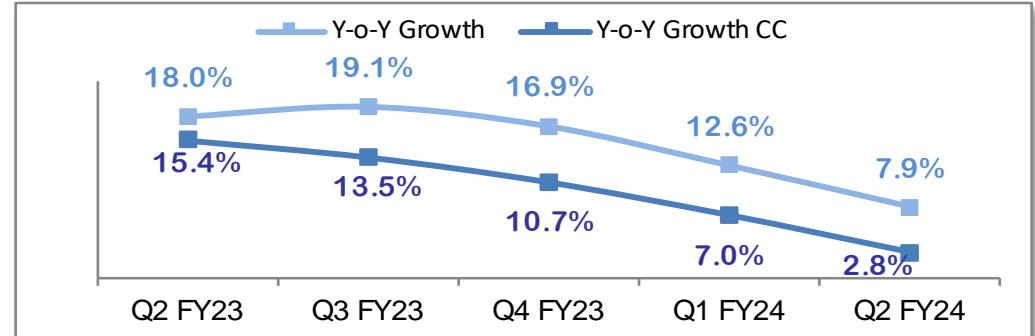
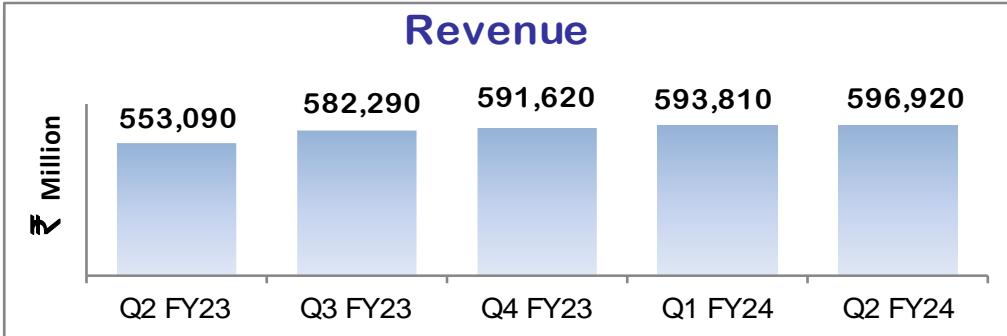
➤ Demand:

- Clients \$100M+ up by 2 ; \$50M+ up by 13 ; \$10M+ up by 28 & \$1M+ up by 62 YoY
- Order book TCV at \$11.2 Bn; North America TCV at \$4.5 Bn; BFSI TCV at \$3 Bn, Consumer Business TCV at \$1.4 Bn

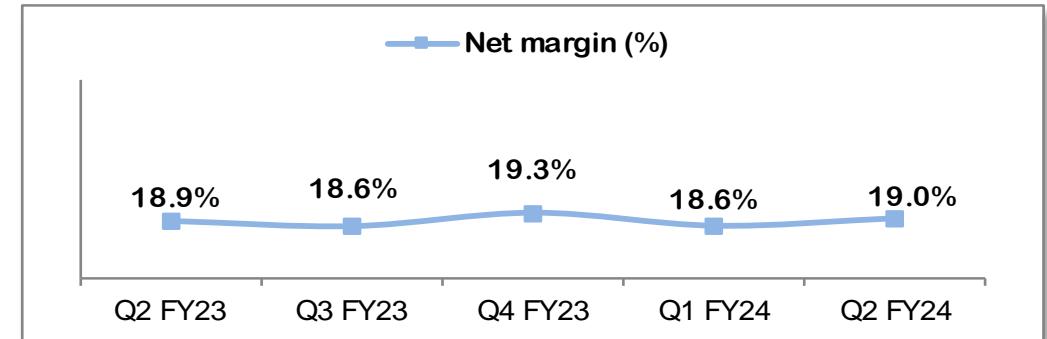
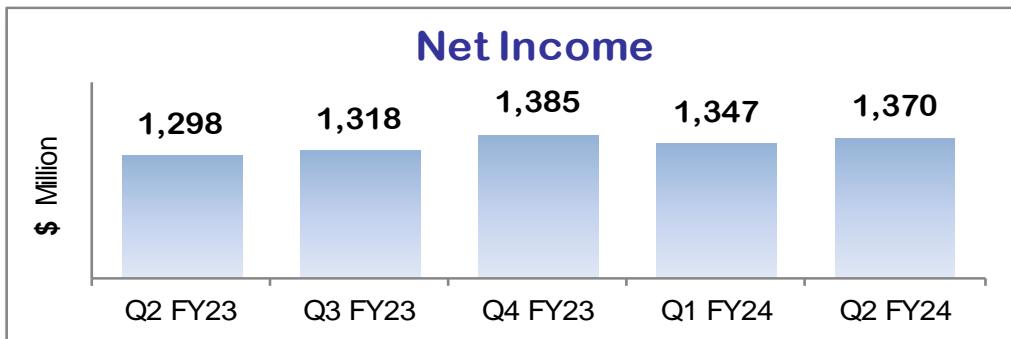
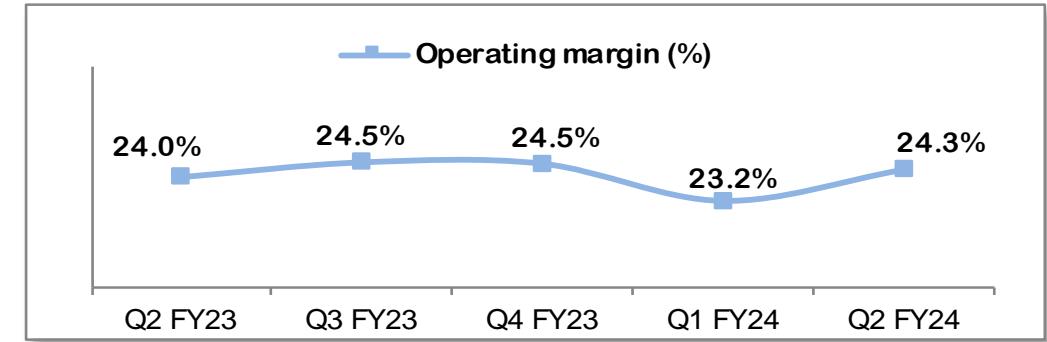
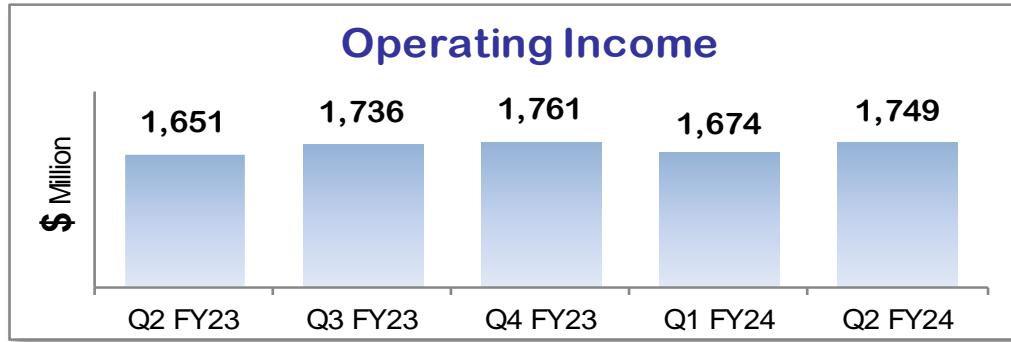
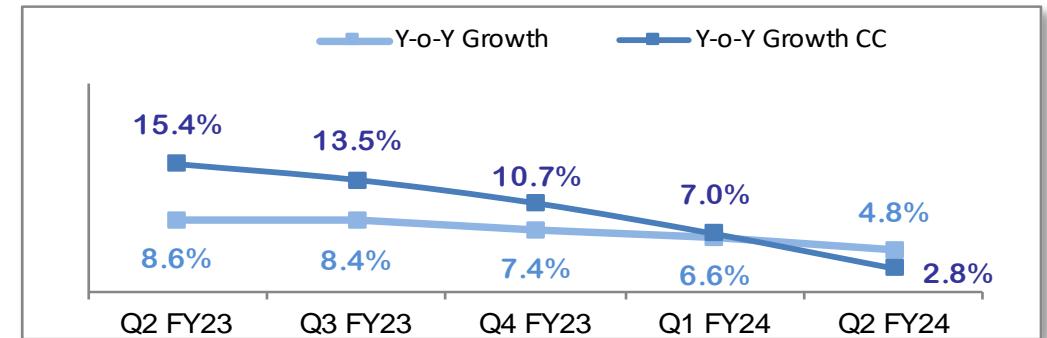
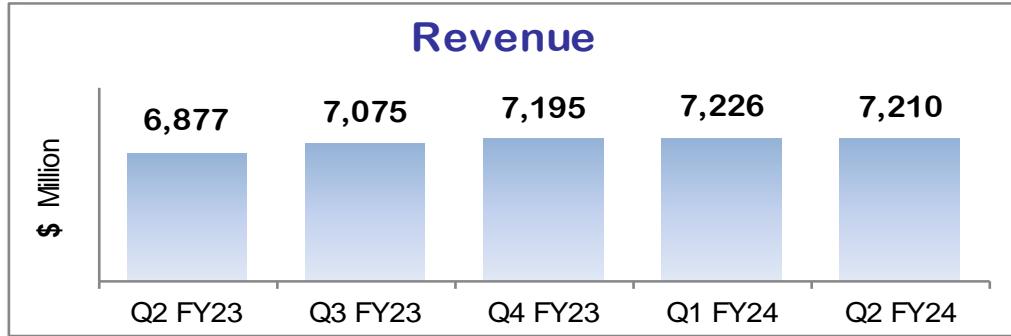
➤ People:

- Net addition of -6,333 associates during the quarter, closing headcount: 608,985
- LTM attrition at 14.9% in IT Services

Growth Summary (INR)



Growth Summary (USD)



Operational Parameters

Growth by Market

Geography (%)	Q2 FY23	Q2 FY24	Y-o-Y CC Growth
Americas			
North America	54.3	51.7	0.1
Latin America	1.7	2.0	13.1
Europe			
UK	14.5	16.5	10.7
Continental Europe	14.5	14.9	1.3
Asia Pacific			
India	8.0	7.8	4.1
MEA	5.1	4.9	3.9
Total	100.0	100.0	2.8



Growth by Domain

Vertical (%)	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Y-o-Y CC Growth
BFSI	33.6	33.1	32.9	32.5	32.6	- 0.5
Consumer Business	16.1	16.0	16.0	16.1	15.9	1.0
Life Sciences & Healthcare	10.7	10.8	10.9	11.0	10.9	5.0
Technology & Services	9.1	9.0	8.9	8.7	8.6	- 2.2
Manufacturing	8.2	8.2	8.2	8.3	8.5	5.8
Communication & Media	7.3	7.2	7.1	7.0	6.9	- 2.1
Energy, Resources and Utilities	5.0	5.2	5.4	5.5	5.6	14.8
Regional Markets & Others	10.0	10.5	10.6	10.9	11.0	14.3
Total	100.0	100.0	100.0	100.0	100.0	2.8

*Revenues from APAC ex-Japan, Middle East and Africa, Energy and Resources, which were hitherto reported under Regional Markets and Others, have now been included in the respective industry verticals.

Service Lines Commentary

- Clients continue to prioritize business agility and cost optimization initiatives even while exploring innovative uses of Generative AI. Clients also focused on operating model transformation, vendor consolidation and Enterprise IT as a Service. We are accelerating benefit realization for our clients using a combination of Cloud, AI and other digital technologies.
- AI.Cloud, TCS Interactive and IOT & Digital Engineering led the growth amongst service lines.
- We have over 250 Gen AI opportunities in pipeline on the back of our investments in industry specific adoption frameworks, rich catalogue of use cases across industries, early adoption partnerships with hyperscalers and over 100,000 strong GenAI ready workforce.



AI.Cloud

During the quarter, we launched our AI.Cloud Business Unit by bringing together the power of Cloud, Data and AI / ML, including Generative AI. The unit builds on our award-winning partnerships with hyperscalers and AI partners. Data and AI / ML is at the forefront of the technology trends with customers accelerating adoption of existing AI models to drive large scale transformative business outcomes. Cloud Migration, composite data Foundation, application modernization, workplace transformation and edge to cloud coupled with AI adoption frameworks continue to drive growth. TCS' investments in deepening competencies and building new capabilities continue to yield good results. TCS is a launch partner for hyperscalers in multiple new technology launches, including Generative AI. TCS's catalogue of GenAI use cases continues to expand across all industry segments.



Cyber Security

Clients are focusing on uplifting Security Controls, Security Operations transformation, Automation enabled threat detection and Cloud Security. Our Identity and Access Management (IAM), Attack Surface Management and Cloud security offerings have gained traction across markets.



TCS Interactive

Digital Interactive services continued to see strong growth. Clients are investing in experience-led transformation initiatives, and Marketing effectiveness. We are seeing significant experimentation with GenAI enabled Customer experience. We are also seeing increased demand in areas such as Product Design, Marketing Operations and Customer and Marketing Data driven insights.



Enterprise Solutions

With changing business models and M&A, customers continue to invest in their digital core by modernizing their ERP, leveraging TCS Crystallus™ to accelerate time to market, AI and Low Code BPM for automating business processes. The rapid energy transition to renewables, sustainability & decarbonization and adoption of customer centric business models are driving investments across enterprise applications and customer engagement platforms.



IoT & Digital Engineering

IoT & Digital Engineering growth for this quarter is driven by Industrial IoT & AI, Factory of the Future, Carbon footprint management and Software defined vehicles. Leading analyst firm Everest has Ranked TCS as the No.1 ranked Engineering services Provider of the year 2023 and foremost leader in the Digital Twin services PEAK Matrix® assessment 2023. TCS AI based Autonomous car platform and TCS InTwin have been recognized with the Best Innovation award by CII Center for Digital Transformation.



Cognitive Business Operations

Growth has been led by Business Process Services, TCS Cognix™ powered operating model transformation, vendor consolidation and Integrated Business and IT transformation. In Q2, TCS also partnered with several clients in transformative areas such as strategic market intelligence and supplier insights (Supply Chain), E2E HR Transformation, advanced Financial Planning and Analytics (F&A) and 'Enterprise IT as a Service'. We continue to scale investments in AI, 'Sustainability as a Service', and global partnerships.

Client Parameters

Clients Contribution	Q2 FY23	Q2 FY24
US\$ 1m+ Clients	1210	1272
US\$ 5m+ Clients	650	688
US\$ 10m+ Clients	455	483
US\$ 20m+ Clients	283	292
US\$ 50m+ Clients	124	137
US\$ 100m+ Clients	59	61

*Last Twelve Months' services revenues



Key Highlights (1/2)

- **BSNL** has selected TCS to roll out a modern 4G and 5G mobile communication infrastructure across India covering 100K telecom sites. The project involves supply, planning, design, installation and commissioning, and optimization of this mobile network, satisfying a detailed set of requirements conforming to 3GPP standards. The solution caters to needs such as trusted source of components and equipment, advanced RF planning, intelligence on the edge to support cognitive network operations, software-driven radios and reconfigurations et al. This is part of the Government of India's efforts to build indigenous telecom technology and local manufacturing of the telecom gear. TCS and its partners have integrated the EPC Core, RAN and NMS and have started the roll-out of the network which is expected to be completed in stages over the next 18 months.
- **JLR**, a large UK based multinational automobile company has expanded its strategic partnership with TCS to accelerate digital transformation across its business. As a part of this deal, TCS will deliver a broad range of services spanning application development & maintenance, enterprise infrastructure management, cloud migration, cybersecurity, and data services. TCS will help JLR transform to a leaner and scalable operating model with a future-ready digital core, by leveraging new technologies to transform IT operations and adopting new ways of working.
- Selected by **Athora Netherlands**, a Dutch life insurance and pensions provider, to transform their closed book life business. TCS will build a future proof hybrid cloud, based on TCS Enterprise Cloud Platform. From contact center to policy administration, TCS will take end-to-end ownership through the life of the policy and provide complete business application and business process services support. TCS will provide enhanced operational efficiencies and improve customer experience through this transformation.
- Partnered with **GE Healthcare's** Global IT function for digital transformation of global IT function. TCS will manage the development, maintenance, rationalization, and standardization of its enterprise IT applications. Further, TCS will leverage advanced software engineering practices, combined with artificial intelligence and digital technologies to drive faster time to value realization, operational resilience, and productivity. This transformation will enable GE HealthCare to build a strong foundation for business growth and advance innovation, bringing intelligent care solutions to over one billion patients across more than 160 countries.
- **ASDA** signed a multi-year partnership with TCS in a divestiture and digital transformation deal. The program will support ASDA's digital transformation and help implement a new organisation-wide IT operating model, following its divestiture from Walmart. The strategic partnership will leverage TCS' cloud, AI, and security solutions to help ASDA deliver the divestiture smoothly, on-time and securely. TCS will further enable ASDA to enhance its customer experience and innovation capabilities to help increase their market share and retain price leadership.
- A large global bank based in UK extended the strategic partnership with TCS and signed a 5-year engagement to transform their run services in application and infrastructure through engineering led operating model transformation by cross leveraging industry best practices, innovation and applying emerging AI principles.
- A US-based healthcare and insurance company has selected TCS as its technology partner for transforming to a modern and resilient clinical platform. TCS will provide cloud-based application development, data platform modernization and data analytics leveraging its strength in Microsoft Azure technologies. The next generation platform will enable value-based care, increase affordability and outcomes, improve care coordination, and create integrated and connected experiences.
- Selected by a leading electricity distributor in APAC to deploy a secure, enterprise Generative AI Platform on Azure to respond to user queries on health and safety relating to electrical equipment.
- Partnered with a leading financial services group in APAC for enterprise adoption of Generative AI for improving efficiency in business functions. TCS will deploy a Generative AI playground on Azure in a secure manner to enable employees to discover powerful industry use-cases.
- A global semiconductor manufacturer partnered with TCS to open an innovation center to build semiconductor designs and software solutions for the IoT, digital engineering covering infrastructure, industrial, and automotive segments.

Key Highlights (2/2)

- Selected as a strategic partner by the **Government of India** to transform the Government e-Marketplace (GeM) platform. The opportunity involves management and transformation of GeM into a world-class platform. The project will enable growth and scale, improve inclusivity for MSME enterprises, enhance data analytics for improved supply-chain operations and provide enriched user experience through innovation and domain expertise of TCS. With the new platform, the government is envisioning to grow annual GMV manifold from the FY23 value of Rs 2 trillion.
- Selected by the **British Council**, the UK's international organisation for educational opportunities and cultural relations, to transform its professional services function that includes Finance, Procurement, Human Resources and Digital & Technology. TCS will leverage its contextual knowledge, deep domain expertise and proprietary platforms to help develop more innovative and user-friendly services. The partnership will also enable the British Council to focus on improving the quality and efficiency of services, ultimately leading to an enhanced customer experience.
- TCS has been selected as a strategic partner by **Culina**, one of UK's leading integrated supply chain management service-provider. As part of the deal, TCS will establish a centralised, simplified and next-gen IT platform to drive strategic business initiatives, enhance the end-user experience, establish a cloud-first operating model, and build resilient cybersecurity operations. TCS will leverage the TCS Cognix™ framework and TCS MFDM™ offerings to accelerate the customer's growth plans.
- Selected by a leading US sporting goods retailer as a strategic partner to leverage its industry expertise, products and accelerators to help drive customer's strategic initiatives, enhance cloud adoption and automation, transform its operating model to improve customer experience and optimize IT spend.
- Chosen by a global medical device solutions company as their strategic and trusted partner for complete end-to-end IT services over a multi-year agreement. The partnership covers leveraging TCS Cloud Exponence to help reduce cloud management overheads; deliver an enhanced employee experience through plug-and-play digital solutions and help build a talent destination culture across IT and R&D functions while emphasizing on a business value creation approach to delivery

“ We have a long term vision to grow Asda and bring our great heritage in value to even more communities – and our technology will form a key part of delivering this vision. We have partnered with TCS because they bring experience in retail technology transformation and innovation. We look forward to working with them to accelerate our digital transformation journey and to unlock the potential of our business. ”

Mohsin Issa, Chief Executive Officer, ASDA

“ For over two decades, TCS has been a strategic partner in our digital transformation journey, driving our vision to pioneer innovative imaging and IoT solutions and sustain growth momentum. Our partnership with TCS will help us build an integrated operations model embracing technologies such as cloud and automation powered by TCS Cognix™ and MFDM™, enhancing our business agility, user and customer experience, and productivity. ”

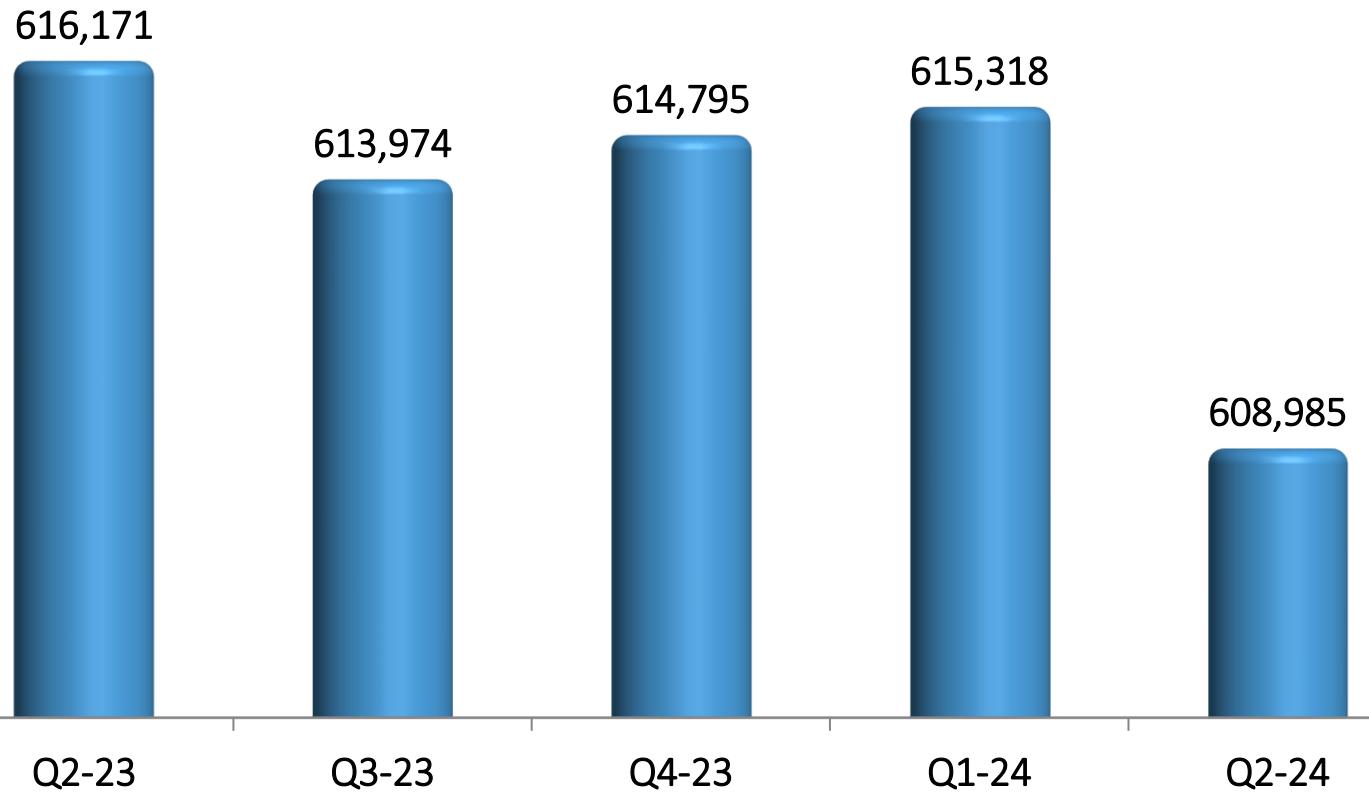
Vishal Gupta, Chief Information and Technology Officer, Lexmark



Human Resources

Building on belief

Total Employee Base



Attrition*:

- **14.9%** (LTM), IT Services

Diversity:

- **35.8%** Women employees
- **152** Nationalities

*Excluding Subsidiaries

Talent Development:

- **26.4Mn** Learning Hrs YTD (FY24)
- **2.6Mn** competencies acquired YTD (FY24)
- **350K+** high demand competencies acquired YTD (FY24)



Annexure

IFRS Income Statement

Consolidated IFRS	₹ Million		% of Revenue	
	Q2 FY23	Q2 FY24	Q2 FY23	Q2 FY24
Revenue	553,090	596,920	100.00	100.00
Cost of revenue	334,620	357,620	60.50	59.91
Gross margin	218,470	239,300	39.50	40.09
SG & A expenses	85,680	94,470	15.49	15.83
Operating income	132,790	144,830	24.01	24.26
Other income (expense), net	8,170	8,470	1.48	1.42
Income before income taxes	140,960	153,300	25.49	25.68
Income taxes	36,310	39,500	6.56	6.62
Income after income taxes	104,650	113,800	18.93	19.06
Non-controlling interests	340	380	0.06	0.06
Net income	104,310	113,420	18.87	19.00
Earnings per share in ₹	28.51	31.00		

COR – SG&A Details

COR	₹ Million		% of Revenue	
	Q2 FY23	Q2 FY24	Q2 FY23	Q2 FY24
Employee cost	240,650	273,670	43.51	45.85
Fees to external consultants	53,270	40,790	9.64	6.83
Equipment and software	4,010	4,620	0.72	0.77
Facility expenses	4,120	4,890	0.74	0.82
Depreciation	9,360	9,640	1.69	1.62
Travel	4,740	5,050	0.86	0.85
Communication	3,560	3,680	0.64	0.62
Other expenses	14,910	15,280	2.70	2.55
Cost of Revenue	334,620	357,620	60.50	59.91
SG&A	₹ Million		% of Revenue	
	Q2 FY23	Q2 FY24	Q2 FY23	Q2 FY24
Employee cost	69,760	77,560	12.61	12.99
Fees to external consultants	1,820	2,120	0.33	0.36
Facility expenses	2,410	2,800	0.44	0.47
Depreciation	3,010	2,980	0.54	0.50
Travel	1,770	1,780	0.32	0.30
Communication	1,670	1,760	0.30	0.29
Provision for Doubtful Debts	400	320	0.07	0.05
Other expenses	4,840	5,150	0.88	0.87
S G & A expenses	85,680	94,470	15.49	15.83

Cash Flow Summary

IFRS in ₹ Mn	Q2 FY23	Q2 FY24
Net Cash from Operations	106,750	118,230
Capital Expenditure	6,130	4,660
Free Cash Flow	100,620	113,570
Dividends Paid	29,490	121,010
Operating Cash Flow to Sales (%)	19.3	19.8
Operating Cash Flow to Net Profit (%)	102.3	104.2
Total Cash and Investments	592,900	596,770



IFRS Statement of Financial Position

Consolidated IFRS	₹ Million	
	31-Mar-23	30-Sep-23
Assets		
Property and equipment	115,950	110,620
Right-of-use Assets	75,600	76,350
Intangible assets and Goodwill	48,730	46,150
Accounts Receivable	411,980	424,220
Unbilled Revenues	149,350	151,740
Invested Funds	498,240	596,770
Other current assets	66,100	73,400
Other non current assets	91,740	91,310
Total assets	1,457,690	1,570,560
Liabilities and Shareholders' Equity		
Shareholders' Funds	925,420	1,027,970
Current liabilities	435,580	449,040
Non-current liabilities	88,870	86,240
Non-controlling interests	7,820	7,310
Total Liabilities	1,457,690	1,570,560

Detailed financials are uploaded.



IFRS Income Statement – In USD

Consolidated IFRS	\$ Million		% of Revenue	
	Q2 FY23	Q2 FY24	Q2 FY23	Q2 FY24
Revenue	6,877	7,210	100.00	100.00
Cost of revenue	4,161	4,320	60.50	59.91
Gross margin	2,716	2,890	39.50	40.09
SG & A expenses	1,065	1,141	15.49	15.83
Operating income	1,651	1,749	24.01	24.26
Other income (expense), net	102	102	1.48	1.42
Income before income taxes	1,753	1,851	25.49	25.68
Income taxes	451	477	6.56	6.62
Income after income taxes	1,302	1,374	18.93	19.06
Non-controlling interests	4	4	0.06	0.06
Net income	1,298	1,370	18.87	19.00
Earnings per share in \$	0.35	0.37		

COR – SG&A Details – In USD

COR	\$ Million		% of Revenue	
	Q2 FY23	Q2 FY24	Q2 FY23	Q2 FY24
Employee cost	2,992	3,306	43.51	45.85
Fees to external consultants	663	493	9.64	6.83
Equipment and software	50	56	0.72	0.77
Facility expenses	51	59	0.74	0.82
Depreciation	116	116	1.69	1.62
Travel	59	61	0.86	0.85
Communication	44	44	0.64	0.62
Other expenses	186	185	2.70	2.55
Cost of Revenue	4,161	4,320	60.50	59.91
SG&A	\$ Million		% of Revenue	
	Q2 FY23	Q2 FY24	Q2 FY23	Q2 FY24
Employee cost	867	937	12.61	12.99
Fees to external consultants	23	26	0.33	0.36
Facility expenses	30	34	0.44	0.47
Depreciation	37	36	0.54	0.50
Travel	22	21	0.32	0.30
Communication	21	21	0.30	0.29
Provision for Doubtful Debts	5	4	0.07	0.05
Other expenses	60	62	0.88	0.87
SG&A expenses	1,065	1,141	15.49	15.83

IFRS Statement of Financial Position in USD

Consolidated IFRS	\$ Million	
	31-Mar-23	30-Sep-23
Assets		
Property and equipment	1,410	1,332
Right-of-use Assets	919	919
Intangible assets and Goodwill	593	556
Accounts Receivable	5,010	5,107
Unbilled Revenues	1,816	1,828
Invested Funds	6,058	7,185
Other current assets	805	883
Other non current assets	1,117	1,099
Total assets	17,728	18,909
Liabilities and Shareholders' Equity		
Shareholders' Funds	11,252	12,375
Current liabilities	5,297	5,405
Non-current liabilities	1,082	1,039
Non-controlling interests	97	90
Total Liabilities	17,728	18,909

Detailed financials are uploaded.



Ind AS Income Statement - Consolidated

Consolidated Ind AS	₹ Crore		% of Revenue	
	Q2 FY23	Q2 FY24	Q2 FY23	Q2 FY24
Revenue	55,309	59,692	100.00	100.00
Expenditure				
a) Employee Costs	31,041	35,123	56.12	58.84
b) Cost of equipment and software licences	401	462	0.72	0.77
c) Other Operating expenses	9,351	8,361	16.91	14.01
d) Depreciation	1,237	1,263	2.24	2.12
Total Expenditure	42,030	45,209	75.99	75.74
Profit Before Taxes & Other Income	13,279	14,483	24.01	24.26
Other income (expense), net	817	847	1.48	1.42
Profit Before Taxes	14,096	15,330	25.49	25.68
Provision For Taxes	3,631	3,950	6.56	6.62
Profit After Taxes & Before Non-controlling interests	10,465	11,380	18.93	19.06
Non-controlling interests	34	38	0.06	0.06
Net Profit	10,431	11,342	18.87	19.00
Earnings per share in ₹	28.51	31.00		

Ind AS Balance Sheet - Consolidated

Consolidated Ind AS	₹ Crore	
	31-Mar-23	30-Sep-23
Assets		
Property and equipment	11,464	10,872
Right-of-use Assets	7,560	7,635
Intangible assets and Goodwill	2,725	2,469
Accounts Receivable	41,198	42,422
Unbilled Revenues	14,935	15,174
Invested Funds	49,824	59,677
Other current assets	6,610	7,340
Other non current assets	9,335	9,351
Total Assets	143,651	154,940
Liabilities and Shareholders' Equity		
Shareholders' Funds	90,424	100,681
Current liabilities	43,558	44,904
Non-current liabilities	8,887	8,624
Non-controlling interests	782	731
Total Liabilities	143,651	154,940

Detailed financials are uploaded.



Currency mix and average realized rates in INR

Currency	Average rates		% of Revenue	
	Q2 FY23	Q2 FY24	Q2 FY23	Q2 FY24
USD	80.42	82.79	56.92%	53.96%
GBP	92.46	103.81	12.29%	14.34%
EUR	79.86	89.53	10.31%	11.12%
Others			20.48%	20.58%
Total			100.00%	100.00%



Thank you