

# TCS Financial Results

Quarter I FY 2016 - 17



July 14, 2016

# 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.

# Q1 FY17 Performance Highlights

## ➤ Revenue:

- INR Revenue of ₹ **293,050 Mn**, **3% QoQ** and **14.2% YoY**
- USD Revenue of \$ **4,362 Mn**, **3.7% QoQ** and **8.1% YoY**
- Constant currency revenue growth of **3.1%**, Volume growth of **3.4% QoQ**

## ➤ Profit:

- Operating Income at ₹ **73,470 Mn**, Operating Margin of **25.1%**
- Net Income at ₹ **63,170 Mn**, Net Margin of **21.6%**

## ➤ Demand:

- Clients in \$50M+ revenue band by **4** and in \$20M+ revenue band by **6**

## ➤ People:

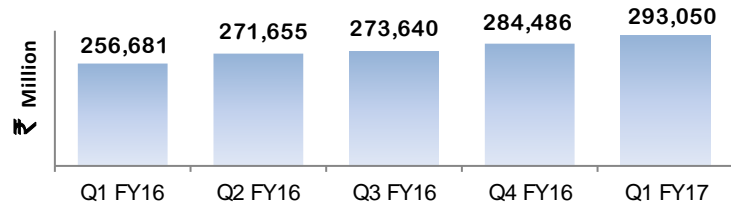
- Net addition of **8,236** associates, closing headcount: **362,079**
- LTM attrition down further QoQ to **12.5%** in IT Services

# Financial Performance

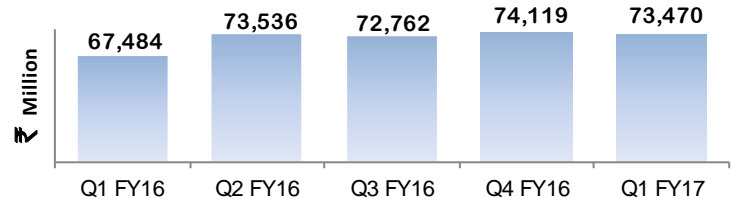


# Growth Summary (INR)

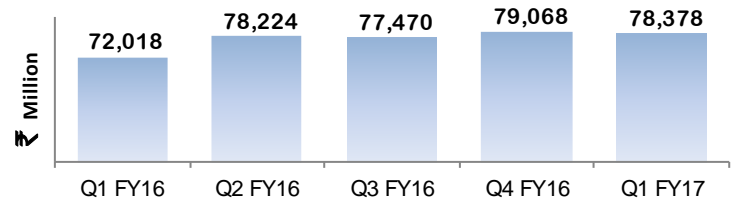
## Revenue



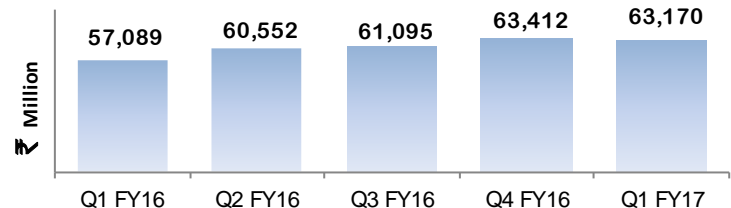
## Operating Income



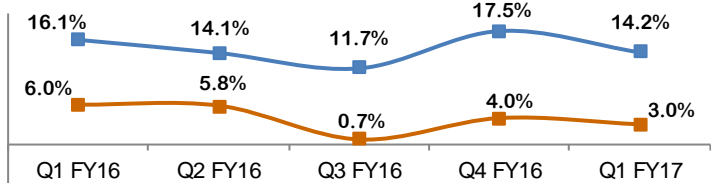
## EBITDA



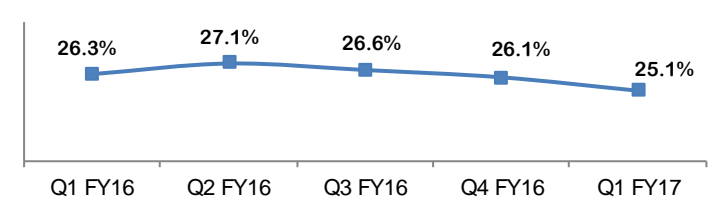
## Net Income



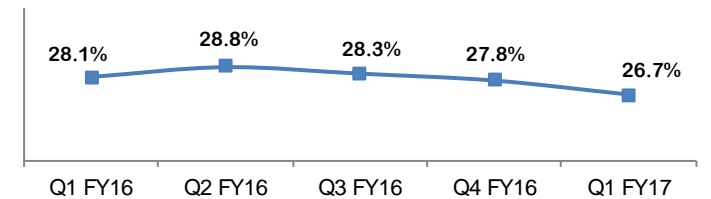
## Y-o-Y Growth Q-o-Q Growth



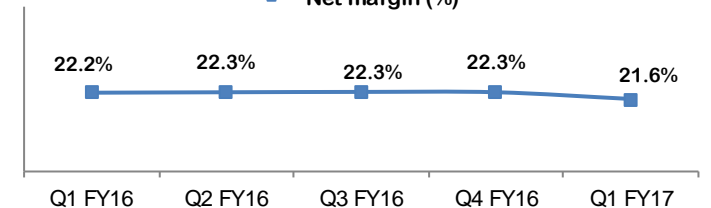
## Operating margin (%)



## EBITDA margin (%)

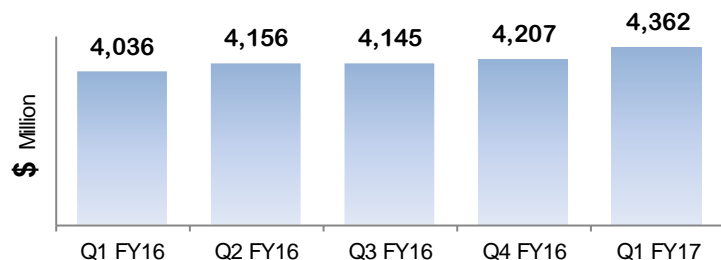


## Net margin (%)

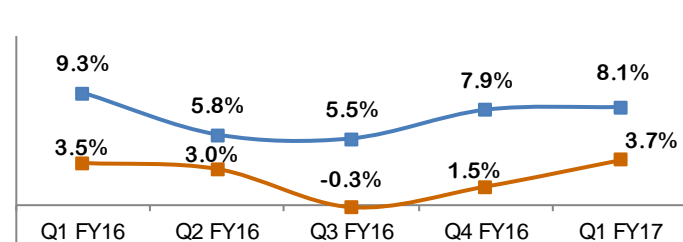


# Growth Summary (USD)

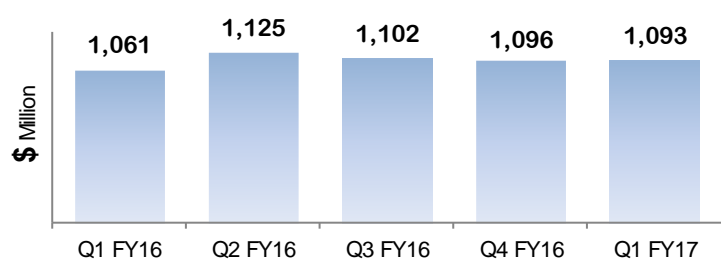
## Revenue



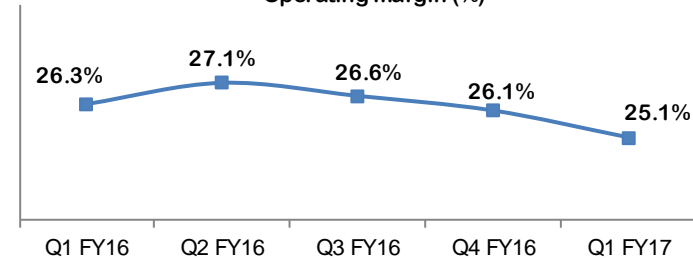
## Y-o-Y Growth Q-o-Q Growth



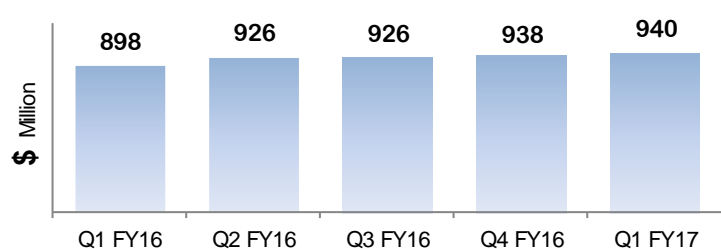
## Operating Income



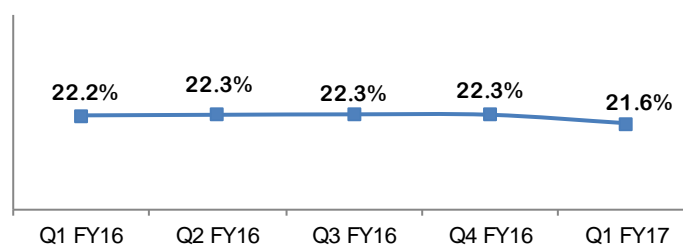
## Operating margin (%)



## Net Income



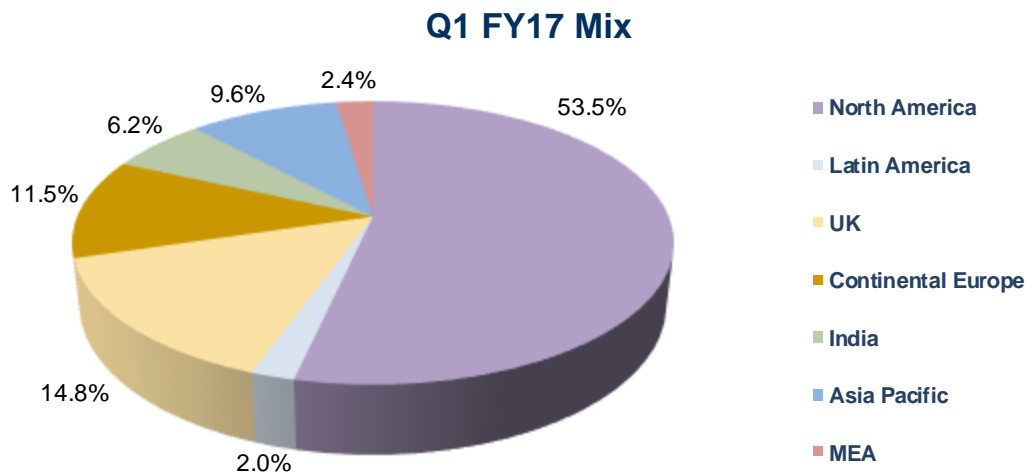
## Net margin (%)



# Operational Parameters



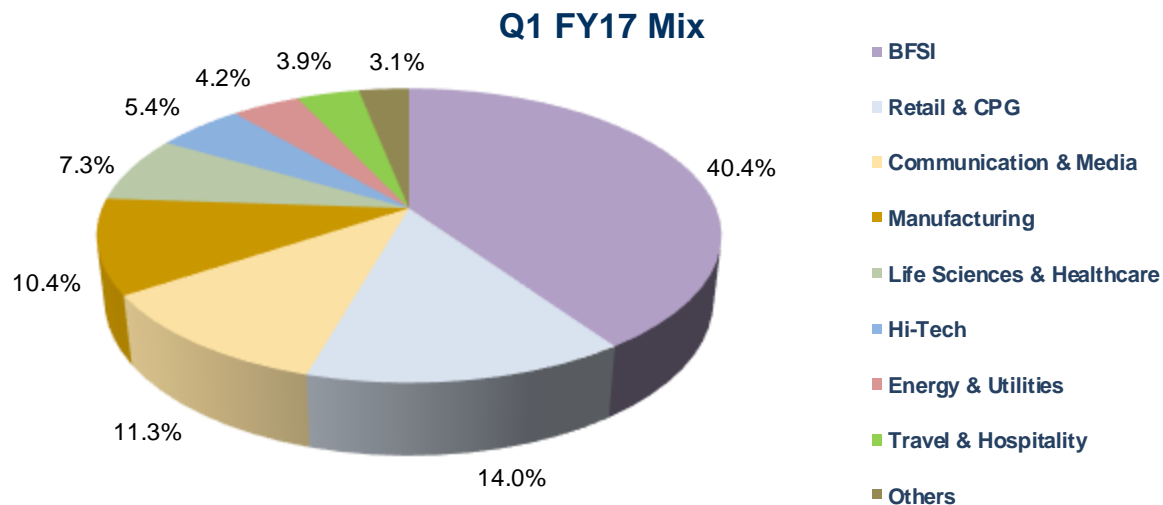
# Growth by Market



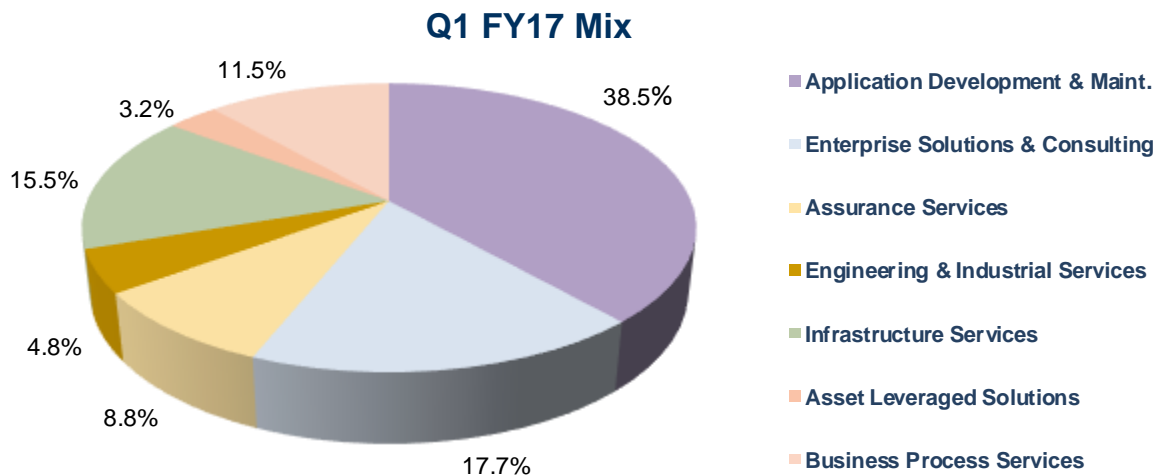
Geography (%)	Q1 FY16	Q4 FY16	Q1 FY17	Q-o-Q CC Growth	Y-o-Y CC Growth
<b>Americas</b>					
North America	52.8	54.0	53.5	2.5	9.7
Latin America	1.9	2.0	2.0	0.3	24.3
<b>Europe</b>					
UK	16.1	14.9	14.8	3.8	7.4
Continental Europe	11.0	11.2	11.5	4.6	12.9
<b>India</b>	6.4	5.9	6.2	8.5	11.6
<b>Asia Pacific</b>	9.6	9.6	9.6	1.3	7.7
<b>MEA</b>	2.2	2.4	2.4	3.3	20.0
<b>Total</b>	100.0	100.0	100.0	3.1	10.1



# Growth by Domain



IP Revenue (%)	Q1 FY16	Q4 FY16	Q1 FY17	Q-o-Q CC Growth	Y-o-Y CC Growth
<b>BFSI</b>	40.6	40.9	<b>40.4</b>	<b>1.7</b>	<b>10.1</b>
<b>Retail &amp; CPG</b>	13.8	14.1	<b>14.0</b>	<b>2.7</b>	<b>11.1</b>
<b>Communication &amp; Media</b>	11.1	10.8	<b>11.3</b>	<b>7.0</b>	<b>13.0</b>
<b>Manufacturing</b>	9.9	10.4	<b>10.4</b>	<b>3.1</b>	<b>13.9</b>
<b>Life Sciences &amp; Healthcare</b>	6.9	7.3	<b>7.3</b>	<b>3.9</b>	<b>15.6</b>
<b>Hi-Tech</b>	5.8	5.6	<b>5.4</b>	<b>-0.3</b>	<b>-0.2</b>
<b>Energy &amp; Utilities</b>	4.0	4.1	<b>4.2</b>	<b>7.4</b>	<b>19.3</b>
<b>Travel &amp; Hospitality</b>	3.5	3.7	<b>3.9</b>	<b>8.6</b>	<b>21.0</b>
<b>Others</b>	4.4	3.1	<b>3.1</b>	<b>3.0</b>	<b>-20.7</b>
<b>Total</b>	100.0	100.0	<b>100.0</b>	<b>3.1</b>	<b>10.1</b>



SP Revenue (%)	Q1 FY16	Q4 FY16	Q1 FY17	Q-o-Q CC Growth	Y-o-Y CC Growth
IT Solutions and Services					
Application Development & Maint.	40.3	39.4	38.5	0.4	4.9
Enterprise Solutions & Consulting	18.0	17.1	17.7	6.7	8.1
Assurance Services	8.5	8.8	8.8	3.2	14.8
Engineering & Industrial Services	4.5	4.7	4.8	7.0	18.4
Infrastructure Services	14.7	15.2	15.5	5.4	15.4
Asset Leveraged Solutions	2.5	3.2	3.2	2.5	42.4
Business Process Services	11.5	11.6	11.5	2.8	11.2
Total	100.0	100.0	100.0	3.1	10.1

# Client Parameters

Clients Contribution*	Q1 FY16	Q4 FY16	Q1 FY17
US\$ 1m+ Clients	804	829	<b>847</b>
US\$ 5m+ Clients	391	429	<b>439</b>
US\$ 10m+ Clients	268	298	<b>298</b>
US\$ 20m+ Clients	172	173	<b>179</b>
US\$ 50m+ Clients	69	73	<b>77</b>
US\$ 100m+ Clients	30	37	<b>37</b>

\*Last Twelve Months' services revenues

# Key Wins

- Selected as a strategic partner by a leading process manufacturing company in North America to bring agility to its IT environment leveraging ignio™, TCS' neural automation platform
- Partnering with a leading European semiconductor equipment manufacturer to enhance supplier experience as well as optimize development and support services
- Chosen by a leading UK-based bank to increase organisational responsiveness to risk, time-to-compliance and significantly improve employee experience by transforming key functions
- Chosen by global medical standards body to help reimagine learning and collaboration for doctors worldwide by deploying TCS iON Digital Learning Platform through the medical career cycle.
- Chosen by a leading Asian airline to bring agility and hyper-connectivity by operating on the Cloud
- Selected by a leading North American Luxury Retailer as the strategic partner to deliver rich customer experience across channels as well as drive automation and predictability using ignio™
- Partnering with a North American multi-brand retailer to rapidly expand its global footprint and drive synergies by simplifying the client's IT landscape and create a platform to enable future business growth
- Chosen by a leading North American biopharmaceutical firm as a partner to help improve throughput of their new molecule pipeline and improve regulatory compliance.
- TCS BaNCS™ clearing platform chosen by a leading Latin American financial institution to launch clearing and settlement services in one of the biggest markets in the region

# Key Wins in Digital Services and Solutions

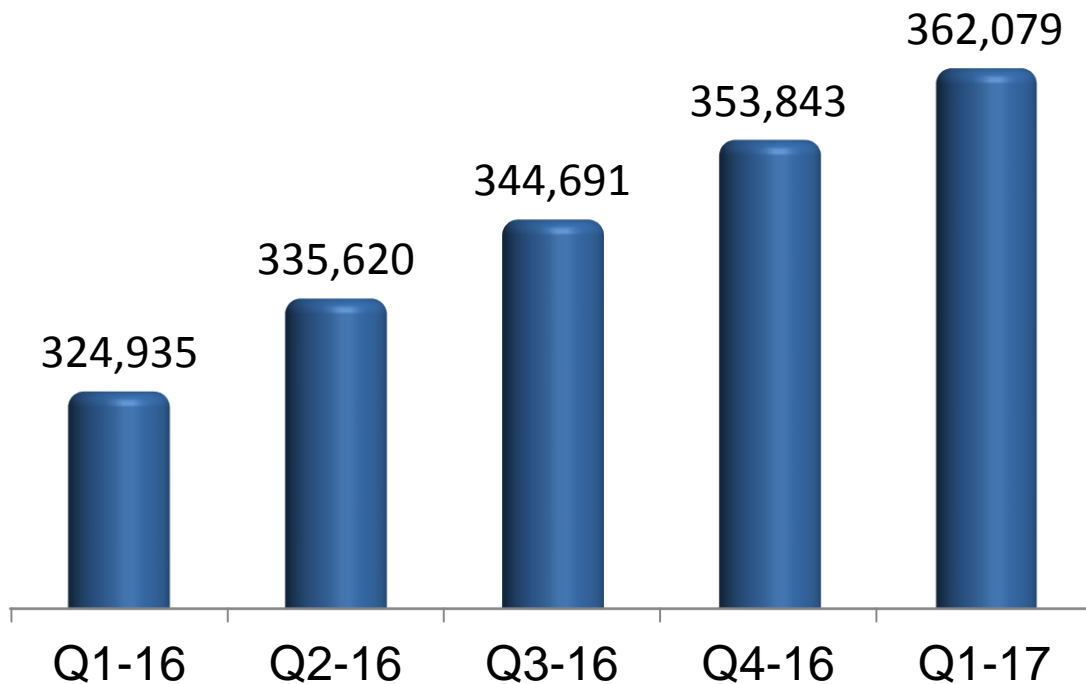
- Chosen by a leading global financial services firm to provide its customers with superior onboarding experience across its various products
- Engaged by a leading Asian Insurance company for real-time analytics on enterprise performance data using TCS dreamUP™
- Engaged by a major North American telecommunications provider to re-architect their IoT platform using API and Big Data technologies
- Chosen by a North American healthcare provider to enhance agility through DevOps methodology using Cloud technologies
- Chosen as a strategic partner by a leading maker of energy equipment to significantly optimise chiller systems using an IoT platform and TCS Sensor Data Analytics framework
- Engaged by a North American biopharmaceutical company to provide real time performance analytics using Big Data technologies
- Chosen by a UK based supermarket chain to create the Cloud-based roadmap, operating model and architecture using DevOps
- Chosen by a North American Healthcare Service provider for a consulting engagement to provide cloud readiness assessment using TCS proprietary methodology and migrate their consumer data onto Cloud.
- Selected by a Latin American private bank to provide its customers with superior unified experience across multiple channels

# Human Resources



# Total Employee Base

Total Employees : 362,079



## Attrition\*:

- 12.5% (LTM), IT Services
- 13.6% (LTM), including BPS

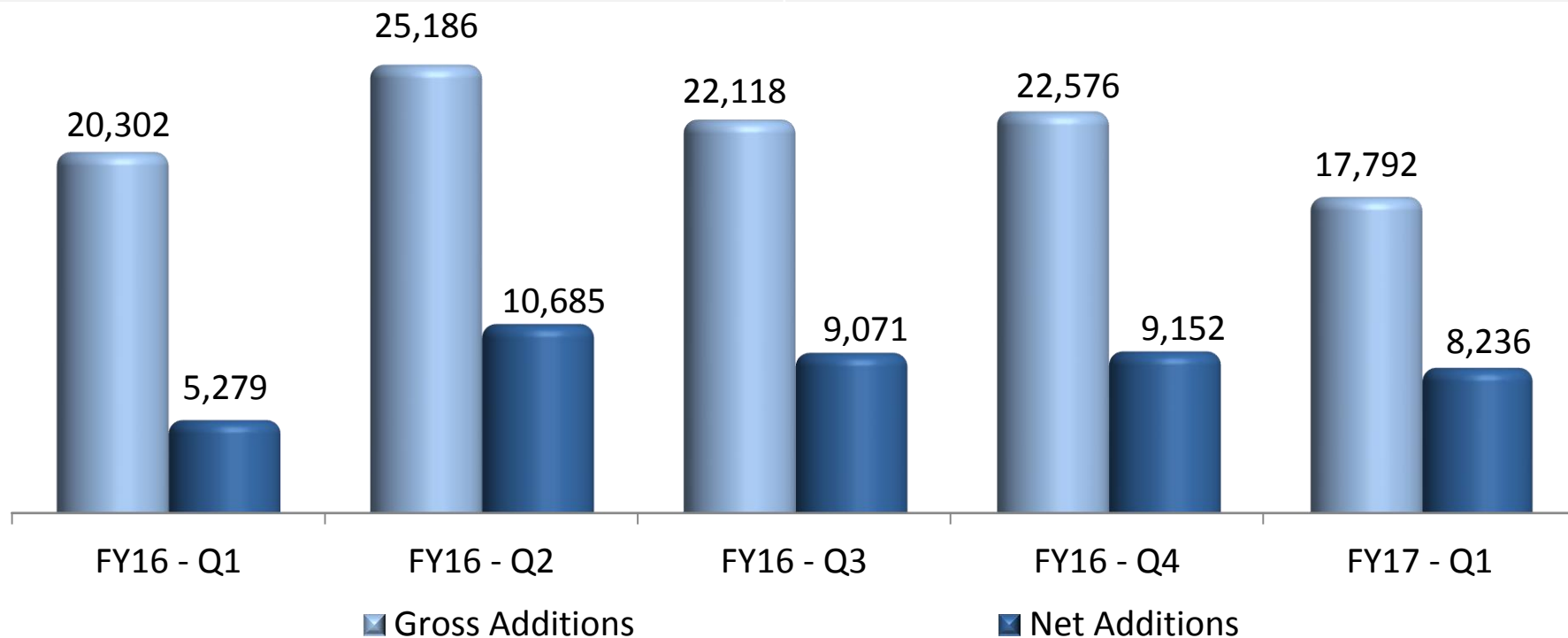
## Diversity:

- Women employees: 33.8%
- Nationalities: 131

\* Excluding Diligenta

# Employee Addition

Q1 FY 2017	FY 2017
<ul style="list-style-type: none"> <li>Gross additions: 17,792 employees</li> <li>India:                             <ul style="list-style-type: none"> <li>5,038 Trainees</li> <li>9,877 Laterals</li> </ul> </li> <li>2,877 employees overseas</li> </ul>	<ul style="list-style-type: none"> <li>Gross additions: 17,792 employees</li> <li>India:                             <ul style="list-style-type: none"> <li>5,038 Trainees</li> <li>9,877 Laterals</li> </ul> </li> <li>2,877 employees overseas</li> </ul>
Net additions: 8,236 employees	Net additions: 8,236 employees





# Annexure



# IFRS Income Statement

Consolidated IFRS	₹ Million			% of Revenue		
	Q1 FY16	Q4 FY16	Q1 FY17	Q1 FY16	Q4 FY16	Q1 FY17
Revenue	256,681	284,486	293,050	100.00	100.00	100.00
Cost of revenue	144,679	160,622	168,020	56.37	56.46	57.33
Gross margin	112,002	123,864	125,030	43.63	43.54	42.67
SG & A expenses	44,518	49,745	51,560	17.34	17.49	17.60
Operating income	67,484	74,119	73,470	26.29	26.05	25.07
Other income (expense), net	7,711	9,051	9,630	3.00	3.18	3.29
Income before income taxes	75,195	83,170	83,100	29.29	29.23	28.36
Income taxes	17,468	19,702	19,920	6.80	6.93	6.80
Income after income taxes	57,727	63,468	63,180	22.49	22.30	21.56
Minority interest	638	56	10	0.25	0.01	0.00
Net income	57,089	63,412	63,170	22.24	22.29	21.56
Earnings per share in ₹	29.15	32.18	32.06			

COR	₹ Million			% of Revenue		
	Q1 FY16	Q4 FY16	Q1 FY17	Q1 FY16	Q4 FY16	Q1 FY17
Employee cost	100,676	109,282	116,210	39.22	38.41	39.66
Fees to external consultants	17,236	20,999	21,420	6.72	7.38	7.31
Equipment and software	6,586	7,926	6,780	2.57	2.79	2.31
Facility expenses	5,198	5,512	5,890	2.02	1.94	2.01
Depreciation	3,249	3,548	3,590	1.26	1.25	1.22
Travel	3,515	4,514	4,570	1.37	1.59	1.56
Communication	2,095	1,997	2,190	0.82	0.70	0.74
Other expenses	6,124	6,844	7,370	2.39	2.40	2.52
<b>Cost of Revenue</b>	<b>144,679</b>	<b>160,622</b>	<b>168,020</b>	<b>56.37</b>	<b>56.46</b>	<b>57.33</b>

SGA	₹ Million			% of Revenue		
	Q1 FY16	Q4 FY16	Q1 FY17	Q1 FY16	Q4 FY16	Q1 FY17
Employee cost	32,242	34,946	37,530	12.56	12.28	12.81
Fees to external consultants	1,204	2,015	1,530	0.47	0.71	0.52
Facility expenses	2,929	3,312	3,400	1.14	1.16	1.16
Depreciation	1,286	1,401	1,320	0.50	0.49	0.45
Travel	2,511	2,887	2,730	0.98	1.02	0.93
Communication	714	675	780	0.28	0.24	0.27
Provision for Doubtful Debts	395	352	490	0.15	0.13	0.17
Other expenses	3,237	4,157	3,780	1.26	1.46	1.29
<b>S G &amp; A expenses</b>	<b>44,518</b>	<b>49,745</b>	<b>51,560</b>	<b>17.34</b>	<b>17.49</b>	<b>17.60</b>

# IFRS Statement of Financial Position

Consolidated IFRS	31-Mar-16		30-Jun-16	
	₹ Million	%	₹ Million	%
<b>Assets</b>				
Property and equipment	117,900	12.93	118,620	12.92
Intangible assets and Goodwill	39,460	4.32	39,310	4.28
Accounts Receivable	240,730	26.39	247,410	26.95
Unbilled Revenues	39,920	4.38	43,850	4.78
Investments	228,220	25.02	245,710	26.77
Cash and Cash equivalents	62,950	6.90	28,420	3.10
Other current assets	63,740	6.99	96,420	10.51
Other non current assets	119,200	13.07	98,150	10.69
<b>Total assets</b>	<b>912,120</b>	<b>100.00</b>	<b>917,890</b>	<b>100.00</b>
<b>Liabilities and Shareholders' Equity</b>				
Shareholders' Funds	731,890	80.24	732,830	79.84
Long term borrowings	830	0.09	630	0.07
Short term borrowings	1,620	0.18	490	0.05
Other current liabilities	154,070	16.89	159,640	17.39
Other non-current liabilities	20,170	2.21	20,850	2.27
Minority Interest	3,540	0.39	3,450	0.38
<b>Total Liabilities</b>	<b>912,120</b>	<b>100.00</b>	<b>917,890</b>	<b>100.00</b>

# IFRS Income Statement – In USD

Consolidated IFRS	\$ Million			% of Revenue		
	Q1 FY16	Q4 FY16	Q1 FY17	Q1 FY16	Q4 FY16	Q1 FY17
<b>Revenue</b>	<b>4,036</b>	<b>4,207</b>	<b>4,362</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Cost of revenue	2,275	2,375	2,501	56.37	56.46	57.33
<b>Gross margin</b>	<b>1,761</b>	<b>1,832</b>	<b>1,861</b>	<b>43.63</b>	<b>43.54</b>	<b>42.67</b>
SG & A expenses	700	736	768	17.34	17.49	17.60
<b>Operating income</b>	<b>1,061</b>	<b>1,096</b>	<b>1,093</b>	<b>26.29</b>	<b>26.05</b>	<b>25.07</b>
Other income (expense), net	122	134	143	3.00	3.18	3.29
<b>Income before income taxes</b>	<b>1,183</b>	<b>1,230</b>	<b>1,236</b>	<b>29.29</b>	<b>29.23</b>	<b>28.36</b>
Income taxes	275	291	296	6.80	6.93	6.80
<b>Income after income taxes</b>	<b>908</b>	<b>939</b>	<b>940</b>	<b>22.49</b>	<b>22.30</b>	<b>21.56</b>
Minority interest	10	1	0	0.25	0.01	0.00
<b>Net income</b>	<b>898</b>	<b>938</b>	<b>940</b>	<b>22.24</b>	<b>22.29</b>	<b>21.56</b>
Earnings per share in \$	0.46	0.48	0.48			

**TATA** CONSULTANCY SERVICES

# IFRS Statement of Financial Position in USD

Consolidated IFRS	31-Mar-16		30-Jun-16	
	\$ Million	%	\$ Million	%
<b>Assets</b>				
Property and equipment	1,780	12.93	1,757	12.92
Intangible assets and Goodwill	595	4.32	582	4.28
Accounts Receivable	3,634	26.39	3,664	26.95
Unbilled Revenues	603	4.38	649	4.78
Investments	3,445	25.02	3,639	26.77
Cash and Cash equivalents	950	6.90	421	3.10
Other current assets	963	6.99	1,427	10.51
Other non current assets	1,799	13.07	1,453	10.69
<b>Total assets</b>	<b>13,769</b>	<b>100.00</b>	<b>13,592</b>	<b>100.00</b>
<b>Liabilities and Shareholders' Equity</b>				
Shareholders' Funds	11,048	80.24	10,853	79.84
Long term borrowings	12	0.09	9	0.07
Short term borrowings	25	0.18	7	0.05
Other current liabilities	2,325	16.89	2,364	17.39
Other non-current liabilities	305	2.21	308	2.27
Minority Interest	54	0.39	51	0.38
<b>Total Liabilities</b>	<b>13,769</b>	<b>100.00</b>	<b>13,592</b>	<b>100.00</b>

Consolidated Ind AS	₹ Crore			% of Revenue		
	Q1 FY16	Q4 FY16	Q1 FY17	Q1 FY16	Q4 FY16	Q1 FY17
<b>Revenue</b>	<b>25,668</b>	<b>28,449</b>	<b>29,305</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>Expenditure</b>						
a) Employee Costs	13,291	14,423	15,374	51.78	50.70	52.46
b) Other Operating expenses	5,176	6,119	6,094	20.17	21.51	20.80
c) Depreciation	453	495	490	1.76	1.74	1.67
<b>Total Expenditure</b>	<b>18,920</b>	<b>21,037</b>	<b>21,958</b>	<b>73.71</b>	<b>73.95</b>	<b>74.93</b>
<b>Profit Before Taxes &amp; Other Income</b>	<b>6,748</b>	<b>7,412</b>	<b>7,347</b>	<b>26.29</b>	<b>26.05</b>	<b>25.07</b>
Other income (expense), net	772	905	963	3.00	3.18	3.29
<b>Profit Before Taxes</b>	<b>7,520</b>	<b>8,317</b>	<b>8,310</b>	<b>29.29</b>	<b>29.23</b>	<b>28.36</b>
Provision For Taxes	1,747	1,970	1,992	6.80	6.93	6.80
<b>Profit After Taxes &amp; Before Minority Interest</b>	<b>5,773</b>	<b>6,347</b>	<b>6,318</b>	<b>22.49</b>	<b>22.30</b>	<b>21.56</b>
Minority Interest	26	6	1	0.10	0.01	0.00
<b>Net Profit</b>	<b>5,747</b>	<b>6,341</b>	<b>6,317</b>	<b>22.39</b>	<b>22.29</b>	<b>21.56</b>



**TATA** CONSULTANCY SERVICES

# Currency mix and average realized rates in INR

Currency	Average rates		% of Revenue	
	Q4 FY16	Q1 FY17	Q4 FY16	Q1 FY17
USD	67.63	67.18	57.13%	56.47%
GBP	96.00	95.46	14.15%	13.02%
EUR	74.78	75.24	7.53%	7.96%
Others			21.19%	22.55%
<b>Total</b>			<b>100.00%</b>	<b>100.00%</b>

# Thank You

IT Services  
Business Solutions  
Consulting

