Sustained Cloud Demand and Operational Excellence Marks TCS' Q3

- Revenue at **$7.28 billion** | Growth of **2.9%** YoY, +**1.7**% in CC

- Very Strong Double-digit growth in Emerging Markets, led by India **(+23.4%)**

- Growth led by Energy, Resources and Utilities **(+11.8%),** Manufacturing **(+7.0%)**, and Life Sciences & Healthcare (**+3.1**%)

- AI.Cloud led the demand among Service Lines with strong momentum sustaining for Cloud migrations and increasing interest among customers for AI and Generative AI.

- Operating Margin improves 50 bps to **25.0%***; Net Margin at **19.4%***

- Order Book of **$8.1 billion**, Book to Bill ratio of **1.1**

MUMBAI, January 11, 2024: Tata Consultancy Services (BSE: 532540, NSE: TCS) reported its consolidated financial results according to Ind AS and IFRS, for the quarter ending December 31, 2023.

Highlights of the Quarter Ended December 31, 2023

- Revenue at **$7.28 billion**, +**2.9%** YoY, +**1.7**% YoY in Constant Currency

- Operating Margin at **25.0%***; an expansion of **0.5%** YoY

- Net Income at **$1.41 billion***, +**7.0%*** YoY **|** Net Margin at **19.4%***

- Net Cash from Operations at **$1.36 billion** ie **102%** of Net Income

- Diverse and inclusive workplace: Women in the workforce: **35.7%** | **153** Nationalities

- Investing in the workforce: **39.7 million** learning hours YTD **| 3.7 million** competencies YTD

- LTM IT Services attrition rate at **13.3%**

- Dividend per share: ₹ **27.00,** including ₹ **18.00** as special dividend | *Record date 19/01/2024 | Payment date 05/02/2024*

K Krithivasan, Chief Executive Officer and Managing Director, said: *"Our strong performance in a seasonally weak quarter buffeted by macro-economic headwinds, demonstrates the strength of our business model with a well-diversified portfolio and a customer centric strategy. We are seeing strong deal momentum across markets resulting in a solid order book providing visibility into our long-term growth. We are seeing tremendous interest in Generative AI and are leading the innovation and exploratory efforts for our customers in this area."*

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*excludes the one-time charge of $125 million towards settlement of legal claim

N Ganapathy Subramaniam, Chief Operating Officer and Executive Director, said**: "***The quarter saw us make significant progress in many projects of national importance, demonstrating our execution strength. Our products and platforms had a strong quarter with new wins and go-lives. The MCX platform is scaling well and processing record transaction volumes. We are on course with the BSNL 4G/5G network roll out. We are making good progress in upskilling our employees in Generative AI through our AI playground platform."*

Samir Seksaria, Chief Financial Officer, said: *"Our disciplined execution and operational rigor drove strong improvement in our industry leading margins despite seasonal headwinds. We are making the right investments in our people, innovation and infrastructure to differentiate ourselves and create long term value for all our stakeholders."*

Milind Lakkad, **Chief HR Officer,** said: *"The vibrancy and energy levels in our offices are increasing as more and more of our employees are back in the offices. We expect to be back to our normal operating mode by the end of the current fiscal year. Parallelly, attrition is trending down and at 13.3%, is now in our range of comfort. We are committed to hiring from college campuses and growing talent organically. We have commenced our campus hiring process for the next year and see tremendous excitement among freshers to join TCS."*

Q3 Segment Highlights**

Industries: Growth was led by the Energy, Resources and Utilities vertical which grew **11.8%,** Manufacturing which grew **7.0%** and Life Sciences and Healthcare which grew **3.1%.** The Consumer Business Group (CBG) grew **-0.3%**, BFSI grew **-3.0%,** Communications & Media grew **-4.9%** and Technology & Services grew **-5.0%.** Regional Markets grew **19.2%.**

Markets: Among major markets, the United Kingdom led with **8.1%** growth; Continental Europe grew **0.5%** and North America grew **-3.0%.** In emerging markets, India led with **23.4%** growth, Middle East & Africa grew **16.0%**, Latin America grew **13.2%,** and Asia Pacific grew **3.9%**.

Services: 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 our AI Experience Academy 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.

- **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 sustained 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.

- **Enterprise Solutions:** Clients expanded 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.

- **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.

** Year on Year Growth in Constant Currency terms

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 **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.

- Selected by a leading European postal organisation, 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.

- **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.

- 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.

- 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.

Customer Speak

"Twenty-five years ago, VIAVI and TCS embarked on a journey to collaborate and co-innovate, steering the technological evolution from 2G to 5G and beyond. We are excited to move into the next phase of the journey and expand our partnership. Networks are growing more complex, and with VIAVI's unwavering focus on testing simplicity combined with TCS' expertise in platforms, we will enable customers to accelerate technology development which reduce TCO and time to market."

- Ian Langley
Senior Vice President, Wireless Business Unit, VIAVI Solutions

"Edvard Munch was a restless innovator who explored the human condition through his experimental art, and we wanted to honor his dream of sharing his art with everyone. TCS has a reputation for digital innovations, and it has been thought provoking to see how powerful AI and ML technologies can be used to bring an artist's work to life in ways they could never have imagined. We believe this partnership will help us further extend our work in engaging a global audience interested in experiencing our museum and the fascinating oeuvre of Edvard Munch."

- Tone Hansen
Director, Munch

"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

Research and Innovation

As on **December 31, 2023**, the company has applied for **7,852** patents, including **187** applied during the quarter, and has been granted **3,458** patents including **305** granted in Q3.

Human Resources

TCS' workforce stood at **603,305** as on December 31st. The employee base is very diverse, with **35.7%** women and with **153** nationalities.

Year till date, TCSers have clocked **39.7 million** learning hours, and acquired **3.7 million** competencies including **515,000** high demand competences. IT services' attrition was at **13.3%** for the last twelve months.

Key Awards and Recognition

- Received the **Amazon Web Services (AWS) GSI Partner of the Year 2023 – Global** and the **AWS GSI Partner of the Year 2023 – France** awards.

- Achieved the **2023-2024 Microsoft Business Applications Inner Circle** award for the fourth consecutive year.

- Awarded the **2023 Customer Success Partner of the Year** Award by **Microsoft**.

- Won 7 Gold awards at the **Brandon Hall Technology Excellence Awards 2023.**

- Awarded the **Star of Excellence Award 2023** by **Information Services Group (ISG),** for consistently demonstrating the highest standard of customer service excellence.

- TCS ranked **#1** in **Spain** for **Customer Satisfaction in Service Delivery,** amongst IT and cloud service providers in Spain by Whitelane Research.

- Received the **Health & Wellness Award** at the **Diversity in Tech Awards 2023** for championing wellness within the workplace to maintain a positive and productive environment for all employees.

- Awarded the **World Intellectual Property Organization's (WIPO) National Award for Enterprises** at the **National Intellectual Property Award 2023.**

- Recognized for **Best Made in India Telecom Innovation** at the **IMC 2023 Awards.**

- Received the **2023 Financial Technologies Forum (FTF) News Technology Innovation Award** in '**Best Corporate Actions Provider**' category for TCS BaNCS in corporate actions.

- TCS ADD™ Metadata Repository won two awards for **Excellence in Ancillary Pharma Services** and **Excellence in use of Technology** at the **India Pharma Awards 2023**.

Industry Analyst Assessments

TCS was ranked a **Leader** in **38** competitive assessments published by leading research firms in Q3.

Analyst Firm	Firm's Report Type	Report Title
Everest	PEAK Matrix	Talent Readiness for Next-generation IT Services PEAK Matrix® Assessment 2023
Gartner	Magic Quadrant	Magic Quadrant for Custom Software Development Services, Worldwide
Avasant	RADAR	Tech-enabled Sustainability Services 2023–2024 RadarView™
Avasant	RADAR	Nordics Digital Services 2023–2024 RadarView™
Avasant	RADAR	United Kingdom (UK) Digital Services 2023–2024 RadarView™
PAC	Ranking Report	Cloud Services - Vendor Rankings - UK
Avasant	RADAR	Intelligent ITOps Services 2023–2024 RadarView™
Everest	PEAK Matrix	Lending IT Services PEAK Matrix® Assessment 2023
Everest	PEAK Matrix	Cloud Services in Insurance PEAK Matrix® Assessment 2023
HFS	HFS Horizons	HFS Horizons: Retail and CPG Service Providers, 2023
IDC	MarketScape	IDC MarketScape: Worldwide Omni-Channel Guest Experience Services Providers for Hospitality, Dining, and Travel 2023 Vendor Assessment
Everest	PEAK Matrix	Healthcare Payer Digital Services PEAK Matrix® Assessment 2023
IDC	MarketScape	IDC MarketScape: Worldwide Life Science R&D Strategic Consulting Services 2023 Vendor Assessment
Everest	PEAK Matrix	MedTech Operations PEAK Matrix® Assessment 2023
HFS	HFS Horizons	HFS Horizons: Life Science Service Providers, 2023
IDC	MarketScape	IDC MarketScape: Worldwide Smart Manufacturing Production Management Service Providers 2023–2024 Vendor Assessment
IDC	MarketScape	IDC MarketScape: Worldwide Smart Manufacturing Asset Management Service Providers 2023-2024 Vendor Assessment
Everest	PEAK Matrix	Artificial Intelligence (AI) Services PEAK Matrix® Assessment 2023
Avasant	RADAR	Data Management and Advanced Analytics Services 2023 RadarView™
IDC	MarketScape	IDC MarketScape: Asia/Pacific Cloud Professional Services 2023–2024 Vendor Assessment
IDC	MarketScape	IDC MarketScape: Worldwide Managed Public Cloud Services 2023 Vendor Assessment
NelsonHall	NEAT	Advanced Digital Workplace Services 2023
IDC	MarketScape	IDC MarketScape: European Human-First Digital Workplace Services 2023 Vendor Assessment
Everest	PEAK Matrix	Next-generation Quality Engineering (QE) Services PEAK Matrix® Assessment 2023
Avasant	RADAR	Digital Talent Capability 2023–2024 RadarView™

Everest	PEAK Matrix	Finance and Accounting Outsourcing (FAO) PEAK Matrix® Assessment 2023
Avasant	RADAR	Data Center Managed Services 2023–2024 RadarView
IDC	Ranking Report	Worldwide Managed Cloud Services Market Shares, 2022: Top 10 Worldwide Managed SPs
IDC	MarketScape	IDC MarketScape: Asia/Pacific Cloud Security Services 2023–2024 Vendor Assessment
Everest	PEAK Matrix	Cloud Security Services PEAK Matrix® Assessment 2023
Avasant	RADAR	Risk and Compliance Services 2023 RadarView™
IDC	MarketScape	IDC MarketScape: GCC Oracle Application Implementation Services 2023–2024 Vendor Assessment
Gartner	Magic Quadrant	Magic Quadrant for Cloud ERP Services for Service-Centric Enterprises
IDC	MarketScape	IDC MarketScape: Worldwide Supply Chain SAP Ecosystem Services 2023 Vendor Assessment
IDC	MarketScape	IDC MarketScape: Worldwide Supply Chain Oracle Ecosystem Services 2023 Vendor Assessment
IDC	MarketScape	IDC MarketScape: Worldwide Supply Chain All Other Ecosystems Services 2023 Vendor Assessment
IDC	MarketScape	IDC MarketScape: Worldwide Software Engineering Services Vendor Assessment
Everest	PEAK Matrix	Digital Interactive Experience (IX) Services PEAK Matrix® Assessment 2023 – North America

IFRS Financial Statements

Consolidated Statements of Comprehensive Income
For the three-month periods ended December 31, 2022, and December 31, 2023
(In millions of $, except per share data)

	Three-month period ended December 31, 2022	Three-month period ended December 31, 2023	
		Ex Adj*	Reported
Revenue	**7,075**	**7,281**	**7,281**
Cost of revenue	4,241	4,311	4,311
Gross margin	**2,834**	**2,970**	**2,970**
SG & A expenses	1,098	1,149	1,264
Operating income	**1,736**	**1,821**	**1,706**
Other income (expense), net	44	86	76
Income before income taxes	**1,780**	**1,907**	**1,782**
Income taxes	457	492	448
Income after income taxes	**1,323**	**1,415**	**1,334**
Non-controlling interests	5	5	5
Net income	**1,318**	**1,410**	**1,329**
Earnings per share in $	**0.36**	**0.39**	**0.36**

*excludes settlement of legal claim

Consolidated Statements of Financial Position
As of March 31, 2023, and December 31, 2023
(In millions of $)

	As of March 31, 2023	As of December 31, 2023
Assets		
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
Total Assets	**17,728**	**17,380**
Liabilities and Shareholders' Equity		
Shareholders' Funds	11,252	10,842
Current liabilities	5,297	5,400
Non-current liabilities	1,082	1,040
Non-controlling interests	97	98
Total Liabilities	**17,728**	**17,380**

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About Tata Consultancy Services

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 55 years. Its consulting-led, cognitive powered, portfolio of business, technology and engineering services and solutions is delivered through its unique Location Independent Agile™ delivery model, recognized as a benchmark of excellence in software development.

A part of the Tata group, India's largest multinational business group, TCS has over 608,000 of the world's best-trained consultants in 55 countries. The company generated consolidated revenues of US $27.9 billion in the fiscal year ended March 31, 2023, and is listed on the BSE and the NSE in India. TCS' proactive stance on climate change and award-winning work with communities across the world have earned it a place in leading sustainability indices such as the MSCI Global Sustainability Index and the FTSE4Good Emerging Index. For more information, visit **www.tcs.com**

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