



TCS Financial Results

Quarter II FY 2013 - 14

15th Oct 2013

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

Q2 FY14 Performance Highlights

➤ Revenue:

- INR Revenue of **₹209,772 Mn**, growth of **16.6% QoQ** and **34.3% YoY**
- USD Revenue of **\$3,337 Mn**, growth of **5.4% QoQ** and **17.0% YoY**
- Constant currency revenue growth of **6.0%**, volume growth of **7.3% QoQ**

➤ Profit:

- Operating Income at **₹ 63,295 Mn**, Operating Margin of **30.2%**
- Net Income at **₹ 47,018 Mn**, Net Margin of **22.4%**

➤ Demand:

- Clients in \$100M+ band up by **3 QoQ**, up by **5** in **H1 FY14**
- **8** large deals signed across verticals

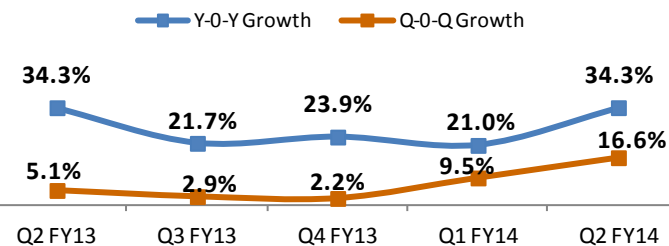
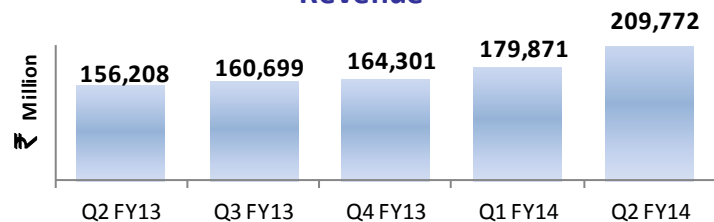
➤ People:

- Gross addition of **17,362** associates, closing headcount: **285,250**
- Utilization at **83.4%** (ex-trainees) and **75.0%** (including trainees)

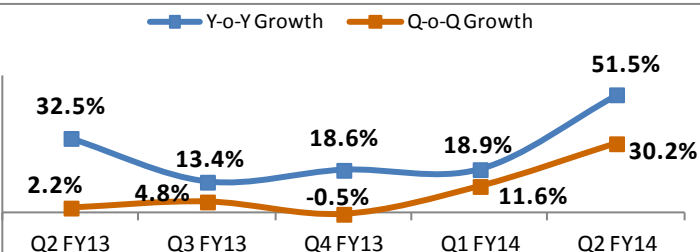
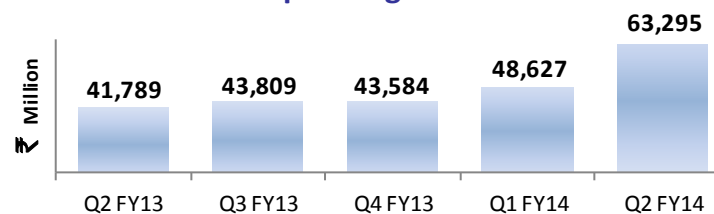
Financial Performance

IFRS Summary (INR)

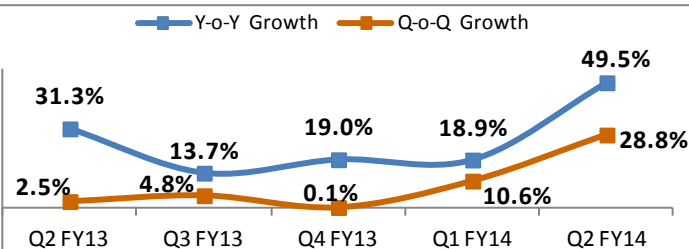
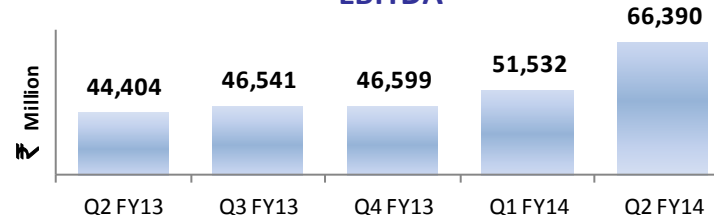
Revenue



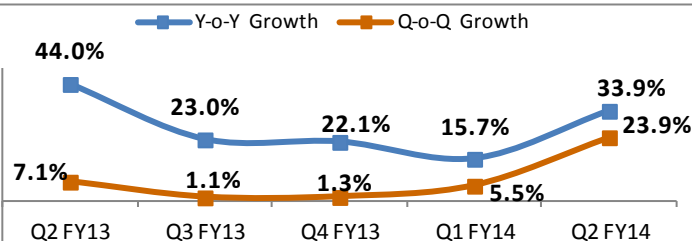
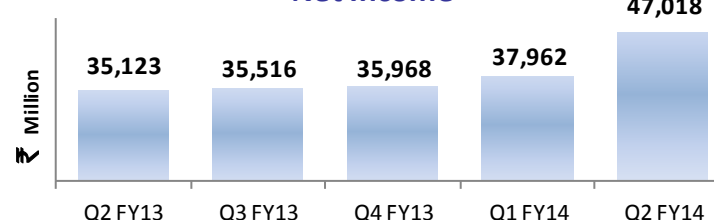
Operating Income



EBITDA

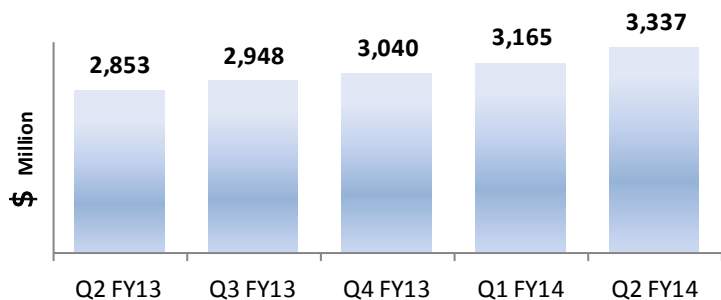


Net Income

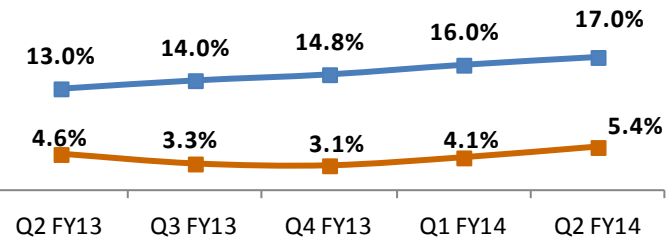


IFRS Summary (USD)

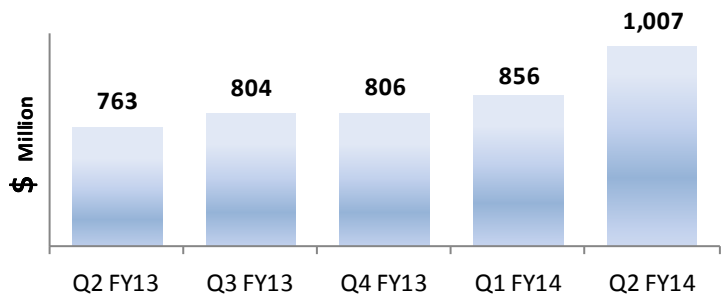
Revenue



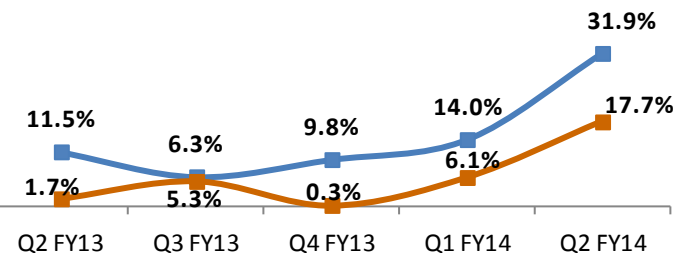
Y-o-Y Growth Q-o-Q Growth



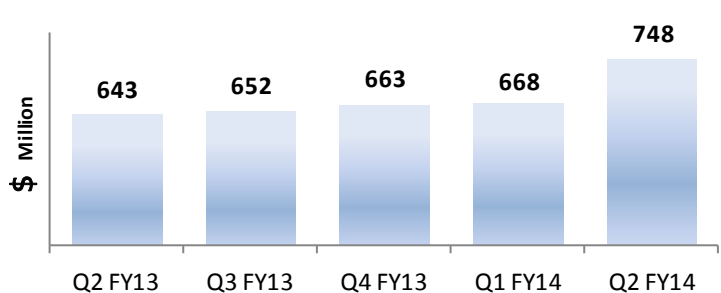
Operating Income



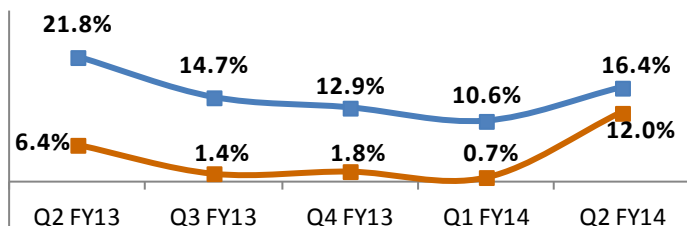
Y-o-Y Growth Q-o-Q Growth



Net Income



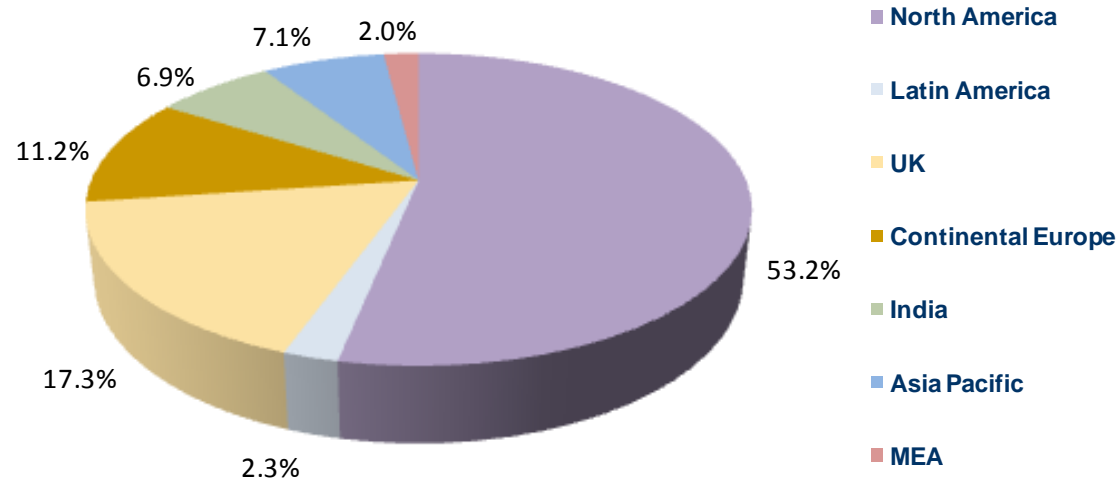
Y-o-Y Growth Q-o-Q Growth



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Operational Performance

Growth by Market

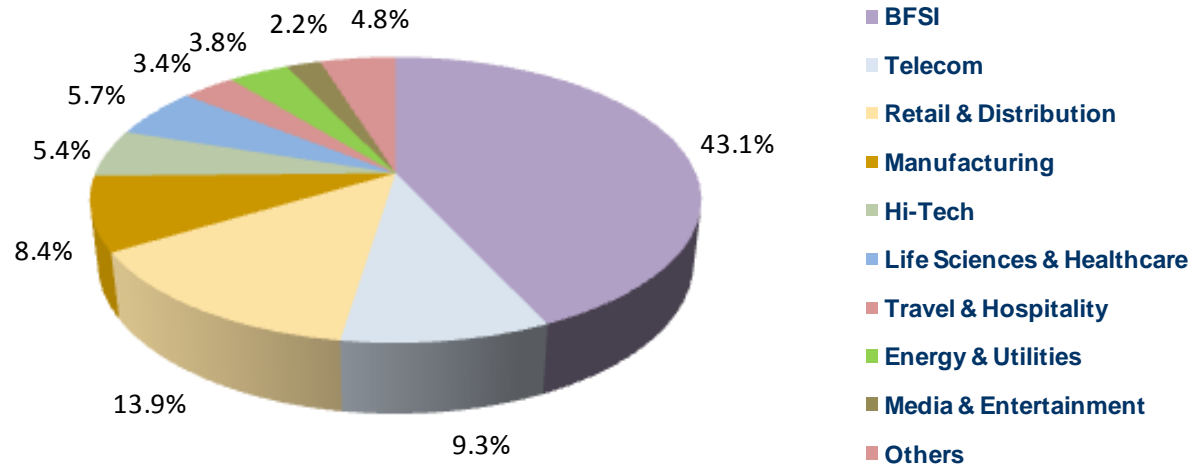


Geography (%)	Q2 FY14	Q1 FY14	Q-o-Q Growth	Q2 FY13	Y-o-Y Growth
Americas					
North America	53.2	54.1	14.7	53.8	33.0
Latin America	2.3	2.4	11.0	2.2	40.8
Europe					
UK	17.3	17.0	18.5	17.1	35.8
Continental Europe	11.2	9.9	31.8	9.7	53.6
India	6.9	7.6	6.0	7.5	24.2
Asia Pacific	7.1	6.9	19.8	7.6	25.8
MEA	2.0	2.1	14.7	2.1	27.0
Total	100.0	100.0	16.6	100.0	34.3

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

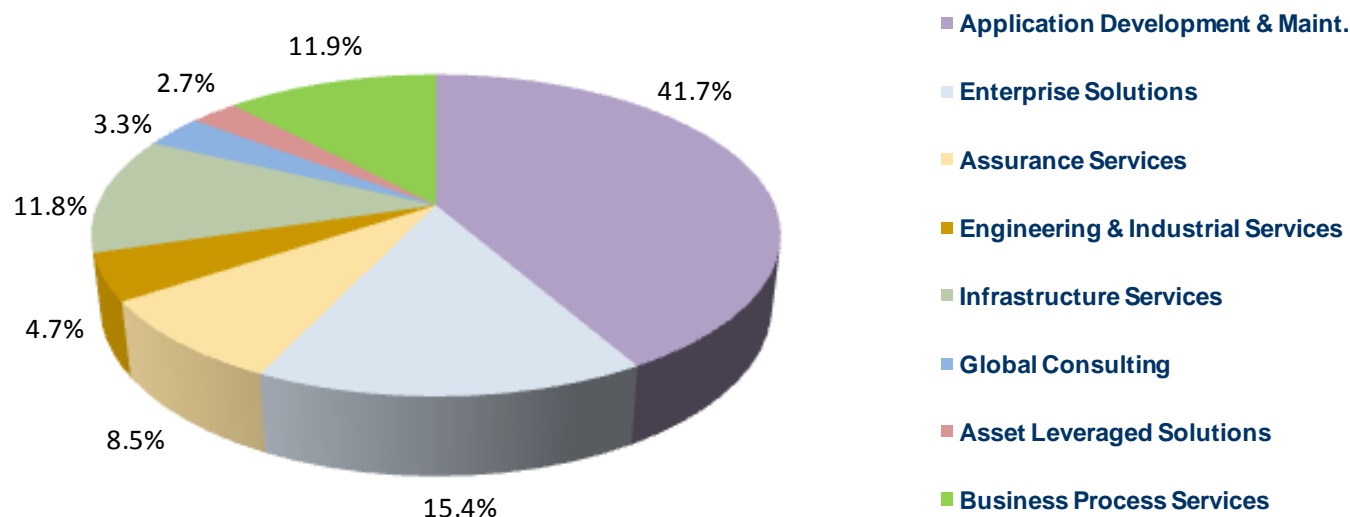


IP Revenue (%)	Q2 FY14	Q1 FY14	Q-o-Q Growth	Q2 FY13	Y-o-Y Growth
BFSI	43.1	43.0	17.0	42.8	35.3
Telecom	9.3	9.6	13.0	10.3	21.7
Retail & Distribution	13.9	14.0	15.4	13.4	39.9
Manufacturing	8.4	8.4	15.6	8.2	36.5
Hi-Tech	5.4	5.5	14.9	5.9	21.8
Life Sciences & Healthcare	5.7	5.5	20.1	5.2	47.1
Travel & Hospitality	3.4	3.4	16.8	3.6	26.5
Energy & Utilities	3.8	3.7	20.6	3.6	44.0
Media & Entertainment	2.2	2.1	23.9	2.2	35.7
Others	4.8	4.8	17.2	4.8	32.9
Total	100.0	100.0	16.6	100.0	34.3

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 (%)	Q2 FY14	Q1 FY14	Q-o-Q Growth	Q2 FY13	Y-o-Y Growth
IT Solutions and Services					
Application Development & Maint.	41.7	42.3	14.9	43.1	30.0
Enterprise Solutions	15.4	15.1	19.0	14.9	38.4
Assurance Services	8.5	8.1	22.6	7.7	47.9
Engineering & Industrial Services					
Engineering & Industrial Services	4.7	4.7	16.5	4.6	37.8
Infrastructure Services					
Infrastructure Services	11.8	11.9	16.0	11.4	39.1
Global Consulting					
Global Consulting	3.3	3.5	9.6	3.0	45.5
Asset Leveraged Solutions					
Asset Leveraged Solutions	2.7	2.5	24.7	2.7	35.2
Business Process Services					
Business Process Services	11.9	11.9	16.9	12.6	27.4
Total	100.0	100.0	16.6	100.0	34.3

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

	Q2 FY14	Q1 FY14
Clients Contribution *		
US\$ 1m+ Clients	687	657
US\$ 5m+ Clients	318	309
US\$ 10m+ Clients	224	216
US\$ 20m+ Clients	125	124
US\$ 50m+ Clients	53	53
US\$ 100m+ Clients	22	19

*Last Twelve Months' services revenues

Operational Parameters

Revenue %	Q2 FY14	Q1 FY14
Delivery Location		
Local Delivery	46.5	46.3
Remote Delivery	53.5	53.7
<i>Global DC</i>	5.4	5.2
<i>India DC</i>	48.1	48.5
Contract Type		
Time & Material	48.5	47.8
Fixed Price & Time	51.5	52.2

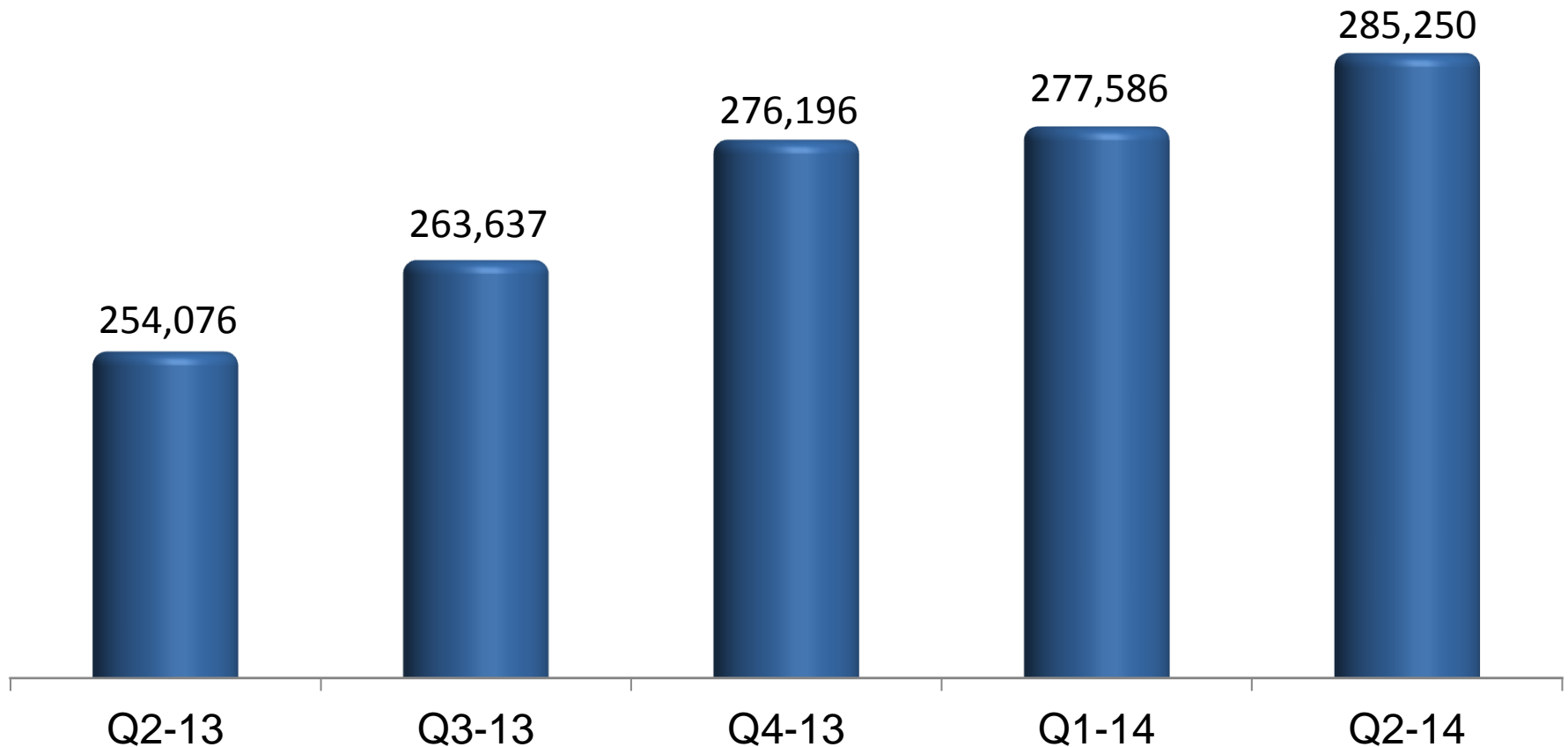
Key Wins

- A global financial institution has chosen TCS for a multi-year contract for providing assurance services to certify the roll out of their applications globally.
- A large US based pharma company awarded a multi million dollar deal to provide end to end managed services for its data centers worldwide
- TCS has won a multi-year multi-million contract to sustain and transform the customer services systems and processes for a major utility in the US
- TCS was awarded a global engagement to manage the core applications across multiple key process areas, including supply chain and sales of a global telecommunications major.
- A global professional services company has awarded TCS a multi-year, multi-million support services deal .
- A large global universal bank has selected TCS as one of their strategic partner to provide application development and maintenance services globally.
- TCS was awarded an end to end managed infrastructure services deal including service integration for a global beverages firm.
- TCS has been selected by a leading telecom provider in South Africa to provide multi year transformation and managed services on an ERP platform.

Human Resources

Total Employee Base

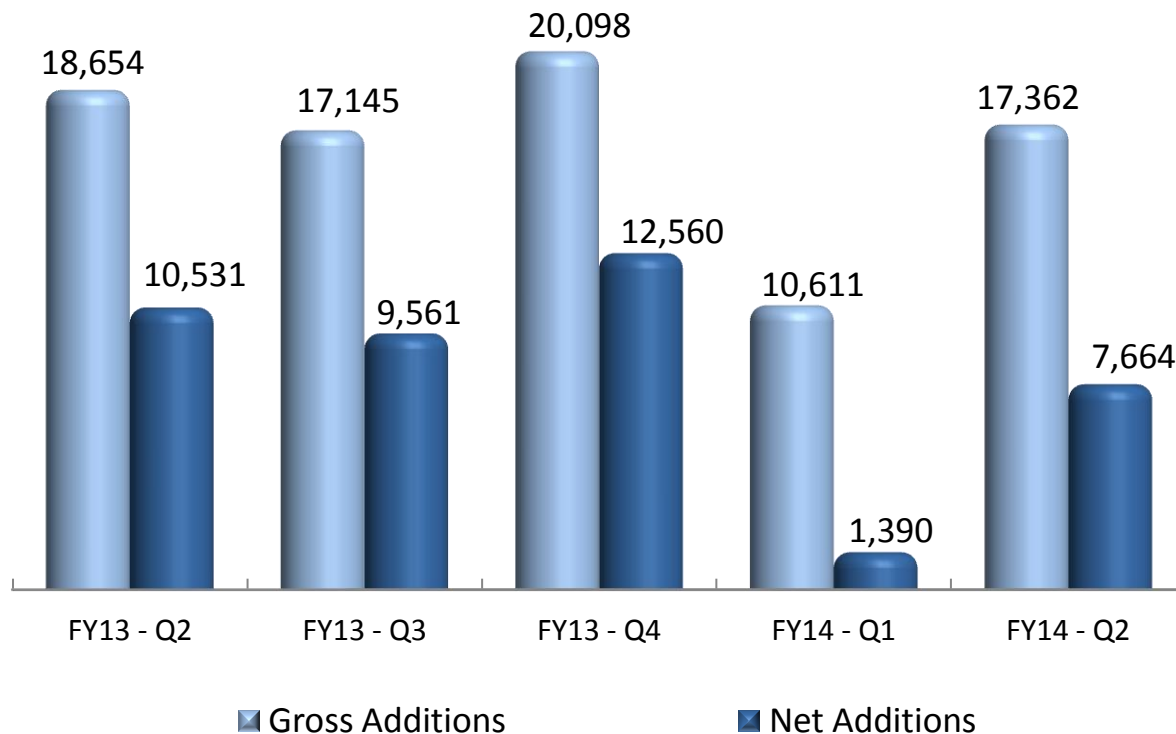
Total Employees : 285,250



Q2 Consolidated - Gross Additions 17,362 & Net Additions 7,664

Gross Additions:

- 6,296 Trainees & 6,423 Laterals in India
- 4,643 employees overseas



Attrition*:

- 10.9% (LTM), including BPO
- IT Services: 9.9% (LTM)
- BPO: 16.3% (LTM)

Utilization Rate*:

- 83.4% (excluding Trainees)
- 75.0% (including Trainees)

Diversity*:

- Women employees: 32.4%
- Nationalities: 118
- >3 years experience: 63%

*Excluding Subsidiaries: CMC, e-Serve & Diligenta

Annexure

Indian GAAP Income Statement - Consolidated

Consolidated Indian GAAP	₹ Crore			% of Revenue		
	Q2 FY14	Q1 FY14	Q2 FY13	Q2 FY14	Q1 FY14	Q2 FY13
INCOME						
a) IT & Consultancy Services	20,533	17,552	15,188	97.88	97.58	97.23
b) Manufacturing, Sale of equipment and Licences	444	435	433	2.12	2.42	2.77
Total Income	20,977	17,987	15,621	100.00	100.00	100.00
EXPENDITURE						
a) Salaries & Wages	7,610	6,965	5,947	36.27	38.72	38.07
b) Overseas business expenditure	2,913	2,498	2,182	13.89	13.89	13.97
c) Other operating expenses	3,821	3,380	3,053	18.22	18.79	19.55
Total Expenditure	14,344	12,843	11,182	68.38	71.40	71.59
Profit Before Interest, Depreciation, Taxes & Other Income	6,633	5,144	4,439	31.62	28.60	28.41
Interest	12	7	15	0.06	0.04	0.10
Depreciation	328	297	266	1.57	1.65	1.70
Profit Before Taxes & Other Income	6,293	4,840	4,158	29.99	26.91	26.61
Other income (expense), net	(26)	259	328	(0.12)	1.44	2.11
Profit Before Taxes	6,267	5,099	4,486	29.87	28.35	28.72
Provision For Taxes	1,595	1,226	1,016	7.60	6.82	6.51
Profit After Taxes & Before Minority Interest	4,672	3,873	3,470	22.27	21.53	22.21
Minority Interest	39	33	36	0.18	0.18	0.22
Net Profit	4,633	3,840	3,434	22.09	21.35	21.99

Indian GAAP Balance Sheet - Consolidated

Consolidated Indian GAAP	₹ Crore		%	
	30-Sep-13	31-Mar-13	30-Sep-13	31-Mar-13
Source of Funds				
Shareholders' Funds	44,090	38,646	95.58	95.23
Minority Interest	630	695	1.37	1.71
Loan Funds	186	211	0.40	0.52
Deferred Tax Liability	252	235	0.55	0.58
Non Current Liabilities	969	796	2.10	1.96
Total Liabilities	46,127	40,583	100.00	100.00
Application of Funds				
Fixed Assets (net)	9,222	8,142	19.99	20.06
Goodwill	2,334	3,582	5.06	8.83
Deferred Tax Asset	405	310	0.88	0.76
Investments	3,865	1,897	8.38	4.68
<i>Cash and Bank Balance</i>	<i>5,353</i>	<i>6,769</i>	<i>11.60</i>	<i>16.68</i>
<i>Current Assets, Loans and Advances</i>	<i>28,208</i>	<i>23,700</i>	<i>61.15</i>	<i>58.40</i>
<i>Current Liabilities and Provisions</i>	<i>11,654</i>	<i>11,585</i>	<i>25.26</i>	<i>28.55</i>
Net Current Assets	21,907	18,884	47.49	46.53
Non Current Assets	8,394	7,768	18.20	19.14
Total Assets	46,127	40,583	100.00	100.00

IFRS Income Statement

Consolidated IFRS	₹ Million			% of Revenue		
	Q2 FY14	Q1 FY14	Q2 FY13	Q2 FY14	Q1 FY14	Q2 FY13
Revenue	209,772	179,871	156,208	100.00	100.00	100.00
Cost of revenue	109,048	96,700	85,377	51.98	53.76	54.66
Gross margin	100,724	83,171	70,831	48.02	46.24	45.34
SG & A expenses	37,429	34,544	29,042	17.85	19.21	18.59
Operating income	63,295	48,627	41,789	30.17	27.03	26.75
Other income (expense), net	(427)	2,517	3,103	(0.20)	1.40	1.99
Income before income taxes	62,868	51,144	44,892	29.97	28.43	28.74
Income taxes	15,563	12,312	9,443	7.42	6.84	6.05
Income after income taxes	47,305	38,832	35,449	22.55	21.59	22.69
Minority interest	287	870	326	0.14	0.48	0.21
Net income	47,018	37,962	35,123	22.41	21.11	22.48
Earnings per share in ₹	24.00	19.40	17.95			

COR – SG&A Details

COR	₹ Million			% of Revenue		
	Q2 FY14	Q1 FY14	Q2 FY13	Q2 FY14	Q1 FY14	Q2 FY13
Employee cost	77,119	68,221	60,008	36.76	37.93	38.42
Fees to external consultants	12,390	10,423	8,321	5.91	5.79	5.33
Equipment & software	3,891	4,027	3,741	1.85	2.24	2.39
Depreciation	2,038	1,809	1,621	0.97	1.01	1.04
Travel	2,603	2,447	2,238	1.24	1.36	1.43
Communication	1,468	1,511	1,478	0.70	0.84	0.95
Facility expenses	4,065	3,731	3,376	1.94	2.07	2.16
Other expenses	5,474	4,531	4,594	2.61	2.52	2.94
Cost of Revenue	109,048	96,700	85,377	51.98	53.76	54.66

SGA	₹ Million			% of Revenue		
	Q2 FY14	Q1 FY14	Q2 FY13	Q2 FY14	Q1 FY14	Q2 FY13
Employee cost	25,663	24,006	19,211	12.23	13.35	12.30
Fees to external consultants	900	764	915	0.43	0.43	0.59
Provision for Doubtful Debts	302	206	111	0.15	0.11	0.07
Depreciation	1,057	1,096	993	0.50	0.61	0.64
Facility expenses	2,722	2,737	2,379	1.30	1.52	1.52
Travel	2,313	2,117	1,825	1.10	1.18	1.17
Communication	714	637	573	0.34	0.35	0.37
Education, Recruitment and training	802	582	676	0.38	0.32	0.43
Marketing and Sales promotion	913	661	707	0.44	0.37	0.44
Other expenses	2,043	1,738	1,652	0.98	0.97	1.06
S G & A expenses	37,429	34,544	29,042	17.85	19.21	18.59

IFRS Balance Sheet

Consolidated IFRS	30-Sep-13		31-Mar-13	
	₹ Million	%	₹ Million	%
Assets				
Property and equipment	91,928	15.43	81,944	15.77
Intangible assets and Goodwill	42,598	7.15	35,063	6.75
Accounts Receivable	172,420	28.95	140,956	27.13
Unbilled Revenues	43,991	7.39	31,410	6.05
Investments	40,161	6.74	20,402	3.93
Cash and Cash equivalents	17,463	2.93	18,432	3.55
Other current assets	101,120	16.98	113,352	21.81
Other non current assets	85,916	14.43	77,986	15.01
Total assets	595,597	100.00	519,545	100.00
Liabilities and Shareholders' Equity				
Shareholders' Funds	463,603	77.84	409,481	78.82
Redeemable Preference Shares	1,000	0.17	1,000	0.19
Long term borrowings	1,290	0.22	1,310	0.25
Short term borrowings	915	0.15	1,013	0.19
Other current liabilities	108,506	18.22	85,715	16.50
Other non-current liabilities	14,162	2.37	14,465	2.79
Minority Interest	6,121	1.03	6,561	1.26
Total Liabilities	595,597	100.00	519,545	100.00

IFRS Income Statement – In USD

Consolidated IFRS	\$ Million			% of Revenue		
	Q2 FY14	Q1 FY14	Q2 FY13	Q2 FY14	Q1 FY14	Q2 FY13
Revenue	3,337	3,165	2,853	100.00	100.00	100.00
Cost of revenue	1,735	1,701	1,559	51.98	53.76	54.66
Gross margin	1,602	1,464	1,294	48.02	46.24	45.34
SG & A expenses	595	608	531	17.85	19.21	18.59
Operating income	1,007	856	763	30.17	27.03	26.75
Other income (expense), net	(7)	44	57	(0.20)	1.40	1.99
Income before income taxes	1,000	900	820	29.97	28.43	28.74
Income taxes	247	217	170	7.42	6.84	5.98
Income after income taxes	753	683	650	22.55	21.59	22.76
Minority interest	5	15	7	0.14	0.48	0.24
Net income	748	668	643	22.41	21.11	22.52
Earnings per share in \$	0.38	0.34	0.33			

COR – SG&A Details – In USD

COR	\$ Million			% of Revenue		
	Q2 FY14	Q1 FY14	Q2 FY13	Q2 FY14	Q1 FY14	Q2 FY13
Employee cost	1,227	1,200	1,096	36.76	37.93	38.42
Fees to external consultants	197	183	152	5.91	5.79	5.33
Equipment & software	62	71	68	1.85	2.24	2.39
Depreciation	33	32	29	0.97	1.01	1.04
Travel	41	43	41	1.24	1.36	1.43
Communication	23	27	27	0.70	0.84	0.95
Facility expenses	65	66	62	1.94	2.07	2.16
Other expenses	87	79	84	2.61	2.52	2.94
Cost of Revenue	1,735	1,701	1,559	51.98	53.76	54.66

SGA	\$ Million			% of Revenue		
	Q2 FY14	Q1 FY14	Q2 FY13	Q2 FY14	Q1 FY14	Q2 FY13
Employee cost	408	422	351	12.23	13.35	12.30
Fees to external consultants	14	13	17	0.43	0.42	0.59
Provision for Doubtful Debts	5	4	2	0.15	0.11	0.07
Depreciation	17	19	18	0.50	0.61	0.64
Facility expenses	43	48	44	1.30	1.52	1.52
Travel	37	37	33	1.10	1.18	1.17
Communication	11	11	11	0.34	0.35	0.37
Education, Recruitment and training	13	11	12	0.38	0.33	0.43
Marketing and Sales promotion	14	12	13	0.44	0.37	0.44
Other expenses	33	31	30	0.98	0.97	1.06
S G & A expenses	595	608	531	17.85	19.21	18.59

IFRS Balance Sheet in USD

Consolidated IFRS	30-Sep-13		31-Mar-13	
	\$ Million	%	\$ Million	%
Assets				
Property and equipment	1,470	15.43	1,508	15.77
Intangible assets and Goodwill	681	7.15	645	6.75
Accounts Receivable	2,758	28.95	2,594	27.13
Unbilled Revenues	704	7.39	578	6.04
Investments	642	6.74	376	3.93
Cash and Cash equivalents	279	2.93	339	3.55
Other current assets	1,618	16.98	2,087	21.82
Other non current assets	1,374	14.43	1,436	15.01
Total assets	9,526	100.00	9,563	100.00
Liabilities and Shareholders' Equity				
Shareholders' Funds	7,415	77.84	7,537	78.81
Redeemable Preference Shares	16	0.17	18	0.19
Long term borrowings	21	0.22	24	0.25
Short term borrowings	15	0.15	19	0.20
Other current liabilities	1,735	18.22	1,578	16.50
Other non-current liabilities	226	2.37	266	2.79
Minority Interest	98	1.03	121	1.26
Total Liabilities	9,526	100.00	9,563	100.00

Currency mix and average realized rates in INR

Currency	Average rates		% of Revenue	
	Q2 FY14	Q1 FY14	Q2 FY14	Q1 FY14
USD	62.86	56.84	57.38%	58.53%
GBP	98.11	87.01	15.20%	14.78%
EUR	83.89	74.16	8.52%	7.47%
Others			18.90%	19.22%
			100.00%	100.00%



Thank You

IT Services
Business Solutions
Outsourcing