

TCS Financial Results

Quarter II Ended FY 2024-25

Oct 10, 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.

Q2 FY25 Performance Highlights

➤ Revenue:

- INR Revenue of ₹ **642,590 Mn, up 7.6% YoY**
- USD Revenue of \$ **7,670 Mn, up 6.4% YoY**
- Constant currency revenue **up 5.5% YoY**

➤ Profit:

- Operating Margin at **24.1%**
- Net Margin at **18.5%**
- Cash flow from operations at **100.2%** of net profit

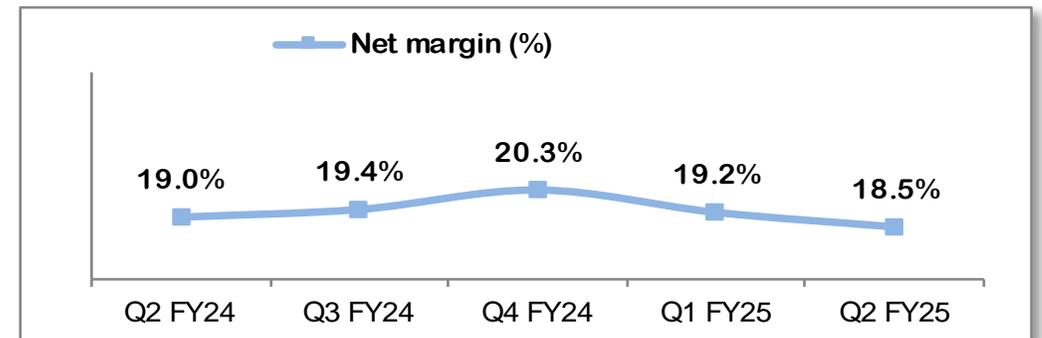
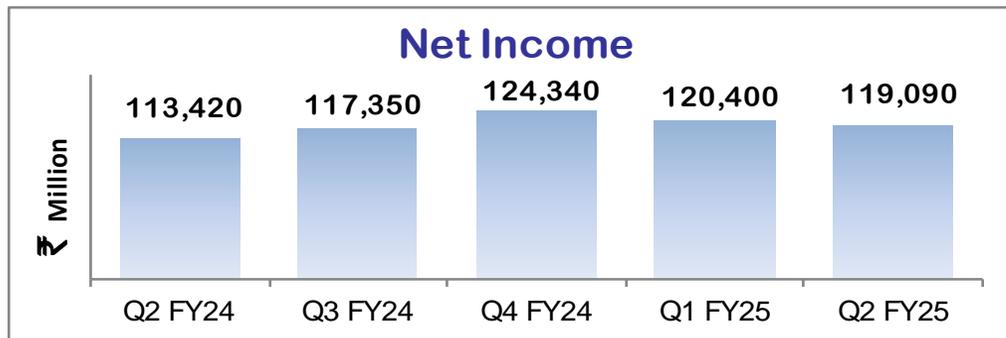
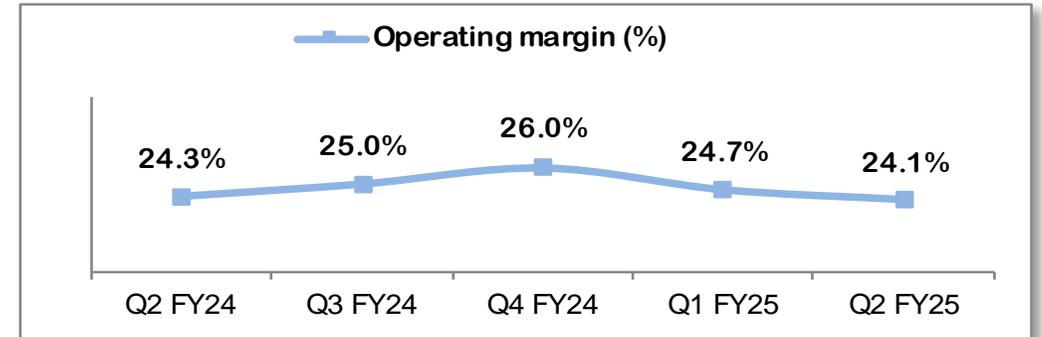
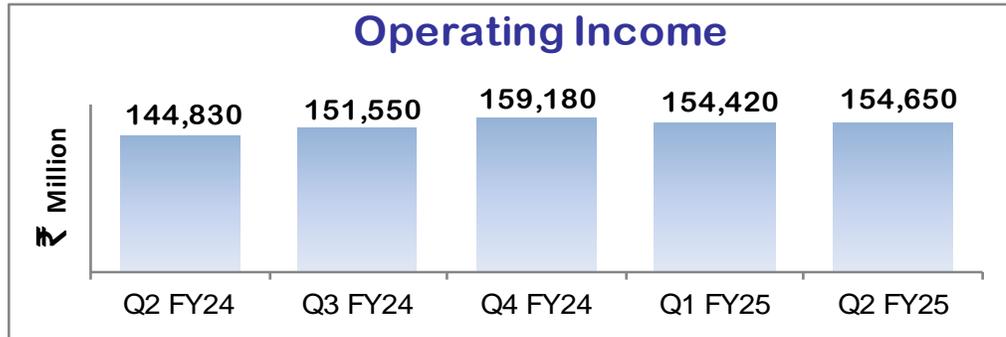
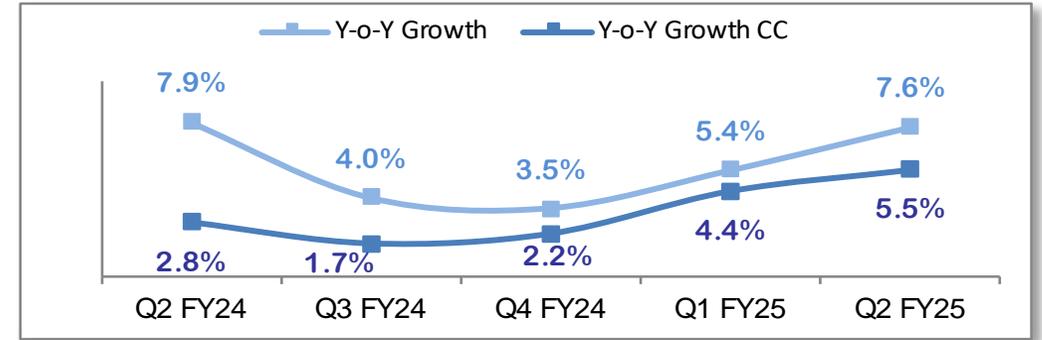
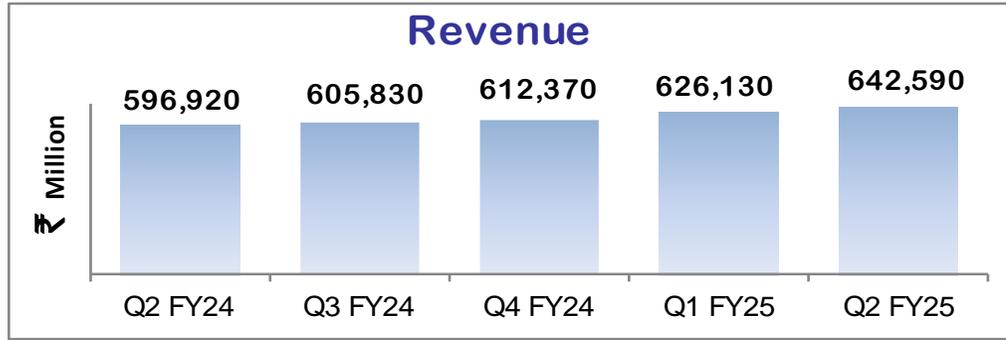
➤ Demand:

- Clients \$100M+ up by 5; \$10M+ up by 8 & \$1M+ up by 35 YoY
- Order book TCV at \$8.6 Bn; North America TCV at \$4.2 Bn; BFSI TCV at \$2.9 Bn, Consumer Business TCV at \$1.2 Bn

➤ People:

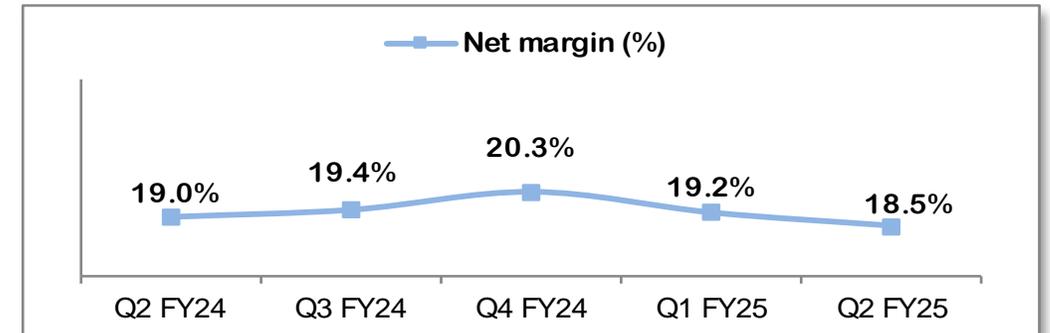
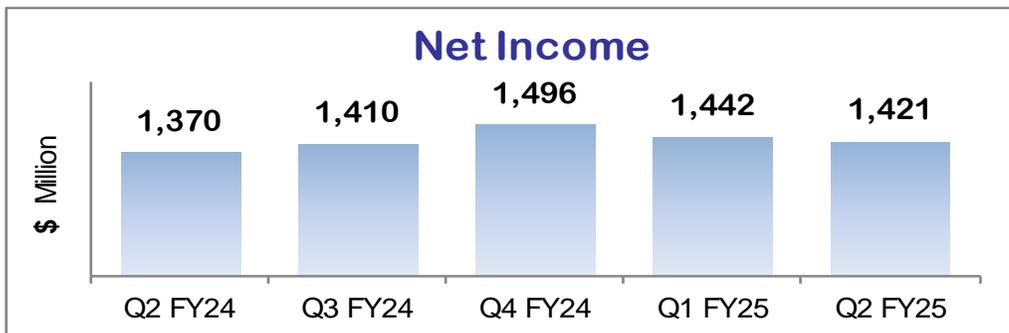
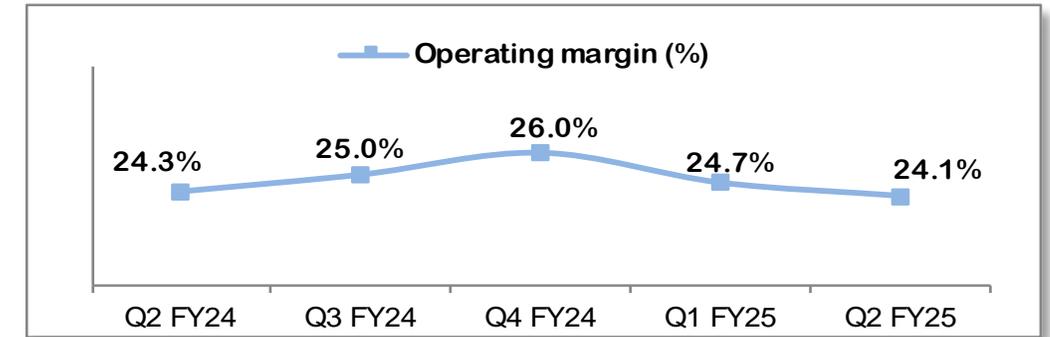
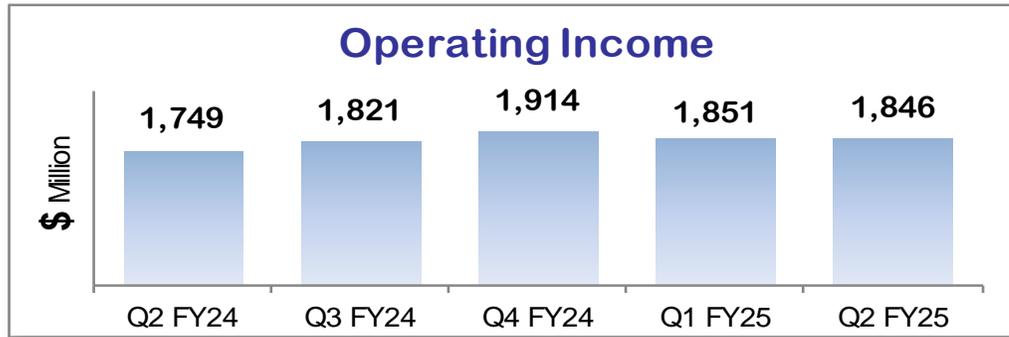
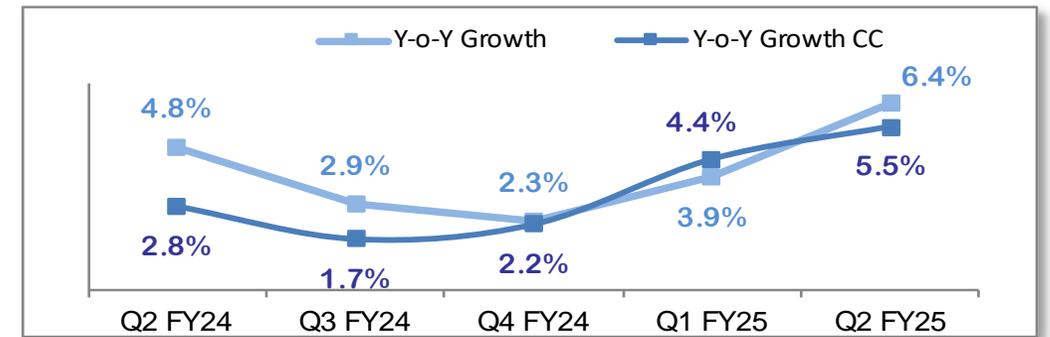
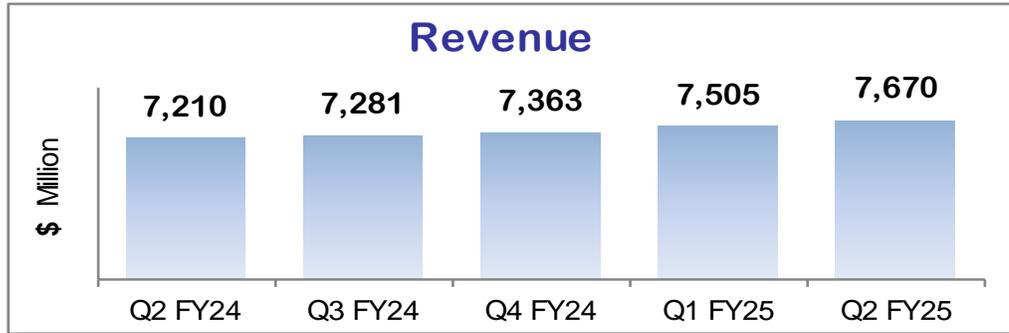
- Closing headcount: **612,724**
- LTM attrition at **12.3%** in IT Services

Growth Summary (INR)



*Q3FY24 excludes settlement of legal claim

Growth Summary (USD)



* Q3FY24 excludes settlement of legal claim

Operational Parameters

Growth by Market

Geography (%)	Q2 FY24	Q2 FY25	Y-o-Y CC Growth
Americas			
North America	51.7	47.6	- 2.1
Latin America	2.0	1.8	6.8
Europe			
UK	16.5	17.0	4.6
Continental Europe	14.9	14.6	1.8
Asia Pacific			
India	4.9	8.9	95.2
MEA	2.2	2.1	7.9
Total	100.0	100.0	5.5

Growth by Domain

Vertical (%)	Q2 FY24	Q2 FY25	Y-o-Y CC Growth
BFSI	32.6	30.8	0.1
Consumer Business	15.9	15.1	0.1
Life Sciences & Healthcare	10.9	10.4	0.1
Manufacturing	8.6	8.6	5.3
Technology & Services	8.6	8.0	- 1.9
Communication & Media	6.9	5.9	- 10.3
Energy, Resources and Utilities	5.6	5.7	7.0
Regional Markets & Others	10.9	15.5	50.4
Total	100.0	100.0	5.5

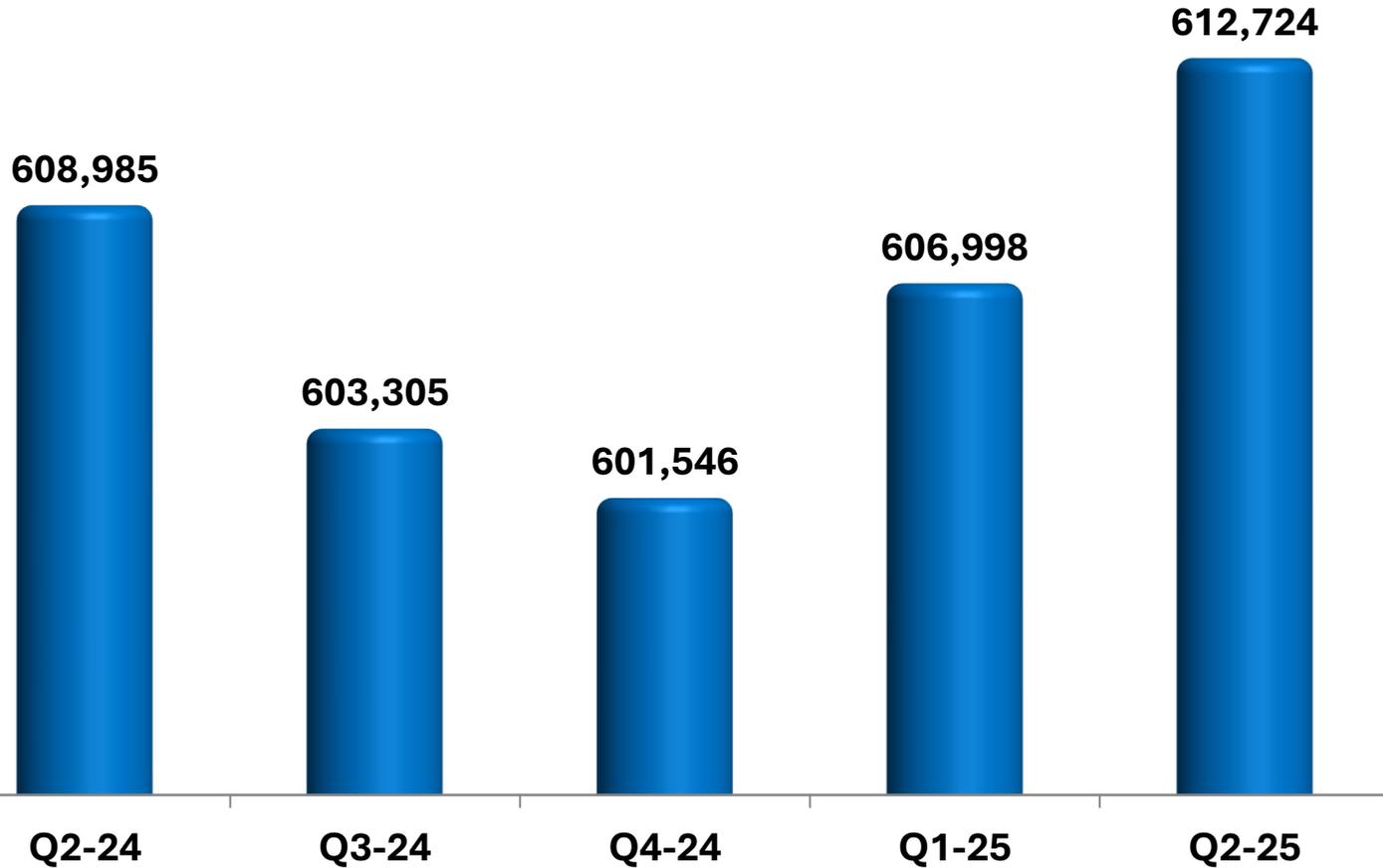
Client Parameters

Clients Contribution	Q2 FY24	Q2 FY25
US\$ 1m+ Clients	1272	1307
US\$ 5m+ Clients	688	710
US\$ 10m+ Clients	483	491
US\$ 20m+ Clients	292	298
US\$ 50m+ Clients	137	136
US\$ 100m+ Clients	61	66

*Last Twelve Months' services revenues

Human Resources

Total Employee Base



Attrition*:

- **12.3%** (LTM), IT Services

Diversity:

- **35.5%** Women employees
- **150** Nationalities

*Excluding Subsidiaries

Talent Development:

- **26.1Mn** Learning Hrs YTD (FY25)
- **2.6Mn** competencies acquired YTD (FY25)
- **310K** high demand competencies acquired YTD (FY25)

Annexure

IFRS Income Statement

Consolidated IFRS	₹ Million		% of Revenue	
	Q2 FY24	Q2 FY25	Q2 FY24	Q2 FY25
Revenue	596,920	642,590	100.00	100.00
Cost of revenue	357,620	397,200	59.91	61.81
Gross margin	239,300	245,390	40.09	38.19
SG & A expenses	94,470	90,740	15.83	14.12
Operating income	144,830	154,650	24.26	24.07
Other income (expense), net	8,470	5,670	1.42	0.88
Income before income taxes	153,300	160,320	25.68	24.95
Income taxes	39,500	40,770	6.62	6.34
Income after income taxes	113,800	119,550	19.06	18.61
Non-controlling interests	380	460	0.06	0.08
Net income	113,420	119,090	19.00	18.53
Earnings per share in ₹	31.00	32.92		

COR – SG&A Details

COR	₹ Million		% of Revenue	
	Q2 FY24	Q2 FY25	Q2 FY24	Q2 FY25
Employee cost	273,670	292,670	45.85	45.54
Fees to external consultants	40,790	28,070	6.83	4.37
Equipment and software	4,620	32,300	0.77	5.03
Facility expenses	4,890	5,360	0.82	0.83
Depreciation	9,640	9,860	1.62	1.53
Travel	5,050	6,110	0.85	0.95
Communication	3,680	4,040	0.62	0.63
Other expenses	15,280	18,790	2.55	2.93
Cost of Revenue	357,620	397,200	59.91	61.81

SG&A	₹ Million		% of Revenue	
	Q2 FY24	Q2 FY25	Q2 FY24	Q2 FY25
Employee cost	77,560	73,870	12.99	11.50
Fees to external consultants	2,120	1,820	0.36	0.28
Facility expenses	2,800	3,300	0.47	0.51
Depreciation	2,980	2,810	0.50	0.44
Travel	1,780	2,030	0.30	0.32
Communication	1,760	1,980	0.29	0.31
Provision for Doubtful Debts	320	190	0.05	0.03
Other expenses	5,150	4,740	0.87	0.73
S G & A expenses	94,470	90,740	15.83	14.12

Cash Flow Summary

IFRS in ₹ Mn	Q2 FY24	Q2 FY25
Net Cash from Operations	118,230	119,320
Capital Expenditure	4,660	8,060
Free Cash Flow	113,570	111,260
Dividends Paid	121,010	36,470
Operating Cash Flow to Sales (%)	19.8	18.6
Operating Cash Flow to Net Profit (%)	104.2	100.2
Total Cash and Investments	596,770	539,660

IFRS Statement of Financial Position

Consolidated IFRS	₹ Million	
	31-Mar-24	30-Sep-24
Assets		
Property and equipment	112,240	112,760
Right-of-use Assets	78,860	89,770
Intangible assets and Goodwill	44,990	44,810
Accounts Receivable	445,610	496,180
Unbilled Revenues	153,000	150,120
Invested Funds	469,630	539,660
Other current assets	90,950	105,480
Other non current assets	90,440	93,750
Total assets	1,485,720	1,632,530
Liabilities and Shareholders' Equity		
Shareholders' Funds	926,120	1,036,240
Current liabilities	461,040	484,820
Non-current liabilities	90,260	102,590
Non-controlling interests	8,300	8,880
Total Liabilities	1,485,720	1,632,530

Detailed financials are uploaded.

IFRS Income Statement – In USD

Consolidated IFRS	\$ Million		%of Revenue	
	Q2 FY24	Q2 FY25	Q2 FY24	Q2 FY25
Revenue	7,210	7,670	100.00	100.00
Cost of revenue	4,320	4,741	59.91	61.81
Gross margin	2,890	2,929	40.09	38.19
SG & A expenses	1,141	1,083	15.83	14.12
Operating income	1,749	1,846	24.26	24.07
Other income (expense), net	102	68	1.42	0.88
Income before income taxes	1,851	1,914	25.68	24.95
Income taxes	477	487	6.62	6.34
Income after income taxes	1,374	1,427	19.06	18.61
Non-controlling interests	4	6	0.06	0.08
Net income	1,370	1,421	19.00	18.53
Earnings per share in \$	0.37	0.39		

COR – SG&A Details – In USD

COR	\$ Million		% of Revenue	
	Q2 FY24	Q2 FY25	Q2 FY24	Q2 FY25
Employee cost	3,306	3,493	45.85	45.54
Fees to external consultants	493	335	6.83	4.37
Equipment and software	56	386	0.77	5.03
Facility expenses	59	64	0.82	0.83
Depreciation	116	118	1.62	1.53
Travel	61	73	0.85	0.95
Communication	44	48	0.62	0.63
Other expenses	185	224	2.55	2.93
Cost of Revenue	4,320	4,741	59.91	61.81

SG&A	\$ Million		% of Revenue	
	Q2 FY24	Q2 FY25	Q2 FY24	Q2 FY25
Employee cost	937	882	12.99	11.50
Fees to external consultants	26	22	0.36	0.28
Facility expenses	34	39	0.47	0.51
Depreciation	36	34	0.50	0.44
Travel	21	24	0.30	0.32
Communication	21	24	0.29	0.31
Provision for Doubtful Debts	4	2	0.05	0.03
Other expenses	62	56	0.87	0.73
SG&A expenses	1,141	1,083	15.83	14.12

IFRS Statement of Financial Position in USD

Consolidated IFRS	\$ Million	
	31-Mar-24	30-Sep-24
Assets		
Property and equipment	1,346	1,346
Right-of-use Assets	946	1,071
Intangible assets and Goodwill	539	534
Accounts Receivable	5,343	5,921
Unbilled Revenues	1,834	1,791
Invested Funds	5,633	6,439
Other current assets	1,092	1,261
Other non current assets	1,083	1,120
Total assets	17,816	19,483
Liabilities and Shareholders' Equity		
Shareholders' Funds	11,104	12,365
Current liabilities	5,529	5,786
Non-current liabilities	1,082	1,224
Non-controlling interests	101	108
Total Liabilities	17,816	19,483

Detailed financials are uploaded.

Ind AS Income Statement - Consolidated

Consolidated Ind AS	₹ Crore		% of Revenue	
	Q2 FY24	Q2 FY25	Q2 FY24	Q2 FY25
Revenue	59,692	64,259	100.00	100.00
Expenditure				
a) Employee Costs	35,123	36,654	58.84	57.04
b) Cost of equipment and software licences	462	3,230	0.77	5.03
c) Other Operating expenses	8,361	7,644	14.01	11.89
d) Depreciation	1,263	1,266	2.12	1.97
Total Expenditure	45,209	48,794	75.74	75.93
Profit Before Taxes & Other Income	14,483	15,465	24.26	24.07
Other income (expense), net	847	567	1.42	0.88
Profit Before Taxes	15,330	16,032	25.68	24.95
Provision For Taxes	3,950	4,077	6.62	6.34
Profit After Taxes & Before Non-controlling interests	11,380	11,955	19.06	18.61
Non-controlling interests	38	46	0.06	0.08
Net Profit	11,342	11,909	19.00	18.53
Earnings per share in ₹	31.00	32.92		

Ind AS Balance Sheet - Consolidated

Consolidated Ind AS	₹ Crore	
	31-Mar-24	30-Sep-24
Assets		
Property and equipment	10,940	10,938
Right-of-use Assets	7,886	8,977
Intangible assets and Goodwill	2,342	2,314
Accounts Receivable	44,561	49,618
Unbilled Revenues	15,300	15,012
Invested Funds	46,963	53,966
Other current assets	9,095	10,548
Other non current assets	9,362	9,751
Total Assets	146,449	161,124
Liabilities and Shareholders' Equity		
Shareholders' Funds	90,489	101,495
Current liabilities	46,104	48,482
Non-current liabilities	9,026	10,259
Non-controlling interests	830	888
Total Liabilities	146,449	161,124

Detailed financials are uploaded.

Currency mix and average realized rates in INR

Currency	Average rates		% of Revenue	
	Q2 FY24	Q2 FY25	Q2 FY24	Q2 FY25
USD	82.79	83.78	53.96%	49.32%
GBP	103.81	110.23	14.34%	14.86%
EUR	89.53	92.41	11.12%	11.15%
Others			20.58%	24.67%
Total			100.00%	100.00%

Thank you