

# TCS Financial Results

Quarter III FY 2014 - 15



January 15, 2015

# 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.

# Q3 FY15 Performance Highlights

## ➤ Revenue:

- INR Revenue of **₹245,011 Mn**, growth of **2.9% QoQ** and **15.1% YoY**
- USD Revenue of **\$3,931 Mn**, flat **QoQ** and **14.3% YoY**
- Constant currency revenue growth of **2.5%**

## ➤ Profit:

- Operating Income at **₹ 66,241 Mn**, Operating Margin of **27.0%**
- Net Income at **₹ 54,441 Mn**, Net Margin of **22.2%**

## ➤ Demand:

- Clients in \$100M+ revenue band increased by **1**, in \$50M+ revenue band by **3** and in \$5M+ revenue band by **20**
- Strong growth in Telecom, Hi Tech and Life Sciences

## ➤ People:

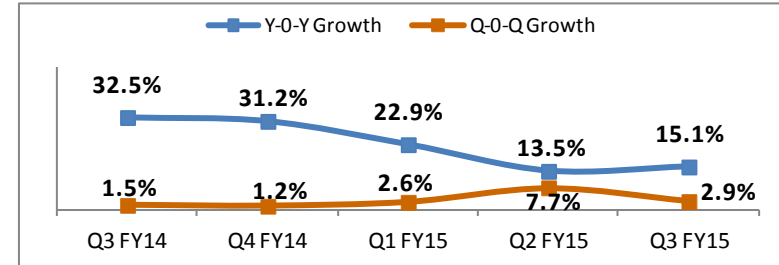
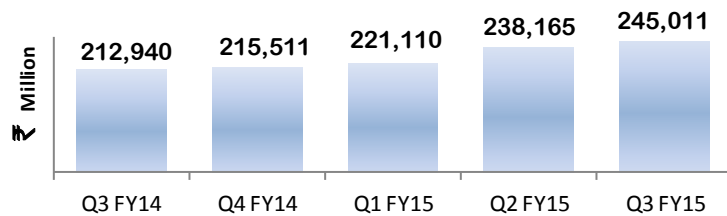
- Gross addition of **16,561** associates, closing headcount: **318,625**
- Utilization at **86.7%** (ex-trainees) and **82.1%** (including trainees)

# Financial Performance

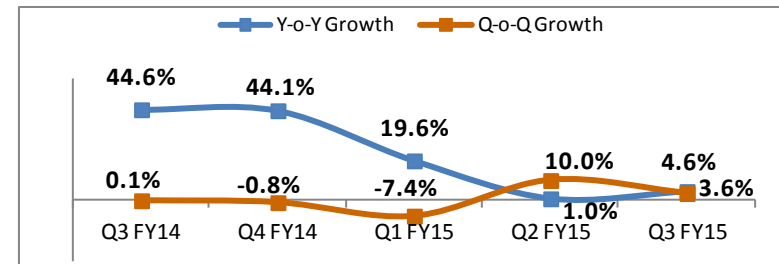
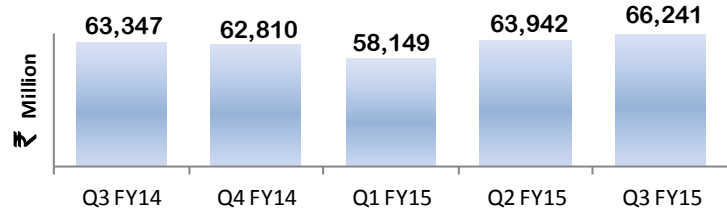


# Growth Summary (INR)

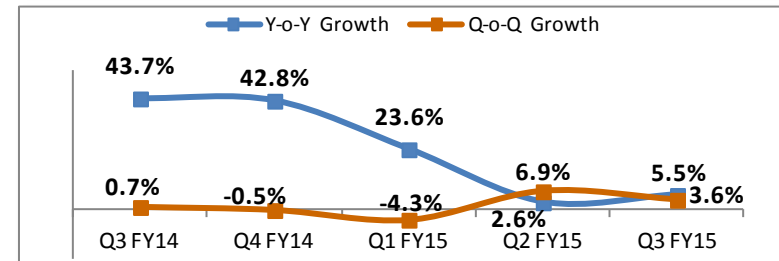
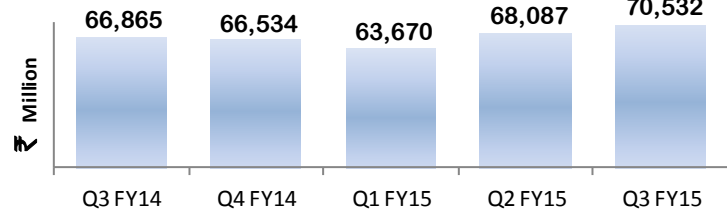
## Revenue



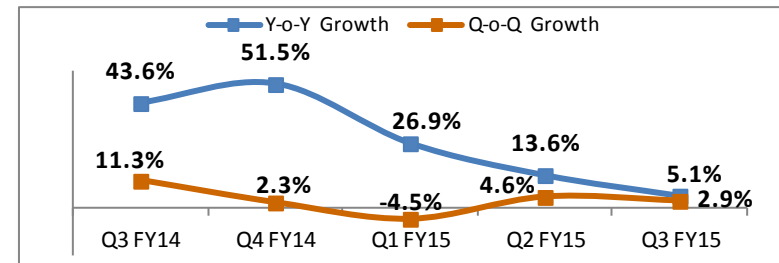
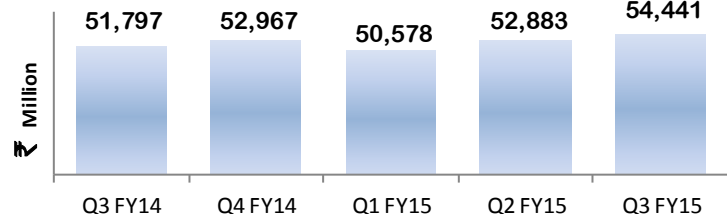
## Operating Income



## EBITDA

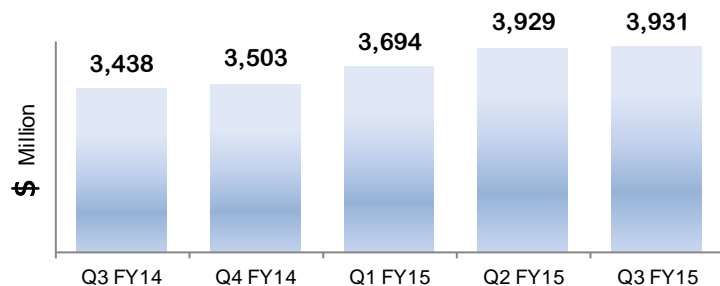


## Net Income

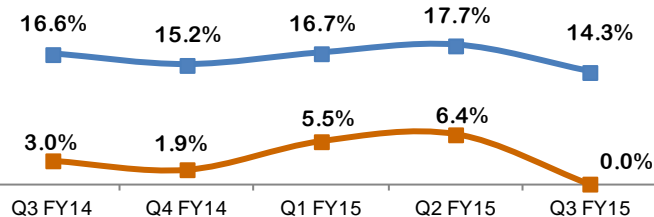


# Growth Summary (USD)

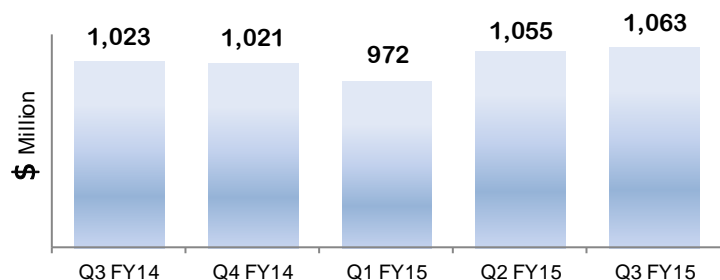
## Revenue



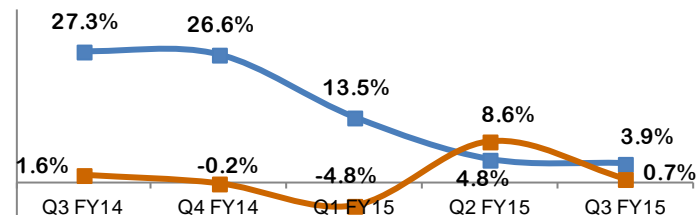
## Y-o-Y Growth Q-o-Q Growth



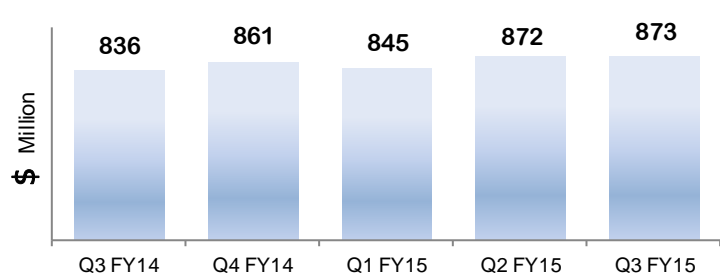
## Operating Income



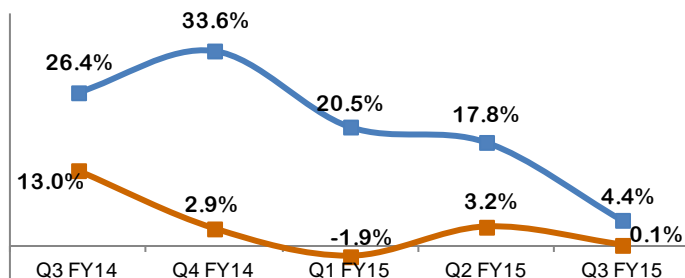
## Y-o-Y Growth Q-o-Q Growth



## Net Income



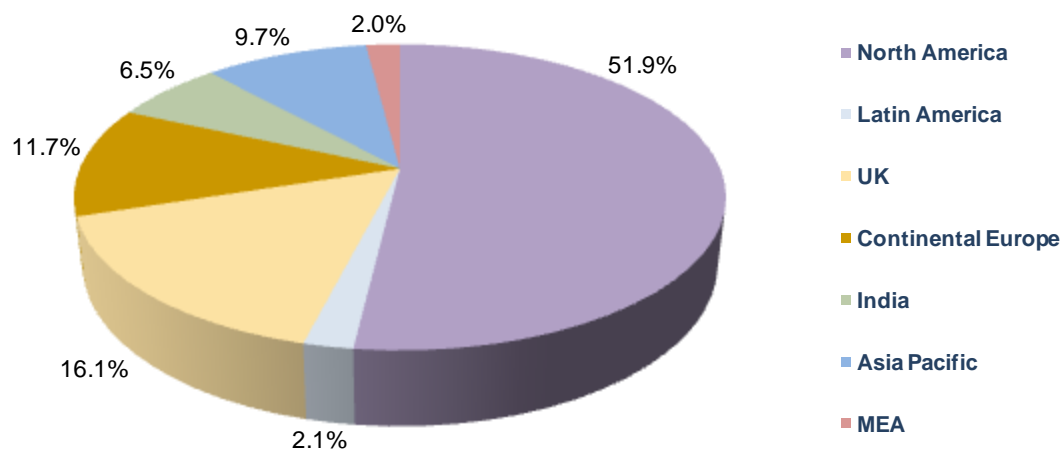
## Y-o-Y Growth Q-o-Q Growth



# Operational Performance



# Growth by Market

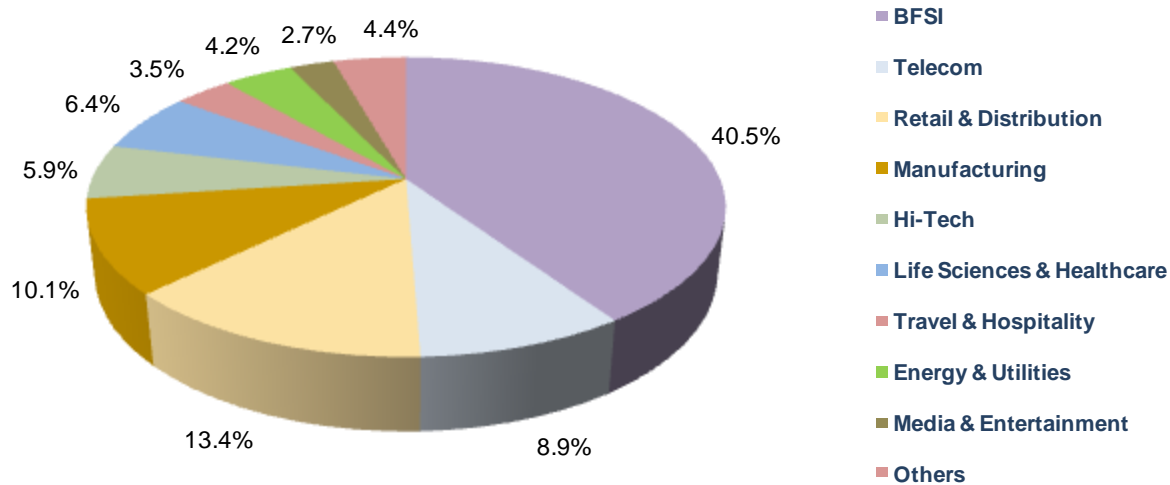


Geography (%)	Q3 FY14	Q2 FY15	Q3 FY15	Q-o-Q ₹ Growth	Y-o-Y ₹ Growth
<b>Americas</b>					
North America	52.7	51.0	<b>51.9</b>	4.7	13.3
Latin America	2.3	1.9	<b>2.1</b>	10.3	4.2
<b>Europe</b>					
UK	17.5	17.1	<b>16.1</b>	-3.2	5.5
Continental Europe	11.6	11.5	<b>11.7</b>	4.1	15.5
<b>India</b>					
	6.3	6.5	<b>6.5</b>	4.0	19.6
<b>Asia Pacific</b>					
	7.4	10.1	<b>9.7</b>	-0.7	52.1
<b>MEA</b>					
	2.2	1.9	<b>2.0</b>	7.1	5.9
<b>Total</b>	100.0	100.0	<b>100.0</b>	2.9	15.1

Note: Calculating growth using the % Rev figures might result in some variance due to rounding error.

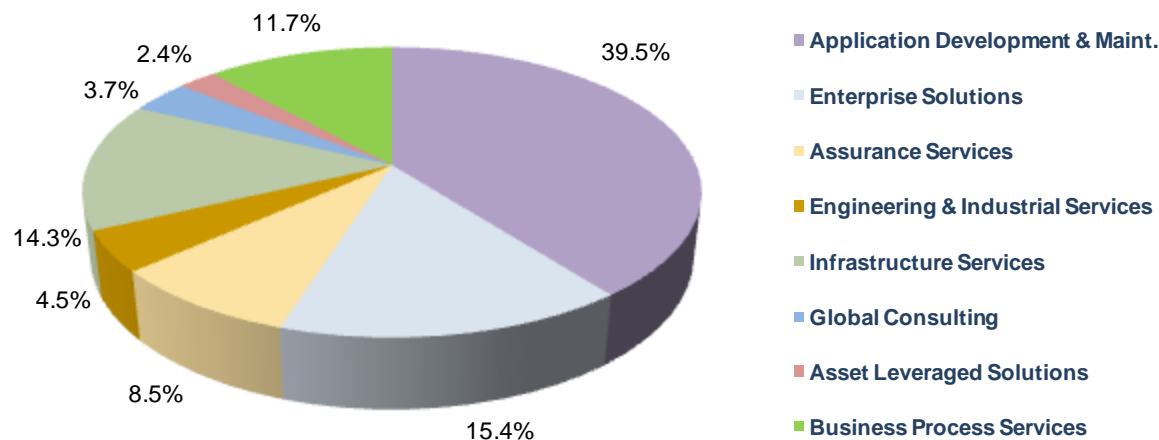


# Growth by Domain



IP Revenue (%)	Q3 FY14	Q2 FY15	Q3 FY15	Q-o-Q ₹ Growth	Y-o-Y ₹ Growth
BFSI	42.7	40.4	40.5	3.1	9.0
Telecom	9.6	8.9	8.9	3.1	6.4
Retail & Distribution	13.8	13.5	13.4	1.7	11.6
Manufacturing	8.8	10.1	10.1	2.6	32.2
Hi-Tech	5.3	5.7	5.9	5.3	27.3
Life Sciences & Healthcare	5.9	6.3	6.4	5.6	24.8
Travel & Hospitality	3.5	3.5	3.5	3.0	17.3
Energy & Utilities	3.8	4.3	4.2	2.3	29.5
Media & Entertainment	2.3	2.7	2.7	2.8	37.2
Others	4.3	4.6	4.4	-2.0	15.7
Total	100.0	100.0	100.0	2.9	15.1

*Note: Calculating growth using the % Rev figures might result in some variance due to rounding error.*



SP Revenue (%)	Q3 FY14	Q2 FY15	Q3 FY15	Q-o-Q ₹ Growth	Y-o-Y ₹ Growth
IT Solutions and Services					
Application Development & Maint.	41.4	40.5	39.5	0.4	9.9
Enterprise Solutions	15.7	15.6	15.4	1.3	12.7
Assurance Services	8.5	8.4	8.5	4.4	14.9
Engineering & Industrial Services	4.6	4.6	4.5	1.3	11.9
Infrastructure Services	12.0	13.8	14.3	6.5	37.2
Global Consulting	3.4	3.2	3.7	18.0	25.4
Asset Leveraged Solutions	2.3	2.3	2.4	8.6	22.9
Business Process Services	12.1	11.6	11.7	3.5	10.8
Total	100.0	100.0	100.0	2.9	15.1

*Note: Calculating growth using the % Rev figures might result in some variance due to rounding error.*

# Client Parameters

Clients Contribution *	Q3 FY14	Q2 FY15	Q3 FY15
US\$ 1m+ Clients	711	743	<b>764</b>
US\$ 5m+ Clients	333	367	<b>387</b>
US\$ 10m+ Clients	224	247	<b>249</b>
US\$ 20m+ Clients	129	153	<b>159</b>
US\$ 50m+ Clients	55	62	<b>65</b>
US\$ 100m+ Clients	22	24	<b>25</b>

\*Last Twelve Months' services revenues

# Operational Parameters

Revenue %	Q3 FY14	Q2 FY15	Q3 FY15
<b><i>Delivery Location</i></b>			
Local Delivery	46.8	48.9	<b>48.2</b>
Remote Delivery	53.2	51.1	<b>51.8</b>
<i>Global DC</i>	<i>5.4</i>	<i>5.4</i>	<i>5.8</i>
<i>India DC</i>	<i>47.8</i>	<i>45.7</i>	<i>46.0</i>
<b><i>Contract Type</i></b>			
Time & Material	48.3	48.7	<b>48.3</b>
Fixed Price & Time	51.7	51.3	<b>51.7</b>

# Key Wins

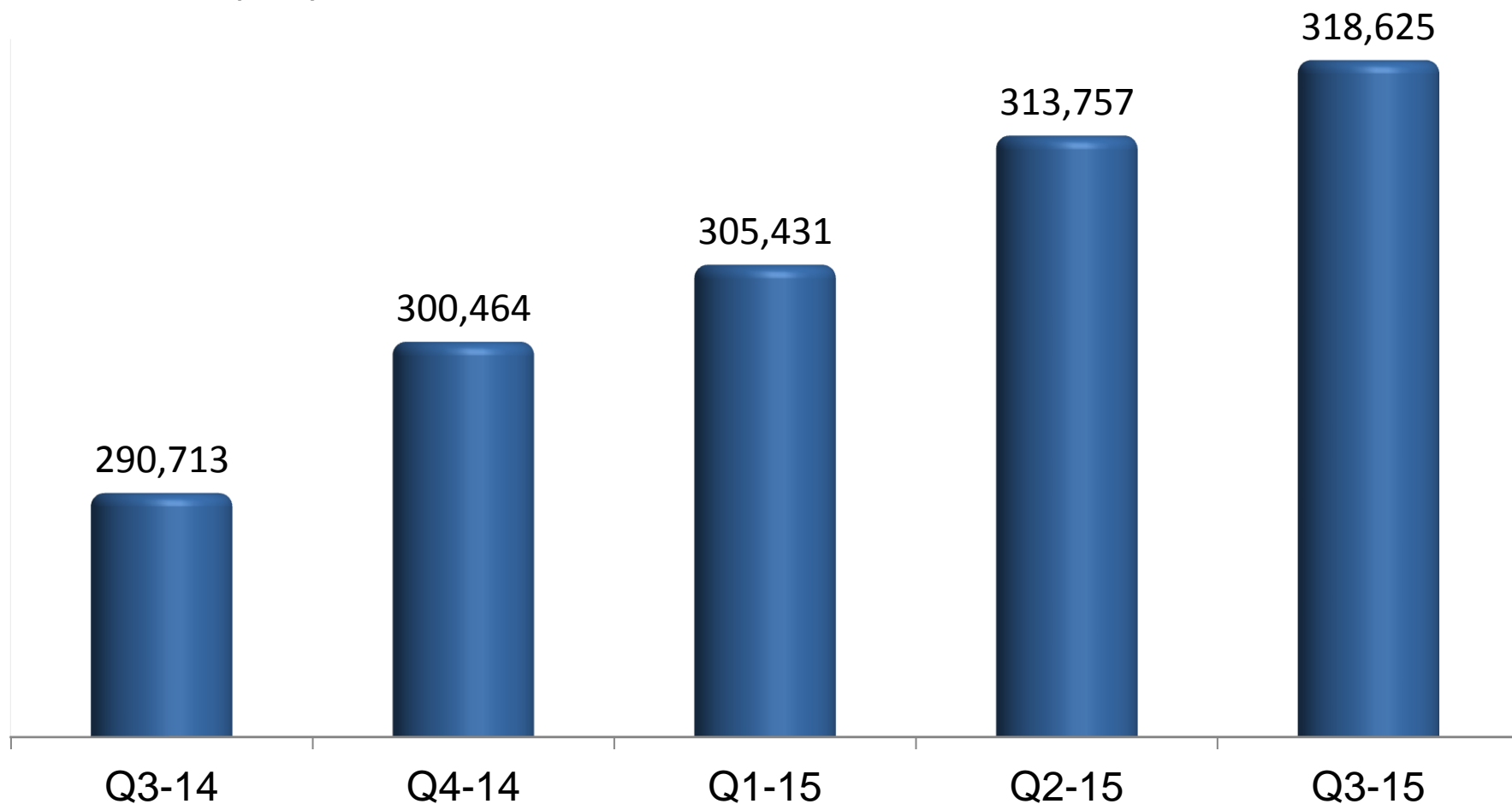
- Selected by a leading beverages company to manage and build a private Cloud for their global Infrastructure operations
- Chosen as preferred technology partner by a leading British mutual financial institution to manage their applications portfolio
- Chosen as the strategic partner by a leading pharmaceutical & healthcare company for deployment of their SAP transformation initiative globally
- Selected by a large Indian Financial Institution to implement full service digital banking platform using TCS BaNCS
- Engaged by a leading European airline to manage its business integration platform that will transform the way the airline will operate in the future.
- Selected as a strategic partner by one of North America's leading property and casualty insurers to modernize, rationalize and simplify its application portfolio that supports several of its business capabilities.
- Selected by one of the largest banks in Latin America as its strategic partner for its payment digitisation and regulatory compliance initiative

# Human Resources



# Total Employee Base

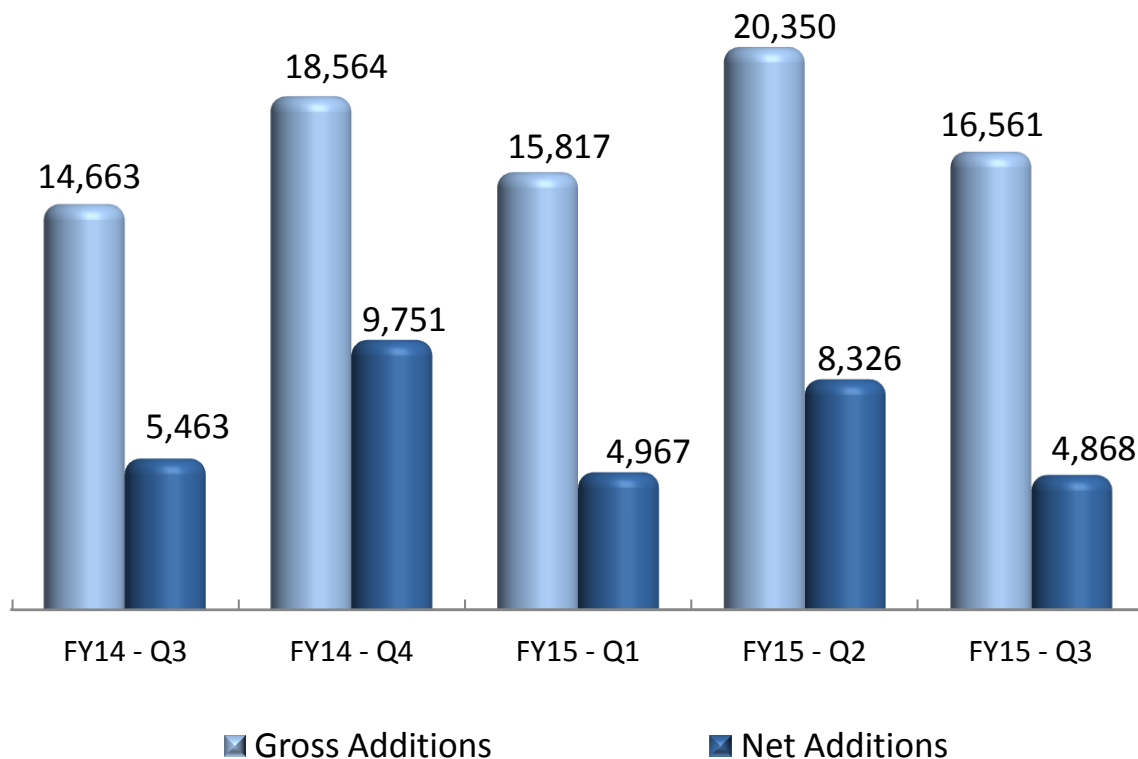
Total Employees : 318,625



# Q3 Consolidated - Gross Additions 16,561 & Net Additions 4,868

## Gross Additions:

- 5,529 Trainees & 6,129 Laterals in India
- 4,903 employees overseas



## Attrition\*:

- 13.4% (LTM), including BPS

## Utilization Rate\*:

- 86.7% (excluding Trainees)
- 82.1% (including Trainees)

## Diversity:

- Women employees: 32.9%
- Nationalities: 120

\* Excluding CMC & Diligenta



# Annexure



# IFRS Income Statement

Consolidated IFRS	₹ Million			%of Revenue		
	Q3 FY14	Q2 FY15	Q3 FY15	Q3 FY14	Q2 FY15	Q3 FY15
Revenue	212,940	238,165	245,011	100.00	100.00	100.00
Cost of revenue	110,257	132,405	135,159	51.78	55.59	55.16
Gross margin	102,683	105,760	109,852	48.22	44.41	44.84
SG & A expenses	39,336	41,818	43,611	18.47	17.56	17.80
Operating income	63,347	63,942	66,241	29.75	26.85	27.04
Other income (expense), net	5,386	5,659	6,295	2.53	2.38	2.57
Income before income taxes	68,733	69,601	72,536	32.28	29.23	29.61
Income taxes	16,524	16,045	17,453	7.76	6.74	7.13
Income after income taxes	52,209	53,556	55,083	24.52	22.49	22.48
Minority interest	412	673	642	0.19	0.29	0.26
Net income	51,797	52,883	54,441	24.33	22.20	22.22
Earnings per share in ₹	26.44	27.00	27.79			

# COR – SG&A Details

COR	₹ Million			% of Revenue		
	Q3 FY14	Q2 FY15	Q3 FY15	Q3 FY14	Q2 FY15	Q3 FY15
Employee cost	78,287	91,549	93,242	36.77	38.44	38.06
Fees to external consultants	13,427	16,113	16,473	6.31	6.77	6.72
Equipment & software	3,224	3,794	5,440	1.51	1.59	2.22
Depreciation	2,264	2,876	2,998	1.06	1.21	1.22
Travel	2,706	3,926	3,320	1.27	1.65	1.35
Communication	1,377	1,960	1,955	0.65	0.82	0.80
Facility expenses	4,189	5,586	5,633	1.97	2.34	2.30
Other expenses	4,783	6,601	6,098	2.24	2.77	2.49
<b>Cost of Revenue</b>	<b>110,257</b>	<b>132,405</b>	<b>135,159</b>	<b>51.78</b>	<b>55.59</b>	<b>55.16</b>

SGA	₹ Million			% of Revenue		
	Q3 FY14	Q2 FY15	Q3 FY15	Q3 FY14	Q2 FY15	Q3 FY15
Employee cost	26,446	29,725	31,140	12.42	12.48	12.71
Fees to external consultants	434	1,246	1,290	0.20	0.52	0.53
Provision for Doubtful Debts	255	487	390	0.12	0.21	0.16
Depreciation	1,255	1,269	1,292	0.59	0.53	0.53
Facility expenses	2,958	2,639	2,738	1.39	1.11	1.12
Travel	2,771	2,447	2,437	1.30	1.03	0.99
Communication	744	784	754	0.35	0.33	0.31
Education, Recruitment and training	832	656	670	0.39	0.28	0.27
Marketing and Sales promotion	1,123	1,084	1,260	0.53	0.45	0.51
Other expenses	2,518	1,481	1,640	1.18	0.62	0.67
<b>S G &amp; A expenses</b>	<b>39,336</b>	<b>41,818</b>	<b>43,611</b>	<b>18.47</b>	<b>17.56</b>	<b>17.80</b>

Consolidated IFRS	31-Mar-14		31-Dec-14	
	₹ Million	%	₹ Million	%
<b>Assets</b>				
Property and equipment	103,644	15.04	114,739	16.17
Intangible assets and Goodwill	41,568	6.03	40,163	5.66
Accounts Receivable	182,304	26.46	207,124	29.19
Unbilled Revenues	40,056	5.81	41,752	5.89
Investments	34,617	5.02	31,303	4.41
Cash and Cash equivalents	14,688	2.13	23,769	3.35
Other current assets	180,934	26.26	171,247	24.14
Other non current assets	91,314	13.25	79,372	11.19
<b>Total assets</b>	<b>689,125</b>	<b>100.00</b>	<b>709,469</b>	<b>100.00</b>
<b>Liabilities and Shareholders' Equity</b>				
Shareholders' Funds	553,355	80.30	551,734	77.77
Long term borrowings	1,273	0.18	1,264	0.18
Short term borrowings	1,696	0.25	2,107	0.30
Other current liabilities	109,055	15.83	128,789	18.15
Other non-current liabilities	16,844	2.44	16,871	2.38
Minority Interest	6,902	1.00	8,704	1.22
<b>Total Liabilities</b>	<b>689,125</b>	<b>100.00</b>	<b>709,469</b>	<b>100.00</b>

**TATA** CONSULTANCY SERVICES

# COR – SG&A Details – In USD

COR	\$ Million			% of Revenue		
	Q3 FY14	Q2 FY15	Q3 FY15	Q3 FY14	Q2 FY15	Q3 FY15
Employee cost	1,264	1,510	1,496	36.77	38.44	38.06
Fees to external consultants	217	266	264	6.31	6.77	6.72
Equipment & software	52	63	87	1.51	1.59	2.22
Depreciation	36	47	48	1.06	1.21	1.22
Travel	44	65	53	1.27	1.65	1.35
Communication	22	32	32	0.65	0.82	0.80
Facility expenses	68	92	90	1.97	2.34	2.30
Other expenses	77	109	98	2.24	2.77	2.49
<b>Cost of Revenue</b>	<b>1,780</b>	<b>2,184</b>	<b>2,168</b>	<b>51.78</b>	<b>55.59</b>	<b>55.16</b>

SGA	\$ Million			% of Revenue		
	Q3 FY14	Q2 FY15	Q3 FY15	Q3 FY14	Q2 FY15	Q3 FY15
Employee cost	427	490	500	12.42	12.48	12.71
Fees to external consultants	7	21	21	0.20	0.52	0.53
Provision for Doubtful Debts	4	8	6	0.12	0.21	0.16
Depreciation	20	21	21	0.59	0.53	0.53
Facility expenses	48	44	44	1.39	1.11	1.12
Travel	45	40	39	1.30	1.03	0.99
Communication	12	13	12	0.35	0.33	0.31
Education, Recruitment and training	13	11	11	0.39	0.28	0.27
Marketing and Sales promotion	18	18	20	0.53	0.45	0.51
Other expenses	41	24	26	1.18	0.62	0.67
<b>S G &amp; A expenses</b>	<b>635</b>	<b>690</b>	<b>700</b>	<b>18.47</b>	<b>17.56</b>	<b>17.80</b>

# IFRS Balance Sheet in USD

Consolidated IFRS	31-Mar-14		31-Dec-14	
	\$ Million	%	\$ Million	%
<b>Assets</b>				
Property and equipment	1,726	15.04	1,815	16.17
Intangible assets and Goodwill	692	6.03	635	5.66
Accounts Receivable	3,035	26.46	3,276	29.19
Unbilled Revenues	667	5.81	660	5.89
Investments	576	5.02	495	4.41
Cash and Cash equivalents	245	2.13	376	3.35
Other current assets	3,012	26.26	2,709	24.14
Other non current assets	1,520	13.25	1,255	11.19
<b>Total assets</b>	<b>11,473</b>	<b>100.00</b>	<b>11,221</b>	<b>100.00</b>
<b>Liabilities and Shareholders' Equity</b>				
Shareholders' Funds	9,213	80.30	8,726	77.77
Long term borrowings	21	0.18	20	0.18
Short term borrowings	28	0.25	33	0.30
Other current liabilities	1,816	15.83	2,037	18.15
Other non-current liabilities	280	2.44	267	2.38
Minority Interest	115	1.00	138	1.22
<b>Total Liabilities</b>	<b>11,473</b>	<b>100.00</b>	<b>11,221</b>	<b>100.00</b>

# Indian GAAP Income Statement - Consolidated

Consolidated Indian GAAP	₹ Crore			% of Revenue		
	Q3 FY14	Q2 FY15	Q3 FY15	Q3 FY14	Q2 FY15	Q3 FY15
Income	21,294	23,816	24,501	100.00	100.00	100.00
Expenditure						
a) Salaries & Wages	7,704	9,056	9,336	36.18	38.03	38.10
b) Overseas business expenditure	3,039	3,396	3,344	14.27	14.26	13.65
c) Other operating expenses	3,864	4,564	4,773	18.15	19.16	19.48
Total Expenditure	14,607	17,016	17,453	68.60	71.45	71.23
Profit Before Interest, Depreciation, Taxes & Other Income	6,687	6,800	7,048	31.40	28.55	28.77
Interest	7	67	18	0.03	0.28	0.07
Depreciation	350	449	462	1.64	1.88	1.89
Profit Before Taxes & Other Income	6,330	6,284	6,568	29.73	26.39	26.81
Other income (expense), net	683	663	644	3.21	2.78	2.63
Profit Before Taxes	7,013	6,947	7,212	32.94	29.17	29.44
Provision For Taxes	1,636	1,635	1,824	7.68	6.87	7.45
Profit After Taxes & Before Minority Interest	5,377	5,312	5,388	25.26	22.30	21.99
Minority Interest	44	68	60	0.21	0.28	0.25
Net Profit	5,333	5,244	5,328	25.05	22.02	21.74



# Indian GAAP Balance Sheet - Consolidated

Consolidated Indian GAAP	₹ Crore		%	
	31-Mar-14	31-Dec-14	31-Mar-14	31-Dec-14
<b>EQUITY AND LIABILITIES</b>				
Shareholders' Funds	49,195	52,819	73.27	75.74
Minority Interest	708	1,121	1.06	1.61
Short term and long term borrowings	254	283	0.38	0.41
Deferred tax liabilities (net)	309	338	0.46	0.48
Current liabilities and provisions	15,543	14,107	23.15	20.23
Non-current liabilities and provisions	1,129	1,069	1.68	1.53
<b>Total Liabilities</b>	<b>67,138</b>	<b>69,737</b>	<b>100.00</b>	<b>100.00</b>
<b>ASSETS</b>				
Fixed Assets (net)	10,444	12,180	15.56	17.46
Investments	3,434	3,039	5.11	4.36
Deferred tax assets (net)	420	515	0.63	0.74
Goodwill (on consolidation)	2,269	2,212	3.38	3.17
Cash and Bank Balance	14,442	12,808	21.51	18.37
Current Assets, Loans and Advances	27,297	31,505	40.66	45.18
Non-current assets, Loans and advances	8,832	7,478	13.15	10.72
<b>Total Assets</b>	<b>67,138</b>	<b>69,737</b>	<b>100.00</b>	<b>100.00</b>

# Currency mix and average realized rates in INR

Currency	Average rates		% of Revenue	
	Q2 FY15	Q3 FY15	Q2 FY15	Q3 FY15
USD	60.62	62.33	54.33%	55.34%
GBP	100.64	98.17	15.29%	14.38%
EUR	79.49	77.45	8.51%	8.57%
Others			21.87%	21.70%
<b>Total</b>			<b>100.00%</b>	<b>100.00%</b>

# Thank You

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