

Business 4.0 powers a strong finish to FY18

- FY18 Q4 Revenue at ₹32,075 Cr, up 3.8% Q-on-Q and 8.2% Y-on-Y
- Digital Revenue at 23.8%, up 42.8% Y-on-Y
- FY18 Annual revenue at ₹123,104 Cr; up 4.4%
- Board of Directors recommend 1:1 bonus share issue
- Industry-defining transformational deals drive growth momentum
- Attrition continues to trend down; at 11%, lowest in the industry
- TCS Brand Value crosses \$10Bn; fastest growing brand in the industry globally

MUMBAI, April 19, 2018: Tata Consultancy Services (BSE: 532540, NSE: TCS), the leading IT services, consulting and business solutions firm reported its consolidated financial results according to Ind AS and IFRS, for the quarter and the financial year ended as on March 31, 2018.

FY 2018 Highlights	Q4 FY 2018 Highlights
<ul style="list-style-type: none"> Operating Income at ₹30,502 Cr Operating Margin at 24.8 % Healthy Client Revenue Metrics: Clients in \$100M+ band increased by 3 Clients in \$50M+ band increased by 13 Clients in \$20M+ band increased by 17 Clients in \$10M+ band increased by 40 Employee headcount: 394,998 Attrition rate: 11% in IT services Over ₹26,800 Cr of cash returned to shareholders in dividends and buyback FY18 EPS at ₹134.19 	<ul style="list-style-type: none"> 23.8% of revenue from digital; up 42.8% Y-o-Y Operating Income at ₹8,147 Cr Operating Margin at 25.4% Highest ever cash conversion: Operating Cash Flow 121.7% of Net Profit EPS at ₹36.07 Total Dividend for FY18 at Rs 50 per share including Rs 29 per share Final Dividend (proposed).

Commenting on the Q4 performance, Rajesh Gopinathan, CEO and MD, said: “Strong demand in digital across all industry verticals and large transformational deal wins have made this one of our best fourth quarters in recent years. The strong exit allows us to start the new fiscal on a confident note.”

Mr Gopinathan added: “As customers move forward in their Business 4.0 journeys, TCS is helping them leverage digital technologies to drive their growth and transformation agendas. The multiple mega-deals that we won this year are evidence that TCS is their preferred partner

in such strategically important initiatives. By pioneering methodologies like the Machine First Delivery Model (MFDM™) and Location Independent Agile, we are upholding the spirit of innovation and leading change that has been a hallmark of TCS' fifty year history."

N. Ganapathy Subramaniam, Chief Operating Officer & Executive Director, said: *"We are executing on our Business 4.0 strategy and that is paying off very well. Our participation in our customers' digital spending is expanding ahead of the industry. Six of our industry verticals grew above the company average in FY 18, four of them growing double digits. Strong deal wins and a good pipeline positions us very well in the new fiscal."*

V. Ramakrishnan, Chief Financial Officer, said: *"Disciplined execution delivered an all-time high cash conversion in Q4. We stayed geared for higher growth, and continued to invest in our people and in the business. With revenue growth improving, and our digital business scaling up, we expect our margins to remain in a stable range."*

Q4 Segment Highlights¹

Industries: All industry verticals – with the exception of BFSI – grew above company average, with three verticals growing in double digits Y-o-Y. Growth was led by the Energy & Utilities vertical (+33.7%), Travel & Hospitality (+25.4%) and Life Sciences & Healthcare (+12.6%).

Markets: On a Y-o-Y basis, Continental Europe (+19.1%), UK (+10.7%) and Asia Pacific (+8.6%) led the growth. North America grew 4.9% YoY.

Services: Greater adoption of digital technologies by customers resulted in several large, multi-practice integrated deal wins. Digital engagements contributed **23.8%** of revenue in Q4, a growth of **42.8%** Y-o-Y.

- **Consulting & Services Integration:** Saw strong growth, winning large multi-practice deals of strategic significance for customers, as it continues to secure our position as a trusted advisor to our clients.
- **Digital Transformation Services:** All the underlying service practices saw good demand in Q4, particularly in cloud migration, application modernization and enterprise application services. TCS' Machine First Delivery Model (MFDM™) saw strong adoption in IT Ops and Process Automation powered by ignio™ and third party solutions, with over 20 wins. Industry-specific advanced analytics offerings, backed by our assets and contextual knowledge, continued to deliver high impact business outcomes for our customers. Cyber Security Services saw strong double digit growth led by Identity & Access Management, IoT Security, and Managed Security Services. Customer priorities of user experience and product and service innovation powered strong growth in Interactive Services.
- **Cognitive Business Operations:** This quarter saw high interest for our Integrated offerings leveraging cognitive technologies, based on an 'Insights-as-a-Service' model.

¹ Growth rates mentioned are in constant currency

Key Highlights in Q4

Consulting & Services Integration

- Selected by a global biopharmaceutical company to use artificial intelligence to scan through unstructured information to provide an improved understanding of stakeholder sentiment and fully automate their tolling process to eliminate discrepancies between physical material flow and financial flow of funds.
- Chosen by an American confectionary and food products major for a consulting engagement to rationalize their application portfolio and streamline processes impacting Business resilience and Disaster Recovery.
- Engaged by a European telecom company to lead their Digital Transformation program re-imagining the customer engagement model and to provide advanced analytics and seamless unified user experience across web and mobile applications.

Analytics, Intelligent Automation

- Selected by a global Financial Services organization, to perform data discovery and formulate a global data strategy to overhaul the existing data landscape enabling it to cater to the increasing risk and regulatory needs.
- Selected by a Canadian life insurance firm to provide the strategy blueprint and roadmap for Intelligent Automation.

Cloud Services & Cyber Security

- Engaged with Mesosphere, a leading US software firm, as a Co-Development partner to drive efficiency and accelerate innovation for end customers managing modern data-intensive enterprise applications.
- Engaged by a leading global pharma company to divest the vegetable seeds business as part of the strategic divestiture factory capability with a hybrid cloud solution stack.
- Engaged by a workforce solutions and services firm for GDPR compliance consulting engagement to outline, blueprint and implement consistent GDPR policies and principles across all its Group operations.
- Signed an extended multi-year partnership with Sainsbury's, a leading UK grocery retailer, to enable their strategy of differentiation and efficiency through digital transformation, focusing on excellence in systems support, agile first solution delivery and innovation.

Internet of Things

- Chosen by a leading Japanese automobile major to design an IoT-based supply chain solution to provide more visibility for its component movements across global suppliers.
- Engaged by a North American agricultural products & services company to enhance security and safety of its plant operations by providing an IoT based remote monitoring solution.

TCS Interactive

- Selected by a Finnish Insurance firm as a strategic partner to envision, strategize and provide digital customer experience based solutions using Interactive technologies.
- Selected by a large retail bookseller company to enhance the in-store employee experience using interactive technologies.

Cognitive Business Operations

- Chosen by Bonnier AB, a leading Swedish multichannel media conglomerate, to digitally transform their pan-Nordics infrastructure landscape through extensive adoption of cloud, re-designing the operating model guided by TCS' machine-first delivery model MFDM™ and instituting cognitive intelligence based automation powered by ignio™.
- Signed a multi-year deal with a global pharmaceutical company to manage their core functions across Research, Development and Commercial areas by leveraging TCS services in Digital, Analytics & Insights, and Cognitive Business Operations.

Research and Innovation:

- TCS CodeVita, one of the largest programming contests in the world for college students, continued to grow, and the latest edition had more than 100,000 participants from 63 countries, battling for the Top 3 individual prizes. The winners came from India, the US and the Czech Republic
- TCS' entry – a software component of the embedded code analyzer that improves precision by reducing the number of false warnings without compromising on performance - won the silver medal at the Seventh International Competition on Software Verification (SV-COMP) held at TACAS 2018 in Thessaloniki, Greece

As of March 31, 2018, the company has applied for **3916** patents, including **299** applied during the quarter. Till date the company has been granted **654** patents.

Human Resources:

Total employee strength at the end of Q4 stood at **394,998** on a consolidated basis.

TCS has focused on internal talent development at scale, making large investments in a digital learning platform that empowers employees to acquire new skills and stay relevant at a time of immense technology change. At an overall level, the focus on training resulted in over **5.6** million learning days in FY 18, over **247,000** employees getting trained on digital technologies, and **208,000** employees trained on Agile methodologies.

These investments in training, in collaborative workplaces and progressive HR policies have resulted in best in class employee retention rates. The IT Services attrition rate (LTM) fell by 0.1% in Q4 to **11%**, while the total attrition rate (including BPS) fell to **11.8%**.

The percentage of women in TCS rose further to **35.3%** in Q4. The total number of nationalities represented in the workforce stood at **131**.

“Our core values, progressive policies, people-centric culture and continued investment in competency development empowers individuals and helps them realize their potential. This is at the heart of the can-do attitude and entrepreneurial agility that has distinguished TCS throughout the last fifty years, and which continues to give us an edge in the industry,” said **Ajoy Mukherjee**, Executive Vice President and Global Head, Human Resources.

Awards and Recognition:

Business Leadership:

- Named among the Top 3 brands in the IT Services sector globally by Brand Finance. Additionally, TCS' brand value crossed the \$10 Bn mark in 2017, and was the fastest growing brand by value, up 14.4% year on year, in contrast to the largely stagnant valuation of the sector as a whole.
- Recognized as Global Top Employer for the third consecutive year by the Top Employer Institute. In addition, TCS was named the Top employer in 27 countries, across North America, Europe, Asia Pacific, Latin America and the Middle East.
- Ranked #1 in Europe for customer satisfaction for the fifth consecutive year by Whitelane Research, based on a survey of 1,600 CXOs across 13 countries. In the country rankings, TCS topped the list in Germany, Belux, Netherlands, Switzerland, and the Nordics.
- Received Eight Brandon Hall Group Awards for its Human Resources, Business Process Services (BPS) and SMB Programs; Gold award for Excellence in Learning, two silver awards for Excellence in Leadership Development and a Silver award for the Excellence in Talent Acquisition
- Recognized as a digital and communications thought leader at the Corporate Content Awards by Communicate Magazine; Won two gold, five silver and one bronze award for industry-leading thought leadership campaigns
- Recognized as 'Best-in-Class' provider by the Consumer Goods Technology Readers' Choice survey 2018
- Recognized as Most Admired Knowledge Enterprise at the KM India Summit organized by CII
- Named the Best Company for Diversity and Inclusion at the 2018 Women in Technology and Data Awards, hosted by Waters Technology

Partner:

- Won Cisco's Global IT Service Provider Award for Cloud Excellence
- Won the 2018 IBM Beacon Award and Asia Pacific Excellence Award

Sustainability:

- Awarded Gold for its BridgeIT Program at India Digital Awards 2017 under 'Best Use of Internet for Social and Economic Development' by Internet & Mobile Association of India (IAMAI)
- Passport Seva wins two CSI Nihilent e-Governance Awards 2017 at the 52nd CSI annual convention

IFRS Financial Statements

Consolidated Statements of Comprehensive Income
For the year ended March 31, 2017 and March 31, 2018
(In millions of ₹, except per share data)

	Year ended March 31 , 2017	Year ended March 31 , 2018
Revenue	1,179,660	1,231,040
Cost of revenue	668,870	712,880
Gross margin	510,790	518,160
SG & A expenses	207,550	213,140
Operating income	303,240	305,020
Other income (expense), net	41,890	35,900
Income before income taxes	345,130	340,920
Income taxes	81,560	82,120
Income after income taxes	263,570	258,800
Minority interest	680	540
Net income	262,890	258,260
Earnings per share in ₹	133.41	134.19

Consolidated Statements of Comprehensive Income
For the three-month periods ended March 31, 2017, December 31, 2017 and March 31, 2018
(In millions of ₹, except per share data)

	Three-month period ended March 31 , 2017	Three-month period ended December 31, 2017	Three-month period ended March 31 , 2018
Revenue	296,420	309,040	320,750
Cost of revenue	166,730	178,620	185,240
Gross margin	129,690	130,420	135,510
SG & A expenses	53,420	52,610	54,040
Operating income	76,270	77,810	81,470
Other income (expense), net	9,890	8,640	9,820
Income before income taxes	86,160	86,450	91,290
Income taxes	19,940	21,000	22,040
Income after income taxes	66,220	65,450	69,250
Minority interest	140	140	210
Net income	66,080	65,310	69,040
Earnings per share in ₹	33.52	34.12	36.07

Consolidated Statements of Financial Position
As of March 31, 2017 and March 31, 2018
(In millions of ₹)

	As of March 31, 2017	As of March 31, 2018
Assets		
Property and equipment	117,410	116,000
Intangible assets and Goodwill	37,680	38,960
Accounts Receivable	226,840	250,370
Unbilled Revenues	53,510	69,130
Investments	419,800	360,080
Cash and Cash equivalents	35,970	48,830
Other current assets	72,580	90,050
Other non-current assets	89,740	110,670
Total Assets	1,053,530	1,084,090
Shareholders' Funds	883,150	872,410
Long term borrowings	710	540
Short term borrowings	2,180	1,930
Other current liabilities	142,940	176,350
Other non-current liabilities	20,890	28,840
Minority Interest	3,660	4,020
Total Liabilities	1,053,530	1,084,090

Ind AS Financial Statements

Consolidated Statement of Profit and Loss
For the Year ended March 31, 2017 and March 31, 2018
(In crores of ₹, except per share data)

	Year ended March 31, 2017	Year ended March 31, 2018
INCOME	117,966	123,104
EXPENDITURE		
a) Employee costs	61,621	66,396
b) Cost of Equipment & software licences	2,808	2,700
c) Other operating expenses	21,226	21,492
d) Depreciation	1,987	2,014
Total Expenditure	87,642	92,602
Profit Before Taxes & Other Income	30,324	30,502
Other income (expense), net	4,189	3,590
Profit Before Taxes	34,513	34,092
Provision For Taxes	8,156	8,212
Profit After Taxes & Before Minority Interest	26,357	25,880
Minority Interest	68	54
Net Profit	26,289	25,826
Earnings per share in ₹	133.41	134.19

Consolidated Statement of Profit and Loss
For the Quarter ended March 31, 2017, December 31, 2017 and March 31, 2018
(In crores of ₹, except per share data)

	Quarter ended March 31, 2017	Quarter ended December 31, 2017	Quarter ended March 31, 2018
INCOME	29,642	30,904	32,075
EXPENDITURE			
a) Employee costs	15,692	16,458	17,183
b) Cost of Equipment & software licences	705	749	533
c) Other operating expenses	5,113	5,410	5,707
d) Depreciation	505	506	505
Total Expenditure	22,015	23,123	23,928
Profit Before Taxes & Other Income	7,627	7,781	8,147
Other income (expense), net	989	864	982
Profit Before Taxes	8,616	8,645	9,129
Provision For Taxes	1,994	2,100	2,204
Profit After Taxes & Before Minority Interest	6,622	6,545	6,925
Minority Interest	14	14	21
Net Profit	6,608	6,531	6,904
Earnings per share in ₹	33.52	34.12	36.07

Consolidated Balance Sheet
As at March 31, 2017 and March 31, 2018
(In crores of ₹)

	As at March 31, 2017	As at March 31, 2018
ASSETS		
Property, plant and equipment	11,645	11,506
Investments	41,980	36,008
Deferred Tax Assets (net)	2,828	3,449
Goodwill (on consolidation)	1,597	1,745
Cash and Bank Balance	4,149	7,161
Current Assets, Loans and Advances	34,531	38,356
Non-current Assets, Loans and Advances	6,522	8,071
Total Assets	103,252	106,296
EQUITY AND LIABILITIES		
Shareholders' Funds	86,214	85,128
Minority Interest	366	402
Short term and long term borrowings	271	235
Deferred Tax Liabilities (net)	919	1,170
Current liabilities and provisions	14,312	17,647
Non-current liabilities and provisions	1,170	1,714
Total Liabilities	103,252	106,296

About Tata Consultancy Services Ltd (TCS)

Tata Consultancy Services is an [IT services](#), [consulting](#) and business solutions organization that partners with many of the world's largest businesses in their transformation journeys. TCS offers a consulting-led, Cognitive powered, integrated portfolio of [IT](#), Business & Technology Services, and [engineering](#). 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 394,000 of the world's best-trained consultants in 46 countries. The company generated consolidated revenues of US \$ 19.09 billion for year ended March 31, 2018 and is listed on the BSE (formerly Bombay Stock Exchange) and the NSE (National Stock Exchange) in India. For more information, visit us at www.tcs.com.

Follow TCS on Twitter at [@TCS_News](https://twitter.com/TCS_News).

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