

For immediate use

**PRESS RELEASE**

## FY revenues at record \$6b (Rs 27,813 cr); up 23% Y-o-Y

- Record Operating Profits at Rs 6,577 cr (\$1.42 B); up 29%
- Net Profit (after adjusting for currency volatility) at Rs 5,256 cr; up 5%
- Board of Directors recommend 1:1 bonus share issue

**MUMBAI, April 20, 2009:** Tata Consultancy Services (BSE: TCS.BO, NSE: TCS.NS), the leading IT services, business solutions and outsourcing firm reported its consolidated financial results according to Indian GAAP for the quarter and financial year ended March 31, 2009.

### Highlights for FY 2008-09

- **Volumes grow at 18% in a tough economic environment**
- **Strong Off-shore shift, cost controls improve operating margins by 102 basis points**
- **Earnings Per Share for 2008-09 at Rs 53.63 from 51.36 Rs in 2007-08**
- **Total Dividend for FY09 at Rs 14 per share including Rs 5 as final dividend**
- **Total Dividend Payout Ratio at 26%**

### Operational Highlights

- **28 large deals closed during 2008-09**
- **163 new customer additions**
- **Clients increase across revenue bands: 24 in \$50 million+ band (from 19 in FY08)**
- **Retail & Manufacturing cross \$500 million each**
- **\$512 million acquisition of Citigroup's Captive BPO (now renamed TCS e-Serve)**
- **North America revenues cross \$3 b, grows 26%; Continental Europe up 39%**
- **New Growth Markets (APAC, Latam, MEA) grow at 16%; cross \$ 650 M**

### Talent Management

- **Record annual gross addition of 48,595 professionals –**
- **Total employee strength at 143,761 professionals;**
- **Attrition rate at 11 .4% LTM (including BPO)**
- **24,885 campus offers made for 2009-10**

Commenting on the satisfactory performance in 2008-09, **S. Ramadorai, CEO and MD said:** "In an unpredictable operating environment, TCS delivered healthy topline growth of 23% and crossed the \$6 billion milestone in revenues. By focusing on operational efficiencies, collecting cash more efficiently and driving an enterprise-wide cost control program, we have improved our profit margins and continue to generate significant cash-flows. Even after the recent cash acquisition, we have cash of nearly Rs 4,300 crore.

"In addition to total dividend of Rs 14 per share, I am delighted to announce the Board of Directors have recommended a 1:1 bonus share issue subject to approval by shareholders," **he said.**

**Mr Ramadorai added:** "With the macro environment ambiguous, the company remains focused on improving efficiencies and helping our customers come out of the slowdown with speed and effectiveness. With significant recurring revenues and investments in new growth markets of Asia and Latin America yielding results, we continue to invest in the future by building people competencies and new technologies as well as solutions for emerging areas like sustainable energy, healthcare and customer analytics."

#### Highlights for Quarter Ended March 31, 2009

- Total Revenues at Rs 7,172 crore up 18.5% Y-on-Y and (1.5%) Q-on-Q
- Net Profits at Rs 1,333 crore up 7 % Y-on-Y and (-2.1%) Q-on-Q
- EPS at Rs. 13.54 in Q4 from Rs. 13.92 in Q3
- 36 new clients added
- Closed 7 large deals in Q4

**S. Mahalingam, Chief Financial Officer and Executive Director, said:** "We have effected cost efficiencies without impacting growth drivers. We have exercised all levers including driving a higher revenue and controlling all expenses. Besides bottom line improvement, we have also reduced the number of debtor days outstanding by 12 days in the last two quarters, reducing costs on travel, communications, rationalizing infrastructure and optimizing resources. We continue to generate strong cash flows."

**N. Chandrasekaran, Chief Operating Officer and Executive Director said:** "From an operational perspective, TCS has played a fine innings in FY09. Volumes grew by 18%. Off-shore leverage increased by 227 basis points during the year and operating margins improved by 102 basis points on an annual basis. All key markets including US and Europe grew at rates higher than company average, while all verticals including BFSI, manufacturing and retail posted double digit growth during the year." **He added:** "Looking ahead, we will continue to focus on operational improvements and look to leverage our established client base for volume growth in major and new growth markets."

#### Operations Update:

A strong client base and customer focus helped protect North America's share of revenues which grew 26% annually. Continental Europe grew by 39% on an annual basis and continued its growth performance driven by ramp ups from the strong portfolio of clients built over the last few years. UK experienced good business growth despite weakness in the telecom sector. New growth markets including India, Latin America and Asia Pacific exhibited volatility in the year due to the economic scenario globally.

All industry verticals exhibited revenue growth during the year. Despite a very challenging demand environment, net growth in BFSI remained strong. Large full-services deals drove significant growth in the retail sector in the US and UK. Life Sciences, Energy & Utilities and Media showed sustained demand growth through FY09. Though Manufacturing and Hi-Tech posted strong growth in FY09, continuing weakness and uncertainty in the second half of FY09 could hurt performance going forward.

TCS' full services strategy significantly contributed to overall company performance. BPO and Infrastructure services grew by more than 40% compared to FY08. Demand for core IT and ADM services remained strong, with more than 50% of the large deals in FY09 coming in this space. Engineering services grew through FY09, though ongoing pressure in the US Auto and Hi Tech industry could adversely affect demand in FY10.

**Talent Management Update:**

"TCS recruited, trained and integrated a record number of over 48,000 professionals, including over 22,000 campus graduates at higher salaries compared to the FY08 and over 12,500 professionals from the acquisition of Citigroup's captive BPO during this fiscal year. This demonstrates our unmatched expertise in talent development," **said Ajoy Mukherjee, Vice President, Head, Global Human Resources.** "Over 1.6 million learning days were invested in developing competencies during 2008-09; over 22,500 TCSers gained additional technology certifications and over 1400 high potential individuals are being trained for future leadership roles in the company. Our policies to recruit and retain women professionals continue to bear fruit and the number of women in the company has risen to 30% of the total workforce," **he added.**

At the end of the financial year of 2008-09, TCS' total employee strength stood at 143,761 with a gross addition of 48,595 employees and a net addition of 32,354 employees. In Q4, gross additions were 17,489 and net additions were 13,418 (of which 12,897 were added in subsidiaries like TCS Eserve). The Utilization rate in Q4 was 79.7% (excluding trainees) & 69.4% (including trainees).

TCS continued to maintain the lowest attrition rate in the industry at 11.4%. Overseas nationals formed 8.3% of the total employee base with employees from 67 different nationalities. Over 54% of our workforce has more than 3 yrs experience and the average age of an employee is 27.7 yrs. TCS has made 24,885 campus offers for 2009-10.

**Key Wins**

- Multi-million, multi-year deal to help a global car rental company transform its business process in finance, accounting and insurance. TCS solution will optimize the process across the value chain from client receivables, insurance claims and payables.
- A UK Public Services agency has selected TCS for designing and implementing new customer care and payment processing system based on TCS B@NCS.
- A large global pharmaceutical company has chosen TCS as their knowledge process outsourcing partner in a multi continent, multi year contract. TCS will help the client improve the productivity of its drug discovery process by analyzing clinical trial results to ascertain efficacy of drugs in the discovery phase.
- A leading US retailer has selected TCS as its strategic partner to help transform their application management and delivery processes.
- A leading semiconductor equipment manufacturer has selected TCS as its technology and services partner in for engineering services in a multi year outsourcing deal.

**For more information please contact:**

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