

TCS Delivers Steady Growth in Q2

- Q2 CC Revenue Growth of **8.4%** YoY
- UK (+**13.3%** YoY) and Europe (+**16%** YoY) Drive Growth
- Digital Revenue at **33.2%**, Growth of **27.9%** YoY
- Net Margin at **20.6%**; EPS Growth: **3.8%** YoY
- Special Dividend of **₹40** per share

MUMBAI, October 10, 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 September 30, 2019.

Financial Highlights for Quarter Ended September 30, 2019

- Revenue at **\$5,517** million, +**5.8%** YoY
- Constant Currency revenue growth: +**8.4%** YoY
- Net Income at **\$1,139** million, +**1.8%** YoY
- Operating Margin at **24%**; Net Margin at **20.6%**
- Earnings Per Share at **\$0.3**, +**3.8%** YoY
- Net Cash from Operations at **108%** of Net Income
- Total Dividend per share of **₹45** per share including **₹40** as special dividend
Record date 18/10/2019; Payment date 24/10/2019

Business Highlights for Quarter Ended September 30, 2019

- Digital revenue: **33.2%** of total, +**27.9%** YoY
- Life Sciences & Healthcare continues to outperform, +**16%** YoY; Communications & Media grew +**11.8%**
- UK and Europe lead growth: +**13.3%** YoY and +**16%** YoY respectively
- Net addition of **14,097** employees: highest ever number of employees onboarded in a quarter
- Continued investments in organic talent development:
 - **322K+** employees trained in digital technologies
 - **391K+** employees trained in Agile methods
- Industry-leading talent retention: IT Services attrition rate at **11.6%** LTM

Commenting on the Q2 performance, **Rajesh Gopinathan, Chief Executive Officer and Managing Director**, said: *"We ended the quarter with steady growth despite increased volatility in the financial services and retail verticals. We remain confident as the medium and longer term demand for our services continues to be very strong, as evidenced by our Q2 order book – the highest in the last six quarters."*

He added: *“Digital disruption across multiple industries is making rapid, scalable innovation a critical imperative in the Business 4.0™ world. In the auto sector, our scale in advanced engineering R&D skills and depth in digital technologies like AI and IoT are making us the preferred innovation partner to leading OEMs, embedding us deeply into their product R&D value chain. Our strategic partnership with General Motors for their next generation mobility initiatives is a powerful illustration of this.”*

N Ganapathy Subramaniam, Chief Operating Officer & Executive Director, said: *“Our point of view on anchoring or participating in digital ecosystems, and the Business 4.0™ framework, are clearly helping clients in their growth and transformation journeys. We continue to make significant investments in differentiating digital capabilities that are helping us participate in key growth areas of our clients technology spend – be it their cloud transformation, data maturity or in advancing their automation agenda.”*

He added: *“Our products and platforms are seeing increased client adoption and market coverage. During the quarter, we launched a unified TCS BaNCS Asset Servicing platform for asset managers, broker-dealers and custodians and a comprehensive Site Feasibility Assessment platform within our Advanced Drug Development platform suite. Our diversified industry and geography presence, and largest Agile Ready workforce, together with our Machine First™ approach to continuous improvement and innovation augurs well for our future growth.”*

V Ramakrishnan, Chief Financial Officer, said: *“We have been gearing up for growth despite the volatility. Our margins in Q2 reflect our continued investments in our people, and in building the capacity we need to fulfill our strong order book.”*

Q2 Segment Highlights

Industries: Revenue growth was led by Life Sciences & Healthcare (+16%) and Communications & Media (+11.8%). All the other verticals – BFSI (+8%), Manufacturing (+7.8%), Technology & Services (+5.6%) and Retail & CPG (+4.8%) – continued to grow.

Markets: Growth was led by Europe (+16%) and UK (+13.3%). North America and Asia Pacific grew 5.3% and 6.5% respectively. Emerging markets showed steady growth – India (+7.7%), MEA (+7.3%) and Latin America (+7.3%).

Services:

- **Consulting & Services Integration:** Strategic Offerings around enterprise agility, mergers, acquisitions and divestitures, as well as Supply Chain as a Service saw increased traction in Q2.
- **Digital Transformation Services:** Cloud services, IoT and cybersecurity services led the growth this quarter. The strategic partnership with General Motors for future global vehicle engineering highlighted TCS’ depth and scale in advanced automotive engineering R&D services.
- **Cognitive Business Operations:** Secure hybrid cloud, along with AI and Machine Learning, are playing a pivotal role in our clients’ digital transformation journey and sustainable business operations. We saw strong demand for hybrid cloud transformation services and digital customer experience transformation services.

Key Highlights

- TCS and **General Motors** established a strategic partnership for future global vehicle design and development including vehicle styling, EV battery, motor design & advanced virtual simulations to pioneer world class vehicles that set new benchmarks in driving experience, safety and emissions.
- Engaged by a leading US based healthcare company as their strategic partner for enterprise operating model transformation and cybersecurity services, to be enabled by automation, analytics and AI. TCS will leverage MFDM™ and cloud technologies to drive extreme automation and mass customization, with agile product-based teams to drive agility, improve reliability, and enhance the value delivered.
- Chosen by a leading pan-Asian insurance group, in their partner distribution system modernization and customer experience transformation program. TCS will help deliver hyper-specialized omni-channel customer experience for exponential business growth and improve productivity through effective customer engagement. TCS will also deliver a complete business model transformation to successfully harness the digital opportunity and foster innovation with the partners, including non-traditional ones.

“On behalf of the entire Nationwide IT team, I would like to recognize TCS for their outstanding performance. Over the course of 2019, TCS has delivered on critically key initiatives. The work done on Commercial Lines Transformation Program stands out. This is a display of true partnership that we value and want to see continue between our two companies.”

*- James Fowler,
EVP & CIO, Nationwide*
- Chosen by a Japanese tractor and heavy equipment manufacturer to design, build and deploy a leading modern ERP system covering Finance, Sales, Manufacturing, Procurement, Warehouse Management & Distribution for their North America operations.
- Engaged by a premier brand in the hospitality industry to improve business user satisfaction with end-to-end services management services covering Incident management, problem management, monitoring and capacity management services of all enterprise applications across multiple technologies.
- Engaged by North America’s leader in packaging choice and sustainability to drive business transformation with a world class modern ERP platform and services. This transformation will drastically reduce monthly and quarterly closing timelines, improve manufacturing productivity, and increase sales margins and pricing effectiveness.
- Chosen by a leading Swiss energy management products company, to help them meet stringent European quality and compliance standards for their smart meters. TCS will help them improve the resilience and robustness of their meters with technological advancement and feature upgrades in their embedded firmware design and development.

- Engaged by a leading US-based multinational technology company, as its strategic partner in driving its customer analytics program to generate actionable insights and drive business growth. TCS' solution will help the client proactively track its products usage and adoption by its customers segments, and recommend next best actions. TCS will execute a world class omni-channel digital marketing program to provide a personalized, unified user experience by creating a consistent content strategy and operations across divisions.

“Through our strategic partnership with TCS, we are building a digital workspace for our teams that is intuitive, flexible and frictionless, using the best of digital technology and service design to transform people’s experience, improve productivity and support collaboration. The digital workspace powered with new tools, ways of working and services will help us support our customers and stakeholders better.”

*- Mark Hall,
Group IT Director, L&G*

- The **Reserve Bank of India** has chosen TCS as its strategic partner to implement a state-of-the-art Centralized Information & Management System, comprising end-to-end data collection to data dissemination platform, enabling data-driven business decision making. TCS will create a next-generation AI platform for better regulation of financial markets and better tracking of the country's economic growth parameters. This includes the creation of a regulatory sandbox for FinTechs and other organizations that wish to subscribe to reliable and current economic data.
- Chosen by **Jurassic Fibre Limited**, a UK-based telecommunications company, as the strategic partner in building a new fiber optic broadband network in UK. TCS' HOBS will power Jurassic's operations. In addition, TCS will implement an ERP solution for its finance, supply chain, talent management and field service operations.

“Jurassic Fibre was conceived as a digital, consumer centric, disruptive challenger to the incumbent operators. We see TCS’ cloud-based HOBS platform, combined with the expertise and commitment of the TCS team, as the right foundation to realize our vision.”

*- Michael Maltby,
CEO, Jurassic Fibre.*

- Engaged by a leading US insurance company as its innovation, growth and transformation partner for enhancing employee experience and productivity through automation and optimization. TCS will help leverage digital technologies for transforming and managing its enterprise applications portfolio.
- Selected by a US-based global consumer products leader, to drive modernization and technology transformation across their global environment. TCS is helping the customer in its journey to a products-based Business 4.0 organization, by transforming its core systems & processes with a Machine First approach to improve the employee experience, business scalability & availability in global markets with modern, cognitive technologies & public cloud platforms.
- Engaged by a European Pharma major to provide end-to-end pharmacovigilance services globally for the Global Drug Safety Group, including safety agreement processing.

- Selected by **Pandora**, a Danish jewellery manufacturer, to transform and secure the experience for their global users and retail stores, with a technology transformation initiative. TCS is enabling this transformation with its Digital Workplace Studio offering, leveraging the combined strengths of next gen analytics, cognitive automation driven platform and end user security control with its unparalleled global service delivery capability.

“Our agreement with TCS marks an important milestone for Pandora. Now we have our future-ready IT setup fully in place to support the Programme NOW objectives. And I am convinced that TCS with its global scale, retail expertise and cutting-edge solutions in relation to automation and AI will prove a perfect match for Pandora.”

*- Peter Cabello Holmberg,
CIO, Pandora*

- Engaged by one of UK's largest water and wastewater services companies for transforming the management of large water events and improving the customer experience. TCS solution will provide actionable insights based on real-time data which allows quick identification of an affected customer and better field force deployment to enhance customer experience.
- Selected by **Symcor**, a leading provider of Financial Services in Canada, as the preferred partner consolidating the entire portfolio in applications and technology.

“For the last 18 months, TCS has enabled successful delivery of programs and initiatives deemed critical from an organizational perspective - ranging from client onboarding to those targeted at internal operational efficiency - integrated seamlessly as one team. Symcor is expanding this partnership for improved governance, more effective demand-supply management and greater access to digital skills - all of which are expected to drive incremental benefit realization and enhance business value in a Business 4.0 paradigm.”

*-Paul MacDonald,
CIO, Symcor.*

- Engaged by a leading British multinational aerospace and engineering company, as their IOT partner for an aviation digital hub initiative for airlines customers. TCS will create a new business revenue model for the manufacturer, lead the application development for better analytics and insights about the engine's operational and service parameters and also help reduce their engine build cycle time by transforming various functions in the engine build process, leveraging cloud platforms and microservices.
- Selected by a leading semiconductor and computer components manufacturing company, for validating their IoT platform development kits to increase their market competitiveness, reference solutions implementation and support base for customers. This will help to increase wide spread use of their IoT based Edge products, increase customer experience and position them as the market leader.
- Selected by a British multinational electricity and gas utility company, as the quality assurance transformation partner across UK and US. TCS will leverage its modern TCS Quality Engineering Transformation platforms for release acceleration, non-functional assurance and data validation to enable higher quality systems with faster time to market.

- Chosen by a Dutch multinational banking and financial services corporation, as strategic partner to rapidly scale up multiple blockchain initiatives. The bank will collaboratively work with TCS to enrich solutions that aim to bring much needed transparency, hyper-efficiency and trust across banking platforms in the custody and trading domains.
- Chosen by an American drug wholesale company, to administer and operate the current key management infrastructure and improve data security. TCS will also ensure a wider implementation and uniform deployment of encryption policies supported by centralized key management to reduce the risk of sensitive data breach.
- Chosen by a leading UK supermarket chain as the strategic partner for the modernization of the retail application portfolio. TCS will help the customer achieve better scalability, a more agile core retail business and better customer satisfaction by implementing a cloud based microservices digital architecture.
- Engaged by **Givaudan International SA**, the global leader in fragrances and flavor to modernize and manage their global data centre operations leveraging MFDM, powered by Ignio™ and create a scalable, resilient foundation for its future growth and transformation.
- Chosen by a leading Australian grocery store chain to move over 100 applications to a multi-cloud platform to improve operational agility, reduce real estate overheads, and achieve hyper scalability of seasonality-sensitive applications.
- Selected by a leading European logistics and postal services company as its 'Design Agency of Record' to design new digital experiences, solutions, and enhancements to the web, desktop and iOS mobile platforms for enhanced omni-channel experience for customers and employees.
- Selected by **Lufthansa Group**, one of the largest European Airlines, as the strategic partner for a large multi-year program where TCS will provide end to end Quality assurance services to their Digital transformation.
- Engaged by a global Fortune 500 insurance and investment services firm, as the strategic partner for its claims processing transformation. The engagement will enhance multi-channel customer engagement while streamlining contact center operations. Key areas of focus are customer and employee engagement, delivering consistent service across channels and creating a frictionless customer experience.
- Engaged by a leading US drugstore chain to redesign their corporate portal using industry leading UX-UI Design capabilities to improve associate engagement and enhance experience. TCS will help the client achieve the business objectives of simplified navigation and quick access to information through an easily maintainable, responsive design that is compatible across devices and browsers.

Research and Innovation

As on September 30, 2019, the company has applied for **4,874** patents, including **192** applied during the quarter and has been granted **1,121** patents.

Human Resources

Hiring continues to be very strong to fulfill the order book. Net addition in Q2 was **14,097**, the highest ever number of employees to be on-boarded in a quarter. Consolidated headcount stood at **450,738** as of September 30, 2019.

The company's localization initiatives continue apace, with **146** nationalities represented in the workforce. The percentage of women in the workforce rose further to **36.3%**.

TCS' continued investments in organic talent development have resulted in unmatched scale and depth in emerging technologies. At the end of Q2, over **322,000** employees had been trained on multiple new technologies, and over **391,000** 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 **11.6%**.

"By valuing our employees for the contextual knowledge they possess, and continually investing in equipping them with newer technology skills, we have established an industry benchmark in our ability to attract and retain talent across the world. Their can-do attitude coupled with our progressive, performance-oriented culture is giving us a competitive edge in the market," said **Milind Lakkad, Global Head, Human Resources**.

Awards and Recognition

Business Leadership:

- Voted the **Overall Most Outstanding Company** in India by investors across the region in **Asiamoney's 2019 Asia's Outstanding Companies** poll. Additionally, TCS was recognized as the **most awarded company of the decade** in India, for topping Asiamoney's investor polls the most number of times over the last 10 years
- Won the prestigious **Red Dot: Best of the Best – Brands and Communications Design 2019 Award** for its game, Marathon City: Sprint to Win, an inclusive, 3D simulation of the final stretch of the world-famous TCS New York City Marathon
- TCS BaNCS™ Network Solution powered by Quartz™ Blockchain was named the **Best Blockchain Breakthrough of the Year** at the 2019 FTF News Technology Innovation Awards
- Digitate won the **Best Overall AI Company of the Year** award from AI Breakthrough, competing with 2,500 companies and startups in the AI sector from all over the world
- Digitate and ignio™ won four silver **Stevies®** at the **2019 International Business Awards**, in the categories: Software Company of the Year, Most Innovative Tech Company of the Year and Fastest Growing Software Company of the Year. ignio™, won in the Software Defined Infrastructure product category
- TCS' New York City Marathon App won **Gold** in the App of the Year category at the **Best in Biz Awards 2019 International**

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- TCS won one **Gold Stevie®** and two **Silver Stevies®** for its innovative and highly popular Virgin Money London Marathon App, and related promotional campaigns in the community, at the **16th Annual International Business Awards**
- TCS LATAM was named the **Nearshore Trendsetter of the Year** at the 2019 Nexus Illuminate Awards

Partner:

- TCS Enterprise Cloud Platform won the **Best Innovation Award in Australia** at the 2018 Equinix Partner Awards
- TCS Colombia won 2019 Microsoft **Partner of the Year** for DevOps and Alliance Global SI in Colombia
- TCS was recognized as Oracle's HCM Cloud **Partner of the Year for The Netherlands**

IFRS Financial Statements

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

	Three-month period ended September 30, 2018	Three-month period ended September 30, 2019
Revenue	5,215	5,517
Cost of revenue	3,000	3,264
Gross margin	2,215	2,253
SG & A expenses	832	927
Operating income	1,383	1,326
Other income (expense), net	85	166
Income before income taxes	1,468	1,492
Income taxes	345	350
Income after income taxes	1,123	1,142
Minority interest	4	3
Net income	1,119	1,139
Earnings per share in \$	0.29	0.30

Unaudited Condensed Consolidated Statements of Financial Position
As of March 31, 2019, and September 30, 2019
(In millions of \$)

	As of March 31, 2019	As of September 30, 2019
ASSETS		
Property and equipment	1,685	1,625
Right-of-use Assets	0	898
Intangible assets and Goodwill	581	573
Accounts Receivable	3,969	3,918
Unbilled Revenues	1,298	1,596
Investments	4,243	4,332
Cash and Cash equivalents	1,045	717
Other current assets	2,908	3,475
Other non-current assets	1,207	1,171
Total Assets	16,936	18,305
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' Funds	13,243	13,737
Long term borrowings	6	0
Short term borrowings	3	0
Other current liabilities	3,192	3,370
Other non-current liabilities	423	1,122
Minority Interest	69	76
Total Liabilities	16,936	18,305

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 450,000 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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