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IFRS & Ind AS ₹

Strong Digital demand, great execution mark robust Q3

Quarterly Net Profit at \$1 billion

- Net profit at ₹ 6,778 Cr; up 2.9% Q-o-Q & 10.9% Y-o-Y in Q3
- Revenue at ₹ 29,735 Cr up 8.7% Y-o-Y; 1.5% Q-o-Q
- Constant currency revenue growth of 2.0%, Volume growth of 1.0% QoQ
- Digital revenues at 16.8%; up 30.2% Y-o-Y

MUMBAI, January 12, 2017: Tata Consultancy Services (BSE: 532540, NSE: TCS), the leading IT services, consulting and business solutions firm reported its consolidated financial results according to IFRS and Ind AS as on December 31, 2016.

Financial Highlights for Quarter Ended December 31, 2016

- Operating Margins stable at 26.0%
- Operating Income at ₹ 7,733 crore; Growth of 6.3% Y-o-Y and 1.5% Q-o-Q
- Strong Free Cash Flows at 111% of Net Profit
- Total Dividend per share of ₹ 6.50; Earnings Per Share at ₹ 34.40
Proposed record date 24/01/17; Payment date 01/02/17

Business Highlights for Quarter Ended December 31, 2016

- Total employees: 378,497; Gross addition: 18,362 employees
- Attrition down further Q-o-Q to 11.3% (LTM) in IT Services
- Clients in \$50M + revenue band increased by 2 and in \$10M + revenue band by 5

Commenting on the Q3 performance, CEO and MD, N Chandrasekaran said: “The resilience of our business model and strength of our operating strategy has been brought to the fore by our performance in Q3, traditionally a quarter of weak demand. Our strengths in Digital, Platforms and Cloud as well as our deep knowledge of the customers’ domain are driving our ability to play a strategic role and make a holistic impact on the business.”

Mr Chandrasekaran added: “To support and sustain our Digital business that is growing at 30% on an annual basis, we continue to build new capabilities in Digital technologies, empower employees to enhance agility in the workplace and invest more to develop IP-based platforms and products. Some of these products and platforms are maturing with greater customer adoption while others continue to be incubated in our Innovation labs. As digital adoption increases in 2017, we are well prepared to lead this change.”

Rajesh Gopinathan, Chief Financial Officer, said: “We have shown great discipline and control at all levels to deliver another credible quarter. Alongside a good growth performance, we have been able to keep profitability stable in our desired range and deliver over \$1 billion in free cash flow during the quarter.”

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During Q3, growth was led by Energy & Utilities (up 5.8% sequentially), Hi-Tech (up 2.6% sequentially), BFSI (up 2.1% sequentially), Manufacturing (up 2.1% sequentially) and Retail (up 1.9% sequentially) in constant currency.

From a geography perspective, emerging markets like Latin America and India clocked double digit growth of 12.5% and 10.3% sequentially respectively while North America grew 2.2% sequentially and UK grew 1.7% sequentially.

From a services perspective, strength in growing segments like Platforms, Cloud and Internet of Things is evident from the growth in Asset Leveraged Solutions (up 21% sequentially), Infrastructure services (up 9.5% sequentially) and Engineering and Industrial Services (up 3.1% sequentially).

Select Digital Wins:

- Engaged by a North America based investment services firm for a consulting engagement to define an end-to-end strategy for predicting commercial loan performance using machine learning
- Selected by a European multinational pharmaceutical company to empower employees Digitally as a part of initiative to reimagine the workplace
- Selected by a leading North American auto insurance company to reimagine the driver's connected cars experience
- Chosen by a leading North American insurance firm to transform their legacy claims program by using TCS proprietary Big Data product TCS Active Archive™
- Selected by an American multinational financial services corporation to deliver advanced analytics using a comprehensive data management framework developed using TCS Big Data methodology
- Chosen by a North American federal bank for an architecture and strategy consulting engagement to define their enterprise data strategy, operating model and execution roadmap
- Chosen by a leading North American Bank to implement an end-to-end data transformation program using big data technologies
- Selected by a leading North American Utilities company to transform their customer experience through a state-of-the-art digital customer engagement platform across all channels

Select Wins in Q3

- Selected by a large European Bank as global strategic partner for IT transformation programs
- Chosen as a Strategic Partner by a Global Financial Services major in North America to deliver Enterprise Infrastructure and Production Services leveraging Ignio™, TCS' cognitive automation product.
- Selected by a leading energy company in United Kingdom for next-generation initiatives to enable faster adoption of cloud-based infrastructure and applications
- Selected by a large Global Bank for a multi-year transformation project to optimise IT operations.
- Selected by a North American Tier-1 Manufacturer as a strategic global transformation partner to drive in business agility, operational efficiency and IT model refinements.
- Chosen by a large Europe retailer for establishing a Global Enterprise cloud across ANZ, US and Europe.
- Engaged by India government for the transformation of digital services in areas of customs, central excise and service tax to enable GST implementation and the ease of doing business.
- Selected by a large equipment rentals company in Japan to transform and replace its core systems
- Selected by a leading European supplier of logistics & communication solutions to households and businesses to manage and digitally transform their core operational systems

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Innovation and Intellectual Property:

As of December 31, 2016, the company has applied for **3161** patents, including **80** applied during the quarter. Till date the company has been granted **440** patents

Human Resources:

The total employee strength at the end of Q3 was 378,497 on a consolidated basis with gross addition of 18,362 (net addition: 6,978) employees. The total attrition rate (LTM) further fell to 11.3% in IT services and was at 12.2% including BPS. The percentage of women in TCS rose to an all-time high of 34.6%.

“Our efforts and investments to build professionals with the right digital skills continues and now more than 190,000 TCSers are equipped with new capabilities to help our customers with their transformations. We are also happy that our retention rates continue to rise as we remain engaged with our employees to help them succeed in a digital world,” said **Ajoy Mukherjee, Executive vice president and Global Head, Human Resources.**

Awards and Recognition:

Business Leadership:

- Gold award for TCS New York City Marathon App at Best in Biz Awards 2016
- 'BEST Award' 2016 from the Association for Talent Development
- Named the “Top Employer Asia Pacific 2017” by the Top Employers Institute:
 - o First Time Top Employer Certifications in Philippines and China and Multi-year Certifications in Australia, India and Singapore
- Named ‘Top 100 Excellence Employer of China’ and award for ‘Excellence in HR Management Team’ in China
- Selected as a member of the Intellectual Property (IP) Asia Elite 2016

Partner:

- Won ‘Supplier of the Year 2016’ Award from Cisco Systems Inc.
- Awarded the Transformation Solution Partner 2016 for Americas by Hitachi Data systems
- Won The Pega Japan Best Partner Award 2016
- Awarded at Expericon 2016
 - o Most Active Partner
 - o Most Innovative Mobile Device Lab deployment for a leading Europe-based telecom provider
 - o ‘2016 Digital Innovator of the Year’

Sustainability:

- Won 'Project of the Year – Contribution to Community' at PMI India Awards 2016
- Received award for Social Inclusion and Diversity in Ecuador
- Won the International Green Apple Environment Award for Carbon Reduction in UK & Ireland.
- Award for contribution towards community service in South Africa

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About Tata Consultancy Services Ltd (TCS)

Tata Consultancy Services is an [IT services](#), [consulting](#) and business solutions organization that delivers real results to global business, ensuring a level of certainty no other firm can match. TCS offers a consulting-led, integrated portfolio of [IT](#), [BPS](#), [infrastructure](#), [engineering](#) and [assurance services](#). This is delivered through its unique [Global Network Delivery Model](#)[™], recognized as the benchmark of excellence in software development. A part of the Tata group, India's largest industrial conglomerate, TCS has over 378,000 of the world's best-trained consultants in 45 countries. The company generated consolidated revenues of US \$16.5 billion for year ended March 31, 2016 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

To stay up-to-date on TCS news follow [@TCS](#)

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IFRS Financial Statements

Unaudited Condensed Consolidated Statements of Comprehensive Income
For the three-month periods ended December 31, 2015, September 30, 2016 and December 31, 2016
(In millions of ₹, except per share data)

	Three-month period ended December 31, 2015	Three-month period ended September 30, 2016	Three-month period ended December 31, 2016
Revenue	273,640	292,840	297,350
Cost of revenue	152,194	165,340	168,780
Gross margin	121,446	127,500	128,570
SG & A expenses	48,684	51,330	51,240
Operating income	72,762	76,170	77,330
Other income (expense), net	6,991	10,520	11,850
Income before income taxes	79,753	86,690	89,180
Income taxes	18,501	20,660	21,040
Income after income taxes	61,252	66,030	68,140
Minority interest	157	170	360
Net income	61,095	65,860	67,780
Earnings per share in ₹	31.01	33.43	34.40

Unaudited Condensed Consolidated Statements of Financial Position
As of March 31, 2016 and December 31, 2016
(In millions of ₹)

	As of March 31, 2016	As of December 31, 2016
Assets		
Property and equipment	117,900	116,970
Intangible assets and Goodwill	39,460	38,280
Accounts Receivable	240,730	242,120
Unbilled Revenues	39,920	45,370
Investments	228,220	349,210
Cash and Cash equivalents	62,950	37,460
Other current assets	63,740	87,230
Other non-current assets	119,200	89,350
Total Assets	912,120	1,005,990
Liabilities and Shareholders' Equity		
Shareholders' Funds	731,890	838,470
Long term borrowings	830	590
Short term borrowings	1,620	1,960
Other current liabilities	154,070	140,640
Other non-current liabilities	20,170	20,800
Minority Interest	3,540	3,530
Total Liabilities	912,120	1,005,990

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Ind AS Financial Statements

Consolidated Statement of Profit and Loss

For the Quarter ended December 31, 2015, September 30, 2016 and December 31, 2016

(In crores of ₹, except per share data)

	Quarter ended December 31, 2015	Quarter ended September 30, 2016	Quarter ended December 31, 2016
INCOME	27,364	29,284	29,735
EXPENDITURE			
a) Employee costs	14,011	15,280	15,275
b) Other operating expenses	5,606	5,891	6,231
c) Depreciation	471	496	496
Total Expenditure	20,088	21,667	22,002
Profit Before Taxes & Other Income	7,276	7,617	7,733
Other income (expense), net	699	1,052	1,185
Profit Before Taxes	7,975	8,669	8,918
Provision For Taxes	1,850	2,066	2,104
Profit After Taxes & Before Minority Interest	6,125	6,603	6,814
Minority Interest	15	17	36
Net Profit	6,110	6,586	6,778
Earnings per share in ₹	31.01	33.43	34.40

Consolidated Balance Sheet

As at March 31, 2016 and December 31, 2016

(In crores of ₹)

	As at March 31, 2016	As at December 31, 2016
ASSETS		
Property, plant and equipment	11,775	11,612
Investments	22,822	34,921
Deferred Tax Assets (net)	2,908	2,674
Goodwill (on consolidation)	1,669	1,633
Cash and Bank Balance	6,788	4,298
Current Assets, Loans and Advances	33,946	36,920
Non-current Assets, Loans and Advances	9,188	6,437
Total Assets	89,096	98,495
Liabilities and Shareholders' Equity		
Shareholders' Funds	71,072	81,742
Minority Interest	355	354
Short term and long term borrowings	196	225
Deferred Tax Liabilities (net)	805	916
Current liabilities and provisions	15,456	14,094
Non-current liabilities and provisions	1,212	1,164
Total Liabilities	89,096	98,495