

BFSI turnaround drives robust start to FY19

Net Income growth of 17.2% YoY

- **\$ Revenue crosses \$5Bn mark; grows +10% YoY¹**
- **North America growth highest in 12 quarters**

MUMBAI, July 10, 2018: Tata Consultancy Services (BSE: 532540, NSE: TCS), the leading IT services, consulting and business solutions firm reported its consolidated financial results according to IndAS and IFRS as on June 30, 2018.

Financial Highlights for Quarter Ended June 30, 2018

- Revenue at **\$5.051 Bn; +10% YoY**
- Constant Currency Revenue growth at **+9.3% YoY**
- Net Income at **\$1.082 Bn; +17.2% YoY**
- Operating Margin at **25%**
- Earnings Per Share at **\$0.28**, up **19.8% YoY**; Dividend per share of ₹ 4.00
Proposed record date 18/07/18; Payment date 25/07/18

Business Highlights for Quarter Ended June 30, 2018

- BFSI vertical growth accelerates: **+4.1% YoY**
- North America rebounds on BFSI and Retail recovery: **+7% YoY**
- Digital revenue at 25%, up **44.8% YoY**
- **2** new clients in **\$100M+** band, **13** clients added in **\$5M+** band sequentially
- World's largest Agile-ready workforce: **242,000+** employees Agile trained
- Total employees: **400,875**; IT Services attrition rate at **10.9% LTM**

Commenting on the Q1 performance, CEO and MD, Rajesh Gopinathan said: "We are starting the new fiscal year on a strong note, with the growth engine firing on all cylinders. Our Banking vertical recovered very nicely this quarter, while other industry verticals maintained their momentum. With a good set of wins during the quarter, a robust deal pipeline and accelerating digital demand, we are positioned well for the future."

Mr Gopinathan added: "Customers across verticals and markets are embracing our Business 4.0 thought-leadership framework and accelerating their digital transformation journeys. Our contextual knowledge, full spectrum capabilities and investments in research and innovation are making us their preferred partner for their growth and transformation initiatives."

N. Ganapathy Subramaniam, Chief Operating Officer & Executive Director, said: "It has been an excellent quarter, with broad-based growth across all segments and good client additions. We are seeing strong demand in areas like cloud transformation, cyber-security and data privacy, and automation. Our investments in

¹ YoY: Year on Year; QoQ: Quarter on Quarter. Growth rates in constant currency unless specified otherwise.

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forward-thinking doctrines like the Machine First Delivery Model (MFDM™) and Location-independent Agile are giving customers immediate, measurable business benefits and speed to market

V. Ramakrishnan, Chief Financial Officer, said: "Disciplined execution, accelerating growth and currency support helped us mitigate the impact of wage increases during the quarter. This strong start gives us greater confidence in our ability to get our operating margin to our preferred range, while continuing to fund the digital investments that are differentiating us in the marketplace."

Q1 Segment Highlights²

Industries: Revenue growth accelerated in BFSI (+4.1%) and Retail & CPG (+12.7%) in Q1. Growth was led by the Energy & Utilities vertical (+30.9%).

Markets: North America bounced back growing +7%, while UK (+18.7%), Continental Europe (+18.6%), and Asia Pacific (+10.8%) led the growth.

Services: Business & Technology Services had a strong quarter with several key deal wins and a healthy pipeline across all service lines.

- **Consulting & Services Integration:** Experienced strong growth driven by greater traction of transformative business solutions combining technologies, process and contextual knowledge. Enterprise Agility Services continued to gain strong adoption by customers.
- **Digital Transformation Services:** All services saw strong growth and a healthy pipeline, as customers navigate the complexities of digitally re-imagining their business. Q1 saw strong demand for Cloud advisory and migration services, Cyber-security including GDPR, Identity & Access Management and Managed Security Services, Intelligent Process Automation, TCS Enterprise Cloud Platform, Interactive services, IoT & Analytics services.
- **Cognitive Business Operations:** TCS' Machine First Delivery Model (MFDM™) which reimagines conventional delivery by giving machines the first right of refusal on new workloads, saw greater adoption among customers.

Q1 Key Highlights

Consulting and Services Integration

- Chosen as a strategic partner for the transformation of Mitsubishi Corporation's global network architecture, an initiative to enhance operational efficiencies and business excellence, spanning multiple geographies and approximately 150 offices worldwide.
- Selected by a leading UK retailer as a strategic partner to digitally transform operations and drive greater business agility, by implementing a portal leveraging a suite of micro services and optimizing their supplier network through a new Supplier Master Data Management solution.

² Growth figures in constant currency and YoY

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- Expanded the partnership with M&G Prudential to deliver enhanced services for its UK savings and retirement customers, bringing the total number of policies managed by TCS to 5.8 million.
- Chosen by a leading American aviation company in the US to improve its operations by leveraging the power of Analytics, as part of an IoT Digital Thread and Digital Command Center initiative to overcome silos and provide an integrated business view across multiple business units.
- Selected by Euroclear Finland, the financial industry's trusted provider of post trade services, to transform and modernize its core legacy systems by deploying TCS BaNCS and significantly upgrading its issuance and post trade services.
- Engaged by a prominent North American airline as a strategic partner to enrich its customer experience by designing and building advanced analytics labs and a security infrastructure for effective security configuration and improved performance.

TCS Interactive

- Chosen by a leading Canadian financial institution as a leading digital partner to improve its employee experience by reimagining their workplace management and collaboration processes.
- Selected by an American multinational shipping and logistics company as a strategic partner to design and develop a next generation digital network planning tool to optimize service across their product lines.

Enterprise Applications, Cloud Services and Security

- Engaged by a global gas supplier as the transformation partner for a large multi-year hybrid cloud engagement, including hosting and managing their IT infrastructure leveraging TCS Private Cloud.
- Chosen by a European steel manufacturer to provide improved visibility and control of their cloud applications by implementing a Cloud Access Secure Broker solution with GDPR compliance.
- Selected by a leading UK airline to deliver a smart order management solution and superior digital shopping channel experiences by implementing an Azure Cloud based solution.
- Engaged by a travel and logistics company in the US to create a new Digital Workplace through a design-centred transformation initiative leveraging Office 365 and SharePoint.

Automation and Blockchain

- Engaged by Keysight, an American electronics test and measurement equipment manufacturer, to transform their IT landscape using Intelligent Automation and our Machine First Delivery Model, leveraging ignio™ – the world's first cognitive automation solution for enterprise IT – as a key differentiator.
- Selected as a strategic partner by Woolworths Group, a leading Australian retailer, to enable business operational excellence and efficiency by leveraging TCS' contextual knowledge and intelligent automation solutions.
- Chosen by a multinational aerospace and transportation company to drive greater efficiency across their value chain by deploying intelligent automation solutions.

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- Engaged by a leading Canadian bank to improve the transparency of its customer information by implementing a Blockchain solution to synchronize client insights across multiple businesses.

IoT and Analytics

- Engaged by a prominent bank in the US to empower its financial crime group with cognitive intelligence and anti-money laundering processes by integrating the bank's Analytics platform with an advanced search engine tool.
- Selected by a leading aircraft manufacturing firm in the US to transform its data landscape in line with its Enterprise Strategy for 2025 – by enabling advanced analytics, integration of machine data and cloud migration.
- Chosen by a top British Port group to provide operational visibility and establish safety compliance by effectively tracking field assets, leveraging IoT enabled sensing technology.

Products and Platforms

- TCS' products and platforms continued to gain traction in the market place with 8 wins for the TCS BaNCS suite, 2 wins for Advanced Drug Discovery platform, and 7 wins for ignio

Research and Innovation:

- TCS' flagship innovation event, the **TCS Innovation Forum 2018** was held at four locations – New York, Mexico City, London and Edinburgh. Hundreds of customers, ecosystem partners and influencers got together with TCS' Research and Innovation teams to brainstorm around the theme of "Innovation driven Business 4.0"
- At the 13th edition of **TATA Innovista 2018** the TCS team won **five** distinct awards across multiple award categories
- TCS Research won the **first place** for **Best modeling results predicting the microstructure within an as-built 15-5 bridge structure** at the AM-Bench 2018 Benchmark Challenge conducted by the National Institute of Standards and Technology (NIST), USA.

As of June 30, 2018, the company has applied for **3978** patents, including **62** applied during the quarter, and has been granted **715** patents

Human Resources:

Total employee strength at the end of Q1 crossed the 400k mark and stood at **400,875** on a consolidated basis. The percentage of women in the workforce rose further to **35.6%**, while the total number of nationalities represented grew to **143**.

The company's strategy of organic talent development resulted in a cumulative **11 million** learning hours, and training of over **264k** employees in digital technologies, and over **242k** employees in Agile methods. The IT Services attrition rate (LTM) fell further by **0.1%** in Q1 to **10.9%**, while the total attrition rate (including BPS) fell to **11.7%**.

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“We continue with our investments in upgrading the technology skills of our people, while leveraging their contextual knowledge and domain experience. This has resulted in not only a very nurturing and dynamic work environment, but also a strong digital solutioning capability that delivers differentiated outcomes for our customers,” said **Ajoy Mukherjee**, Executive Vice President and Global Head, Human Resources.

Awards and Recognition:

<p>Business Leadership:</p> <ul style="list-style-type: none"> Ranked among the Top 100 US Brands for the fourth consecutive year by Brand Finance®, the world's leading brand valuation firm Recognized as one of India's top innovative organizations at the 2018 India Innovation Conference and Awards ignio™ won an award for First Use of Machine Learning within the Workload Automation (WLA) Analytics Industry from Enterprise Management Association (EMA) TCS BaNCS recognized as the number 2 top selling Universal Banking system in Global Sales League Table Won the 2017 GRC 20/20 Innovation and User Experience Awards for innovative digital solutions that transform the Governance, Risk and Compliance function TCS' Executive Briefing Centre (EBC) got the 'World Class Briefing Award Center' award by the Association of Briefing Program Managers (ABPM) Won Six Stevies® at the 2018 American Business Awards®: a Gold Stevie® for Mobile Marketing Campaign of the Year, a Silver Stevie® for Corporate Social Responsibility Program of the Year, and 4 Bronze Stevies® for Company of the Year, New Product or Service of the Year for Human Capital Management, Human Resources Department of the Year, and Human Resources Team of the Year for Talent Engagement TCS Belgium won the Datanews Award of Excellence as "ICT Company of the Year 2018" for the 8th consecutive year 	<p>Partner:</p> <ul style="list-style-type: none"> Won IBM Cloud Partner of the Year for Denmark HPE Global Hybrid IT Solutions Partner of the Year Adobe System Integrator Partner of the Year 2018 for India region 2018 Pega Partner Excellence Award 'Valued Partner' award from ASML <p>Sustainability:</p> <ul style="list-style-type: none"> Won the Social Responsibility Award at the North American Employee Engagement Awards for the third year in a row Named America's Most Community-Minded Information Technology Company in the 2018 Civic 50 by Points of Light <p>Leadership:</p> <ul style="list-style-type: none"> Topped the sector in Institutional Investor's 2018 All Asia Executive Team rankings. Individual rankings were: <ul style="list-style-type: none"> Rajesh Gopinathan, CEO and Managing Director, ranked Best CEO (First Place) V Ramakrishnan, CFO, ranked Best CFO (Second Place) Kedar Shirali, Global Head – Investor Relations ranked Best IR Professional (First Place).
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IFRS Financial Statements

Unaudited Condensed Consolidated Statements of Comprehensive Income
For the three-month periods ended June 30, 2017, March 31, 2018 and June 30, 2018
(In millions of \$, except per share data)

	Three-month period ended June 30, 2017	Three-month period ended March 31, 2018	Three-month period ended June 30, 2018
Revenue	4,591	4,972	5,051
Cost of revenue	2,683	2,871	2,961
Gross margin	1,908	2,101	2,090
SG & A expenses	835	838	826
Operating income	1,073	1,263	1,264
Other income (expense), net	145	152	178
Income before income taxes	1,218	1,415	1,442
Income taxes	294	342	357
Income after income taxes	924	1,073	1,085
Minority interest	1	3	3
Net income	923	1,070	1,082
Earnings per share in \$	0.24	0.28	0.28

Unaudited Condensed Consolidated Statements of Financial Position
As of March 31, 2018 and June 30, 2018
(In millions of \$)

	As of March 31, 2018	As of June 30, 2018
Assets		
Property and equipment	1,784	1,684
Intangible assets and Goodwill	599	567
Accounts Receivable	3,849	4,000
Unbilled Revenues	1,063	1,145
Investments	5,536	4,711
Cash and Cash equivalents	751	674
Other current assets	1,385	2,065
Other non-current assets	1,702	1,455
Total Assets	16,669	16,301
Shareholders' Funds	13,413	12,818
Long term borrowings	8	7
Short term borrowings	30	2
Other current liabilities	2,712	3,027
Other non-current liabilities	443	390
Minority Interest	63	57
Total Liabilities	16,669	16,301

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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 the last fifty years. 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 400,000 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. 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](https://twitter.com/TCS_News).

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