**Tata Consultancy Services Directors Report | Tata Consultancy Services Ltd Directors Report**

Based on the Companys performance, the Directors are pleased to recommend for approval of the members a final dividend of Rs. 13 per share for the financial year 2012-13 taking the total dividend to Rs. 22 per share (previous year Rs. 17 per share excluding special dividend of Rs. 8 per share) on the capital of 195,72,20,996 equity shares of Rs. 1 each. The final dividend on the equity shares, if approved by the members would involve a cash outflow of Rs. 2,976.81 crores including dividend tax. The total cash outflow on account of dividend (interim as well as proposed) including dividend tax for the financial year 2012-13 would aggregate Rs. 5,014.83 crores resulting in a payout of 39.29% of the unconsolidated profits of the Company. The redeemable preference shares allotted on March 28, 2008 are entitled to a fixed cumulative dividend of 1% per annum and a variable non-cumulative dividend of 1% of the difference between the rate of dividend declared during the year on the equity shares of the Company and the average rate of dividend declared on the equity shares of the Company for the three years preceding the year of issue of the said redeemable preference shares. Accordingly, the Directors have recommended, for approval of the members, a dividend of nineteen paise (Rs. 0.19) per share on 100,00,00,000 redeemable preference shares of Rs. 1 each for the financial year 2012-13. 3. Transfer to reserves. The Company proposes to transfer Rs. 1,278.63 crores to the general reserve out of the amount available for appropriation and an amount of Rs. 24,602.85 crores is proposed to be retained in the statement of profit and loss. 4. Companys performance. During the financial year 2012-13, the global economic environment was on a slow growth path. There were signs of faster growth in certain geographies, primarily in the emerging markets. The prevailing uncertainties were challenging, which called for much higher level of efficiency and preparedness for participants in the market. In the financial year 2012-13, on consolidated basis, the Company has achieved well-rounded growth with steady profitability. The Company had excellent growth across markets - United Kingdom (44%), Latin America (40%), North America (27%), Europe (21%), Asia Pacific (27%), Middle East Africa (28%) and India (16%). All the industry segments have registered double digit growth. For the first time, the Company crossed USD 3 billion revenue in a quarter during Q4 of the financial year 2012-13. On consolidated basis, revenue from operations for the financial year 2012-13 at Rs. 62,989.48 crores was higher by 28.8% over last year (Rs. 48,893.83 crores in 2011-12). Earnings before interest, tax, depreciation and amortisation (EBITDA) at Rs. 18,039.91 crores was higher by 25.0% over last year (Rs. 14,435.31 crores in 2011-12). Profit after tax (PAT) for the year at Rs. 13,917.31 crores was higher by 33.7% over last year (Rs. 10,413.49 crores in 2011-12). On unconsolidated basis, revenue from operations for the financial year 2012-13 at Rs. 48,426.14 crores was higher by 27.1% over last year (Rs. 38,104.23 crores in 2011-12).Earnings before interest, tax, depreciation and amortisation (EBITDA) at Rs. 14,306.27 crores was higher by 25.7% over last year (Rs. 11,385.72 crores in 2011-12). Profit after tax (PAT) for the year at Rs. 12,786.34 crores was higher by 16.5% over last year (Rs. 10,975.98 crores in 2011-12). 5. Strategic acquisition. The Company has made acquisitions over the past few years either directly or through its subsidiaries. During the year 2012-13, the Company acquired Computational Research Laboratories Limited (CRL). CRL was a wholly owned subsidiary of Tata Sons Limited. The acquisition of CRL, a pioneering start-up company in the area of high performance computing solutions in India, enabled the Company to extend its suite of solutions and offer integrated high performance computing applications and Cloud services to its large base of customers. RFL and CRL, both wholly owned subsidiaries engaged in similar business as that of the Company, have amalgamated with the Company with effect from the Appointed Date, i.e., April 1, 2012 and October 1, 2012 respectively, in terms of the scheme of amalgamation sanctioned by the High Court of Judicature at Bombay by its Order dated March 22, 2013. The amalgamation would lead to efficient utilisation of resources and enhanced growth of the consolidated entity. On October 19, 2012, the Board of Directors of the Company, e-Serve and TEIL have approved a composite scheme of arrangement ("Scheme") between the Company, e-Serve, TEIL and their respective shareholders under Sections 391 to 394 of the Companies Act, 1956 ("Act"), proposing amalgamation of e-Serve with the Company and demerger of SEZ undertaking of TEIL into the Company. e-Serve and TEIL are engaged in the business of providing information technology enabled services (ITES) and business process outsourcing services (BPO) for its customers primarily in the banking, financial services and insurance domain. e-Serves operations include delivering core business process services, analytics/ insights and support services for both data and voice processes. The Scheme will lead to operational synergy. In the year 2008-09, the Company had acquired Citigroup Inc.s (Citi) 96.26% interest in e-Serve (then known as Citigroup Global Services Limited), the India-based captive BPO of Citi. TEIL is a wholly owned subsidiary of e-Serve. The Appointed Date proposed for the Scheme is April 1, 2013. Pursuant to an Order of the High Court of Judicature at Bombay, a meeting of the equity shareholders of the Company has been scheduled on Friday, May 31, 2013, for the purpose of seeking approval of the shareholders. 7. Human resource development. TCS draws its strength from a highly engaged and motivated workforce, whose collective passion and commitment has helped the organisation scale new heights. The Company has a diverse workforce of 2,76,196 employees representing 118 nationalities. Human Resource policies and processes have evolved to stay relevant to the changing demographics, enhance organisational agility and remain compliant with the changing regulatory requirements. In financial year 2012-13, the Company remained the highest recruiter in the industry, with a gross addition of 69,728 and net addition of 37,613 employees across the globe. Campus placement drive was conducted in 371 engineering institutes in India resulting in 24,531 job offers to students to join in the financial year 2013-14. All the students who were given job offer last year were inducted into the organisation during financial year 2012-13. Trainees were recruited from established institutes across the globe. The Company continued its effort to strengthen relationship with key institutes globally through its academic interface programme which benefited 616 institutes in India and 288 institutes in other countries. Individual and organisational capability building remained one of the strategic focus areas. A total of 12,789 person years of effort were invested in enhancing the proficiency levels of the employees and in developing a steady stream of business leaders ready to take on the challenges as per growing requirements of the organisation. The workforce management strategy was executed optimally to deliver a sustained utilisation rate throughout the year helping business grow while maintaining employee costs at the desired level. The robust and mature talent management and talent engagement processes of the Company helped create an environment where performance is rewarded, opportunities are provided for career growth and people are encouraged to realise their potential. Focused initiatives towards health and safety and other non-work related employee engagement programmes helped develop the personality and confidence level of the employees enhancing their motivation and engagement with the organisation. The relentless drive to create "One TCS Culture" across the organisation helped the Company integrate its diverse global talent base into a cohesive high performing unit. These initiatives have delivered the desired results as is evident from the low attrition rate of 10.6% achieved during this year, a benchmark in the industry. 8. Quality initiatives. Sustained commitment to highest levels of quality, best-in-class service management and robust information security practices helped the Company attain a number of milestones during the year. The cornerstone of these certifications is TCS integrated quality management system (iQMSTM), a global process- driven and customer-focused system which provides One Global Service Standard and is the backbone supporting the TCS global network delivery model (GNDMTM). The Company was recognised as Indias most admired knowledge enterprise (MAKE) winner (1st place) this year and has received the prestigious MAKE award for the 8th time in India as well as Asia. The Company also received the global individual operating unit (IOU) MAKE award for the 3rd time in a row. TCS won the QuEST forum India quality award 2012 for being the first telecom software company in the world to implement the advanced surveillance and recertification procedure (ASRP) methodology for TL 9000. 9. Awards/Recognitions. During the year, the Company received various awards and recognitions, some of which are given below: As per Clause 49 of the Listing Agreements entered into with the Stock Exchanges, Corporate Governance Report with auditors certificate thereon and a Management Discussion and Analysis Report are attached and form part of this report. As per Clause 55 of the Listing Agreements entered into with the Stock Exchanges, a Business Responsibility Report (BRR) is attached and forms part of the annual report. A number of CSR activities were taken up through various programmes under the theme "Impact through Empowerment", touching 21,68,815 beneficiaries globally. The BRR provides details of these programmes. 11. Directors responsibility statement. Pursuant to the requirement of Section 217(2AA) of the Act, and based on the representations received from the operating management, the Directors hereby confirm that: (i) in the preparation of the annual accounts for the financial year 2012-13, the applicable accounting standards have been followed and there are no material departures; (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year; (iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; (iv) they have prepared the annual accounts on a going concern basis. 12. Subsidiary companies and consolidated financial statements. The Company had 58 subsidiaries as on March 31, 2013. There has been no material change in the nature of the business of the subsidiaries. As required under the Listing Agreements entered into with the Stock Exchanges, a consolidated financial statement of the Company and all its subsidiaries is attached. The consolidated financial statement has been prepared in accordance with the relevant accounting standards as prescribed under Section 211 (3C) of the Act. The consolidated financial statement discloses the assets, liabilities, income, expenses and other details of the Company and its subsidiaries. Pursuant to the provision of Section 212(8) of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the balance sheet, statement of profit and loss and other documents of the subsidiary companies with the balance sheet of the Company. A statement containing brief financial details of the Companys subsidiaries for the financial year ended March 31, 2013 is included in the annual report. The annual accounts of these subsidiaries and the related information will be made available to any member of the Company/its subsidiaries seeking such information and are available for inspection by any member of the Company/its subsidiaries at the registered office of the Company. The annual accounts of the said subsidiaries will also be available for inspection, at the head offices/registered offices of the respective subsidiary companies. 13. Fixed deposits. The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet. 14. Directors. Mr. R. N. Tata retired as the Director and Chairman of the Board with effect from December 28, 2012 in accordance with the retirement age policy for Directors. The Directors place on record their appreciation of the invaluable contribution and guidance provided by Mr. R. N. Tata. Mr. Cyrus Mistry has taken over as the Chairman of the Board from Mr. R. N. Tata with effect from December 28, 2012. Mr. Cyrus Mistry was appointed as Deputy Chairman on November 8, 2012. Mr. S. Mahalingam, who was the Chief Financial Officer and Executive Director retired on February 9, 2013 in accordance with the retirement age policy for Directors. The Directors place on record their appreciation of the invaluable contribution made by him. Post retirement of Mr. S. Mahalingam as the Chief Financial Officer and Executive Director of the Company, Mr. Rajesh Gopinathan has been appointed as the Chief Financial Officer of the Company with effect from February 10, 2013. Mr. Rajesh Gopinathan has 17 years of experience and has been with TCS since 2001. He has held several key positions in finance, strategy and sales during his career with the Company and has worked in multiple geographies. He is an MBA from Indian Institute of Management, Ahmedabad and an engineer from Regional Engineering College, Trichy. 16. Auditors. M/s. Deloitte Haskins & Sells, Chartered Accountants, who are the statutory auditors of the Company, hold office, in accordance with the provisions of the Act till the conclusion of the forthcoming annual general meeting and are eligible for re-appointment. 17. Particulars of employees. The information required under Section 217(2A) of the Act and the Rules made thereunder, in respect of employees of the Company, is provided in annexure forming part of this report. In terms of Section 219(1 )(b)(iv) of the Act, the report and accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining copy of the same may write to the Company Secretary. The particulars as prescribed under Section 217(1)(e) of the Act, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in an annexure to this report. 19. Acknowledgement. The Directors thank the Companys employees, customers, vendors, investors and academic institutions for their support. The Directors also thank the Government of various countries, Government of India, State Governments in India and concerned Government Departments/Agencies for their co-operation. The Directors appreciate and value the contributions made by every member of the TCS family globally. More from markets. Date Sources: Live BSE and NSE Quotes Service: TickerPlant | Corporate Data, F&O Data & Historical price volume data: Dion Global Solutions Ltd. BSE Quotes and Sensex are real-time and licensed from the Bombay Stock Exchange. NSE Quotes and Nifty are also real time and licenced from National Stock Exchange. All times stamps are reflecting IST (Indian Standard Time). By using this site, you agree to the Terms of Service and Privacy Policy.