

TCS Demonstrates Operational Resilience While Positioning for Growth Recovery

- Q1 CC Revenue Degrows **6.3%** YoY
- Life Sciences (**+13.8%** YoY) Shines Amid Widespread Declines
- Industry-leading Operating Margin: **23.6%**
- Q1 Total Contract Value: **\$6.9 Bn**

MUMBAI, July 9, 2020: Tata Consultancy Services (BSE: 532540, NSE: TCS), the leading global IT services, consulting and business solutions organization, reported its consolidated financial results according to Ind AS and IFRS, for the quarter ending June 30, 2020.

Highlights of the Quarter Ended June 30, 2020

- Revenue at **\$5.059 Bn**, **-7.8%** YoY
- Constant Currency revenue growth: **-6.3%** YoY
- Net Income at **\$925 Mn**, **-20.8%** YoY
- Operating Margin at **23.6%**; Net Margin at **18.3%**
- Strong Cash Conversion: Operating Cash Flow at **132.6%** of Net Income
- Consolidated headcount: **443,676** | Women in the workforce: **36.2%**
- **353K+** employees trained in new technologies
- Industry-leading talent retention: IT Services attrition rate at **11.1%** LTM
- Dividend per share: ₹ 5.00

Record date 17/07/2020; Payment date 31/07/2020

Commenting on the Q1 performance, **Rajesh Gopinathan, Chief Executive Officer and Managing Director**, said: *“The revenue impact of the pandemic played out broadly along the lines we had anticipated at the start of the quarter. It affected all verticals, with the exception of Life Sciences and Healthcare, with varying levels of impact. We believe it has bottomed out, and we should now start tracing our path to growth.”*

He added: *“After an initial period of disruption, customers have now stabilized their operations and are now embarking on new beginnings to adapt and thrive in a post-pandemic world. We are seeing many customers focus on front-end transformation, resulting in significant traction for our products and services. The other big investment themes are around driving operational resilience, adaptability and optimization. We signed several large core transformation programs encompassing operations, applications, cloud and cybersecurity. Our Machine First™ approach, delivered using the Secure*

Borderless Workspaces™ model is helping us win such opportunities. Very encouragingly, we saw customers launch new business transformation programs or restart deferred programs during the quarter. This is indicative of business confidence returning in pockets.”

N Ganapathy Subramaniam, Chief Operating Officer & Executive Director, said: *“The location-independent way of working is gaining traction. Our customers are quite comfortable integrating the remote workforce, using new collaborative technologies to get work done. Our Secure Borderless Workspaces™ model has been institutionalized. We have been able to seamlessly adapt and extend it to prospect for new business, sell, contract and execute programs.”*

He added: *“The resilience and adaptability that we have shown in supporting all our customers over the last three months bodes well for our relative competitiveness going forward. Despite the continued uncertainty and weakness in all major economies, we have had very healthy deal closures and a strong pipeline. We will stay focused on helping our customers overcome the current challenges and prepare for the growth ahead.”*

V Ramakrishnan, Chief Financial Officer, said: *“We have taken a supportive approach to employees and vendors, and used other efficiency levers to limit the impact of the sharp revenue decline during the quarter, and still delivered an industry-leading operating margin. Disciplined execution resulted in superior cash conversion and a strong cash balance that positions us very well to weather the downturn.”*

Q1 Segment Highlights

Industries: Life Sciences & Healthcare continued to grow strongly at 13.8% YoY. Other than that, all other industry verticals showed declines of varying degrees: BFSI (-4.9%), Retail & CPG (-12.9%), Communications & Media (-3.6%), Manufacturing (-7.1%) and Technology & Services (-4%).

Markets: Demand contraction was broad-based by geography. Other than Europe (+2.7%) and Latin America (+0.2%), growth declined in all other markets: North America (-6.1%), UK (-8.5%), India (-27.6%), Asia Pacific (-3.2%), and MEA (-11.7%).

Services:

- **Consulting & Services Integration:** Strong traction continued in M&A and Location Independent Agile services. Finance and shared services transformation, as well as digital strategy and integration services saw strong traction.
- **Cognitive Business Operations:** Provided uninterrupted services to customers by switching over to the SBWS™ model. Won several large deals linked to adoption of new operating models that enhance enterprise resilience, accelerate cloud adoption, improve customer experience in a virtual world and improve enterprise agility.
- **Digital Transformation Services:** Saw strong demand for cloud and cyber security services during the quarter. TCS positioned multiple focused offerings to help customers navigate the crisis, around the themes of business continuity and certainty, digital workplaces and remote working, customer experience and support services, agile supply chain, ecosystem modernization, M&A, enterprise analytics, digital learning, and employee onboarding and wellness.

Key Highlights

- Selected by the **Reserve Bank of India** for a program of national importance, to develop, implement and support the Public Credit Registry (PCR), a digital registry to capture and store the credit information of individual and corporate borrowers in India, to enable faster and transparent credit provisioning to a larger set of borrowers. PCR will be highly secure, resilient and scalable platform built using the latest technologies, supporting easy integration and interoperability for institutions like CERSAI, MCA, GSTN, SEBI etc, and accessible online to the various stakeholders of the credit ecosystem through a strong data privacy and consent management framework.
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- “At Aegon UK, we are working hard to help people achieve a lifetime of financial security and TCS has been a long-standing strategic and transformation partner during this journey. Through the recent multi-year partnership engagement with TCS, we are aiming to expand our digital transformation capabilities powered by new-age technologies and newer ways of working to better enable our customers and stakeholders to do business with us in the future.”*
- Lio Lopez-Welsch
Chief Information Officer, Digital Solutions,
Aegon UK.*
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- **Aegon UK** has selected TCS as the strategic partner to provide end-to-end digital solutions by leveraging new-age technologies and newer ways of working for an extended duration of 3 years.
 - Selected by a global conglomerate focused on electrification and automation to deliver a strategic business and IT transformation initiative designed to ensure digital ready processes on a global scale. TCS will enable continuous improvements and transformation that will create a future-oriented enterprise architecture, enabling globally integrated business processes to improve time to market and operational efficiencies.
 - Partnering with a Swiss Financial Services Institution to build a next generation, cloud-enabled Enterprise Records Management Platform to meet regulatory and compliance requirements. TCS will use its Machine First™ approach to data discovery and lineage, combined with statistical evaluation and intelligent information extraction, to identify and map large volumes of data from across decades, before migrating all the data to the new strategic platform. This initiative delivers added value and innovation to the customer's organization addressing the business needs of the General Counsel and the Compliance and Regulatory Affairs departments.
 - Won a multi-year deal to manage global infrastructure operations supporting business platforms, content and product platforms for **John Wiley & Sons, Inc.**, a global leader in research and education. The scope also includes enabling transformation to cloud to cater to growth in digital subscriptions, support the future business models, and new acquisitions.
 - Engaged by a US-based bank which is one of the largest residential mortgage servicers, to transform its mortgage operations business. Leveraging a leading CRM cloud platform,

customer management and engagement will be transformed with omni-channel engagement, accelerated time to market for new offerings, and increased employee productivity.

- Selected by a leading global management consulting firm, to transform its employee experience across multiple countries. TCS will enable HR transformation leading to enhanced engagement with globally diverse employees, increased employee satisfaction, and better talent retention.
- Selected by a large global consumer products company, to enhance the employee experience and enable collaboration and remote working by leveraging a leading workplace, mobility and chatbot solution.
- Engaged by an internet and communications services company in the Middle East, to initiate and drive its digital transformation journey. TCS will migrate its legacy CRM solution to an industry leading solution driving the growth and transformation agenda for the organization.
- Chosen by a leading retailer in Australia with a chain of supermarkets and grocery stores, to implement an application integration platform on a hyperscale public cloud, to aid faster separation of a business unit as per their divesture plan.
- Engaged by a large Fortune 500 utility in the US, for strategic transformation of their IT operating model and services with the Machine First approach, leveraging ignio™. Also selected as the partner for their digital journey for accelerated adoption of automation, mobility and cloud leveraging the Business 4.0 framework.
- A leading European airline has scaled up its association with TCS for RPA and AI initiatives in application management and operations. As part of the MFDM™ roadmap, TCS has proposed the implementation of Augmented AI capabilities to drive cognitive automation across business value chains for higher efficiencies and enhanced customer satisfaction.
- Chosen by a Swiss-Swedish multinational corporation, as the strategic partner to transform its operations harnessing the power of digital technologies. TCS will leverage MFDM™ framework, ignio and its cloud exponents platform for rapid cloud migration delivering faster time to market
- Selected by **Tata Steel** in Europe, one of the largest steelmakers in Europe, as its strategic partner to transform its IT infrastructure leveraging TCS cognitive operations platform powered by MFDM™ for substantially increased efficiency and customer experience.
- Engaged by **Tryg Forsikring**, a large Nordic non-life insurance company to transform the existing infrastructure platform to a modern hybrid cloud platform powered by TCS Enterprise Cloud Platform and a leading hyperscale cloud platform. This transformation will enable the customer to

“Customer satisfaction is of paramount importance for Tryg and we continually strive to deepen our customer relations through various innovative products and services. To achieve these business objectives, we chose TCS to help us build a scalable, resilient and secure IT infrastructure. TCS has been our long-standing partner and has delivered many strategic projects in the past and the new agreement reaffirms our confidence in the partnership. We have been on track to fulfill our three-year strategy to ensure future-readiness for Tryg and TCS has been a valuable partner in this journey.”

Anne Nørklit Lønborg
CIO, Tryg

accelerate its cloud first strategy and reduce their time to market significantly, with an automation based digital foundation.

- Engaged by **Visionworks of America**, a leading provider of eye care services in the US, for revamping their point of sale estate by unlocking the power of cloud and using Agile methods to provide a seamless experience for their employees and end customers.
- Chosen by a leading global financial services company, to conceptualize, design and implement its infrastructure security leveraging a Machine First approach, for reduced risk, greater efficiency and compliance to global information security program policy.
- Engaged by a global semiconductor design & manufacturing company, to transform its supply and sales processes by leveraging a leading cloud platform and a microservices based architecture for greater efficiency and visibility across the business ecosystem.
- Engaged by a Europe-based multinational consumer credit reporting company, to unlock the power of its data ecosystem to create growth opportunities. TCS will modernize its existing credit services platform, thereby enabling the customer to stay agile, innovate to create new services & products and scale easily.
- Chosen by a leading Australian bank, to transform its business operations in consumer mortgages and origination processes. TCS Analytics services & assets will help the customer to enhance their data-based decision-making capabilities to drive superior business outcomes.
- Chosen by a Swedish multinational networking and telecommunications giant, as their strategic blockchain partner for ideation and platform selection, operating model definition and coming up with a plan for scaling blockchain implementations across the organization.

“On top of the usual challenges involved with a project of this scale, the COVID-19 pandemic put pressure on us all to find flexible ways to work to keep the port opening on schedule. The successful implementation of this brand-new system was only made possible by TCS’ ability to deliver at short notice and with agility. The team had an intimate understanding of the detail of our requirements and were able to produce efficient and user-friendly solutions that are fit for purpose; in this regard the TCS team is in a class of its own. The expertise and knowledge of the TCS team was combined with that of our own MIS staff and that of third-party suppliers to collaboratively deliver the solution on time.”

Stuart Wallace
 Chief Operating Officer
 Forth Ports

- Selected by a leading Europe-based telecommunications company, as its partner to drive business insights at scale with speed & reliability, and improve its customer base. TCS will enable the client to future-proof its business intelligence and reporting catalogue function and eliminate data redundancies, in order to achieve a single source of truth.
- Selected by a leading global investment bank and financial services company, to tap the potential of its data and take data-driven business decisions for improving customer engagement, staying ahead of the curve, and enhancing business ROI by modernizing its integrated data warehouse across the wealth management and investment domains.
- Chosen by a leading UK building society, as a transformation partner for digitalized mortgage distribution. TCS will enable faster time to market, tailored decisioning and better customer experience by leveraging TCS CX and Smart QE assurance platforms.
- Selected by an American financial services company, for agile testing of their enterprise portfolio. TCS will leverage its Smart QE platform & assessment approach for faster test cycles and higher efficiency.

“At Rabobank, we are dedicated to offer convenient and innovative products that benefit our customers, society, and the world around us with the vision towards 'growing a better world together'. Our secure and robust infrastructure coupled with TCS's SBWS™ model has enabled us to continue serving our customers even in these uncertain times. We look forward to continue our transformation & innovation agenda to deliver our growth strategy and our partnership with TCS to help us expedite the pace of change.”

Sebastiaan Goossen
 EVP & IT Domain Manager Risk & Finance,
 Rabobank

Research and Innovation

- The TCS Innovation Forum, which brings together customers, prospects, start-ups and academic partners every year, was reimagined into a series of 10 webinars. The first three editions, which have already taken place, drew over 1300 customers from all over the world. These digital events will continue all summer, deliberating on topics of current relevance such as the re-opening of workplaces, making supply chains resilient and future business models for industries like banking, retail, life sciences and media.
- As on June 30, 2020, the company has applied for **5,324** patents, including **108** applied during the quarter, and has been granted **1,471** patents.

Human Resources

Consolidated headcount stood at **443,676** as of June 30, 2020. The workforce continues to be very diverse, comprising **146** nationalities and with women constituting **36.2%** of the base.

TCS' continued investments in organic talent development and focus on upskilling have resulted in industry-leading outcomes. TCSers logged in **7.9m** learning hours in Q1, a **28%** increase over the prior

quarter. Over **353,000** employees have been trained on multiple new technologies, and over **417,000** have been trained on Agile methods.

TCS continues to be the global industry benchmark in talent retention, with the IT Services attrition rate (LTM) at **11.1%**.

“Our primary concern has been for our employees’ health and wellbeing. We have implemented several initiatives to intensify employee engagement and provide them the support and resources they need to tide over this difficult time. I am very pleased with how TCSers have risen to the challenge and adapted very well to the changed circumstances, leveraging our Secure Borderless Workspaces™ model to very effectively collaborate with each other and with customer teams to execute activities that until now, entailed travel, co-location and extensive in-person interactions. Another area of immense satisfaction is how TCSers used the opportunity to upskill themselves. Learning activity surged, registering a 24% increase over the prior quarter, despite the absence of fresher onboarding in Q1. Our sustained focus on organic talent development helped us fulfill over 4,500 open positions this quarter with internal candidates,” said **Milind Lakkad**, Global Head, Human Resources.

He added: *“Many of our employees have been waiting eagerly to return to their workplaces, but we have taken a conservative approach and are enabling it in a calibrated way, in line with our Vision 25 x 25, ensuring that all precautions are taken to create a safe workplace. Around 1% of our workforce is currently working from our facilities and we are looking to increase this steadily during this quarter.”*

Awards and Recognition

Business Leadership:

- Ranked **#1 in Customer Satisfaction in the UK** by customers responding to Europe’s largest independent survey of IT service providers, carried out by Whitelane Research. Customers gave TCS an overall satisfaction score of 81 percent, compared to the industry average of 68 percent.
- Ranked among the **Top 100 US brands**, across all industries, by Brand Finance for the sixth year in a row. TCS was ranked **#59**, up two places from last year.
- Given the **Best of Best award** by the Association of Talent Development for the second time in a row, for sustained excellence in learning integration and effectiveness, strategic value of learning and individual & company performance.
- Named as one of **America’s Most Community-Minded Information Technology Companies** for the fourth consecutive year, **and as Technology Sector Leader for the third year**, in the Civic 50 by Points of Light, the world’s largest organization dedicated to volunteer service.
- Won **2 Stevies** at the 2020 American Business Awards®, for the 2019 TCS New York City Marathon app. TCS received a Gold Stevie® in the category **Mobile Marketing Campaign of the Year** and a Silver Stevie in the category **Best User Experience**.

Partner:

- Won the 2020 SAP® Pinnacle Award in the category **Integrated Delivery Partner of the Year**, in recognition of its outstanding contributions as an SAP partner, dedication to teamwork, innovative approach and capacity to challenge what is possible, in helping customers achieve their goals.
- Named the **Global System Integrator of the Year 2020** by HPE in recognition of its outstanding performance, commitment to customer excellence, focus on growth, innovation, and professional achievements.
- Won 2020 Pega Partner Award for **Excellence in Growth and Delivery** for leveraging Pega technologies to drive successful digital transformation programs for joint clients in the insurance, manufacturing and telecommunications industries.

IFRS Financial Statements

Consolidated Statements of Comprehensive Income
For the three-month periods ended Jun 30, 2019 and Jun 30, 2020
(In millions of USD, except per share data)

	Three-month period ended Jun 30, 2019	Three-month period ended Jun 30, 2020
Revenue	5,485	5,059
Cost of revenue	3,265	3,065
Gross margin	2,220	1,994
SG & A expenses	895	800
Operating income	1,325	1,194
Other income (expense), net	203	60
Income before income taxes	1,528	1,254
Income taxes	357	324
Income after income taxes	1,171	930
Minority interest	3	5
Net income	1,168	925
Earnings per share in \$	0.31	0.25

Consolidated Statements of Financial Position
As of Mar 31, 2020, and Jun 30, 2020
(In millions of USD)

	As of March 31, 2020	As of June 30, 2020
Assets		
Property and equipment	1,583	1,575
Right-of-use Assets	1,060	1,061
Intangible assets and Goodwill	547	556
Accounts Receivable	4,057	4,024
Unbilled Revenues	1,398	1,259
Investments	3,494	3,936
Cash and Cash equivalents	1,146	1,291
Other current assets	1,976	2,369
Other non current assets	1,048	987
Total Assets	16,309	17,058
Shareholders' Funds	11,433	12,154
Other current liabilities	3,587	3,623
Other non-current liabilities	1,204	1,195
Minority Interest	85	86
Total Liabilities	16,309	17,058

About Tata Consultancy Services Ltd (TCS)

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 50 years. TCS offers a consulting-led, cognitive powered, integrated portfolio of business, technology and engineering services and solutions. This 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 443,000 of the world's best-trained consultants in 46 countries. The company generated consolidated revenues of US \$22 billion in the fiscal year ended March 31, 2020, and is listed on the BSE (formerly Bombay Stock Exchange) and the NSE (National Stock Exchange) 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 Dow Jones Sustainability Index (DJSI), MSCI Global Sustainability Index and the FTSE4Good Emerging Index. For more information, visit us at www.tcs.com.

To stay up-to-date on TCS global news, follow @TCS_News.

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