TATA CONSULTANCY SERVICES
Experience certainty.

TATA

# Tata Consultancy Services

## Investor Relations

April 2013

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## Forward Looking Statement

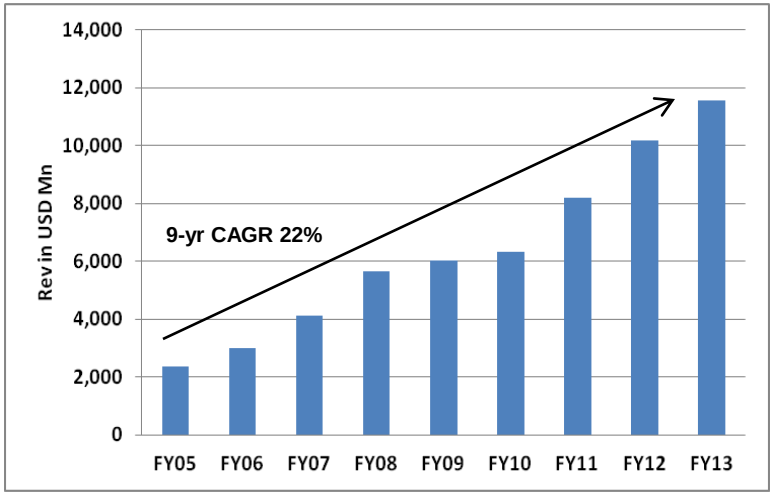
Certain statements in this release concerning our future prospects are forward-looking statements. Forward-looking statements by their nature involve a number of risks and uncertainties that could cause actual results to differ materially from market expectations. These risks and uncertainties include, 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 cross-border movement of skilled personnel, 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.

# Tata Consultancy Services

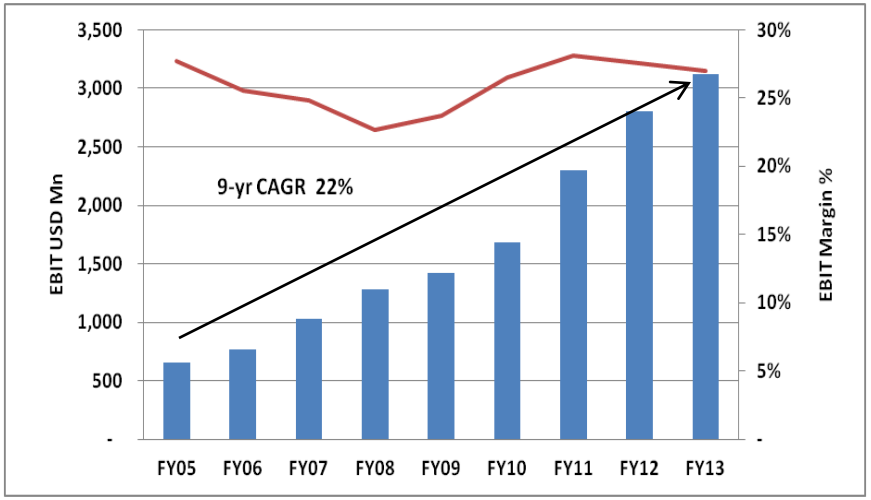
- TCS was established in **1968**
- FY 2013 (March) revenue **US$ 11.57 billion**
- Employer of Choice, No. of Employees over 276,196
- Global Presence **199 offices in 44 countries**
- **First and Largest**
  - Software Exporter from India
  - Software R&D center in India
- **TCS is part of Tata Group** known for Management Excellence and Integrity
- Tata Group is **India's Largest Business Group** with FY 2012 revenue at **US$ 100 billion**

# The Journey so far…

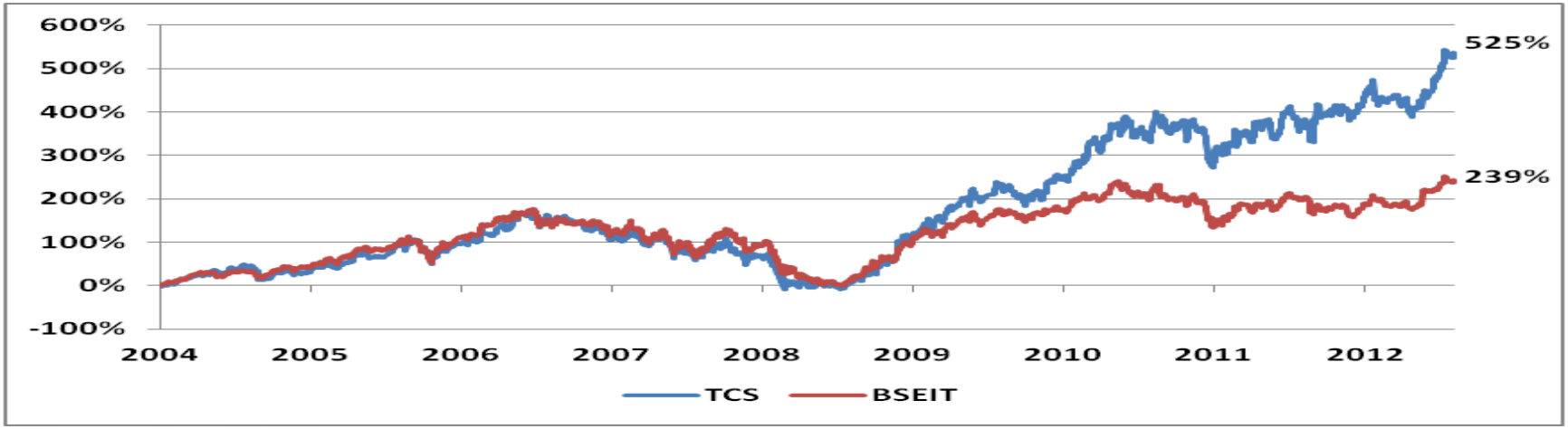
Industry-leading top-line growth…




…with superior profitability…



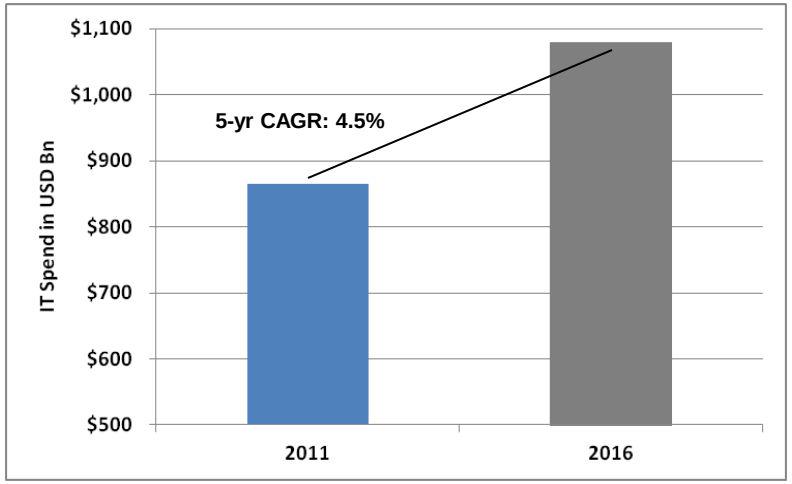

…and higher-than-benchmark share performance



# Headroom for Future Growth

- The worldwide market for IT Services is growing
  - Technology intensity is going up across verticals
  - Lagging verticals and regions are catching up
  - Emergence of new technologies
- The proportion of outsourced IT Services is growing
  - Shorter shelf-life of technology
  - Greater need for variablizing costs
- Global sourcing has become a mainstream option

Worldwide spend on IT Services Outsourcing

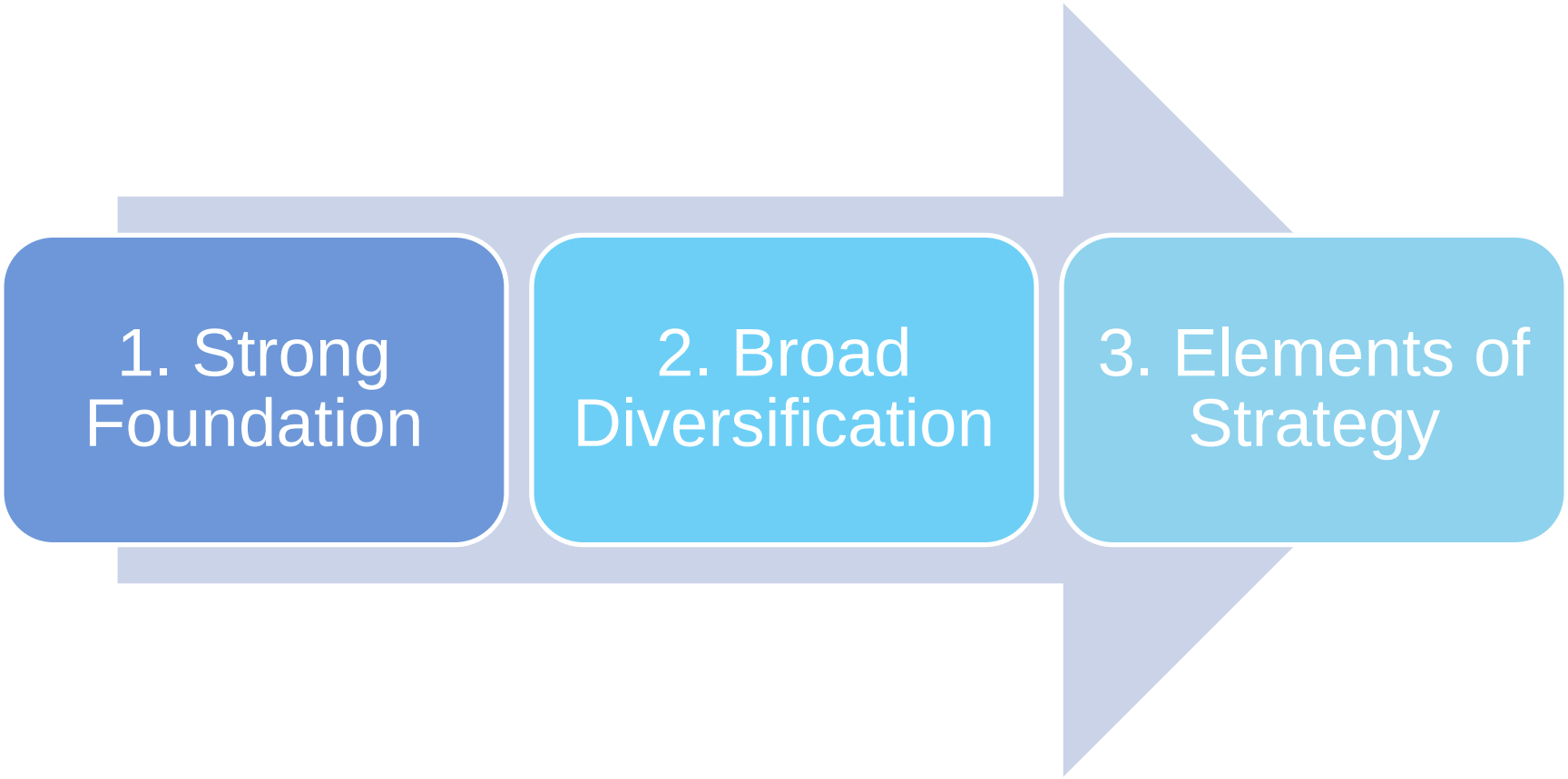



*Source: Gartner*

TCS 'market share of ~1.3%, leaves plenty of headroom for future growth

# Long Term Growth: Key Enablers

- Positioning for a long term growth



# Long Term Growth: Key Enablers

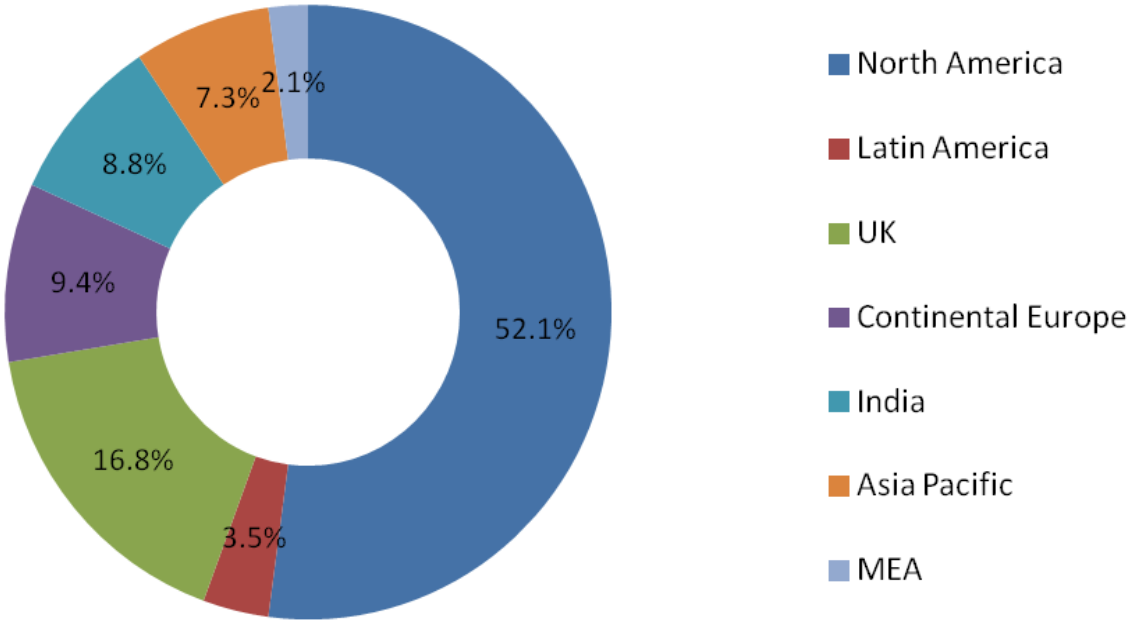
**Strong Foundation** | **Broad Diversification** | **Elements of Strategy**

- **Focus on Execution – Delivery Excellence**
- **Innovation – Essential Catalyst for Growth**
- **Talent Management – Strong Set of Skills**

# Long-term Growth: Key Enablers

**Strong Foundation** | **Broad Diversification** | **Elements of Strategy**

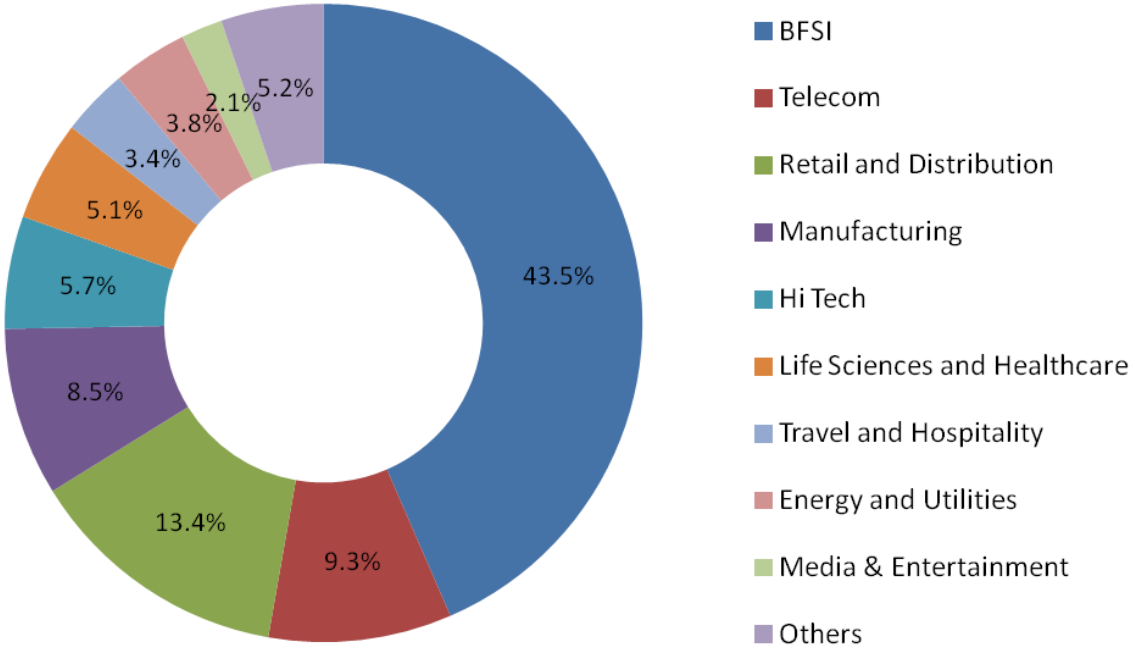
a. Revenue Spread Across Markets



# Long-term Growth: Key Enablers

Strong Foundation | **Broad Diversification** | Elements of Strategy

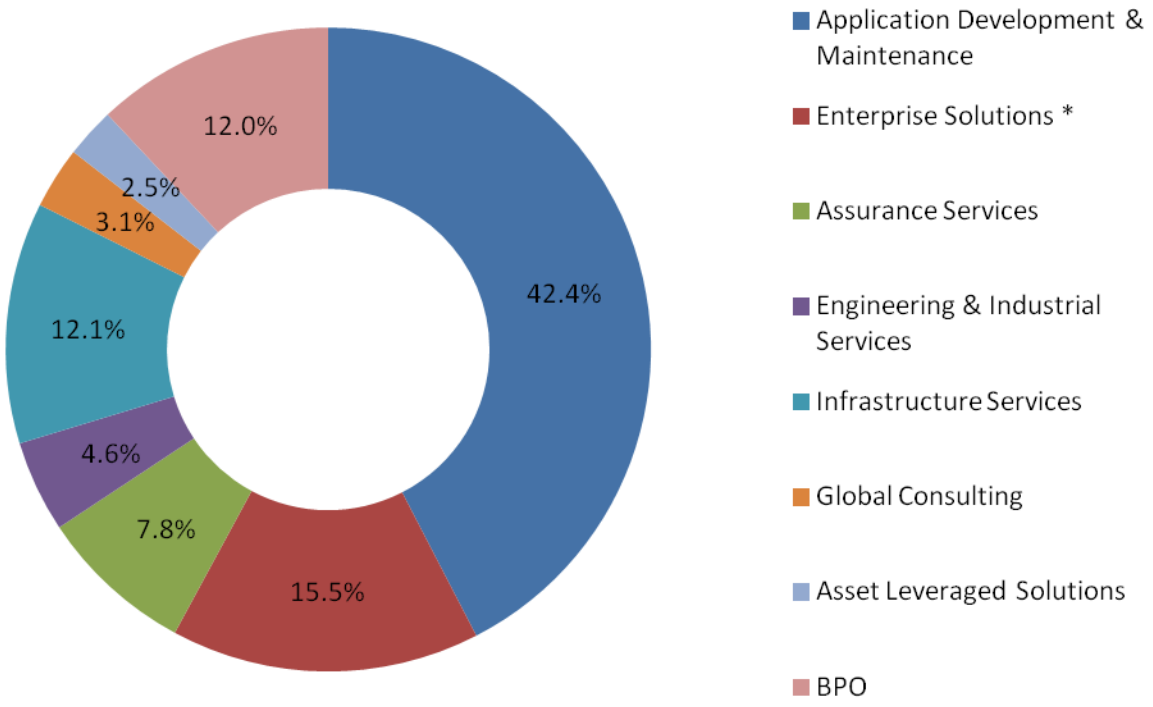
b. Presence Across Industries



# Long-term Growth: Key Enablers

Strong Foundation | **Broad Diversification** | Elements of Strategy

c. Offerings Across Services




* Includes Business Intelligence

# Long Term Growth: Key Enablers

Strong Foundation | Broad Diversification | Elements of Strategy

1. Key Account Focus
2. Integrated Full Services
3. Global Network Delivery Model GNDM™
4. Strategic Acquisitions
5. Non Linear Business Models

# Long Term Growth: Key Enablers

Strong Foundation | Broad Diversification | Elements of Strategy

## 1. Key Account Focus

- Transformation Partnership beyond traditional outsourcing
- Long-term commitment reflecting TCS maturity & leadership
- The client-centric organization structure is delivering results

| LTM Rev Buckets | No. of Clients | | |
|---|---|---|---|
| | 4Q13 | 3Q13 | 4Q12 |
| $ 1 mn+ | 556 | 551 | 522 |
| $ 5 mn+ | 277 | 273 | 245 |
| $ 10 mn+ | 196 | 185 | 170 |
| $ 20 mn+ | 115 | 114 | 99 |
| $ 50 mn+ | 48 | 47 | 43 |
| $ 100 mn+ | 16 | 16 | 14 |

# Long Term Growth: Key Enablers

Strong Foundation | Broad Diversification | Elements of Strategy

## 2. Integrated Full Services

- Mature full services capability is enabling better client mining through cross-selling
- Broader footprint is translating into far greater business value than before

# Long Term Growth: Key Enablers

Strong Foundation | Broad Diversification | Elements of Strategy

## 3. Global Network Delivery Model GNDM™

- Global Support for Global Customers
- Competing for significant Local projects: Strong need for world-class IT support

- USA
- China
- Hungary

- Mexico
- Brazil
- Uruguay

**124 Solution Centers in 21 countries**

# Long Term Growth: Key Enablers

Strong Foundation | Broad Diversification | Elements of Strategy

## 4. Strategic Acquisitions

- Enter new geographies / market segments
- Gain domain / technology expertise
- Acquire Intellectual property

# Long Term Growth: Key Enablers

Strong Foundation | Broad Diversification | Elements of Strategy

## 5. Non-Linear Business Models

- TCS Financial Solutions: End-to-end universal banking and insurance products and solutions
- Platform BPO: Bundling BPO with a common platform shared across clientele
  - Vertical: Insurance, Banking
  - Horizontal: HRO, F&A, Procurement, Analytics
- Small & Medium Business Platform: Launched in India in Feb 2011, progressing satisfactorily

# Tata Consultancy Services
# Financial Highlights

# 4Q 2013 Financial Highlights

***IFRS***

***USD Million***

| Key metrics | FY13 | FY12 | YoY | 4Q13 | 3Q13 | QoQ | 4Q12 | YoY |
|---|---|---|---|---|---|---|---|---|
| Revenue | $11,568 | $10,171 | 13.7% | $3,040 | $2,948 | 3.1% | $2,648 | 14.8% |
| Gross Profit | $5,339 | $4,661 | 14.5% | $1,418 | $1,367 | 3.7% | $1,236 | 14.7% |
| *Gross Margin* | *46.15%* | *45.83%* | | *46.64%* | *46.37%* | | *46.68%* | |
| Operating Income | $3,123 | $2,806 | 11.3% | $806 | $804 | 0.2% | $734 | 9.8% |
| *Operating Margin* | *26.99%* | *27.59%* | | *26.51%* | *27.27%* | | *27.72%* | |
| Net Income | $2,562 | $2,214 | 15.7% | $663 | $652 | 1.7% | $587 | 12.8% |
| *Net Margin* | *22.14%* | *21.77%* | | *21.80%* | *22.11%* | | *22.18%* | |
| Revenue INR mn | 629,895 | 488,938 | 28.8% | 164,301 | 160,699 | 2.2% | 132,593 | 23.9% |

# In Summary

- There is headroom for growth
  - Global investments in technology continue to grow
  - Rate of change of technology is accelerating, forcing more outsourcing
  - Our addressable market keeps expanding
- TCS' Strategies for long term sustainable growth are delivering
- TCS Operational streamlining has
  - Resulted in a leaner, more agile organization
  - Given us a sustainable cost structure and stable margins

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# Thank You

IT Services
Business Solutions
Outsourcing