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Ind-AS & IFRS ₹

Continued Demand Drives Strong Growth for TCS in Q2

- Revenue at **₹55,309 crore** | Growth of **18% YoY, +15.4% in CC**
- Growth broad-based across verticals, led by Retail (**+22.9% CC**) and CMI (**+18.7% CC**)
- Major markets shine: North America (**+17.6% CC**), UK (**+14.8% CC**) & Europe (**+14.1% CC**)
- Operating Margin at **24%**; Net Margin at **18.9%**
- Net Profit Crosses **₹10,000 crore** mark

MUMBAI, October 10, 2022: Tata Consultancy Services (BSE: 532540, NSE: TCS) reported its consolidated financial results according to Ind AS and IFRS, for the quarter ending September 30, 2022.

Highlights of the Quarter Ended September 30, 2022

- Revenue at **₹55,309 crore, +18% YoY**
- Constant Currency revenue growth: **+15.4% YoY**
- Order Book at **\$8.1 billion** | Book to Bill at **1.2**
- Operating Margin at **24%**; contraction of **1.6% YoY**
- Net Income at **₹10,431 crore, +8.4% YoY** | Net Margin at **18.9%**
- Net Cash from Operations at **₹10,675 crore** i.e. **102.3%** of Net Income
- Net headcount addition of **9,840** | Workforce strength: **616,171**
- Diverse and inclusive workplace: Women in the workforce: **35.7%** | **157 Nationalities**
- Building a G&T workforce: **11.7 million** learning hours clocked | **1.5 million** competencies acquired
- LTM IT Services attrition rate at **21.5%**
- Dividend per share: **₹ 8.00** | *Record date 18/10/2022 | Payment date 07/11/2022*

Rajesh Gopinathan, Chief Executive Officer and Managing Director, said: “Demand for our services continues to be very strong. We registered strong, profitable growth across all our industry verticals and in all our major markets. Our order book is holding up well, with a healthy mix of growth and transformation initiatives, cloud migration and outsourcing engagements. As clients prepare for a more challenging environment ahead, technologies like cloud that have been embraced now have to be fully leveraged to realize the promised value. TCS has the combination of contextual knowledge, technology expertise and execution rigor to deliver on this imperative.”

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N Ganapathy Subramaniam, Chief Operating Officer and Executive Director, said: “*This was another quarter of excellent execution that saw us delivering several transformational projects like the largest migration of 2.3 million policies to our TCS Insurance platform in one go in the UK, or the trading platform at the Gift City. Our delivery leadership congregated during the quarter and are raising the bar further on execution excellence with frameworks like Rigor in Transformation. We are pleased that our office facilities are becoming once again the place of buzz with more and more of our employees and clients celebrating togetherness to realize their full potential.*”

Samir Seksaria, Chief Financial Officer, said: “*We are steadily making our way towards achieving our operating margin priority for the year, aided by leverage from good growth, the flattening of the workforce pyramid, steadily improving productivity and currency support. Very importantly, the headwinds from the supply-side challenges are abating, so that sets us up well for the seasonally weak second half of the year.*”

Milind Lakkad, Chief HR Officer, said: “*Reflecting our culture of being committed to our employees, we have honored all the job offers we had made. Our investments in capacity building and organic talent development have allowed us to substantially grow our business ahead of headcount addition this quarter. We believe our quarterly annualized attrition has peaked in Q2 and should see it taper down from this point, while compensation expectations of experienced professionals moderate.*”

Q2 Segment Highlights**

Industries: Growth was led by Retail and CPG (**22.9%**), Communications & Media (**+18.7%**), and Technology & Services (**+15.9%**). Manufacturing as well as Life Sciences & Healthcare verticals grew **+14.5%**, while BFSI grew **+13.1%**.

Markets: Among major markets, North America led with **+17.6%** growth; Continental Europe grew **+14.1%** and UK grew **+14.8%**. In emerging markets, India grew **+16.7%**, Latin America grew **+19.0%**, Middle East & Africa grew **+8.2%** and Asia Pacific grew **+7.0%**.

Services: There was strong, broad-based growth for all services in Q2, led by Cloud, Enterprise Application Services, and Cyber Security.

- **Consulting & Services Integration:** We continue to be the thought leaders for clients for programs of high strategic relevance. Growth for the quarter was led by M&A, cloud strategy and transformation, and enterprise agility consulting services.
- **Cloud Platform Services:** Demand for cloud modernization services continued across all hyperscaler cloud services to drive scalability, reliability, and business transformations in all industry verticals. Hybrid cloud strategy continues to be the preferred approach for most enterprises, as it offers the right balance across the IT and business spectrum.
- **Digital Transformation Services:** Cloud ERP, customer experience, connected services and managed security are the themes that drove the growth in Q2. There was strong traction across areas like intelligent products, software defined vehicles, connected services, sustainability and energy transition. TCS Neural Manufacturing solutions are being adopted by customers in their ‘Factory of the Future’ initiatives. Demand for cybersecurity services continued to be robust as clients focus on protecting critical infrastructure; there is greater adoption of TCS Cyber Defence Suite for operations, monitoring, GRC and reporting. There was strong demand for cloud ERP transformation and M&A integration

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leveraging TCS Enterprise Navigator™ consulting-led transformation framework and preconfigured industry solutions built on TCS Crystallus™. There was also increased cloud adoption across sales & service channels, supply chain, human capital, and analytics to drive business value by transforming the customer experience and providing better insights and decisioning.

- **Cognitive Business Operations:** There were multiple large deal wins for digital transformation of operations in data center and network, digital workspace, and customer experience. TCS' deep domain and contextual knowledge coupled with differentiated value propositions underpinned by MFDM™, ignio™ and Cognix™ are helping capture opportunities. Areas which saw most growth in Q2 include digital F&A, agile supply chain and human capital management services.

*** Year on Year Growth in Constant Currency terms*

Key Highlights

- **Sainsbury's**, a leading supermarket retailer in UK, has selected TCS as its transformation partner to build business agility and flexibility. TCS will modernize Sainsbury's infrastructure landscape using TCS Enterprise Cloud™. Additionally, TCS will provide end-to-end managed services for application support, information security, modern workplace services, and network connectivity. The new flexible and scalable digital core will help Sainsbury's provide better value for customers through innovation and lower cost to serve; drive growth with data-led, machine-first core operations; and meet its net zero goals.
- **Catalent, Inc. (Catalent Pharma Solutions)**, an S&P 500® company, has selected TCS to transform to next gen operating model led by Machine First approach for its global infrastructure services. TCS' transformative and automation led solution will deliver enhanced user experience, resilient, stable, and mature operations to support Catalent's business growth globally.
- Selected by **PostNord**, a European postal services company, as the strategic partner to transform and manage critical business applications. TCS engagement scope includes Agile development, Cloud ERP/CRM, Datacenter services, and Network services.
- Selected by **Bane Nor**, a European railway infrastructure operator and provider, to transform their Identity and Access Management (IAM) landscape with TCS Cyber Defense Suite.
- Selected by **Northern Powergrid**, a large UK-based power distribution company, as the partner for Smart Utility Solutions. TCS will implement Distribution System Analysis Tools, which support long term planning, advanced power systems analysis, real-time network analytics and automated operations. This will ensure flexibility and resilience of their entire distribution system.
- Selected by **Prorail**, the Dutch Government organization responsible for management of the national rail infrastructure, to manage and transform its core traffic management portfolio of applications. TCS has been selected for its rich railway domain experience and proven delivery capabilities in Netherlands. TCS will accelerate Agile and DevSecOps adoption across the portfolio and establish best in class practices to make operations safer.
- A leading oil and gas MNC, has renewed its partnership with TCS for business transformation and generating value through digital technologies. TCS will help reimagine and transform the organization's workplace thereby improving digital experience for its workforce across 70+ countries. TCS will also leverage its products and solutions like ignio™ for neural automation and Digilocker to help modernise

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operations and support the delivery of their long-term strategy..

- **TAP Air Portugal (TAP)**, the flag carrier of Portugal has selected TCS as a strategic partner to accelerate its digital transformation roadmap and drive innovation as part of its post-pandemic business strategy. TCS will leverage its rich global airline experience combined with its Portugal-centric delivery model to help TAP develop and execute the airline's digital strategy.
- Chosen by a North America based air carrier as the core transformation partner on a multi-year Cloud Migration/ Modernization program spanning applications across technology and core business functions. This will help in business agility, enhance travel experience and improve operational efficiency.
- Selected by a leading European pharmaceuticals manufacturer to provide quality and compliance services globally, and drive digital transformation. TCS will leverage agile practices, automation controls and processes for accelerating product development.
- Chosen by a UK supermarket chain to drive Finance and HR process transformation. TCS will leverage TCS Cognix™ for Finance powered by MFDM™, analytics and AI/ML to re-engineer processes, make them fit for purpose and drive TCO optimization.
- Selected by a UK-based semiconductor technology company as the strategic partner to transform its enterprise IT operating model. TCS will leverage its contextual knowledge to deploy a synergized operating model across applications and infrastructure services enabling the customer's growth journey.
- Selected by a European healthcare equipment manufacturer for building a digital core leveraging a leading ERP solution on a hyperscaler platform to enable a standardized scalable business model for its carved-out entity. The new platform will create capability for growth and expansion into new markets.
- **Boots**, a leading health and beauty retailer and pharmacy chain, selects TCS to reimagine its supplier funding – to automate, redefine, simplify and standardize supplier promotion funding processes. The scope includes blueprinting and development of a supplier funding application to enable and improve supplier promotion funding set up and approval process.
- A large UK bank has selected TCS for developing an enterprise data fabric architecture that enables advanced analytics at scale. TCS proposed this solution leveraging its deep contextual knowledge, portfolio of tools and accelerators and hyperscaler cloud expertise. This will help the bank drive more personalized products and services, understanding customer's financial needs at various life stages and deepening relationships with customers thereby propelling growth for the bank.

Customer Speak

"In our first year of partnership, TCS' Cognitive Business Operations and our Xerox Centers of Excellence embarked on multiple transformation initiatives across various business functions to drive process improvement and business value. In particular, we leveraged TCS Cognix™ powered advanced analytics solution alongside business contextual knowledge to provide growth and transformation. We are encouraged for the future as this transformation initiative helped us realize a positive impact in cash flow."

– **Xavier Heiss**, Chief Financial Officer, Xerox

"TCS has been a valuable partner in delivering a transformed platform to drive our integrated enterprise growth strategy," said. "We look forward to strengthening our relationship with TCS as we adopt cloud and

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enable continuous innovation to become a digital-first healthcare enterprise.”

— **Pankaj Tiwari**, EVP and Chief Information Officer, Penumbra Inc

“TCS’ transformation readiness-led approach helped us prepare, plan and successfully deliver our HR transformation programme and improve the employee experience. TCS has a deep understanding of M&S’s business, and this helped us to meet the business objectives of our HR transformation,” said

— **Mark Dickson**, CTO, M&S.

“TCS’ Cognitive Business Operations (CBO) has helped Telstra reimagine the order-to-activate operations covering onboarding and the retention value chain to enhance customer experience. They leveraged the concepts of Integrated Operations, Machine First™, Agile methodology, and Process reengineering coupled with their deep contextual and industry knowledge, resulting in management of peak order volumes and enablement of value-added services. The transformation helped improve the NPS by 16.1 points...”

— **Rhondda Rumler**, Principal, Mass Market Operations, Telstra

“TCS is a key enabler in supporting Nokia’s digitalization and transformation. We look forward to strengthening our relationship with TCS as we transform our HR tools and practices and improve employee experience for our teams around the world.”

— **Alan Triggs**, Chief Digital Officer, Nokia.

Research and Innovation

As on **September 30, 2022**, the company had applied for **6,922** patents, including **170** applied during the quarter, and been granted **2,560** patents.

Human Resources

TCS’ workforce was at **616,171** as on September 30 2022, a net addition of **9,840** during the quarter. The workforce continues to be very diverse, comprising **157** nationalities and with women making up **35.7%** of the base.

TCS has been meeting demand for services around new technologies by continually investing in organic talent development. In Q2, TCSers clocked **11.7 million** learning hours, resulting in the acquisition of **1.5 million** competencies.

IT services attrition was **21.5%** on the last twelve months’ basis. With normalizing wage expectations and talent supply catching up across the industry, the company expects attrition to start to taper down in H2.

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Awards and Recognition

Business Leadership:

- TCS brand ranked #4 overall and #1 among all technology firms in the **2022 FutureBrand Index** for innovation, good customer service, contented workforce and strong management.
- Ranked as the **most valuable Indian brand** by Kantar BrandZ India; TCS' brand value rose 212% from 2020 to 2022.
- Recognized with the **2021 Best Practices Company of the Year Award** for its visionary innovation, market-leading performance, and unmatched customer impact in the **GCC's Business Process Outsourcing Industry** by Frost and Sullivan.
- Won the **CXO Tech Innovation Award** for digital innovation in smart collaboration at the **CXO Tech Awards 2022**.
- Won **32 Brandon Hall awards** (21 Golds, 7 Silvers and 4 Bronzes) and **13 Stevie awards** (5 Golds, 5 Silvers and 3 Bronzes) across various functions in HR.
- Won **4 Golds and 1 Silver** at the **ET HR Future Skills** awards for best learning teams.
- Recognized among the **Most Preferred Workplaces 2022** by Team Marksmen in collaboration with India Today Television.

Innovation and IP

- Quartz™ recognized as an **Industry Special Leader** and ranked #1 **Fraud Management solution** in the IBS Intelligence Sales League Tables for 2022.
- TCS BaNCSTM ranked # 1 in the **Investment and Fund Management** category for the third consecutive year, and #2 in the **InsurTech** category in the IBS Intelligence Sales League Tables for 2022.
- TCS products and solutions won **2 Gold, 3 Silver and 1 Bronze** Stevies at the **Stevie International Business Awards® 2022**: 1 Gold in the Project Management Solution category for **TCS Allocation Reimagination**, 1 Gold in the Software Defined Infrastructure category for **TCS Infrastructure as Code**; 2 Silvers in the Artificial Intelligence/ Machine Learning Solution category for **TCS Optumera™** and **TCS OmniStore™**; 1 Silver Stevie in the Event Management Solution category for **TCS Prime Events** and 1 Bronze in the Collaboration/Social Networking Solution category for **TCS Enterprise Social Collaboration**.

Partner

- Named **APJ Global System Integrator Partner of the year 2021** at Software AG 2021 PartnerConnect Partner Awards.
- Named to the **Microsoft Business Applications 2022/2023 Inner Circle**, for the third consecutive year. This is based on TCS' sales achievements that place it in the top echelons of Microsoft Business Applications' global network of partners.
- Won the **Consulting Partner** award in **Manufacturing and Energy** at the **Salesforce 2022 Partner Innovation Awards**.
- Won the **GSI Partner of the Year** award at the **AWS Summit**, Bogota, Colombia.

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Industry Analyst Assessments

TCS was ranked a **Leader** in **42** competitive assessments published by leading research firms in Q2. In **5** of these, marked with an asterisk in the table below, TCS was positioned the foremost leader or ranked **#1**.

Firm	Report Type	Title
TechMarketView	Ranking Report	FSV Suppliers, Trends and Forecasts 2022-2025*
Gartner	Magic Quadrant	Magic Quadrant for Public Cloud IT Transformation Services
Everest	PEAK Matrix	Multi-cloud Application Development Services PEAK Matrix® Assessment 2022*
IDC	MarketScape	IDC MarketScape: Worldwide Industry Cloud Professional Services 2022 Vendor Assessment
Everest	PEAK Matrix	System Integration (SI) Capabilities on Amazon Web Services (AWS) PEAK Matrix® Assessment 2022
Everest	PEAK Matrix	System Integration (SI) Capabilities on Microsoft Azure PEAK Matrix® Assessment 2022
ISG	Lens	ISG Provider Lens™ Google Cloud Partner Ecosystem*
NelsonHall	NEAT	End-to-End Cloud Infrastructure Management Services 2022*
ISG	Lens	ISG Provider Lens™ Next-Gen Private Hybrid Cloud - Data Center Solutions & Services
IDC	MarketScape	IDC MarketScape: Worldwide Managed Cloud Security Services in the Multicloud Era 2022 Vendor Assessment
HFS	Top 10	HFS Top 10: Cybersecurity Service Providers, 2022
Everest	PEAK Matrix	IT Security Services PEAK Matrix® Assessment 2022 – Europe
Everest	PEAK Matrix	IT Security Services PEAK Matrix® Assessment 2022 – North America
ISG	Lens	ISG Provider Lens™ Cybersecurity - Solutions and Services
IDC	Ranking Report	Worldwide and U.S. Artificial Intelligence Services Market Shares, 2021: Adapting to Evolving Client Needs
Everest	PEAK Matrix	Data and Analytics (D&A) Services PEAK Matrix® Assessment 2022
Everest	PEAK Matrix	Digital Twin Services PEAK Matrix® Assessment 2022*
ISG	Lens	ISG Provider Lens™ Internet of Things - Services and Solutions
IDC	Ranking Report	Worldwide and U.S. Application Management Services Market Shares, 2021: IDC's Top 10 Vendors
Everest	PEAK Matrix	Digital Workplace Services PEAK Matrix® Assessment 2022 – North America
Everest	PEAK Matrix	Digital Workplace Services PEAK Matrix® Assessment 2022 – Europe
NelsonHall	NEAT	Supply Chain Transformation 2022
ISG	Lens	ISG Provider Lens™ Network - Software Defined Solutions and Services
Avasant	RADAR	Digital Masters 2022 RADARVIEW™
Everest	PEAK Matrix	Adobe Services PEAK Matrix® Assessment 2022
NelsonHall	NEAT	Salesforce Services 2022

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ISG	Lens	ISG Provider Lens™ SAP Ecosystem - SAP S/4HANA System Transformation
HFS	Top 10	HFS Top 10: Capital Markets Services, 2022—Leaders
ISG	Lens	ISG Provider Lens™ Digital Banking Technology and Platforms - Core Banking Platforms (with DBEH) - Global 2022
Everest	PEAK Matrix	Financial Crime and Compliance (FCC) Operations – Services PEAK Matrix® Assessment 2022
NelsonHall	NEAT	Mortgage & Loan Services 2022
Everest	PEAK Matrix	Life Sciences Digital Services PEAK Matrix® Assessment 2022
IDC	MarketScape	IDC MarketScape: Worldwide Life Science R&D Decentralized Clinical Trial Technology Solutions 2022 Vendor Assessment
Avasant	RADAR	Life Sciences Digital Services 2022–2023 RADARVIEW™
Everest	PEAK Matrix	Connected Medical Device Services PEAK Matrix® Assessment 2022
Everest	PEAK Matrix	Industry 4.0 Services PEAK Matrix® Assessment 2022: Unleashing the Era of Phygital Manufacturing
Avasant	RADAR	Freight and Logistics Digital Services 2022–2023 RADARVIEW™
ISG	Lens	ISG Provider Lens™ Power and Utilities - Services and Solutions - Next-Gen IT Services
TechMarketView	Ranking Report	UK Operations: BPS Supplier Rankings
HFS	Top 10	HFS Top 10: CFO F&A Service Providers, 2022
Everest	PEAK Matrix	Procurement Outsourcing (PO) – Service Provider Landscape with Services PEAK Matrix® Assessment 2022
Everest	PEAK Matrix	Finance and Accounting Outsourcing (FAO) – Service Provider Landscape with PEAK Matrix® Assessment 2022

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IFRS Financial Statements

Consolidated Statements of Comprehensive Income
 For the three-month periods ended September 30, 2021, and September 30, 2022
 (In millions of ₹, except per share data)

	Three-month period ended September 30, 2021	Three-month period ended September 30, 2022
Revenue	468,670	553,090
Cost of revenue	279,220	334,620
Gross margin	189,450	218,470
SG & A expenses	69,450	85,680
Operating income	120,000	132,790
Other income (expense), net	9,690	8,170
Income before income taxes	129,690	140,960
Income taxes	33,160	36,310
Income after income taxes	96,530	104,650
Non-controlling interests	290	340
Net income	96,240	104,310
Earnings per share in ₹	26.02	28.51

Consolidated Statements of Financial Position
 As of March 31, 2022, and September 30, 2022
 (In millions of ₹)

	As of March 31, 2022	As of September 30, 2022
Assets		
Property and equipment	120,800	118,760
Right-of-use Assets	76,360	72,840
Intangible assets and Goodwill	50,360	48,660
Accounts Receivable	342,190	373,930
Unbilled Revenues	122,100	147,060
Investments	304,850	431,180
Cash and Cash equivalents	124,880	58,340
Other current assets	195,020	161,210
Other non-current assets	99,780	90,860
Total Assets	1,436,340	1,502,840
Liabilities and Shareholders' Equity		
Shareholders' Funds	912,590	995,650
Other current liabilities	423,510	409,880
Other non-current liabilities	93,170	90,730
Non-controlling interests	7,070	6,580
Total Liabilities	1,436,340	1,502,840

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Ind AS Financial Statements

Consolidated Statement of Profit and Loss
For the Quarter ended September 30, 2021, and September 30, 2022
 (In ₹ crore, except per share data)

	Quarter ended September 30, 2021	Quarter ended September 30, 2022
Revenue	46,867	55,309
Expenditure		
a) Employee Costs	26,384	31,041
b) Cost of equipment and software licences	213	401
c) Other Operating expenses	7,154	9,351
d) Depreciation	1,116	1,237
Total Expenditure	34,867	42,030
Profit Before Taxes & Other Income	12,000	13,279
Other income (expense), net	969	817
Profit Before Taxes	12,969	14,096
Provision For Taxes	3,316	3,631
Profit After Taxes & Before Non-controlling interests	9,653	10,465
Non-controlling interests	29	34
Net Profit	9,624	10,431
Earnings per share in ₹	26.02	28.51

Consolidated Balance Sheet
As at March 31, 2022 and September 30, 2022
 (In crores of ₹)

	As at March 31, 2022	As at September 30, 2022
ASSETS		
Property, plant and equipment	13,080	12,808
Right-of-use assets	7,636	7,284
Investments	30,485	43,118
Deferred tax assets (net)	3,708	2,957
Goodwill (on consolidation)	1,787	1,698
Cash and Bank Balance	18,221	7,350
Current Assets, Loans and Advances	59,827	66,396
Non-current assets, Loans and advances	6,770	6,562
Total Assets	141,514	148,173
EQUITY AND LIABILITIES		
Shareholders' Funds	89,139	97,454
Non-controlling interests	707	658
Deferred Tax Liabilities (net)	590	703
Current Liabilities and Provisions	42,351	40,988
Non-current liabilities and provisions	8,727	8,370
Total Liabilities	141,514	148,173

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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 over 50 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 616,000 of the world's best-trained consultants in 55 countries. The company generated consolidated revenues of US \$25.7 billion in the fiscal year ended March 31, 2022, 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 MSCI Global Sustainability Index and the FTSE4Good Emerging Index. For more information, visit www.tcs.com

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