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IFRS & Ind AS ₹

Net Profit at ₹ 6,586 cr; up 4.3% Q-o-Q & 8.8% Y-o-Y in Q2

- Revenue at ₹ 29,284 crore up 7.8% Y-o-Y; (0.1%) Q-o-Q
- CC revenues up sequentially by 1.0%
- Operating Margins up 94 bps sequentially to 26.0%
- Digital revenues at 16.1% in Q2

MUMBAI, October 13, 2016: 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 September 30, 2016.

Financial Highlights for Quarter Ended September 30, 2016

- Operating Income at ₹ 7,617 crore; Growth of 3.6% Y-o-Y and 3.7% Q-o-Q
- Total Dividend per share of ₹ 6.50; Earnings Per Share at ₹ 33.43
Proposed record date 25/10/16; Payment date 02/11/16

Business Highlights for Quarter Ended September 30, 2016

- Total employees: 371,519; Gross addition: 22,665 employees
- Clients in \$50M+ revenue band by 1 and in \$20M+ revenue band by 6

Commenting on the Q2 performance, CEO and MD, N Chandrasekaran said: “It has been an ‘unusual Q2’ for TCS. Growing uncertainties in the environment is creating caution among customers and resulted in holdbacks in discretionary spending this quarter. In addition, volatility in markets like India and Latin America also muted revenue growth. It has been a good quarter from a profitability perspective where despite multiple headwinds our disciplined approach and focus on operations has helped us deliver a strong margin performance.”

Mr Chandrasekaran added: “With technology increasingly at the forefront of business, we are confident that this is temporary. We continue our strong tradition of investing in building IP and solutions as well as talent for the future. Over 180,000 TCSers are now trained with significant expertise in new Digital technologies.”

Rajesh Gopinathan, Chief Financial Officer, said: “This has been a quarter of good financial performance with sequential improvement in profitability and strong cash generation despite multiple headwinds including global currency and market volatility through the quarter.”

* YOY Growth IFRS : 8.8% & Ind AS:8.4%

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During Q2, growth was led by Life Sciences and Healthcare which grew at 4.7% sequentially in constant currency followed by Energy & Utilities (up 3.6%), Manufacturing (up 3.1%), Travel & Hospitality (up 2.3%) and Communication and Media which grew 2%.

From a geography perspective, Europe saw strong growth at 3.7% and Asia Pacific at 3.5% sequentially in constant currency while North America grew 1.4% sequentially and UK was flat. India declined by 7.6% sequentially and Latin America also continued to show volatility.

Some Sample Digital Investments:

- A dedicated Blockchain Centre of Excellence is building solutions for remittances, cross-border payments, trade finance, KYC as well its use in Securities issuance, trading and processing.
- New Mobile-only banking solution combined with Robo-advisory and Digital Wealth Management capabilities launched
- TCS Launches OmniStock™, a new solution which delivers a holistic approach to inventory management addressing omni-channel needs. Its unique aspect is that it focusses on inventory thresholds and replenishment triggers based on real-time consumption rather than traditional demand-forecasting approach that is followed today.
- Launched new AI-driven engine for Assurance Analytics, Smart Meter Testing at the TCS Assurance Innovation Lab
- New Video Assurance Lab set up to execute automated test cases for video signals across multiple networks and multiple devices

Select Wins in Q2

- Selected as a Strategic Partner by a leading food & beverage consumer goods manufacturer in North America to create a digital business aware platform through synergised operating model across applications and IT landscape
- A large North American manufacturing company selected TCS TAP platform to transform its payable business processes
- TCS Advanced Drug Discovery platform was chosen by a leading global medical device company for end-to-end Pharmacovigilance services
- Selected by a leading North American Pension Fund as a Strategic partner for establishing an agile service delivery and operations model leveraging DevOps
- Selected by a leading European player in medical and optical technology as a strategic partner for their IT infrastructure program to increase flexibility, reduce time to market and improve service quality.
- A large retailer in North America has engaged TCS in managing and transforming their entire IT operations
- A leading APAC telecom operator selected TCS to operate and digitize its order-to-activate services to significantly enhance customer experience and drive operational efficiency
- TCS BaNCS core banking solution was chosen by a large APAC bank for its operations
- Chosen by a large MEA-based insurance firm for its payments and collections services leveraging TCS BaNCS
- Chosen by a leading APAC-based Oil & Gas Company as a strategic partner to rapidly expand its global footprint, optimise cost and drive synergies by simplifying the client's IT landscape and create a platform to enable future business growth

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Key Wins in Digital Services and Solutions in Q2:

- Selected by an European pharmaceutical company to create a Health Patch integration app linked to the cloud for instant analysis of a patients vital signs
- Engaged by a global financial services firm to implement an enterprise data lake using Big Data technologies
- Engaged by an APAC bank as a design consultant for providing its customers with a rich, unified experience across multiple channels
- Engaged by a North American pharmaceutical company to analyze the performance of their supplier distribution process using Big Data technologies
- Selected by a European pharmaceutical company for a consulting engagement to revamp user experience and design of its unified portal
- Chosen by a European bank for a consulting engagement to create the roadmap, operating model and architecture of their API platform using TCS proprietary methodology
- Engaged by a North American manufacturer to revamp user experience and design of their brand sites
- Chosen by North American financial firm for a consulting engagement to create the roadmap, operating model and architecture for their Big Data platform
- Chosen by a UK based pharmaceutical company as a strategic consultant to create roadmap and architecture for its R&D unit using Master Data Management and Big Data technologies

Innovation and Intellectual Property:

As of September 30, 2016, the company has applied for **3053** patents, including **118** applied during the quarter. Till date the company has been granted **423** patents

Human Resources:

The total employee strength at the end of Q2 was 371,519 on consolidated basis with gross addition of 22,665 (net addition: 9,440 employees). The total attrition rate (LTM) fell to 11.9% in IT services and was at 12.9% including BPS. The percentage of women in TCS rose to an all-time high of 34.3% while the number of nationalities was at 129.

“We continue to hire in line with business demands and engage with our employees to help them learn and equip themselves with new skills to succeed in a digital world. We remain focused on building a team of global professionals with diversity and multiple skill-sets. The process of on-boarding this year’s campus trainees continues at the normal pace,” said **Ajoy Mukherjee, Executive vice president and Global Head, Human Resources.**

Awards and Recognition:

Business Leadership:

- Ranked among Top 100 U.S. Brand for second consecutive year in 2016
- Ranked #1 in 2016 IDC Financial Insights FinTech Rankings
- Won multiple awards at the Asia Pacific HRM Congress 2016

Partner:

- TCS and Manila Water Company wins coveted “Transformation Award “ and “2016 CIO 100” award
- Won multiple awards at the HPE Global SI Alliances Summit 2016 :
 - Top Infrastructure Solutions Partner 2016
 - HPE-SI-ISV Best Triangulation Partnership 2016
 - Outstanding Global Transformation Solution Partner
 - Partner of the Year – Americas
- Won 2016 Oracle Partner Network (OPN) Cloud Program Solution: PaaS Partner of the Year.’

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Sustainability:

- Awarded Asia Green Future Leaders Award 2016 by World CSR Day organisation.
- TCS Awarded the Gold rating certificate by EcoVadis, a world-leading independent CSR Advisory firm for the third year in a row for leading CSR practices
- TCS recognised in the Global Dow Jones Sustainability Index 2016 for the fourth consecutive year.

Leadership:

N Chandrasekaran:

- Wins **Business Leader award** at the **ET Awards for Corporate Excellence**

Aarthi Subramanian, Executive Director & Head – Delivery Excellence, Governance and Compliance

- Ranked among **Business Today's Most Powerful Women 2016**

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 371,000 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

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IFRS Financial Statements

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

	Three-month period ended September 30, 2015	Three-month period ended June 30, 2016	Three-month period ended September 30, 2016
Revenue	271,655	293,050	292,840
Cost of revenue	151,501	168,020	165,340
Gross margin	120,154	125,030	127,500
SG & A expenses	46,619	51,560	51,330
Operating income	73,535	73,470	76,170
Other income (expense), net	6,750	9,630	10,520
Income before income taxes	80,285	83,100	86,690
Income taxes	19,356	19,920	20,660
Income after income taxes	60,929	63,180	66,030
Minority interest	377	10	170
Net income	60,552	63,170	65,860
Earnings per share in ₹	30.82	32.06	33.43

Unaudited Condensed Consolidated Statements of Financial Position
As of March 31, 2016 and September 30, 2016
(In millions of ₹)

	As of March 31, 2016	As of September 30, 2016
Assets		
Property and equipment	117,900	117,630
Intangible assets and Goodwill	39,460	38,890
Accounts Receivable	240,730	250,610
Unbilled Revenues	39,920	47,120
Investments	228,220	292,270
Cash and Cash equivalents	62,950	28,720
Other current assets	63,740	85,680
Other non-current assets	119,200	92,510
Total Assets	912,120	953,430
Liabilities and Shareholders' Equity		
Shareholders' Funds	731,890	784,950
Long term borrowings	830	600
Short term borrowings	1,620	370
Other current liabilities	154,070	142,330
Other non-current liabilities	20,170	21,630
Minority Interest	3,540	3,550
Total Liabilities	912,120	953,430

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Ind AS Financial Statements

Consolidated Statement of Profit and Loss
For the Quarter ended September 30, 2015, June 30, 2016 and September 30, 2016
(In crores of ₹, except per share data)

	Quarter ended September 30, 2015	Quarter ended June 30, 2016	Quarter ended September 30, 2016
INCOME	27,165	29,305	29,284
EXPENDITURE			
a) Employee costs	13,623	15,374	15,280
b) Other operating expenses	5,720	6,094	5,891
c) Depreciation	469	490	496
Total Expenditure	19,812	21,958	21,667
Profit Before Taxes & Other Income	7,353	7,347	7,617
Other income (expense), net	675	963	1,052
Profit Before Taxes	8,028	8,310	8,669
Provision For Taxes	1,935	1,992	2,066
Profit After Taxes & Before Minority Interest	6,093	6,318	6,603
Minority Interest	20	1	17
Net Profit	6,073	6,317	6,586
Earnings per share in ₹	30.82	32.06	33.43

Consolidated Balance Sheet
As at March 31, 2016 and September 30, 2016
(In crores of ₹)

	As at March 31, 2016	As at September 30, 2016
ASSETS		
Property, plant and equipment	11,775	11,706
Investments	22,822	29,227
Deferred Tax Assets (net)	2,908	2,705
Goodwill (on consolidation)	1,669	1,669
Cash and Bank Balance	6,788	3,421
Current Assets, Loans and Advances	33,946	37,794
Non-current Assets, Loans and Advances	9,188	6,714
Total Assets	89,096	93,236
EQUITY AND LIABILITIES		
Shareholders' Funds	71,072	76,387
Minority Interest	355	356
Short term and long term borrowings	196	61
Deferred Tax Liabilities (net)	805	977
Current liabilities and provisions	15,456	14,269
Non-current liabilities and provisions	1,212	1,186
Total Liabilities	89,096	93,236