

TCS' Double Digit Growth Further Accelerates in Q3

- **₹ Revenue grows +20.8% YoY¹; Constant currency: +1.8% QoQ and +12.1% YoY**
- **Stellar growth in UK & Europe: +25.1% and +17.6% YoY**
- **Industry-leading Digital Growth: +52.7% YoY**
- **Net Profit up 24.1% YoY**

MUMBAI, January 10, 2019: 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 period ending December 31, 2018.

Financial Highlights for Quarter Ended December 31, 2018

- Revenue at ₹37,338 crore, +20.8 % YoY
- Constant Currency revenue growth: +1.8% QoQ and +12.1% YoY
- Net Income at ₹8,105 crore, +24.1% YoY
- Operating Margin at 25.6%, an expansion of 0.4% YoY
- Earnings Per Share at ₹21.60, +26.6% YoY
- Net Cash from Operations at ₹8,682 crore i.e. 107% of Net Income
- Dividend per share of ₹ 4.00

Record date 18/01/19; Payment date 24/01/19

Business Highlights for Quarter Ended December 31, 2018

- BFSI growth continues to accelerate: +8.6% YoY (+6.1% YoY in Q2)
- Digital revenue: 30.1% of total, +52.7% YoY
- UK and Europe lead growth: +25.1% YoY and +17.6% YoY respectively
- Continued investment in organic talent development: 292K+ employees trained in digital technologies; 318K+ employees in Agile methods
- Industry-leading talent retention: IT Services attrition rate at 11.2% LTM

Commenting on the Q3 performance, Rajesh Gopinathan, Chief Executive Officer and Managing Director, said: *"We are wrapping up 2018 with a strong revenue growth of 12.1% in the December quarter, which is the highest in 14 quarters, with continued growth acceleration in key verticals and across all geographies. The strong client metrics, industry leading growth in digital services, a very strong order book and deal pipeline are all validations that customers recognize our differentiated capabilities and are picking us for their growth and transformation programs."*

He added: *"On a secular basis, as large segments of the economy go through churn driven by digital disruption, enterprises are responding with technology-powered strategies – as in algorithmic retailing or connected cars – creating a huge opportunity for services providers like us. Our investments in*

¹ YoY: Year on Year; QoQ: Quarter on Quarter. All segment growth rates are YoY, and in constant currency unless specified otherwise

research and innovation, our deep domain and contextual knowledge, intellectual property and our collaborative approach to co-innovation, have been key to our participation in this opportunity. This quarter, we launched a new brand, TCS Pace™ embodying these capabilities and offering our customers a line of sight to success in a Business 4.0 world.”

N Ganapathy Subramaniam, Chief Operating Officer & Executive Director, said: *“This has been a very satisfactory quarter in terms of revenue growth as well as operating metrics. The investments that we have been making in building newer capabilities and frameworks are starting to bear fruit. Our location independent Agile methodology and Machine First™ approach have been key in helping us advance CEO-level enterprise transformation agendas.”*

V Ramakrishnan, Chief Financial Officer, said: *“Despite headwinds from the Rupee volatility against various currencies, and the higher cost of doing business in some major markets, our operating margins have been resilient. We remain focused on driving rigor in our operations, generating strong cash flows and steering profitability back to our preferred range, while continuing to invest strongly for future growth.”*

Q3 Segment Highlights

Industries: Revenue growth continued to accelerate in BFSI (+8.6% vs +6.1% in Q2). Growth was led by Energy Utilities (+18.1%), Life Sciences & Healthcare (+15.7%), Communications & Media (+10.8%) and Retail & CPG (+10.5%)

Markets: Revenue growth accelerated in all the geographies compared to Q2. Growth was led by UK (+25.1%), Europe (+17.6%), and Asia Pacific (+12.6%). North America grew 8.2%, India grew 9.7% and Latin America grew 7.6%.

Services:

- **Consulting & Services Integration:** Experienced strong demand in areas like M&A, Global Shared Services and Enterprise Agility. TCS’ location independent Agile methodology is resulting in large Agile wins with marquee clients.
- **Digital Transformation Services:** IoT, TCS Interactive and Cyber Security had an exceptionally strong quarter.
 - IoT saw strong growth and deal wins around our digital twin, fleet management and energy management solutions. TCS launched the Intelligent Power Plant solution this quarter.
 - TCS Interactive saw significant offtake for digital content, digital channels and digital commerce services, led by opportunities around simplification and automation of MarTech stacks, seamless integration across the marketing ecosystem, and marketing analytics. Acquisition of W12 Studios and winning the Red Dot design award were the other key highlights.
 - Cyber Security services saw strong growth around managed security services, identity and access management and governance risk and compliance.
 - Cloud services grew well in Q3, benefiting from enterprise scale cloud adoption and its linkages to innovation. TCS’ cloud migration factory and estate modernization offerings saw significant traction. TCS Enterprise Cloud enhanced its global footprint by launching centers in Australia and Canada.

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- **Cognitive Business Operations:** Saw strong growth powered by MFDM™ and cognitive services. TCS saw strong demand across M&A, digital infrastructure, cognitive business command center, enterprise business processes and intelligent process automation.

Key Highlights

- Chosen by a large German investment bank and financial services company to conceptualize and implement the digital transformation plan for ensuring service continuity and identifying new revenue channels in compliance with regulatory directives, leveraging cloud, micro-services, analytics and cyber security capabilities.
- Engaged by a leading Malaysian oil and gas company as a consulting partner to design and deliver an enterprise visualization platform that provides visibility and greater business insights across the entire value chain. TCS will also offer digital learning-as-a-Service for managing organizational change and employee alignment to the transformation initiative.
- Selected by a large Brazilian bank as the primary vendor for digital transformation and innovation leveraging TCS expertise in digital channels, user experience and design capabilities.
- An Australian public electricity and gas company, entered into a new 3-year contract with TCS to support its shift to a fully Agile model across operations, whilst delivering on a contemporary set of capabilities such as automation.
- Awarded a multi-year, multi-million dollar contract by a global hospitality chain to be the IT transformation partner.
- Chosen by a leading Canadian insurer for its platform consolidation and digital transformation for 500,000 policies of closed book business, delivering transformational value, powered by the TCS BaNCS™ platform ecosystem.

"We had to divest the businesses fast and completely, but had to deal with complexity and uncertainties in scope and timing due to enhanced demands from the regulatory authorities. It was a project unprecedented in its approach and its global scale and scope for Bayer and the market. TCS brought in the required industry thought leadership, full services capability and a 'can do' approach to ensure that we delivered a modern, optimal and fully functional administrative backbone on time. The integrated team of Bayer and TCS made this project a real success. And it allows Bayer to fully focus on our own priorities, first and foremost the integration of Monsanto."

Daniel Hartert
Head of Business Services and CIO
Bayer Group

"At Newcrest, we are committed to being leaders in technology and innovation. We are always seeking out new ways to improve our operations. We want to enhance and accelerate the way we use automation and artificial intelligence across our business to improve our returns to shareholders. I welcome our new partnership with TCS. It presents an exciting opportunity to leverage TCS' and Newcrest's strong track record of innovation. TCS will help us to fast track our transformation towards our 2020 aspirations."

Sandeep Biswas
Managing Director and Chief Executive Officer
Newcrest Mining

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- Selected by a global leader in pool equipment and solutions for creating IoT-enabled pool equipment services that will enhance customer satisfaction and enable new revenue streams.
- Selected by a leading North American telecom services provider to expand the capabilities of their IoT platform with new state of art features for managing connectivity across IoT devices by implementing a ThingSpace Connectivity Management Solution.
- Selected by a travel commerce platform as a strategic partner to enable end-customers to acquire and trade their travel assets such as hotel rooms and airline seats across multiple travel service providers through a inter-operable blockchain platform.
- Engaged by a global multi-food products group, to consolidate their disparate business processes and create a scalable solution for their business across geographies by leveraging the latest digital ERP and analytics technologies.
- **NMBS/SNCB (Belgian Rail)** selected TCS as a long-term, strategic partner for its SPRITE (Strategic Partner for Rail IT Engagement) program, a key rail transformation journey encompassing innovative digital technologies and state of the art technological services to enhance customer experience.
- Awarded a multi-year, multi-million dollar contract by a large German insurance major to be its IT transformation partner.
- **Thomson Reuters**, a leading source of intelligent information for the world's businesses and professionals has partnered with TCS in product engineering and sustenance services for a suite of commercial software products that serves decision makers in the legal, tax and accounting businesses
- Selected by a global Aluminum manufacturing firm to optimize its procurement spend with an enterprise-wide spend analytics platform across its operations and also drive a strong cloud enablement program.
- Engaged by a British retail and commercial bank to simplify and transform its services across retail and commercial banking process functions with enhanced experience leveraging automation and Agile practices.

"Our vision is to become Europe's Leading Life Consolidator. Our partnership with Diligenta, the FCA regulated subsidiary of TCS, is an essential part of fulfilling this vision, enabling us to take advantage of TCS' increased scale and the latest advancements in digital technology and as a result, improve customer outcomes. We look forward to continuing our work together and growing our partnership."

*Tony Kassimiotis,
 Group COO, Phoenix Group*

"We made several acquisitions in a short time frame, and worked under Transition Services Agreements (TSA) for each of the three deals, making timely system integration work imperative. Thanks to TCS, the migration of our newly acquired assets into the Extreme Networks ecosystem was seamless and on schedule, with orders being booked, billed, and shipped on the first day of each cutover from the TSAs. Today, we are tracking and operating in one instance of our ERP, CRM and procurement systems."

*Dan Adam
 Chief Information Officer
 Extreme Networks*

- Chosen by a leading North American Insurance Firm, as a strategic partner to run the Data office Program and lead their Business transformation initiative by empowering the core decision making process with a data driven approach leveraging strong contextual knowledge.
- Selected by a North American healthcare major to implement ignio™ to drive a Machine First™ transformation to provide a seamless experience to business users and improve business metrics across the entire healthcare value chain.
- **Elisa**, a market-leading Nordics-based telecommunications, ICT and digital services provider, extended its strategic partnership with TCS to transform and grow its services by going agile in a machine first digital world.
- Chosen by an Australian broadband service provider as its partner in the areas of network planning, design and operations, and to drive a Machine First™ transformation.
- Selected by an industry-leading American technology company as a strategic partner to improve the time-to-market across its products leveraging TCS Quality Engineering Transformation platforms.

Research and Innovation

- Won the **IT Innovation award** for **TCS' Digital Twin Solution** at the **Express IT Awards**
- **TCS Optumera™** received the **Best Machine Learning/Artificial Intelligence Implementation Award** at **Cypher 2018**
- TCS Tool **VeriAbs** (Verification by Abstraction and Test Generation) emerged winner in the **International Competition on Software Verification 2019** held at TACAS in Prague, Czech Republic.
- TCS' R&I team won the '**Most Innovative Project of the Year**' award along with the client at **The European Software Testing Awards 2018**
- TCS Researchers won **best paper awards** at the **4th Joint International Conference on Serious Games** at Darmstadt, Germany

As on December 31, 2018, the company has applied for **4,354** patents, including **169** applied during the quarter and has been granted **855** patents.

Human Resources

TCS continued to attract very diverse talent in its ranks. Net addition in Q3 was **6,827** employees, bringing the total employee strength at the end of Q3 to **417,929** on a consolidated basis. The percentage of women in the workforce rose further to **35.8%**, while the total number of nationalities represented grew to **151**.

The company continued to invest heavily in organic talent development. These initiatives resulted in employees logging a cumulative **14.2 million** learning hours. Over **292K** employees have now been trained in digital technologies, and over **318K** employees in Agile methods, making this the world's largest Agile-ready workforce. TCS continued to have the best retention rate in the industry, with IT Services attrition rate (LTM) at **11.2%**.

"TCS has navigated technology change in the digital era by investing in equipping employees with skills on newer technologies while valuing them for their contextual knowledge. This along with our progressive policies and employee engagement programs have resulted in a vibrant, nurturing workplace that draws talent and keeps individuals highly motivated," said **Ajoy Mukherjee, Executive Vice President and Global Head, Human Resources.**

Awards and Recognition

Business Leadership:

- Won the **2018 Canadian National HR award for Best Recruitment Campaign**, for the fourth straight year
- Won **11 Stevies®** -- 5 Gold Stevies, 2 Silver Stevies and 4 Bronze Stevies -- at the **2018 Great Employers Awards** for achievements in **Talent Acquisition and Development, Leadership Training, and Creative Use of Technology**
- Awarded the **2018 BEST Award** by the Association for Talent Development
- Ranked **#1** in the **Top Employer in Asia Pacific 2019** rankings, including **#1 Top Employer** in Australia, Hong Kong, India, Malaysia, and Singapore, and a **Top Employer** in the Philippines and China
- Won the **Best Patents Portfolio Award (2013-2018)** in the Large (Engineering) Industries category at the CII Industrial Intellectual Property (IP) Awards 2018.
- Ranked **#1 for Customer Satisfaction** in the **2018 Swiss IT Outsourcing Study** by Whitelane Research
- Ranked **#1** in the **DQ Top 20 2018**
- Won the **Businessworld HR Excellence award for Excellence in Diversity and Inclusion**

Partner:

- Named an **Azure Expert Managed Service Provider** by Microsoft

Sustainability

- Won **Company of the Year Award** from the Canada-India Business Council for achievements in business growth and impressive corporate social responsibility initiatives
- Won the Hr NETWORK Scotland National Award 2018 for the **IT Futures program** in UK
- Won **Gold** in the **EcoVadis CSR Assessment** for the fifth year in a row
- Recognized among **Sustainability Leaders** in the **Dow Jones Sustainability World Index**

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IFRS Financial Statements

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

	Three-month period ended December 31, 2017	Three-month period ended December 31, 2018
Revenue	309,040	373,380
Cost of revenue	178,620	217,350
Gross margin	130,420	156,030
SG & A expenses	52,610	60,390
Operating income	77,810	95,640
Other income (expense), net	8,640	11,470
Income before income taxes	86,450	107,110
Income taxes	21,000	25,900
Income after income taxes	65,450	81,210
Minority interest	140	160
Net income	65,310	81,050
Earnings per share in ₹	17.06	21.60

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

	As of March 31, 2018	As of December 31, 2018
Assets		
Property and equipment	116,000	114,560
Intangible assets and Goodwill	38,960	39,760
Accounts Receivable	250,370	273,490
Unbilled Revenues	69,130	83,890
Investments	360,080	298,040
Cash and Cash equivalents	48,830	52,460
Other current assets	90,050	151,850
Other non-current assets	110,670	83,240
Total Assets	1,084,090	1,097,290
Shareholders' Funds	872,410	853,210
Long term borrowings	540	460
Short term borrowings	1,930	170
Other current liabilities	176,350	211,350
Other non-current liabilities	28,840	27,790
Minority Interest	4,020	4,310
Total Liabilities	1,084,090	1,097,290

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Ind AS Financial Statements

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

	Quarter ended December 31, 2017	Quarter ended December 31, 2018
INCOME	30,904	37,338
EXPENDITURE		
a) Employee costs	16,458	19,994
b) Cost of equipment and software licences	749	540
c) Other operating expenses	5,410	6,721
d) Depreciation	506	519
Total Expenditure	23,123	27,774
Profit Before Taxes & Other Income	7,781	9,564
Other income (expense), net	864	1,147
Profit Before Taxes	8,645	10,711
Provision for Taxes	2,100	2,590
Profit After Taxes & Before Minority Interest	6,545	8,121
Minority Interest	14	16
Net Profit	6,531	8,105
Earnings per share in ₹	17.06	21.60

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

	As of March 31, 2018	As of December 31, 2018
ASSETS		
Property, plant and equipment	11,506	11,467
Investments	36,008	29,804
Deferred Tax Assets (net)	3,449	2,207
Goodwill (on consolidation)	1,745	1,726
Cash and Bank Balance	7,161	6,718
Current Assets, Loans and Advances	38,356	48,860
Non-current Assets, Loans and Advances	8,071	6,837
Total Assets	106,296	107,619
EQUITY AND LIABILITIES		
Shareholders' Funds	85,128	83,211
Minority Interest	402	431
Short term and long-term borrowings	235	46
Deferred Tax Liabilities (net)	1,170	1,288
Current liabilities and provisions	17,647	21,152
Non-current liabilities and provisions	1,714	1,491
Total Liabilities	106,296	107,619

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 417,000 of the world's best-trained consultants in 46 countries. The company generated consolidated revenues of US \$19.09 billion in the fiscal 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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