

Strong Digital Demand Drives Double Digit Growth at TCS

- Q1 CC Revenue Growth of **10.6% YoY**
- Digital Revenue at **32.2%**, Growth of **42.1% YoY**
- UK (**+16% YoY**) and Europe (**+15% YoY**) Continue to Shine
- Net Margin at **21.3%**; EPS Growth: **13.0% YoY**

MUMBAI, July 9, 2019: 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, 2019.

Financial Highlights for Quarter Ended June 30, 2019

- Revenue at **₹38,172 crore**, **+11.4% YoY**
- Constant Currency revenue growth: **+10.6% YoY**
- Net Income at **₹8,131 crore**, **+10.8% YoY**
- Operating Margin at **24.2%**; Net Margin at **21.3%**
- Earnings Per Share at **₹21.67**, **+13.0% YoY**
- Net Cash from Operations at **₹8,446 crore** ie **103.9%** of Net Income
- Dividend per share: **₹ 5.00**

Record date 17/07/2019; Payment date 23/07/2019

Business Highlights for Quarter Ended June 30, 2019

- Digital revenue: **32.2%** of total, **+42.1% YoY**
- UK, Europe and India lead growth: **+16% YoY**, **+15% YoY** and **+15.9% YoY** respectively
- Continued investments in organic talent development:
 - Net addition of **12,356 employees**: highest in 5 years
 - **315K+** employees trained in digital technologies
 - **361K+** employees in Agile methods
- Industry-leading talent retention: IT Services attrition rate at **11.5% LTM**

Commenting on the Q1 performance, **Rajesh Gopinathan, Chief Executive Officer and Managing Director**, said: *"We have had a steady start to the new fiscal year. We see customers continuing to spend on their growth and transformation initiatives, and that is showing in our strong order book and deal pipeline this quarter."*

He added: *"We are benefiting significantly from enterprises investing in Customer Experience to differentiate themselves in a Business 4.0™ world. Our lean forward strategy is working well and our customers are benefiting from the TCS innovation ecosystem. Customers appreciate our end-to-end capabilities, and our holistic approach to transforming customer journeys that enable rapid product innovation and speed to value."*

N Ganapathy Subramaniam, Chief Operating Officer & Executive Director, said: *“We continue to execute well and delivered some significant transformation programs to our customers during the quarter. Our platforms for the financial industry are doing well. I’m particularly pleased that our TCS BaNCS Global Securities Processing platform is the choice of two large global financial institutions during the quarter.”*

He added: *“Our diversified industry presence, comprehensive digital offerings, and agile way of working, coupled with our Business 4.0 framework, enable us to stay relevant to our customers. We are confident of the future as we embrace deeply the Machine First™ philosophy in delivering experiential and modern solutions to our clients.”*

V Ramakrishnan, Chief Financial Officer, said: *“We continue to invest in deepening our capabilities to help our customers in their transformation journeys. Additionally, our margins this quarter fully reflect the annual increments that we effected across the board in April. Sustained rigor in operations helped deliver strong cash conversion and EPS expansion.”*

Q1 Segment Highlights

Industries: Revenue growth was broad-based across verticals. Life Sciences & Healthcare led the pack, growing 18.1%. The other verticals – BFSI (+9.2%), Retail & CPG (+7.9%), Communications & Media (+8.4%), Technology & Services (+7.8%) and Manufacturing (+5.5%) – all showed industry-leading growth rates.

Markets: Growth was led by UK (+16%), India (+15.9%) and Europe (+15%). Other markets showed good momentum: North America (+7.7%), Asia Pacific (+9.5%), MEA (+6.4%) and Latin America (+6.4%).

Services:

- **Consulting & Services Integration:** Customer Experience and Enterprise Agility are emerging as the top C-level priorities and helped drive strong growth for TCS’ CX transformation services and enterprise agility strategic consulting in Q1.
- **Digital Transformation Services:** Strong growth in IoT, cybersecurity, and consulting and services integration as customers look to transform to Business 4.0 enterprises. TCS’ ability to address the strategic needs of all key stakeholders, and Location Independent Agile Methodology are serving as strong differentiators.
- **Cognitive Business Operations:** This area saw strong growth led by digital customer experience management, digital F&A, business cloud aligned solutions, and operations at the edge.

Key Highlights

- Selected by one of the leading financial services groups in Finland, for a multi-year digital transformation and orchestration of its IT ecosystem, to improve quality of services, customer experience and overall security posture. TCS will integrate its Enterprise Cloud Platform, application operations & security services for improved business service availability, reliability, efficiency, increased productivity & predictability by leveraging TCS ignio™’s advanced machine learning & cognitive technologies.

- Engaged by one of the largest car rental companies in the world, as the strategic partner for a multi-year engagement to provide infrastructure, application management and quality engineering transformation services.
- Selected by a large European bank, as a strategic partner for operating model transformation across application development, application management and infrastructure services leveraging agile methods and DevOps. TCS will modernize the IT portfolio to drive core banking monetization (Bank as a service), GDPR compliance, improve efficiency, reduce system complexity, improve product innovation, reduce time to market and provide connected & personalized experience to customers.
- Engaged by a large Swiss multinational healthcare company, as a strategic partner to provide global infrastructure management (including data centres) and platform services across the enterprise.
- Engaged by a leading financial institution, to leverage the ecosystem of partners to setup an API Management solution and an API marketplace using TCS Melting Pot solution, which will allow charging for services through an economy-based consumption and gamified subscription model. TCS is also collaborating to develop and implement a Digital Playbook, a roadmap for a Unified Experience platform by leveraging Design Thinking.
- Engaged by, a major US airline, as a strategic partner for a multi-year engagement to provide application management and quality assurance services.
- Selected by an American entertainment company, for a multi-year partnership to provide digital transformation covering Analytics, Finance, Technology modernization, Agile & DevOps, and application management services.
- Engaged by one of the major Australian telecommunications companies, to transform the customer experience, deliver greater efficiency and improve Net Promoter Score using a TCS-built Digital Twin supported by Cognitive and AI-enabled automation interventions powered by TCS Machine First Delivery Model (MFDM™).
- Selected by a grocery retailer in Denmark, as the partner for the modernization of its legacy applications & workload management services leveraging TCS MFDM™ and TCS ignio™ to automate processes, deploy industry best practices, improve governance, and drive innovation.
- Selected by a US healthcare provider, as the partner for transforming its infrastructure operations by leveraging cognitive automation with the TCS MFDM™ and TCS ignio™ to automate operations, improve efficiency, and drive continuous service improvement.
- Selected by one of the major US based commercial insurers, to modernize their Contact Center platform with additional voice & non-voice channels and extended self-service capabilities by leveraging cloud, conversational AI and integration technologies to provide better experience and engagement for their end customers and users.
- Chosen by an European airline, as the strategic partner to deliver a transformed Digital-First customer experience through a new Enterprise Distributed Agile Model leveraging TCS MFDM™ and TCS ignio™, in addition to providing application management & support services.
- Selected by a large airline group in South America, to transform customer experience on its omni-channel digital commerce platforms with TCS Interactive design, implementation & maintenance services
- Chosen by a US-based financial services firm for authorized dealers and franchisees, to transform customer experience by modernizing their digital marketing platform with a

leading customer experience management (CXM) solution for scalable, industry-best and cross-channel marketing, advertising, analytics and commerce capabilities.

- Engaged by a US airline, as their strategic partner to help realise their Digital 2020 vision for transforming the customer experience. TCS will leverage a design-integrated agile engineering model to transform crew and employee channels to enable them to deliver an outstanding traveler experience.
- Selected by a leading medical devices company, to develop a Hyperledger Fabric blockchain solution to track products for sterilization from manufacturing through distribution for efficient process automation and improved movement visibility across stakeholders.
- Selected by a large American infrastructure and services provider, as a strategic partner to provide Technology Consulting and Digital Transformation services to deliver business insights by modernizing the Data & Analytics platforms.
- Selected by a leading US financial institution, for data lake platform modernization engagement leveraging leading enterprise cloud platforms with multiple solution accelerators to achieve effective campaign management, better management of credit risk, increased cross-sell and business growth, and improve the customer centricity, service and

engagement.

- Selected by a leading UK-based insurance company, to transform their marketing campaign management by leveraging TCS contextual, technological and digital marketing capabilities for enabling faster time to market. TCS will also help the bank to stay ahead of the curve and drive business insights at scale by accelerating its data modernization journey by transforming to a modern architecture on the cloud.

- Selected by a leading American multinational confectionery, food, and beverage company, to improve the security infrastructure across its plants. TCS will standardize the current security landscape and provide IoT-based remediation services to minimize vulnerabilities and reduce plant down time.

- Selected by a leading American chemical conglomerate, for improving their plant safety by leveraging IoT-based TCS Digifleet solution that enables real-time tracking of vehicle movement and safety compliance within their

facilities.

- Chosen by a leading Industrial Air Filtration (IAF) company, as its strategic partner of choice to design, build and deploy their IoT Platform-based Connected Solutions program for Condition Monitoring, Predictive Maintenance and Automated Service Ordering & Predictive Analytics to facilitate better services to their end customers based on real-time data & business insights, and improve their product capabilities and designs.

“The successful deployment of TCS BaNCS for our commercial lending business marks the next phase of our digital transformation strategy. With TCS BaNCS, we have been able to retire multiple core legacy systems and provide a unified, customer-centric view of information and transactions across our affiliate banks, while also retaining their individual branding...We will now be better positioned to evolve with our customers’ needs in the future and launch new products and services. The centralization of our operations on TCS BaNCS is helping us enhance customer and employee experience and leverage data for insightful analytics and intelligent decision-making.”

Scott McLean

President and COO, Zions Bancorporation

- Selected by a US-based chain of beauty stores, to implement state of the art processes by leveraging a leading ERP platform, driven by the management's imperative of international expansion and omni channel strategy. The new best-in-class international operations platform, to be deployed using TCS agile methodologies & frameworks, will help centralize and manage their global financial and retail processes to achieve growth ambitions, increase visibility, drive faster time to market and reduce cost to serve.
- Selected by a global semiconductor manufacturer, for a strategic initiative to prioritize marquee customers with better supply chain metrics. TCS will create an independent digital supply chain platform leveraging a leading enterprise solution interfacing with public cloud platforms.

"Nielsen and TCS are entering into a new phase of transformative collaboration where Machine First Delivery is our mutual future."

David Kenny
CEO, Nielsen

- Engaged by a global US based healthcare company, for a global digital transformation program for process standardization and simplification leveraging a leading ERP and TCS pre-configured solutions, to improve the organization's ability to respond quickly to market opportunities, while enhancing efficiency and reducing operational complexity.
- Engaged by a US-based manufacturer of

industrial test, measurement and diagnostic equipment, as the partner for its finance & enterprise performance management program, by modernizing its business processes and leveraging a leading Cloud ERP platform to provide enhanced business insights & analytics driven decision making, and support its business acquisition strategy, seamless financial consolidation and reconciliation.

- Engaged by one of the world's largest auto makers, as the partner for modernizing their CRM portfolio in Latin America for enabling superior customer experience & feature rich services, leveraging a leading enterprise service cloud and agile methodology.
- TCS Enterprise Cloud Platform was selected by a leading Central Data Services Provider (CDSP) for the gas industry in the UK, as the strategic platform to transform their IT landscape using cloud technologies.
- Selected by a leading global financial services and communications firm, for enterprise wide application modernization of its core & boundary systems by leveraging a leading cloud platform and a microservices based architecture for enabling future business expansion.
- Selected by one of the largest travel agencies in the Middle East, to implement Identity and Governance management leveraging industry-leading tools for enhanced control on auditing,

"Becoming a truly digital-first airline is a key part of our long-term strategy... Our new strategic partnership with TCS will help us to realize the potential of technologies such as cloud, AI and automation, which are key pillars on which our future growth will be based. TCS' cognitive automation software, ignio™ and Machine First™ Delivery Model will improve customer service, reduce response times for customer queries, and deliver new insights for business decision-making, while providing enhanced levels of stability and security."

Mattias Forsberg
CIO, SAS

compliance and segregation of duties, reduced efforts on user administration tasks, centralized view of users and access rights, enhanced control on privileged users, and reduced identity related security risks.

- Engaged by a leading American multinational investment bank and financial services company, for infrastructure security modernization and security operations in a managed security services model for reduced risk, greater efficiency and compliance to global information security program policy. TCS has also been engaged for their Enterprise-wide Agile transformation program where TCS will automate application deployment through DevOps, to address the need for faster time to business value and train key project personnel.
- Chosen by a Canadian multinational banking and financial services corporation, to provide end-to-end Quality Engineering services leveraging TCS CX Assurance & SmartQE platforms for its Channels Business with the objective of reducing time to market, increasing test quality and improving efficiency.

Research and Innovation

As on June 30, 2019, the company has applied for **4,682** patents, including **86** applied during the quarter and has been granted **1,022** patents.

Human Resources

Strong hiring in Q1 resulted in a net addition of **12,356** employees, the highest in the last five years. The company has issued joining letters to over **30,000** fresh graduates. Forty percent of them have been onboarded in Q1 and the rest are expected to join by Q2.

Consolidated headcount stood at **436,641** as of June 30, 2019. With continuing initiatives to attract the best local talent across major markets, the workforce is becoming more diverse. The percentage of women in the workforce rose further to **36.1%**, while the total number of nationalities represented grew to **149**.

TCS continues to invest heavily in organic talent development. At the end of Q1, over **315,000** employees had been trained on multiple new technologies, and over **361,000** had been trained on Agile methods.

The company continues to be the industry benchmark in talent retention, with the IT Services attrition rate (LTM) at **11.5%**.

“The vibrant, enriching workplace and best-in-class retention rates at TCS are a key competitive differentiator. Customers value the lower attrition because it results in greater stability and fewer disruptions in our service delivery. Moreover, TCS account teams are better placed to retain the contextual knowledge gained over time, and use that to build differentiated solutions tailored to each customer’s unique requirements,” said **Milind Lakkad**, Global Head, Human Resources.

Awards and Recognition

Business Leadership:

- The TCS' BaNCS Network Solution powered by Quartz Blockchain – that lays the foundation for an innovative pan-African financial ecosystem for cross-border information exchange and transaction settlement – was named the **Best Blockchain Breakthrough of the Year** at the 2019 FTF News Technology Innovation Awards
- Won two awards for Intellectual Property creation:
 - The **National Intellectual Property Award 2019** in the category 'Top Public Limited Company/ Private Limited Company for Patents & Commercialization in India', and
 - The World Intellectual Property Organization's (WIPO's) **IP Enterprise Trophy**
- Recognized as a **Business Superbrand** in the UK, fifth year in a row, for brand reputation, deep relationships with customers, thought leadership, and community Initiatives
- TCS' cognitive automation software, **ignio™**, received the **Artificial Intelligence Excellence Award** in the **Self-Awareness category**, from the Business Intelligence Group
- Recognised in DiversityInc's **Top 50 Companies for Diversity in America** for its Investments and Efforts in Diversity and Inclusion, Leadership Accountability, Talent Programs, and Workplace Practices
- Named **America's Most Community-Minded Information Technology Company** for the second consecutive year, in the 2019 Civic 50 by Points of Light, the world's largest organization dedicated to volunteer service
- **Won 4 Stevies** at the 2019 American Business Awards®– 1 Gold Stevie each for **Corporate Social Responsibility Program of the Year** and **Fastest Growing Tech Company of the Year**, 1 Silver Stevie for **Mobile Marketing Campaign of the Year**, and 1 Bronze Stevie for **Human Resources Department of the Year**
- TCS New York City Marathon App won the **MediaPost Appy Award** in the 'Entertainment and Sports' category

Partner:

- Recognized by Adobe as the **Customer Success Partner of the Year** at Adobe's India Symposium 2019
- Recognized for **Excellence in Digital Transformation** in the 2019 Pega Partner Awards, for developing and delivering digital process automation (DPA) solutions for clients within the financial services industry.

IFRS Financial Statements

Unaudited Condensed Consolidated Statements of Comprehensive Income
For the three-month periods ended June 30, 2018, and June 30, 2019
(In millions of ₹, except per share data)

	Three-month period ended Jun 30, 2018	Three-month period ended Jun 30, 2019
Revenue	342,610	381,720
Cost of revenue	200,830	227,210
Gross margin	141,780	154,510
SG & A expenses	56,000	62,310
Operating income	85,780	92,200
Other income (expense), net	12,080	14,180
Income before income taxes	97,860	106,380
Income taxes	24,240	24,850
Income after income taxes	73,620	81,530
Minority interest	220	220
Net income	73,400	81,310
Earnings per share in ₹	19.17	21.67

Unaudited Condensed Consolidated Statements of Financial Position
As of March 31, 2019, and June 30, 2019
(In millions of ₹)

	As of March 31, 2019	As of June 30, 2019
ASSETS		
Property and equipment	116,500	114,780
Right-of-use Assets	-	62,900
Intangible assets and Goodwill	40,130	40,650
Accounts Receivable	274,410	281,290
Unbilled Revenues	89,760	98,930
Investments	293,300	306,350
Cash and Cash equivalents	72,240	56,660
Other current assets	200,750	193,830
Other non-current assets	83,440	86,860
Total Assets	1,170,530	1,242,250
Shareholders' Funds	915,560	914,330
Long term borrowings	440	-
Short term borrowings	180	-
Other current liabilities	220,660	244,030
Other non-current liabilities	29,160	78,850
Minority Interest	4,530	5,040
Total Liabilities	1,170,530	1,242,250

Ind AS Financial Statements

Consolidated Statement of Profit and Loss
For the Quarter ended June 30, 2018 and June 30, 2019
(In crores of ₹, except per share data)

	Quarter ended June 30, 2018	Quarter ended June 30, 2019
Revenue	34,261	38,172
Expenditure		
a) Employee Costs	18,548	20,809
b) Cost of equipment and software licences	613	511
c) Other Operating expenses	6,029	6,815
d) Depreciation	493	817
Total Expenditure	25,683	28,952
Profit Before Taxes & Other Income	8,578	9,220
Other income (expense), net	1,208	1,418
Profit Before Taxes	9,786	10,638
Provision for Taxes	2,424	2,485
Profit After Taxes & Before Minority Interest	7,362	8,153
Minority Interest	22	22
Net Profit	7,340	8,131
Earnings per share in ₹	19.17	21.67

Consolidated Balance Sheet
As at March 31, 2019 and June 30, 2019
(In crores of ₹)

	As of March 31, 2019	As of June 30, 2019
ASSETS		
Property, plant and equipment	11,553	11,648
Right-of-use assets	-	6,290
Investments	29,330	30,635
Deferred tax assets (net)	2,656	3,110
Goodwill (on consolidation)	1,700	1,709
Cash and Bank Balance	12,848	12,212
Current Assets, Loans and Advances	50,192	50,210
Non-current assets, Loans and advances	6,664	6,303
Total Assets	114,943	122,117
Shareholders' Funds	89,446	89,325
Minority Interest	453	504
Short term and long-term borrowings	44	6,846
Deferred Tax Liabilities (net)	1,042	886
Current Liabilities and Provisions	22,084	23,325
Non-current liabilities and provisions	1,874	1,231
Total Liabilities	114,943	122,117

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 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 436,000 of the world's best-trained consultants in 46 countries. The company generated consolidated revenues of US \$20.9 billion in the fiscal year ended March 31, 2019, 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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