



# TCS Financial Results

Quarter III FY 2013 - 14

16<sup>th</sup> Jan 2014

# Disclaimer

Certain statements in this release concerning our future prospects are forward-looking statements. Forward-looking statements by their nature involve a number of risks and uncertainties that could cause actual results to differ materially from market expectations. These risks and uncertainties include, but are not limited to our ability to manage growth, intense competition among Indian and overseas IT services companies, various factors which may affect our cost advantage, such as wage increases or an appreciating Rupee, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which TCS has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry. TCS may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements.

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# Highlights

# Q3 FY14 Performance Highlights

## ➤ Revenue:

- INR Revenue of **₹212,940 Mn**, growth of **1.5% QoQ** and **32.5% YoY**
- USD Revenue of **\$3,438 Mn**, growth of **3.0% QoQ** and **16.6% YoY**
- International Revenue growth of **2.9% in CC** and **3.8% in USD**

## ➤ Profit:

- Operating Income at **₹ 63,347 Mn**, Operating Margin of **29.7%**
- Net Income at **₹ 53,140 Mn**, Net Margin of **25.0%**

## ➤ Demand:

- Clients in \$50M+ revenue band increased by **2** and in \$20M+ revenue band increased by **4**
- Strong growth in Manufacturing, Telecom and Life Sciences

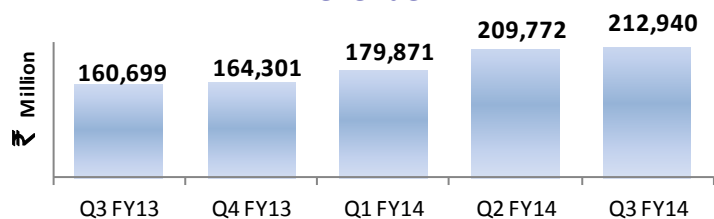
## ➤ People:

- Gross addition of **14,663** associates, closing headcount: **290,713**
- Utilization at **84.3%** (ex-trainees) and **77.5%** (including trainees)

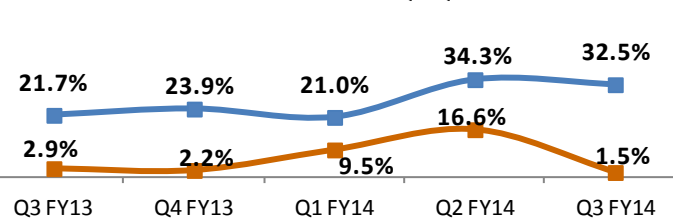
# Financial Performance

# Growth Summary (INR)

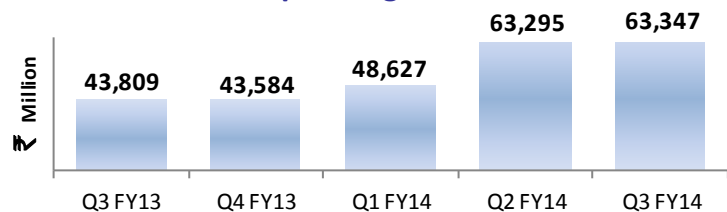
## Revenue



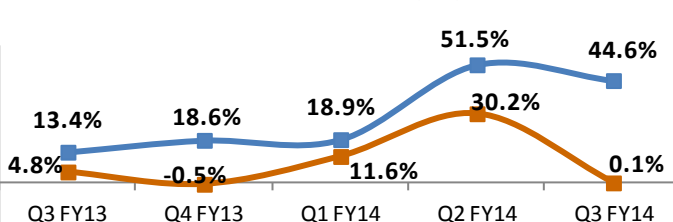
## Revenue Growth



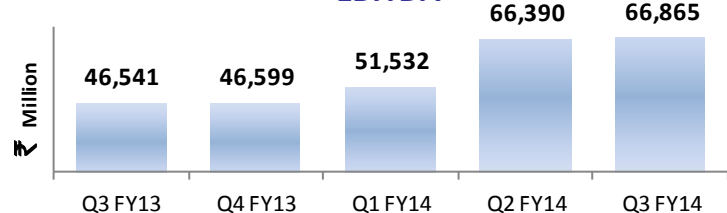
## Operating Income



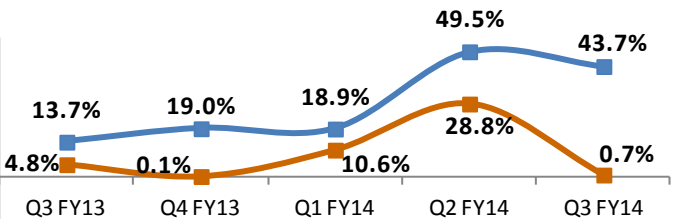
## Operating Income Growth



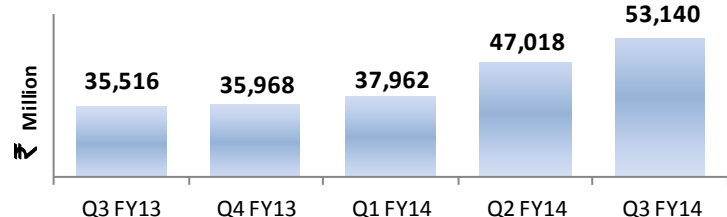
## EBITDA



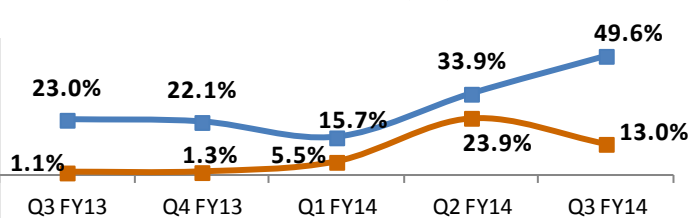
## EBITDA Growth



## Net Income

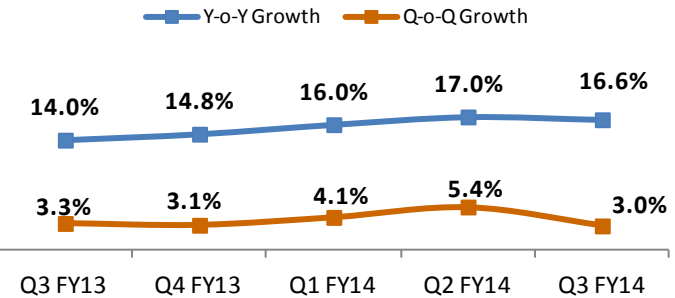
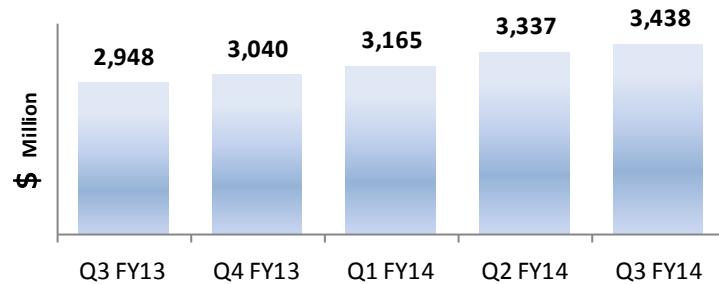


## Net Income Growth

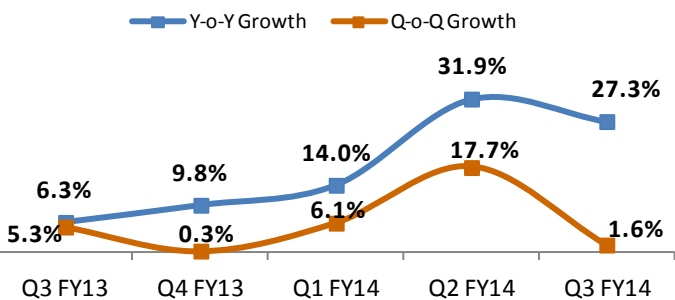
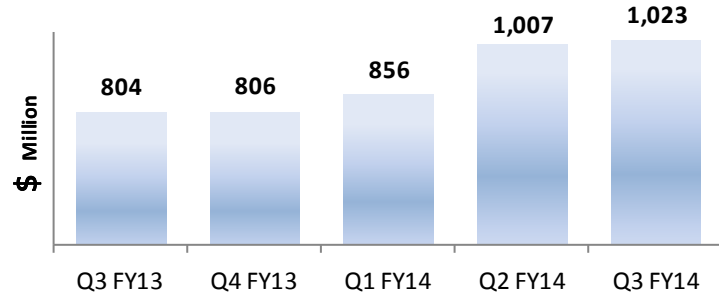


# Growth Summary (USD)

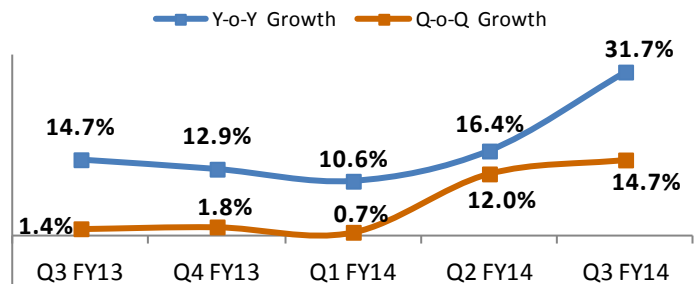
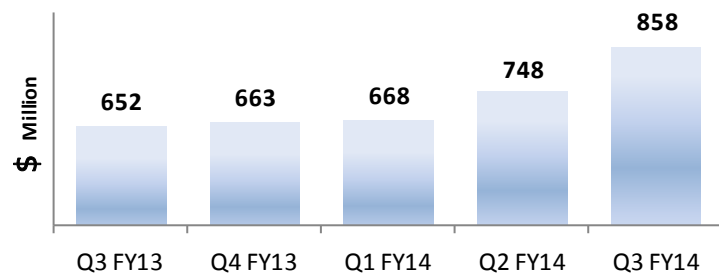
## Revenue



## Operating Income



## Net Income

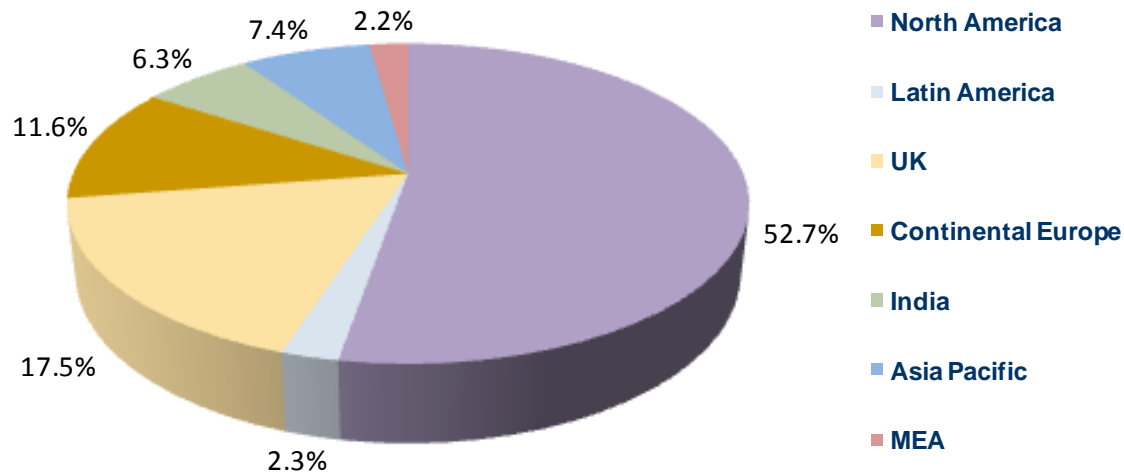


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# Operational Performance



# Growth by Market

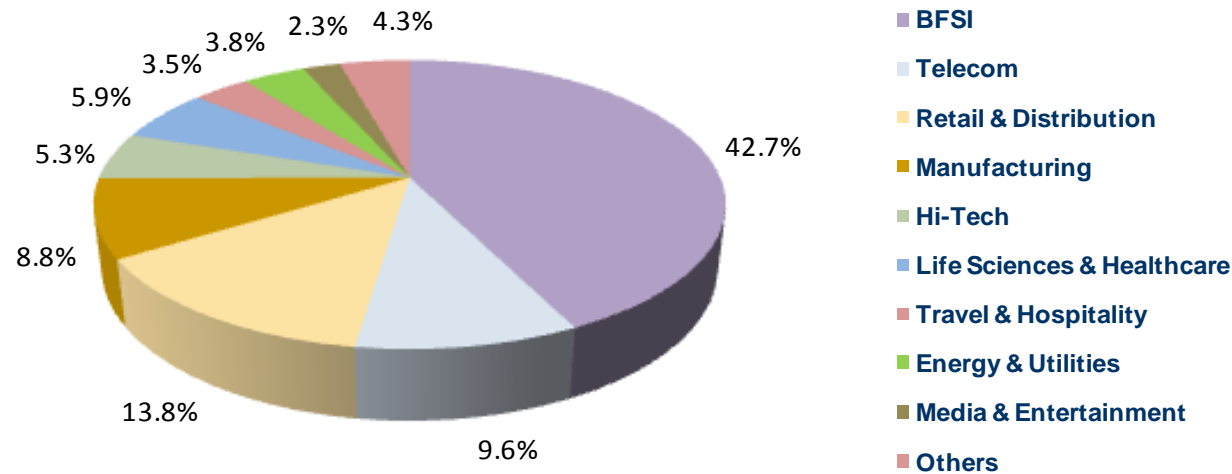


Geography (%)	Q3 FY14	Q2 FY14	Q-o-Q Growth	Q3 FY13	Y-o-Y Growth
<b>Americas</b>					
North America	52.7	53.2	0.6	53.6	30.3
Latin America	2.3	2.3	3.1	2.2	37.9
<b>Europe</b>					
UK	17.5	17.3	2.9	17.5	33.0
Continental Europe	11.6	11.2	5.9	9.4	63.5
India	6.3	6.9	-8.6	7.7	7.9
Asia Pacific	7.4	7.1	5.3	7.5	29.9
MEA	2.2	2.0	9.8	2.1	38.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>1.5</b>	<b>100.0</b>	<b>32.5</b>

Growth in INR terms

Note: The growth rates reported here are based on actual revenues in INR. Calculating growth using the % Rev figures might result in some variance due to rounding error.

# Growth by Domain

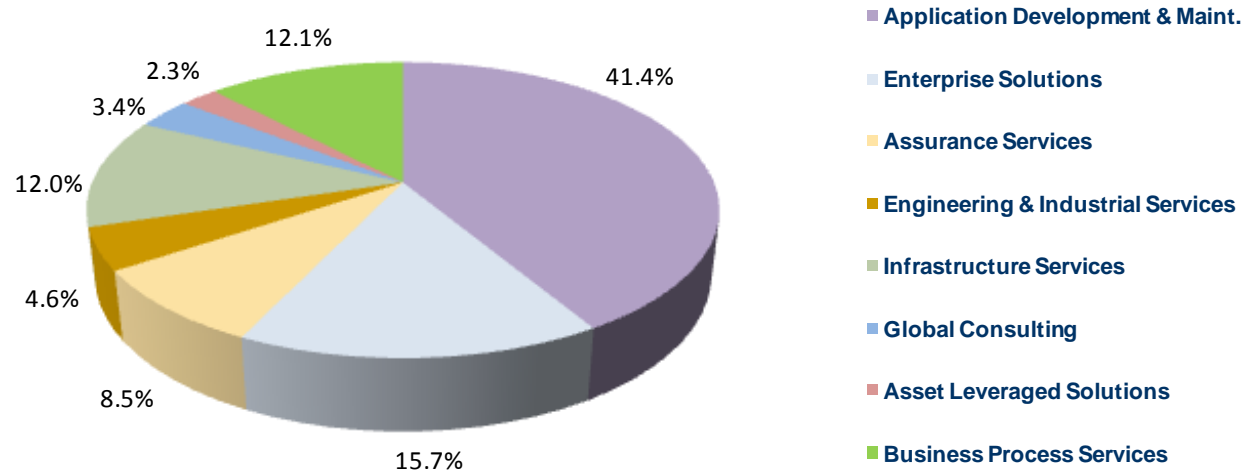


IP Revenue (%)	Q3 FY14	Q2 FY14	Q-o-Q Growth	Q3 FY13	Y-o-Y Growth
<b>BFSI</b>	<b>42.7</b>	43.1	<b>0.5</b>	43.0	<b>31.4</b>
<b>Telecom</b>	<b>9.6</b>	9.3	<b>5.1</b>	9.5	<b>34.2</b>
<b>Retail &amp; Distribution</b>	<b>13.8</b>	13.9	<b>0.3</b>	13.4	<b>36.5</b>
<b>Manufacturing</b>	<b>8.8</b>	8.4	<b>6.1</b>	8.5	<b>36.9</b>
<b>Hi-Tech</b>	<b>5.3</b>	5.4	<b>0.2</b>	5.8	<b>22.5</b>
<b>Life Sciences &amp; Healthcare</b>	<b>5.9</b>	5.7	<b>6.3</b>	5.2	<b>50.8</b>
<b>Travel &amp; Hospitality</b>	<b>3.5</b>	3.4	<b>4.1</b>	3.6	<b>28.8</b>
<b>Energy &amp; Utilities</b>	<b>3.8</b>	3.8	<b>0.2</b>	3.8	<b>31.6</b>
<b>Media &amp; Entertainment</b>	<b>2.3</b>	2.2	<b>4.8</b>	2.1	<b>43.6</b>
<b>Others</b>	<b>4.3</b>	4.8	<b>-7.8</b>	5.1	<b>12.0</b>
<b>Total</b>	<b>100.0</b>	100.0	<b>1.5</b>	100.0	<b>32.5</b>

Growth in INR terms

Note: The growth rates reported here are based on actual revenues in INR. Calculating growth using the % Rev figures might result in some variance due to rounding error.

# Growth by Service Line



SP Revenue (%)	Q3 FY14	Q2 FY14	Q-o-Q Growth	Q3 FY13	Y-o-Y Growth
<b>IT Solutions and Services</b>					
Application Development & Maint.	41.4	41.7	0.7	42.4	29.4
Enterprise Solutions	15.7	15.4	3.5	15.1	37.4
Assurance Services	8.5	8.5	2.2	7.7	46.4
<b>Engineering &amp; Industrial Services</b>	4.6	4.7	-0.6	4.7	31.5
<b>Infrastructure Services</b>	12.0	11.8	3.0	11.7	36.3
<b>Global Consulting</b>	3.4	3.3	4.4	3.2	36.7
<b>Asset Leveraged Solutions</b>	2.3	2.7	-13.7	2.8	8.0
<b>Business Process Services</b>	12.1	11.9	3.1	12.4	29.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>1.5</b>	<b>100.0</b>	<b>32.5</b>

Growth in INR terms

Note: The growth rates reported here are based on actual revenues in INR. Calculating growth using the % Rev figures might result in some variance due to rounding error.

# Client Parameters

	Q3 FY14	Q2 FY14
<b>Clients Contribution *</b>		
<b>US\$ 1m+ Clients</b>	711	687
<b>US\$ 5m+ Clients</b>	333	318
<b>US\$ 10m+ Clients</b>	224	224
<b>US\$ 20m+ Clients</b>	129	125
<b>US\$ 50m+ Clients</b>	55	53
<b>US\$ 100m+ Clients</b>	22	22

\*Last Twelve Months' services revenues

# Operational Parameters

Revenue %	Q3 FY14	Q2 FY14
<b>Delivery Location</b>		
Local Delivery	46.8	46.5
Remote Delivery	53.2	53.5
<i>Global DC</i>	5.4	5.4
<i>India DC</i>	47.8	48.1
<b>Contract Type</b>		
Time & Material	48.3	48.5
Fixed Price & Time	51.7	51.5

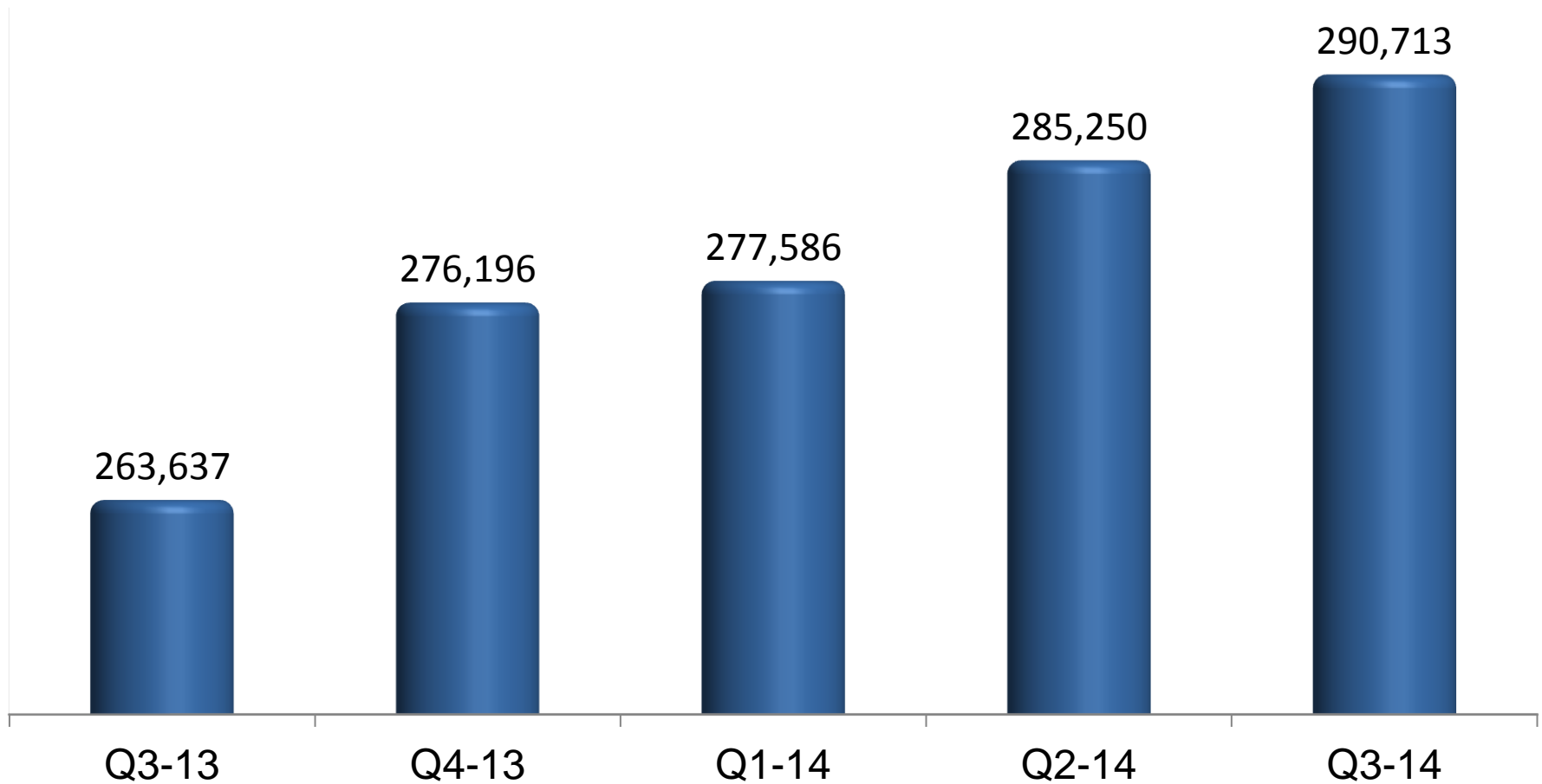
# Key Wins

- Selected by a large global bank to provide ADM services for their payments and receivables functions.
- Engaged by a leading food and grocery retailer in North America as a strategic IT partner for all application development, package implementation and Digital services
- Awarded multi-year, multi-million dollar contract by a leading European pharmaceutical company to provide drug safety services leveraging global delivery
- Won multi-year engagement with a major North American telecom operator to provide comprehensive mobile application lifecycle services for the development of a series of mobile applications across all major mobile platforms integrated with network intelligence
- Chosen by a global transportation conglomerate to provide remote infrastructure managed services for its worldwide operations across its group companies
- Selected by one of the market leaders in information services industry to accelerate its ERP transformation roadmap and provide service transformation to a large portfolio of applications
- Engaged by a leading North America based diversified industrial manufacturer to transform back office operations in Finance and accounting

# Human Resources

# Total Employee Base

Total Employees : 290,713

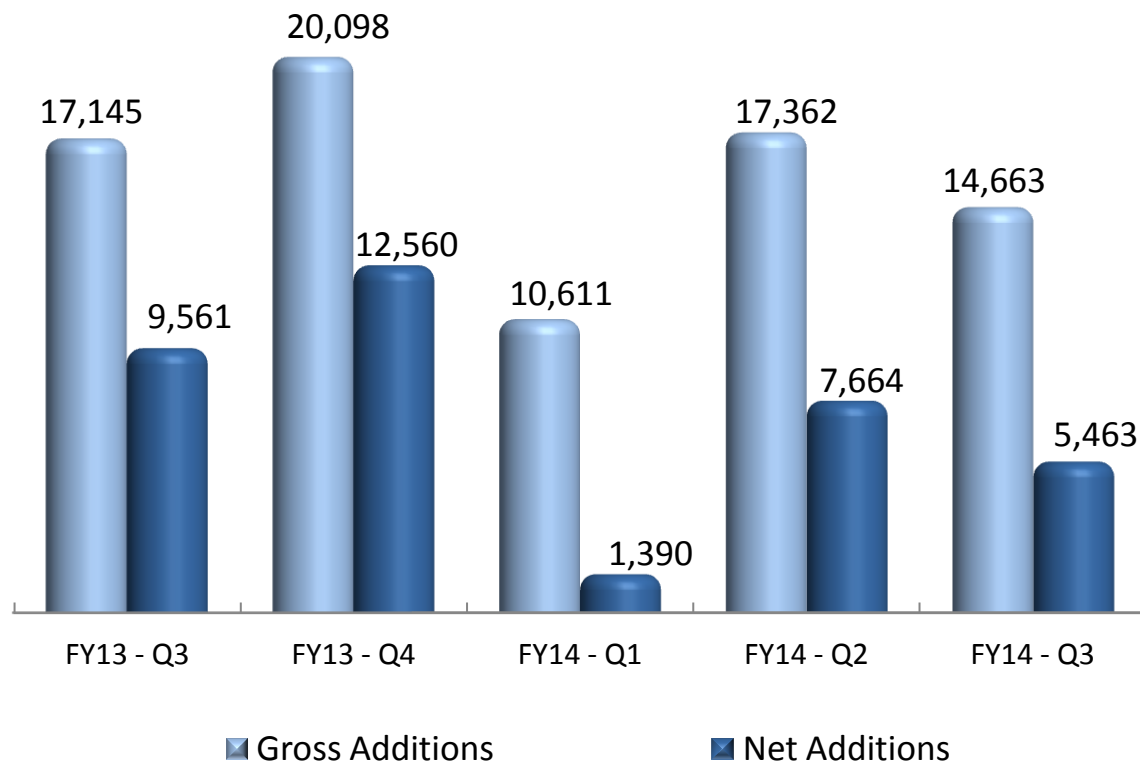




# Q3 Consolidated - Gross Additions 14,663 & Net Additions 5,463

## Gross Additions:

- 6,342 Trainees & 5,490 Laterals in India
- 2,831 employees overseas



## Attrition\*:

- 10.9% (LTM), including BPS
- IT Services: 10.3% (LTM)
- BPS: 13.4% (LTM)

## Utilization Rate\*:

- 84.3% (excluding Trainees)
- 77.5% (including Trainees)

\* Excluding CMC & Diligenta

## Diversity:

- Women employees: 32.5%
- Nationalities: 118

# Annexure

# IFRS Income Statement

Consolidated IFRS	₹ Million			% of Revenue		
	Q3 FY14	Q2 FY14	Q3 FY13	Q3 FY14	Q2 FY14	Q3 FY13
<b>Revenue</b>	<b>212,940</b>	<b>209,772</b>	<b>160,699</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Cost of revenue	110,257	109,048	86,208	51.78	51.98	53.65
<b>Gross margin</b>	<b>102,683</b>	<b>100,724</b>	<b>74,491</b>	<b>48.22</b>	<b>48.02</b>	<b>46.35</b>
SG & A expenses	39,336	37,429	30,682	18.47	17.85	19.09
<b>Operating income</b>	<b>63,347</b>	<b>63,295</b>	<b>43,809</b>	<b>29.75</b>	<b>30.17</b>	<b>27.26</b>
Other income (expense), net	6,729	(427)	2,131	3.16	(0.20)	1.33
<b>Income before income taxes</b>	<b>70,076</b>	<b>62,868</b>	<b>45,940</b>	<b>32.91</b>	<b>29.97</b>	<b>28.59</b>
Income taxes	16,524	15,563	10,025	7.76	7.42	6.24
<b>Income after income taxes</b>	<b>53,552</b>	<b>47,305</b>	<b>35,915</b>	<b>25.15</b>	<b>22.55</b>	<b>22.35</b>
Minority interest	412	287	399	0.19	0.14	0.25
<b>Net income</b>	<b>53,140</b>	<b>47,018</b>	<b>35,516</b>	<b>24.96</b>	<b>22.41</b>	<b>22.10</b>
Earnings per share in ₹	27.13	24.00	18.15			

# COR – SG&A Details

COR	₹ Million			% of Revenue		
	Q3 FY14	Q2 FY14	Q3 FY13	Q3 FY14	Q2 FY14	Q3 FY13
Employee cost	78,287	77,119	60,541	36.77	36.76	37.67
Fees to external consultants	13,192	12,390	9,020	6.20	5.91	5.61
Equipment & software	3,224	3,891	3,711	1.51	1.85	2.31
Depreciation	2,264	2,038	1,680	1.06	0.97	1.05
Travel	2,706	2,603	2,177	1.27	1.24	1.36
Communication	1,377	1,468	1,243	0.65	0.70	0.77
Facility expenses	4,189	4,065	3,344	1.97	1.94	2.08
Other expenses	5,018	5,474	4,492	2.35	2.61	2.80
<b>Cost of Revenue</b>	<b>110,257</b>	<b>109,048</b>	<b>86,208</b>	<b>51.78</b>	<b>51.98</b>	<b>53.65</b>

SGA	₹ Million			% of Revenue		
	Q3 FY14	Q2 FY14	Q3 FY13	Q3 FY14	Q2 FY14	Q3 FY13
Employee cost	26,446	25,663	20,912	12.42	12.23	13.01
Fees to external consultants	440	900	764	0.20	0.43	0.48
Provision for Doubtful Debts	255	302	109	0.12	0.15	0.07
Depreciation	1,255	1,057	1,051	0.59	0.50	0.65
Facility expenses	2,958	2,722	2,534	1.39	1.30	1.58
Travel	2,771	2,313	1,835	1.30	1.10	1.14
Communication	744	714	614	0.35	0.34	0.38
Education, Recruitment and training	832	802	585	0.39	0.38	0.36
Marketing and Sales promotion	1,123	913	721	0.53	0.44	0.45
Other expenses	2,512	2,043	1,557	1.18	0.98	0.97
<b>S G &amp; A expenses</b>	<b>39,336</b>	<b>37,429</b>	<b>30,682</b>	<b>18.47</b>	<b>17.85</b>	<b>19.09</b>

# IFRS Balance Sheet

Consolidated IFRS	31-Dec-13		31-Mar-13	
	₹ Million	%	₹ Million	%
<b>Assets</b>				
Property and equipment	96,175	15.04	81,944	15.77
Intangible assets and Goodwill	42,229	6.60	35,063	6.75
Accounts Receivable	174,825	27.35	140,956	27.13
Unbilled Revenues	42,293	6.62	31,410	6.05
Investments	83,653	13.09	20,402	3.93
Cash and Cash equivalents	17,158	2.68	18,432	3.55
Other current assets	96,961	15.17	113,352	21.81
Other non current assets	85,968	13.45	77,986	15.01
<b>Total assets</b>	<b>639,262</b>	<b>100.00</b>	<b>519,545</b>	<b>100.00</b>
<b>Liabilities and Shareholders' Equity</b>				
Shareholders' Funds	509,391	79.68	409,481	78.82
Redeemable Preference Shares	1,000	0.16	1,000	0.19
Long term borrowings	1,207	0.19	1,310	0.25
Short term borrowings	381	0.06	1,013	0.19
Other current liabilities	105,457	16.50	85,715	16.50
Other non-current liabilities	15,407	2.41	14,465	2.79
Minority Interest	6,419	1.00	6,561	1.26
<b>Total Liabilities</b>	<b>639,262</b>	<b>100.00</b>	<b>519,545</b>	<b>100.00</b>

# IFRS Income Statement – In USD

Consolidated IFRS	\$ Million			% of Revenue		
	Q3 FY14	Q2 FY14	Q3 FY13	Q3 FY14	Q2 FY14	Q3 FY13
<b>Revenue</b>	<b>3,438</b>	<b>3,337</b>	<b>2,948</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Cost of revenue	1,780	1,735	1,581	51.78	51.98	53.65
<b>Gross margin</b>	<b>1,658</b>	<b>1,602</b>	<b>1,367</b>	<b>48.22</b>	<b>48.02</b>	<b>46.35</b>
SG & A expenses	635	595	563	18.47	17.85	19.09
<b>Operating income</b>	<b>1,023</b>	<b>1,007</b>	<b>804</b>	<b>29.75</b>	<b>30.17</b>	<b>27.26</b>
Other income (expense), net	109	(7)	39	3.16	(0.20)	1.33
<b>Income before income taxes</b>	<b>1,132</b>	<b>1,000</b>	<b>843</b>	<b>32.91</b>	<b>29.97</b>	<b>28.59</b>
Income taxes	267	247	184	7.76	7.42	6.24
<b>Income after income taxes</b>	<b>865</b>	<b>753</b>	<b>659</b>	<b>25.15</b>	<b>22.55</b>	<b>22.35</b>
Minority interest	7	5	7	0.19	0.14	0.25
<b>Net income</b>	<b>858</b>	<b>748</b>	<b>652</b>	<b>24.96</b>	<b>22.41</b>	<b>22.10</b>
Earnings per share in \$	0.44	0.38	0.33			

# COR – SG&A Details – In USD

COR	\$ Million			% of Revenue		
	Q3 FY14	Q2 FY14	Q3 FY13	Q3 FY14	Q2 FY14	Q3 FY13
Employee cost	1,264	1,227	1,111	36.77	36.76	37.67
Fees to external consultants	213	197	165	6.19	5.91	5.61
Equipment & software	52	62	68	1.51	1.85	2.30
Depreciation	36	33	31	1.06	0.97	1.05
Travel	44	41	40	1.27	1.24	1.36
Communication	22	23	23	0.65	0.70	0.78
Facility expenses	68	65	61	1.97	1.94	2.08
Other expenses	81	87	82	2.36	2.61	2.80
<b>Cost of Revenue</b>	<b>1,780</b>	<b>1,735</b>	<b>1,581</b>	<b>51.78</b>	<b>51.98</b>	<b>53.65</b>

SGA	\$ Million			% of Revenue		
	Q3 FY14	Q2 FY14	Q3 FY13	Q3 FY14	Q2 FY14	Q3 FY13
Employee cost	427	408	384	12.42	12.23	13.01
Fees to external consultants	7	14	14	0.20	0.43	0.48
Provision for Doubtful Debts	4	5	2	0.12	0.15	0.07
Depreciation	20	17	19	0.59	0.50	0.65
Facility expenses	48	43	46	1.39	1.30	1.58
Travel	45	37	34	1.30	1.10	1.14
Communication	12	11	11	0.35	0.34	0.38
Education, Recruitment and training	13	13	11	0.39	0.38	0.36
Marketing and Sales promotion	18	14	13	0.53	0.44	0.45
Other expenses	41	33	29	1.18	0.98	0.97
<b>S G &amp; A expenses</b>	<b>635</b>	<b>595</b>	<b>563</b>	<b>18.47</b>	<b>17.85</b>	<b>19.09</b>

# IFRS Balance Sheet in USD

Consolidated IFRS	31-Dec-13		31-Mar-13	
	\$ Million	%	\$ Million	%
<b>Assets</b>				
Property and equipment	1,556	15.04	1,508	15.77
Intangible assets and Goodwill	683	6.60	645	6.75
Accounts Receivable	2,828	27.35	2,594	27.13
Unbilled Revenues	684	6.62	578	6.04
Investments	1,353	13.09	376	3.93
Cash and Cash equivalents	278	2.68	339	3.55
Other current assets	1,568	15.17	2,087	21.82
Other non current assets	1,390	13.45	1,436	15.01
<b>Total assets</b>	<b>10,340</b>	<b>100.00</b>	<b>9,563</b>	<b>100.00</b>
<b>Liabilities and Shareholders' Equity</b>				
Shareholders' Funds	8,239	79.68	7,537	78.81
Redeemable Preference Shares	16	0.16	18	0.19
Long term borrowings	20	0.19	24	0.25
Short term borrowings	6	0.06	19	0.20
Other current liabilities	1,706	16.50	1,578	16.50
Other non-current liabilities	249	2.41	266	2.79
Minority Interest	104	1.00	121	1.26
<b>Total Liabilities</b>	<b>10,340</b>	<b>100.00</b>	<b>9,563</b>	<b>100.00</b>



# Indian GAAP Income Statement - Consolidated

Consolidated Indian GAAP	₹ Crore			% of Revenue		
	Q3 FY14	Q2 FY14	Q3 FY13	Q3 FY14	Q2 FY14	Q3 FY13
<b>INCOME</b>						
a) IT & Consultancy Services	20,912	20,533	15,663	98.21	97.88	97.47
b) Manufacturing, Sale of equipment and Licences	382	444	407	1.79	2.12	2.53
<b>Total Income</b>	<b>21,294</b>	<b>20,977</b>	<b>16,070</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>EXPENDITURE</b>						
a) Salaries & Wages	7,704	7,610	6,142	36.18	36.27	38.22
b) Overseas business expenditure	3,039	2,913	2,194	14.27	13.89	13.66
c) Other operating expenses	3,864	3,821	3,074	18.15	18.22	19.12
<b>Total Expenditure</b>	<b>14,607</b>	<b>14,344</b>	<b>11,410</b>	<b>68.60</b>	<b>68.38</b>	<b>71.00</b>
<b>Profit Before Interest, Depreciation, Taxes &amp; Other Income</b>	<b>6,687</b>	<b>6,633</b>	<b>4,660</b>	<b>31.40</b>	<b>31.62</b>	<b>29.00</b>
Interest	7	12	8	0.03	0.06	0.05
Depreciation	350	328	277	1.64	1.57	1.72
<b>Profit Before Taxes &amp; Other Income</b>	<b>6,330</b>	<b>6,293</b>	<b>4,375</b>	<b>29.73</b>	<b>29.99</b>	<b>27.23</b>
Other income (expense), net	683	(26)	221	3.21	(0.12)	1.37
<b>Profit Before Taxes</b>	<b>7,013</b>	<b>6,267</b>	<b>4,596</b>	<b>32.94</b>	<b>29.87</b>	<b>28.60</b>
Provision For Taxes	1,636	1,595	1,005	7.68	7.60	6.26
<b>Profit After Taxes &amp; Before Minority Interest</b>	<b>5,377</b>	<b>4,672</b>	<b>3,591</b>	<b>25.26</b>	<b>22.27</b>	<b>22.34</b>
Minority Interest	44	39	41	0.21	0.18	0.25
<b>Net Profit</b>	<b>5,333</b>	<b>4,633</b>	<b>3,550</b>	<b>25.05</b>	<b>22.09</b>	<b>22.09</b>

# Indian GAAP Balance Sheet - Consolidated

Consolidated Indian GAAP	₹ Crore		%	
	31-Dec-13	31-Mar-13	31-Dec-13	31-Mar-13
<b>Source of Funds</b>				
Shareholders' Funds	48,696	38,646	95.84	95.23
Minority Interest	666	695	1.31	1.71
Loan Funds	132	211	0.26	0.52
Deferred Tax Liability	301	235	0.59	0.58
Non Current Liabilities	1,018	796	2.00	1.96
<b>Total Liabilities</b>	<b>50,813</b>	<b>40,583</b>	<b>100.00</b>	<b>100.00</b>
<b>Application of Funds</b>				
Fixed Assets (net)	9,671	8,142	19.03	20.06
Goodwill	2,314	3,582	4.56	8.83
Deferred Tax Asset	399	310	0.79	0.76
Investments	8,206	1,897	16.15	4.68
<i>Cash and Bank Balance</i>	<i>6,585</i>	<i>6,769</i>	<i>12.96</i>	<i>16.68</i>
<i>Current Assets, Loans and Advances</i>	<i>26,606</i>	<i>23,700</i>	<i>52.36</i>	<i>58.40</i>
<i>Current Liabilities and Provisions</i>	<i>11,334</i>	<i>11,585</i>	<i>22.31</i>	<i>28.55</i>
Net Current Assets	21,857	18,884	43.01	46.53
Non Current Assets	8,366	7,768	16.46	19.14
<b>Total Assets</b>	<b>50,813</b>	<b>40,583</b>	<b>100.00</b>	<b>100.00</b>

# Currency mix and average realized rates in INR

Currency	Average rates		% of Revenue	
	Q3 FY14	Q2 FY14	Q3 FY14	Q2 FY14
USD	61.94	62.86	56.75%	57.38%
GBP	100.86	98.11	15.43%	15.20%
EUR	84.78	83.89	9.07%	8.52%
Others			18.75%	18.90%
			<b>100.00%</b>	<b>100.00%</b>



# Thank You

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