

IT & ITeS



NOVEMBER 2016

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EXECUTIVE SUMMARY

Strong growth opportunities

- The IT-BPM sector in India expanded at a CAGR of 13.7 per cent over 2010–16, which is 3–4 times higher than the global IT-BPM growth, and is estimated to expand at a CAGR of 9.1 per cent to USD350 billion by 2025

Leading sourcing destination

- As of 2015, India is a prominent sourcing destination across the world, accounting for approximately 56 per cent market share in the global services sourcing business.
- India acquired a share of around 38 per cent in the overall Business Process Management (BPM) sourcing market

Largest pool of ready to hire talent

- India's highly qualified talent pool of technical graduates is one of the largest in the world, facilitating its emergence as a preferred destination for outsourcing, computer science/information technology accounts for the biggest chunk of India's fresh engineering talent pool, with more than 98 per cent of the colleges offering this stream

Most lucrative sector for investments

- The sector ranks fourth in India's total FDI share and accounts for approximately 37 per cent of total Private Equity and Venture investments in the country

Cash Cow

- In FY16, revenues of Indian IT-BPM market is estimated to touch USD160 billion
- In 2015, Indian IT companies have helped clients to save USD200 billion in the last five years.
- India's IT-BPM sector includes 670 offshore development centres around 78 countries.

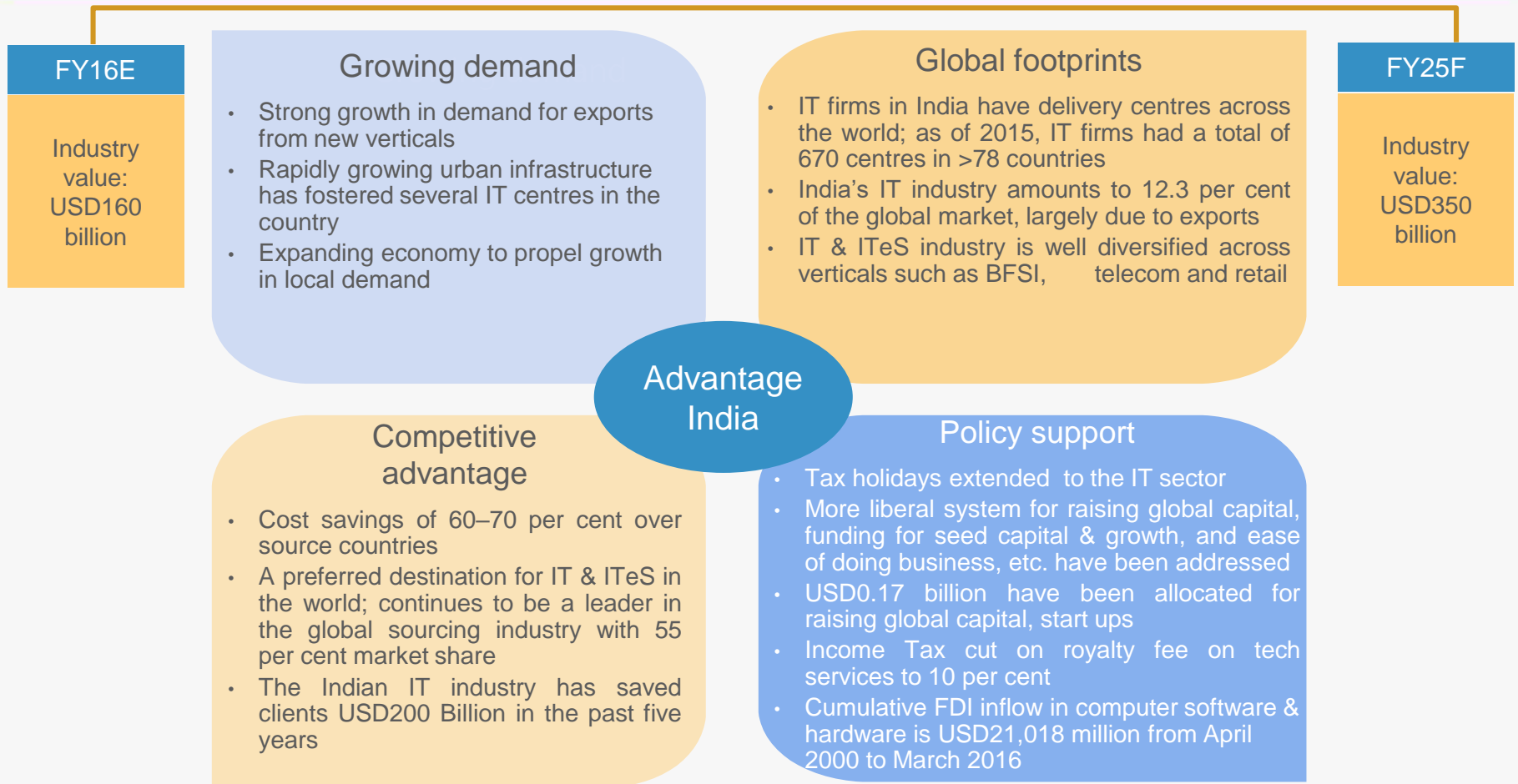
Source: NASSCOM, TechSci Research

Notes: BPM – Business Process Management, USP – Unique Selling Proposition



ADVANTAGE INDIA

ADVANTAGE INDIA



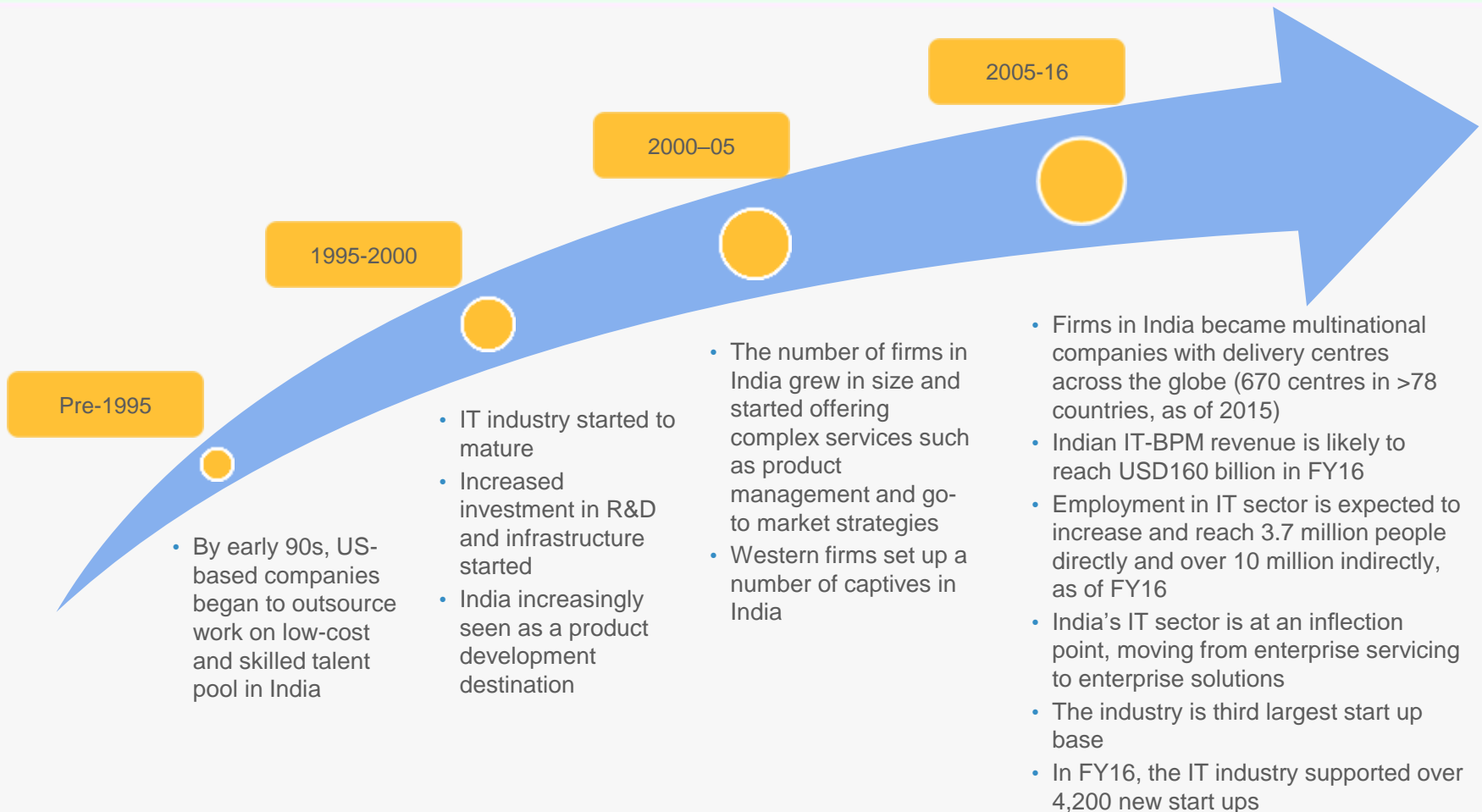
Source: Nasscom, TechSci Research

Notes: SEZ stands for Special Economic Zone, BFSI stands for Banking, Financial Services and Insurance, E stands for Estimate, F stands for Forecast

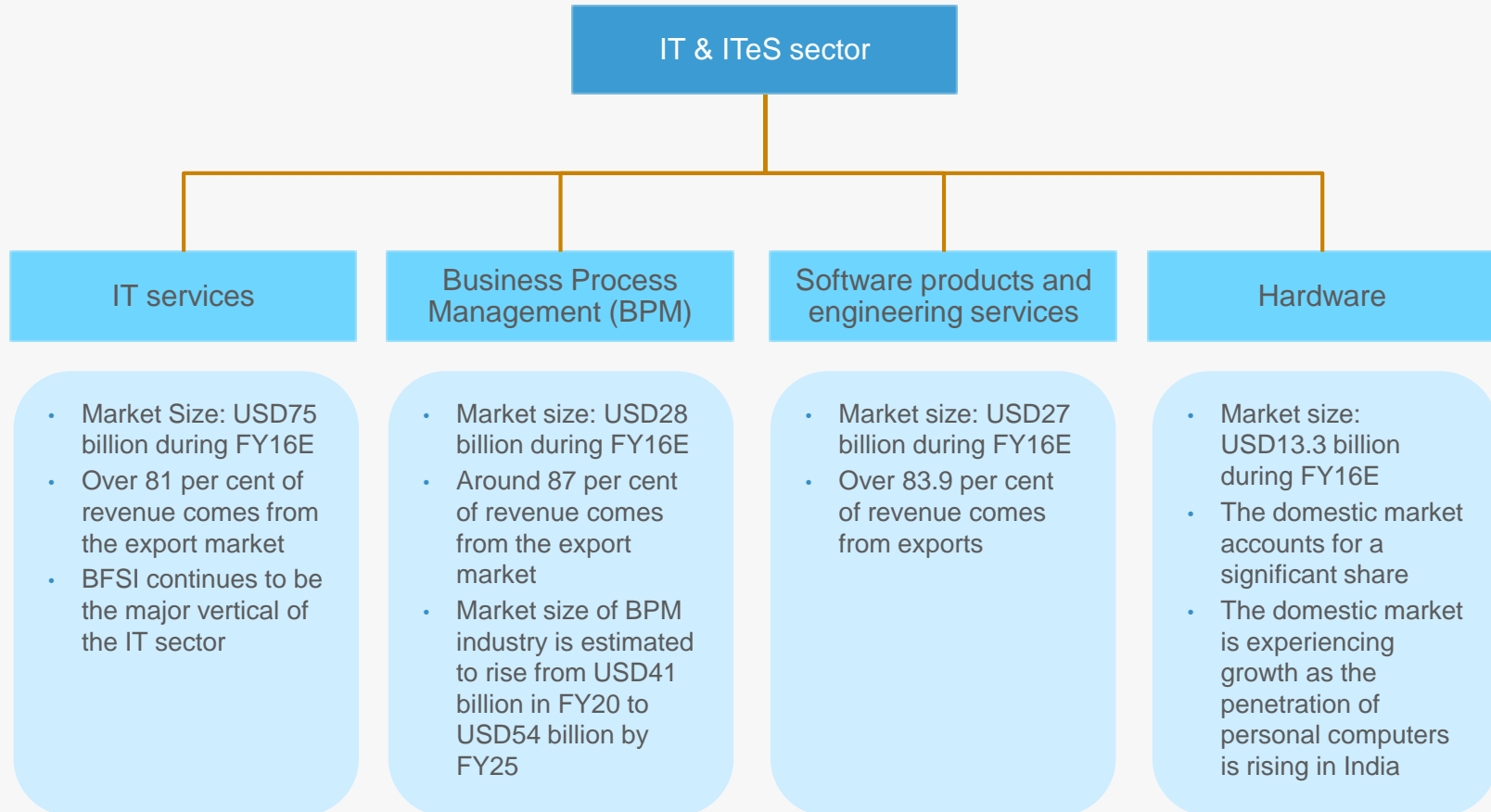


MARKET OVERVIEW AND TRENDS

EVOLUTION OF INDIA'S IT SECTOR



SEGMENTS OF INDIA'S IT SECTOR

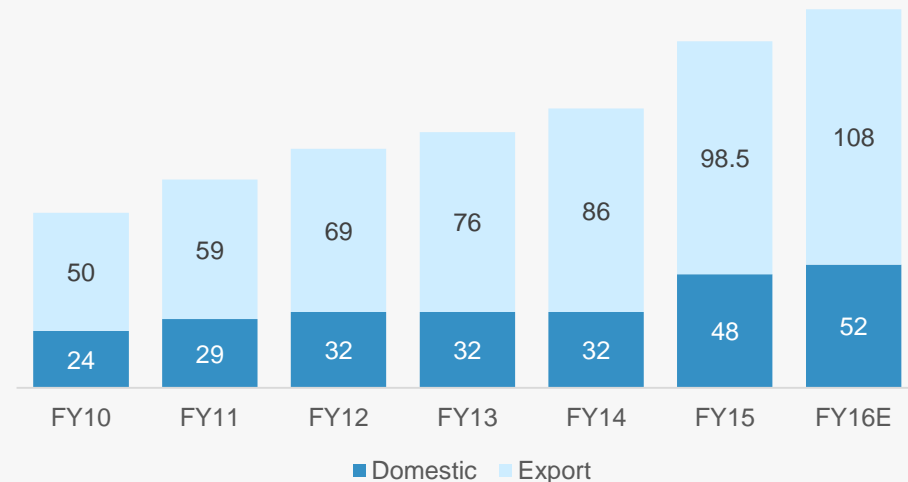


Source: Nasscom, TechSci Research
Notes: FY16E – Figures for FY16 are estimated

INDIA'S IT MARKET SIZE GROWING; TCS THE MARKET LEADER

- * India's technology and BPM sector (including hardware) is likely to generate revenues of USD160 billion during FY16 compared to USD146.5 billion in FY15, implying a growth rate of 9.2 per cent
- * The contribution of the IT sector to India's GDP rose to approximately 9.5 per cent in FY15 from 1.2 per cent in FY98
- * TCS is the market leader, accounting for about 10.4 per cent of India's total IT & ITeS sector revenue in FY16
- * The top five IT firms contribute over 25 per cent to the total industry revenue, indicating the market is fairly competitive

Market size of IT industry in India (USD billion)

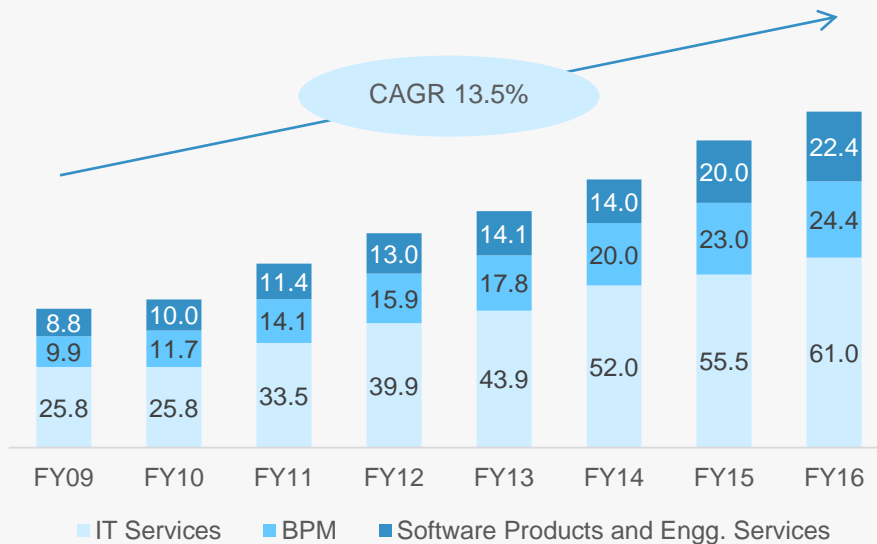


Source: Nasscom, TechSci Research
Note: E - Estimates

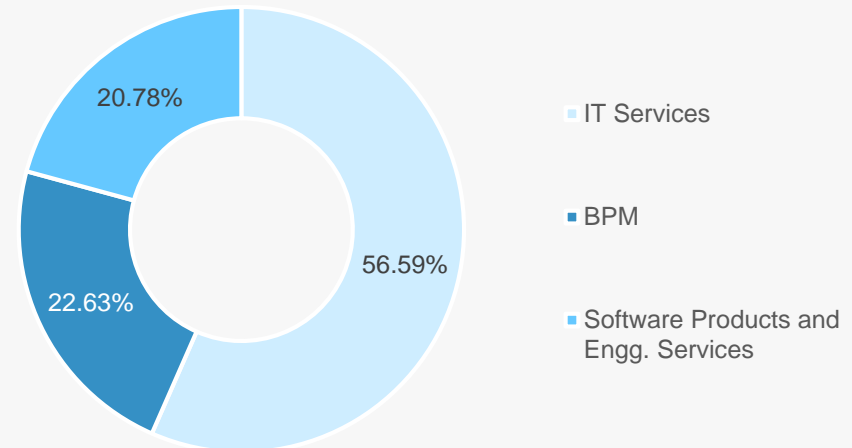
IT AND BPM ACCOUNT FOR 79.7 PER CENT OF INDIA'S IT & ITES EXPORTS

- * Total exports from the IT-BPM sector (including hardware) were estimated to have been USD108 billion during FY16; exports rose at a CAGR of 13.5 per cent during FY09–16 despite of weak global economic growth scenario
- * Export of IT services has been the major contributor, accounting for 56.59 per cent of total IT exports (including hardware) during FY16
- * BPM accounted for 22.63 per cent of total IT exports during FY16

Growth in export revenue (USD billion)



Sector-wise breakup of export revenue FY16

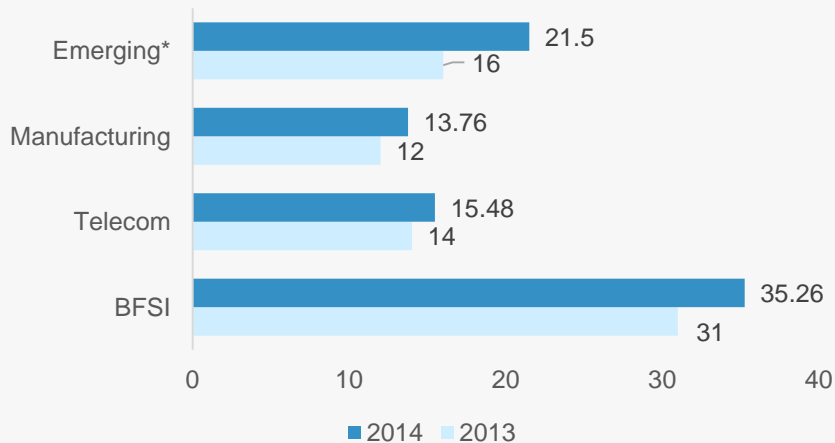


Source: Nasscom, Make in India, TechSci Research
Note: E – Estimated

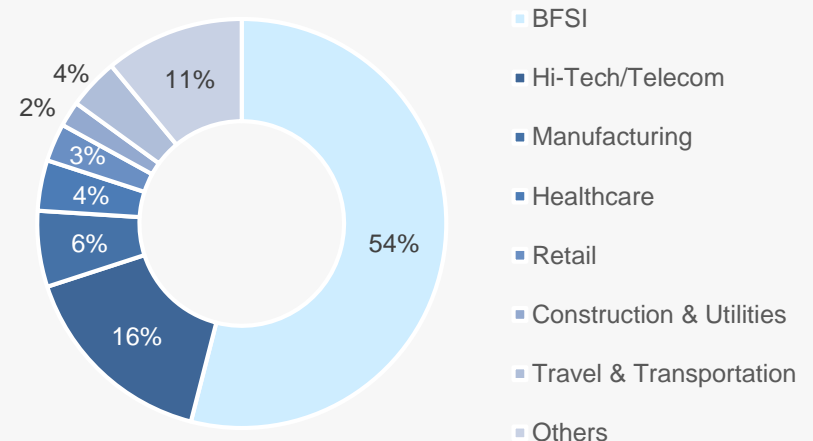
BFSI - A KEY BUSINESS VERTICAL FOR IT-BPM INDUSTRY

- * BFSI is a key business vertical for the IT-BPM industry. It is expected to generate export revenue of around USD58.32 billion by the end of 2016, accounting for 54 per cent of total IT-BPM exports from India
- * Approximately 85 per cent of total IT-BPM exports from India is across four sectors: BFSI, telecom, manufacturing and retail. The hitherto smaller sectors are expected to grow
- * With introduction of new policies for healthcare and retail, these sectors are expected to grow at a faster pace in coming years, thus accelerating revenue of IT enabled services for the sectors

Export revenue growth across verticals (USD billion)



Distribution of export revenue across verticals (FY16)

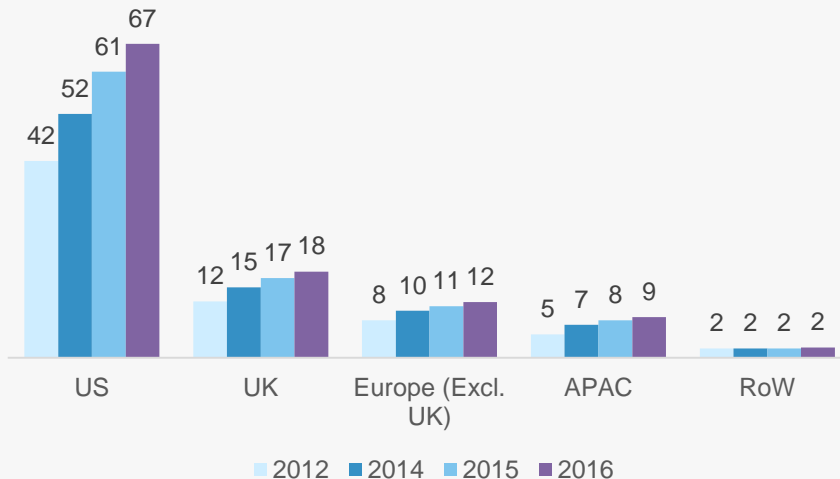


Source: MoRTH, TechSci Research, Department of Electronics and IT Annual Report
Notes: BFSI - Banking, Financial Services and Insurance, *Emerging- Retail, Utilities & Construction, Retail, Healthcare, Services, Transportation
The figures mentioned are for IT and BPM only and do not include engineering services and hardware exports

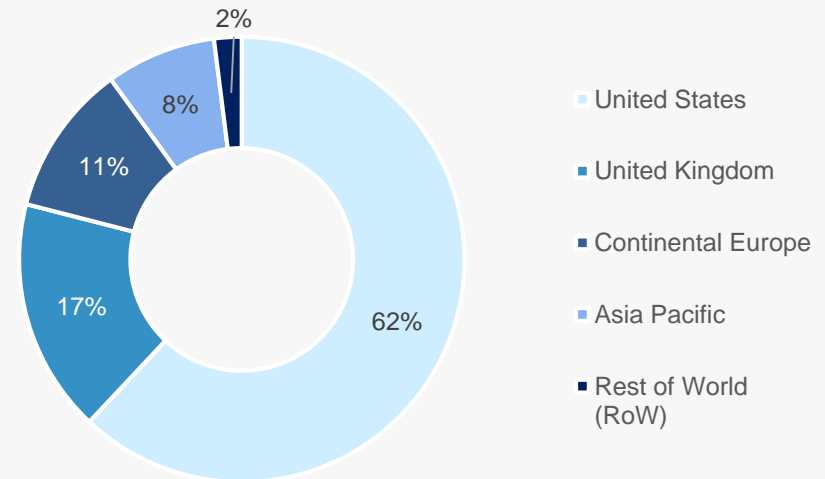
WITH OVER 62 PER CENT SHARE, US IS MAJOR IMPORTER OF IT SERVICES

- * US has traditionally been the biggest importer of Indian IT exports; over 62 per cent of Indian IT-BPM exports were absorbed by the US during FY16
- * Non US-UK countries accounted for just 21.0 per cent of total Indian IT-BPM exports during FY16
- * Europe, one of the fast growing IT markets in 2015, is expected to emerge as a potential market as higher inclination towards offshoring firms would increase demand for IT services
- * Being the low cost exporter of IT services, India is going to attract more markets in other regions in the same manner it tapped US markets

Geographic breakup of export revenue (USD billion) (March 2016)



Distribution of export revenue across geographies (FY16)



Source: Nasscom, TechSci Research, Department of Electronics and IT Annual Report
Note: ROW is Rest Of the World, APAC is Asia Pacific

IT-BPM SECTOR DOMINATED BY LARGE PLAYERS

Category	Number of players	Percentage of total export revenue	Percentage of total employees	Work focus
Large	11	47-50%	~35-38%	<ul style="list-style-type: none"> • Fully integrated players offering complete range of services • Large scale operations and infrastructure • Presence in over 60 countries
Medium	120-150	32-35%	~28-30%	<ul style="list-style-type: none"> • Mid tier Indian and MNC firms offering services in multiple verticals • Dedicated captive centres • Near shore and offshore presence in more than 30-35 countries
Emerging	~1,000-1,200	9-10%	~15-20%	<ul style="list-style-type: none"> • Players offering niche IT-BPM services • Dedicated captives offering niche services • Expanding focus towards sub Fortune 500/1,000 firms
Small	~15,000	9-10%	~15-18%	<ul style="list-style-type: none"> • Small players focussing on specific niches in either services or verticals • Includes Indian providers and small niche captives

Source: Nasscom, TechSci Research

NOTABLE TRENDS IN INDIA'S IT & ITES SECTOR ... (1/3)

Global delivery model

- Indian software product industry is expected to reach the mark of USD100 billion by 2025. In India, the number of global delivery centres in the IT-BPM sector reached 670, spreading out across 78 countries, as of 2015
- New business models, technologies and addition of new markets is pushing growth; Infosys has opened a shop in Shanghai; TCS already has a big set-up in Uruguay

Global sourcing hub

- India continues to maintain a leading position in the global sourcing market. Its market share increased to 55 per cent in 2015. India's IT industry amounts to 7 per cent of the global market

Engineering offshoring

- In 2015, India continued to be the most preferred location for global R&D outsourcing, with a share of 56 per cent
- The sector includes 670 Offshore Development Centres (ODCs) around 78 countries

Most lucrative sector for investments

- Increased focus on R&D by IT firms in India resulted in rising number of patents filed by them. In 2016, Indian IT-BPM sector is expected to grow 9.2 per cent since last year and reach USD160 billion

¹ - conducted by Nasscom

NOTABLE TRENDS IN INDIA'S IT & ITES SECTOR ... (2/3)

Changing business dynamics

- India's IT market is experiencing a significant shift from a few large-size deals to multiple small-size ones
- The number of start-ups in technology is expected to reach 50,000, adding to around 2 per cent of GDP
- Delivery models are being altered, as the business is moving to capital expenditure (capex) based models from operational expenditure (opex), from a vendor's frame of reference

Large players gaining advantage

- Large players with a wide range of capabilities are gaining ground as they move from being simple maintenance providers to full service players, offering infrastructure, system integration and consulting services
- Of the total revenue, about 80 per cent is contributed by 200 large and medium players

New technologies

- Disruptive technologies, such as cloud computing, social media and data analytics, are offering new avenues of growth across verticals for IT companies
- The SMAC (social, mobility, analytics, cloud) market is expected to grow to USD225 billion by 2020

Growth in non-linear models

- India's IT sector is gradually moving from linear models (rising headcount to increase revenue) to non-linear ones
- In line with this, IT companies in India are focusing on new models such as platform-based BPM services and creation of intellectual property

NOTABLE TRENDS IN INDIA'S IT & ITES SECTOR ... (3/3)

Consumerisation of IT

- Global outsourcing is being used to drive fundamental re-engineering of end-to-end processes
- Increased emphasis on beyond cost benefits
- IT firms in the current phase have moved up the value chain, providing innovation-led growth to clients from SLA satisfaction and RoI calculations

Emergence of Tier II cities

- Tier II and III cities are increasingly gaining traction among IT companies, aiming to establish business in India
- Cheap labour, affordable real estate, favourable government regulations, tax breaks and SEZ schemes facilitating their emergence as a new IT destination
- Giving rise to the domestic hub and spoke model, with Tier I cities acting as hubs and Tier II, III and IV as network of spokes

SMAC technologies, an inflection point for Indian IT

- Social, Mobility, Analytics and Cloud (SMAC), a paradigm shift in IT-BPM approaches experienced until now, is leading to digitisation of the entire business model

Rural Development

- The National Optical Fibre Network (NOFN) is being laid down in phases to connect all the 250,000 gram panchayats in the country

Notes: SLA - Service Level Agreement; RoI - Return on Investment



PORTER FIVE FORCES ANALYSIS

PORTERS FIVE FORCES ANALYSIS

Competitive Rivalry	
<ul style="list-style-type: none"> Intense competitive rivalry exists due to low switching costs Most of the bigger Indian firms offer same services and there is little product differentiation 	
Threat of New Entrants	Substitute Products
<ul style="list-style-type: none"> Easy entry as the capital required is low Large players, however, toughen prospects of small and medium players to win large deals 	<ul style="list-style-type: none"> Threat is medium as new centres, such as Philippines and China, are fast gaining ground among investors due to their low cost advantages
Bargaining Power of Suppliers	Bargaining Power of Customers
<ul style="list-style-type: none"> Bargaining power of suppliers is less as most of their businesses come from the same geographies Price taker rather than price maker 	<ul style="list-style-type: none"> Bargaining power is high as many IT firms fight for a similar project Firms are mostly dependent on same geography, which increases customer power





STRATEGIES ADOPTED

STRATEGIES ADOPTED

Expanding in Tier II & III cities and externally

- Companies are expanding their business to Tier II & III cities to have low cost advantage
- In 2016, Infosys bought two office space in Pune & Bengaluru India. TCS is planning to expand in Mumbai
- Companies are expanding their business towards emerging economies of East Europe and Latin American countries

Movement to SMAC & digital space

- Social Computing, Mobility, Analytics and Cloud (SMAC) is taking significant leaps
- Companies are getting into this field by offering big data services, which provides clients better insights for future cases

Product and Pricing differentiation

- Most of the IT companies have been offering similar products and services to their clients
- The companies are working towards product differentiation through various other services by branding themselves, e.g. Building Tomorrow's Enterprise by Infosys
- Indian IT firms have started to adopt pricing strategies to compete with Global firms like IBM and Accenture

Promotion of R&D

- Companies are now investing a lot in R&D and training employees to create an efficient workforce, enhancing productivity and quality
- R&D forms a significant portion of companies' expenses, which is critical when margins are in pressure, to promote innovations in the changing landscape

Fast-growing sectors within the BPM domain

- Knowledge services, data analytics, legal services, Business Process as a Service (BPaaS), cloud-based services



GROWTH DRIVERS

IT SECTOR TO BE DRIVEN BY STRONG DEMAND AND INDIAN EXPERTISE

- 6 million graduates are estimated to have been added to India's talent pool in FY16, wherein, IT-BPM employees are estimated to reach 3.7 million.
- Strong mix of young and experienced professionals



- Global BPM spending estimated to rise by 4.4% and reach USD2.7 billion in 2015
- Global IT services spending witnessed decline by almost 5.5 per cent, reaching USD3.5 trillion in 2015
- Tax holidays for STPI and SEZs
- More liberal system for raising capital, seed money and ease of doing business.
- As a part of Union Budget 2016-17, the government has made changes in custom & excise duty of IT hardware products

- Computer penetration expected to increase
- Increasing adoption of technology and telecom by consumers and focused government initiatives leading to increased ICT adoption
- Robust IT infrastructure across various cities in India such as Bengaluru
- Technology mission for services in villages and schools, training in IT skills and E-Kranti for government service delivery and governance scheme

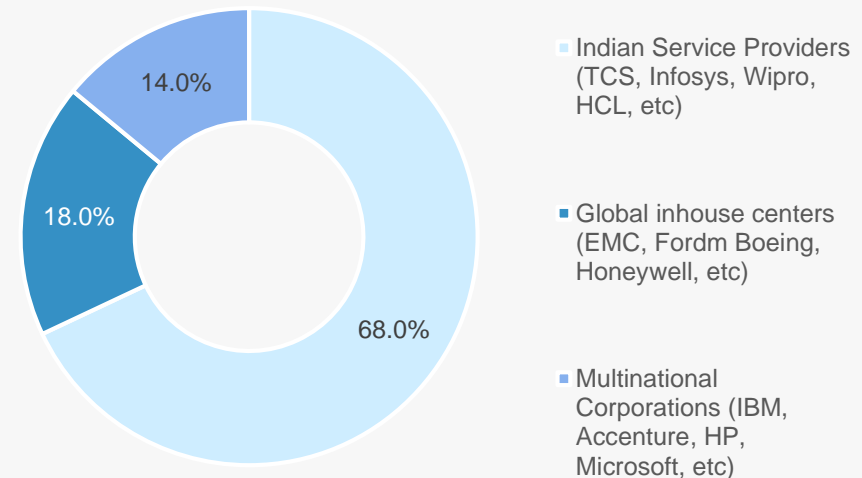
Notes: STPI stands for Software Technology Park of India, SEZ stands for Special Economic Zone, ICT - Information and communications technology, IT-BPM – Information Technology Business Process Management

Source: Nasscom, TechSci Research

TECHNOLOGY – A KEY INFLUENCER FOR DOMESTIC IT SERVICES ... (1/2)

- * Indian IT companies like TCS, Tech Mahindra Limited, Mphasis, HCL Technologies Limited, Larsen & Turbo Infotech Limited, Wipro Technologies Limited, Oracle Financial, Infosys Technologies Limited are expanding their footprint in order to meet client's requirements globally
- * Indian Firms have started adopting the global delivery model to cater to the local market and for taking advantage of low cost

IT Sector Segmental Breakup - By Companies (FY15)

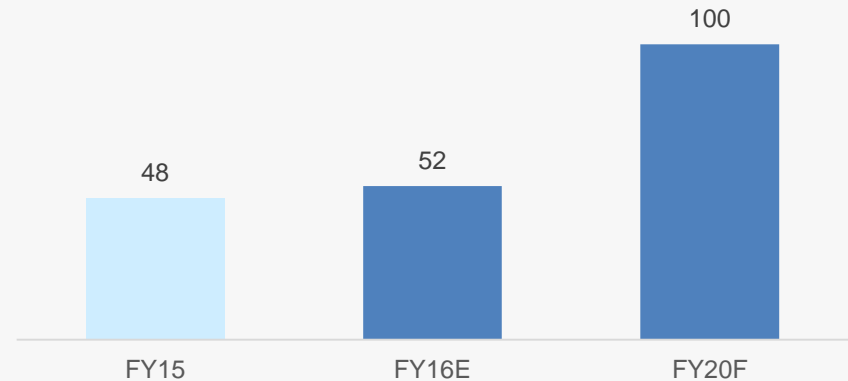


Source: Nasscom, Assorted News Articles, TechSci Research

TECHNOLOGY – A KEY INFLUENCER FOR DOMESTIC IT SERVICES ... (2/2)

- * Introduction of large e-Governance projects to provide better services through IT and focus on the formation of the cyber policy led to higher demand for IT and hardware from the government
 - * The Central Government and State/UT Government allocated 0.9–1.2 per cent and 2.8–3 per cent, respectively, of total budget for IT spend under the 12th Five Year Plan
- * Strong consumer demand for IT service and products:
 - * Advent of smartphones, tablets and iPads
 - * Industry leaders are stressing the need for promoting support start-ups
 - * Rising computer literate population
 - * Enhanced internet and mobile penetration
 - * Growing disposable income strengthening consumer purchasing power
 - * Emerging verticals (retail, healthcare, utilities) are driving growth above 14 per cent

Domestic revenue from IT and BPM (USD billion)

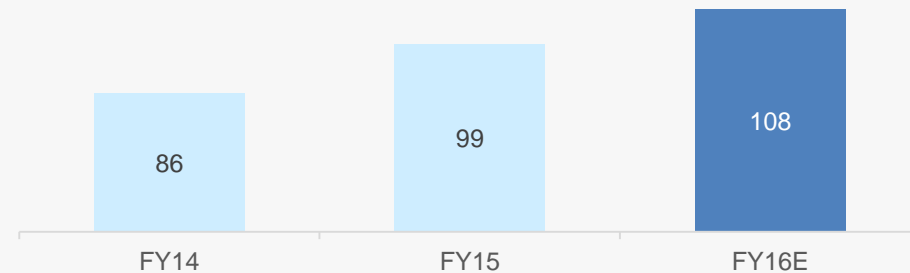


Source: Nasscom, TechSci Research
Notes: UT - Union Territory, E:Estimated F - Forecasts

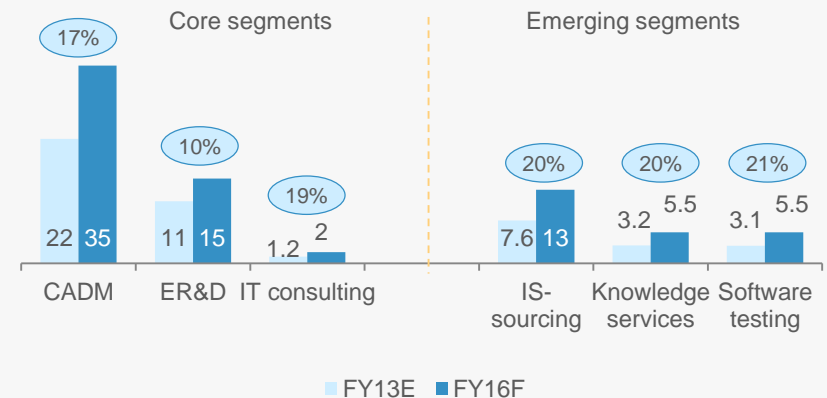
EXPORTS TO REMAIN ROBUST AS GLOBAL IT INDUSTRY MAINTAINS GROWTH

- * In FY16 the estimated revenue from exports of IT and BPM sector was USD108 billion. Global IT-BPM spending (excluding hardware) has grown 0.4 per cent over 2015 to nearly USD1.2 trillion
- * India's IT industry amounts to 4.26 per cent of the global market, largely due to exports as of 2015. In the year 2015 India comprised of around 500 BPM players generating a revenue of USD23 billion, which is expected to rise and reach 50 billion in 2020
- * During FY17 the country's revenue growth in IT exports is expected at 10 per cent
- * Emergence of SMAC would provide USD1 trillion market by 2020
- * Emerging economies are likely to be a major contributor to IT spend growth
 - * IT spend in emerging economies to grow 3-4 times faster than advanced economies
 - * The BRIC IT market is estimated at USD380-420 billion by 2020
- * Stable tax regime, reducing litigation related to tax and providing conducive environment for start-ups will improve the business environment

Export revenue from IT and BPM (USD billion)



Core and non core segment's growth prospects

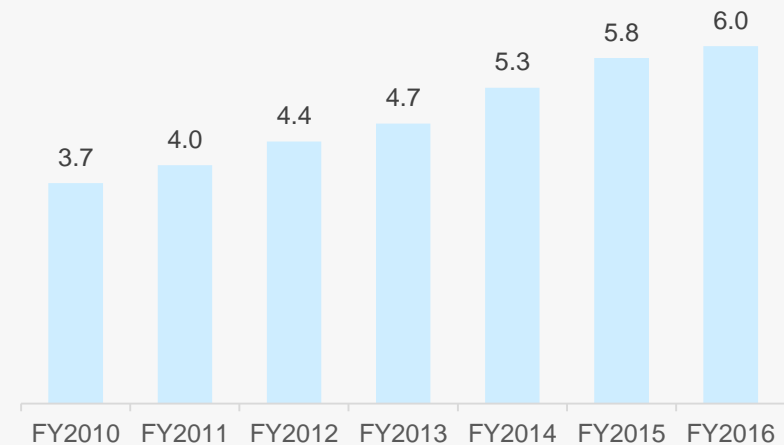


Source: Nasscom, TechSci Research, Budget 2015-16
Notes: UT- Union Territory, E - Estimated

INDIAN TALENT POOL READY TO TAKE IT SECTOR TO THE NEXT LEVEL ... (1/2)

- * Availability of skilled English speaking workforce has been a major reason behind India's emergence as a global outsourcing hub
- * During FY10-16, no of graduates addition to talent pool in India grew at a CAGR of 8.4 per cent
- * India added more than 6 million graduates to the talent pool during FY16
- * Growing talent pool of India has the ability to drive the R&D and innovation business in the IT-BPM space

Graduates addition to talent pool in India (in millions)

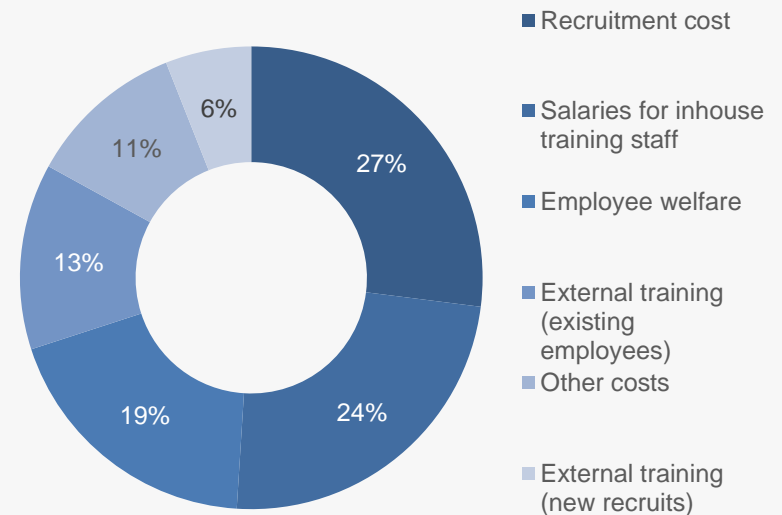


Source: Nasscom, TechSci Research
Note: Graduates includes both graduates and post graduates

INDIAN TALENT POOL READY TO TAKE IT SECTOR TO THE NEXT LEVEL ... (2/2)

- * About 2 per cent of the industry revenue is spent on training employees in the IT-BPM sector
- * USD1.6 billion is spent annually on training workforce and growing R&D spend
- * Forty per cent of total spend on training is spent on training new employees
- * Numerous firms have forged alliances with leading education institutions to train employees

Training expenditure by Indian IT-BPO sector, 2014



Source: TechSci Research

NASSCOM'S PLAN TO INCREASE EMPLOYABILITY OF INDIA'S TALENT POOL

	Objectives	Initiatives
Short term	<ul style="list-style-type: none"> Enhance overall yield of employees Improve employability Expand to Tier II cities to reduce operating costs Low skill dependence 	<ul style="list-style-type: none"> Industry to enhance investment in training Use NAC and NAC – Tech to assess employability of talent pool Identified new tier II locations
Medium term	<ul style="list-style-type: none"> Reduce investment on training Develop specialist and project management expertise Develop a robust and credible information repository 	<ul style="list-style-type: none"> Launched the National Faculty Development Programme to increase suitability of faculty Aiding industry access to specialist programmes offered by independent agencies NASSCOM, in partnership with the industry, has developed a unique initiative 'National Skills Registry' a national database of registered and verified knowledge workers in the industry
Long term	<ul style="list-style-type: none"> Expand education capacity Promote reforms in education 	<ul style="list-style-type: none"> Expansion of higher education infrastructure; 20 new IITs to be set up by the government Programme to increase PhDs in technology

Source: Nasscom, TechSci Research
Notes: NAC – Nasscom Assessment of Competence, IIIT - Indian Institutes of Information Technology

SEZ'S TO DRIVE IT SECTOR; TIER II CITIES EMERGE AS NEW CENTERS ... (1/2)

- * IT-SEZs have been initiated with an aim to create zones that lead to infrastructural development, exports and employment
- * As on 2nd September 2016, there are over 186 operational SEZ across the country

Characteristics of STPI and SEZ in India

Parameters	STPI	SEZ
Term	<ul style="list-style-type: none"> • 10 years 	<ul style="list-style-type: none"> • 15 years
Fiscal benefits	<ul style="list-style-type: none"> • 100 per cent tax holiday on export profits • Exemption from excise duties and customs 	<ul style="list-style-type: none"> • 100 per cent tax holiday on exports for first five years • Exemption from excise duties and customs
Location and size restrictions	<ul style="list-style-type: none"> • No location constraints • 23 per cent STPI units in tier II and III cities 	<ul style="list-style-type: none"> • Restricted to prescribed zones with a minimum area of 25 acres

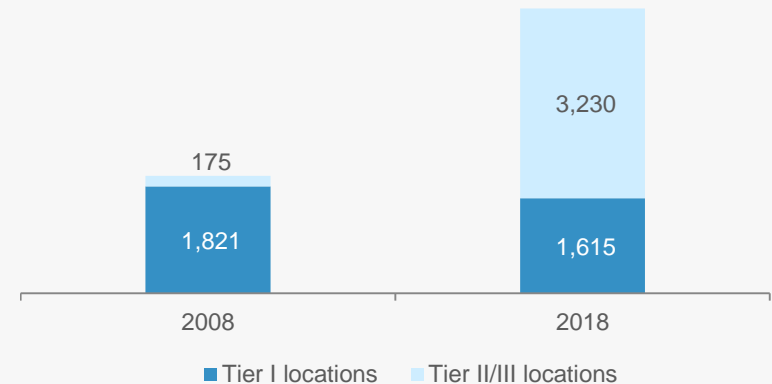
Source: Nasscom, TechSci Research, STPI (Software Technology Parks of India)

SEZ'S TO DRIVE IT SECTOR; TIER II CITIES EMERGE AS NEW CENTERS ... (2/2)

Trends in tier II and III cities

- * As of 2013, 43 new tier II/III cities are emerging as IT delivery locations; this could reduce pressure on leading locations
- * Cost in newer cities is expected to be 28 per cent lower than that in leading cities
- * Lower cost and attrition, affordable real estate and support from local government, such as tax breaks, STPI and SEZ schemes, are facilitating this shift of focus
- * Over 50 cities already have basic infrastructure and human resource to support the global sourcing and business services industry
- * Some cities are expected to emerge as regional hubs supporting domestic companies

IT sector employment distribution in Tier I and Tier II/III cities



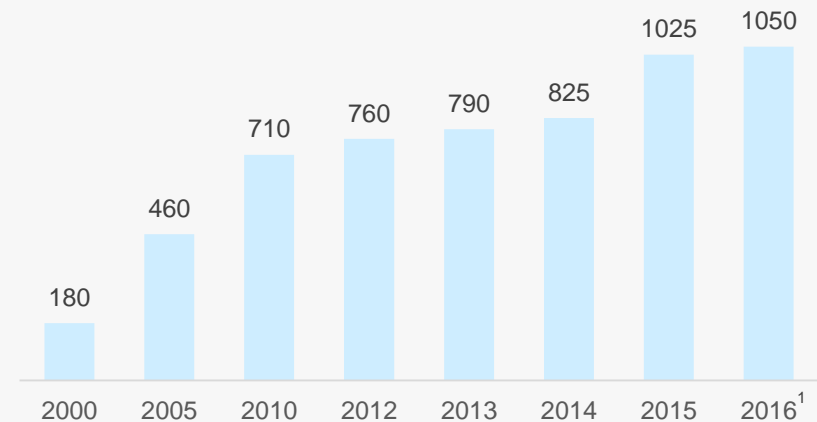
Source: Nasscom, E&Y, TechSci Research

TREMENDOUS GROWTH OF GLOBAL IN-HOUSE CENTRES

Key highlights

- * Global In-House Centres (GIC), also known as captive centres, are one of the major growth drivers of the IT-BPM sector in India. They also operate in engineering services and software product development.
- * In March 2016, there were over 1050 GICs operating out of India, contributing almost 20 per cent share in exports. The total GICs in the country generated a revenue of almost USD22 billion and employed a total of more than 0.79 million manpower
- * The impact of the segment goes beyond revenue and employment, as it helped in developing India as a R&D hub and create an innovation ecosystem in the country
- * Within the captive landscape, Engineering Research & Development/Software Product Development (ER&D/SPD) is the largest sub-segment
- * Companies from North America and Europe are major investors in the captive segment in India, accounting for over 90 per cent of captives in the country

Number of GIC's in India



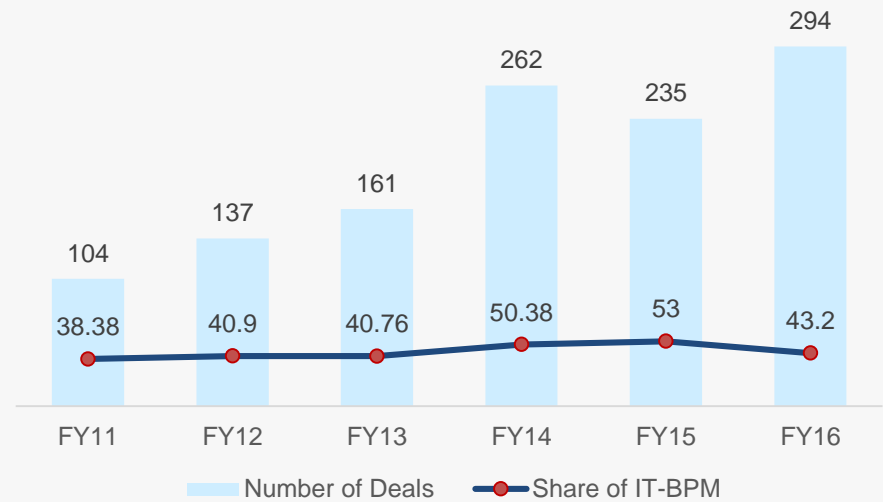
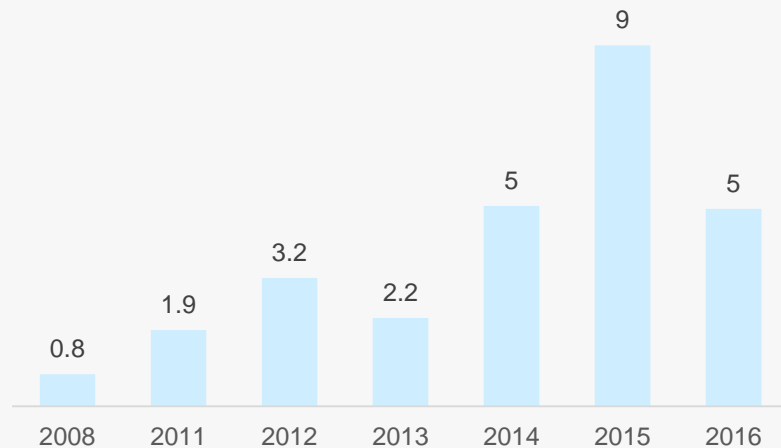
Source: Zinnov, Nasscom, TechSci Research
Notes: ¹ – Data is as on March 2016

IMPRESSIVE GROWTH PROSPECTS SUSTAIN PE AND VC INTEREST

- * The IT & BPM sector continued to attract PE and VC investments in 2015, accounting for a significant proportion with 235 deals in the year FY15
- * Total P/E investments in FY16 were observed to be USD5 billion, which increased at a CAGR of 25.7 per cent from USD0.8 billion in FY08
- * Total number of P/E investment deals increased from 235 in FY15 to 294 in FY16

PE-VC investments in IT & BPM (USD billion)

Share of IT-BPM in PE-VC investments



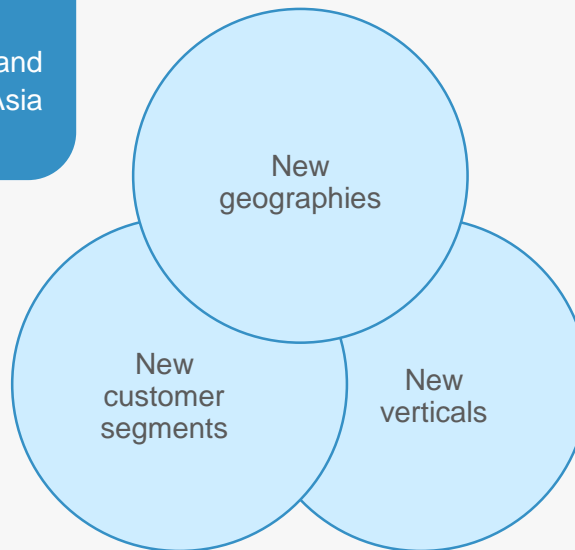
Source: Venture Intelligence, Nasscom, TechSci Research
Notes: CAGR – Compound Annual Growth Rate



OPPORTUNITIES

NEWER GEOGRAPHIES AND VERTICALS PROVIDE HUGE OPPORTUNITIES

- BRIC nations, continental Europe, Canada and Japan have IT spending of approximately USD380–420 billion
- Adoption of technology and outsourcing is expected to make Asia the second largest IT market



- SMBs have IT spend of approximately USD230–250 billion, but contribute just 25 per cent to India's IT revenue
- The emergence of new service offerings and business models would aid in tapping market profitably and efficiently

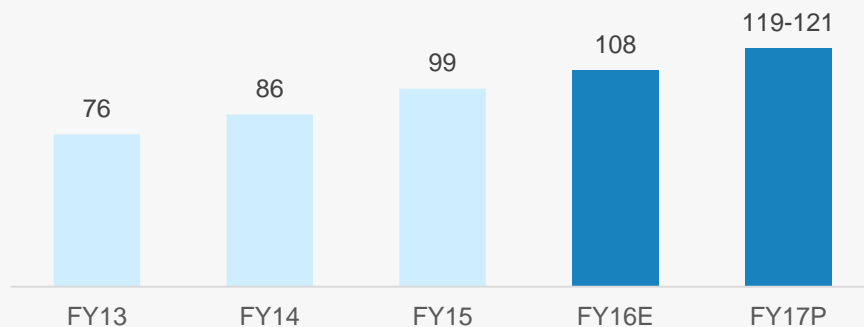
- Government, healthcare, media and utilities together have IT spend of approximately USD190 billion, but account just 8 per cent of India's IT revenue
- Non-linear growth due to platforms, products and automation
- Emerging verticals (retail, healthcare, utilities) are driving growth

Source: All the figures are taken from International Data Corporation (IDC) and Nasscom and are FY10 estimates
Note: SMB - Small and Medium Businesses

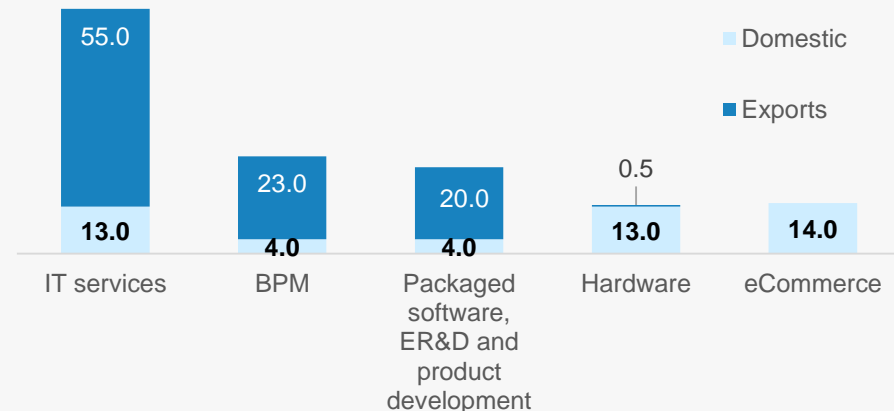
EXPANSION OF FOCUS AREA TO AID FUTURE GROWTH ... (1/4)

- * Traditional verticals, i.e. BFSI, telecommunication and manufacturing, continue to remain the largest in terms of IT adoption and are expected to grow at an average of 15 per cent
- * Implementation of cloud environment and mobility is the way forward for traditional verticals
- * Emphasis on other emerging verticals (e.g. education, healthcare and retail) to aid growth in IT firms in India
- * Shift from IT adoption infrastructure, automation and digitisation to smart IT marks future trend of services in emerging verticals
- * Other untapped sectors like Education and utilities has a huge potential for IT & ITeS to grow into

IT-BPM Exports Revenue (USD Billion)



Indian IT-BPM (Domestic and Export) Revenues (2015)

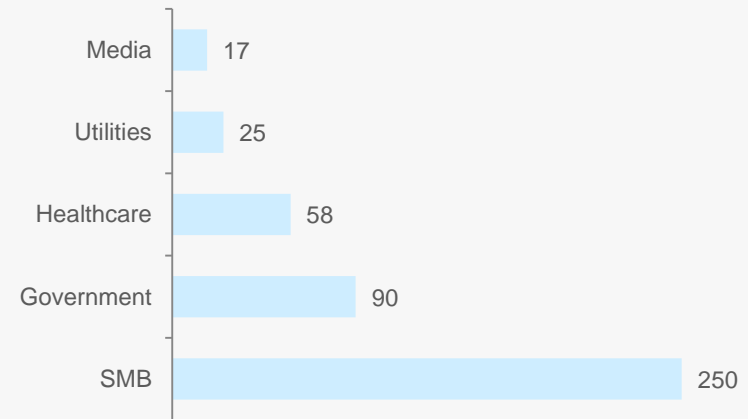


Source: Nasscom, TechSci Research
Note: E – Estimated, P – Projected

EXPANSION OF FOCUS AREA TO AID FUTURE GROWTH ... (2/4)

- * As IT is increasingly gaining traction in SMB's business activities, the sector offers impressive growth opportunities and is estimated at approximately USD230–250 billion by 2020
- * Govt. sectors have a huge potential for IT enabled services, as IT penetration is low in the sector. Increasing digitalisation will lead to growth in revenues for IT sector in coming years
- * Technologies, such as telemedicine, health, remote monitoring solutions and clinical information systems, would continue to boost demand for IT service across the globe
- * IT sophistication in the utilities segment and the need for standardisation of the process are expected to drive demand
- * Digitisation of content and increased connectivity is leading to a rise in IT adoption by media
- * Companies to focus on local problems and find engineering solutions

Market size of other progressing verticals by 2020
(USD billion)

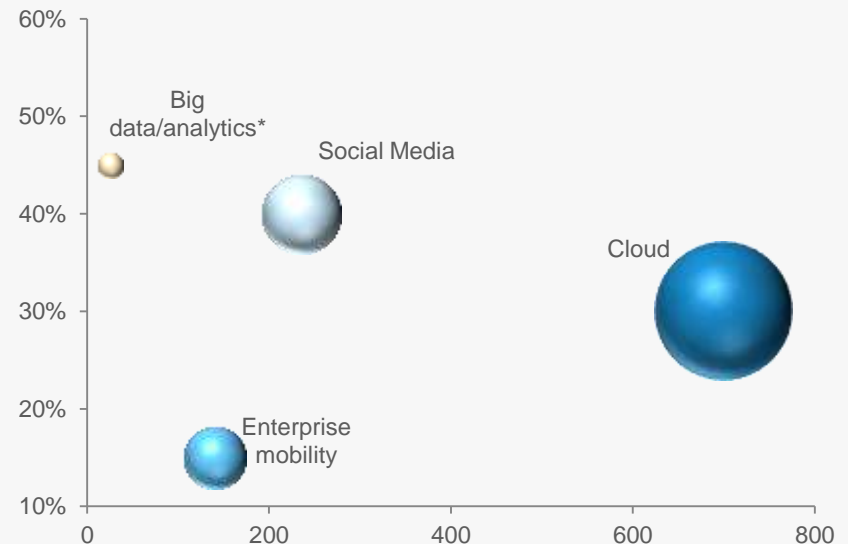


Source: Nasscom, TechSci Research
Note: Small and Medium Business

EXPANSION OF FOCUS AREA TO AID FUTURE GROWTH ... (3/4)

- * Emerging technologies present an entire new gamut of opportunities for IT firms in India
 - * SMAC provide USD1 trillion opportunity
- * Cloud represents the largest opportunity under SMAC, increasing at a CAGR of approximately 30 per cent to around USD650–700 billion by 2020
- * Social media is the second most lucrative segment for IT firms, offering a USD250 billion market opportunity by 2020

Growing technologies future growth



Source: Nasscom, TechSci Research
Note: Size of bubble indicates market size, *CAGR and market size for Big data/analytics is till 2015

EXPANSION OF FOCUS AREA TO AID FUTURE GROWTH ... (4/4)

- * Emerging geographies would drive the next growth phase for IT firms in India
- * BRIC would provide USD380–420 billion opportunity by 2020
- * Focus on building local credible presence, high degree of domain expertise at competitive costs and attaining operational excellence hold key to success in new geographies
- * Emphasis on export of IT services to current importers of other products and services

Countries offering growth potential to IT firms

Country	IT spend	India's penetration	Key segments
Canada	USD63 billion	~1.5 per cent	Enterprise applications, cyber security, healthcare IT
Europe	USD230 billion	<1.5 per cent	IT sourcing, BPM, IS outsourcing, CAD
Japan	USD235 billion	<1 per cent	CRM, ERP, Salesforce automation, SI
Spain	USD26 billion	<1.5 per cent	IT sourcing, SI
Mexico	USD29 billion	~4 per cent	IT sourcing, BPM
Brazil	USD47 billion	~2 per cent	Low level application management, artificial intelligence, R&D
China	USD105 billion	<1 per cent	Software outsourcing, R&D
Australia	USD48 billion	~4 per cent	Procurement outsourcing, infrastructure software & CAD

Source: Nasscom, TechSci Research



SUCCESS STORIES

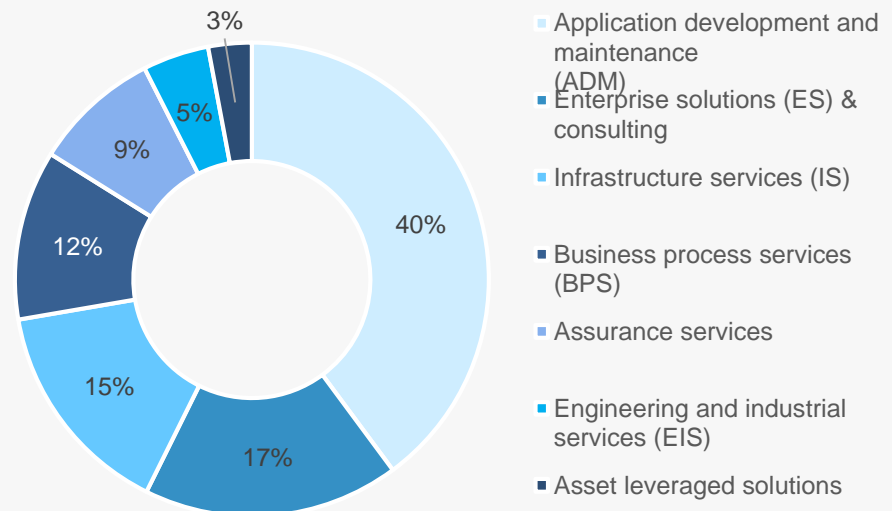
TCS: AN EMERGING GLOBAL IT MAMMOTH ... (1/3)

- * Established in 1968, Tata Consultancy Services (TCS) is an Information Technology (IT) services, consulting and business solution company. The company provides end-to-end technology and technology-related services to global enterprises. The company's business is spread across the Americas, Europe, Asia-Pacific, and Middle East and Africa (MEA)

Achievements:

- * 2016: Won three Silver Stevies at 14th Annual American Business Awards
- * 2015: Gold, Silver and Bronze Stevie® Winner at the American Business Awards
- * 2014: Gold and Silver Stevie® Winner at the American Business Awards
- * 2013: Won Best Performing Consultancy Brand Award in Europe
- * 2013: Received Red Hat North America Awards for System Integrator Partner of the Year

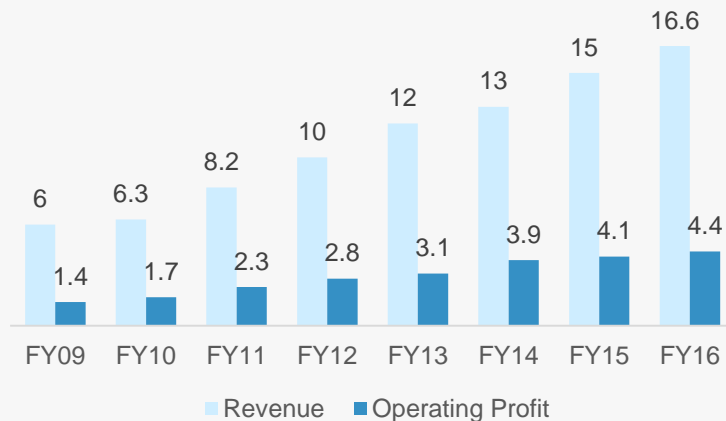
Segment-wise revenue breakdown (FY16)



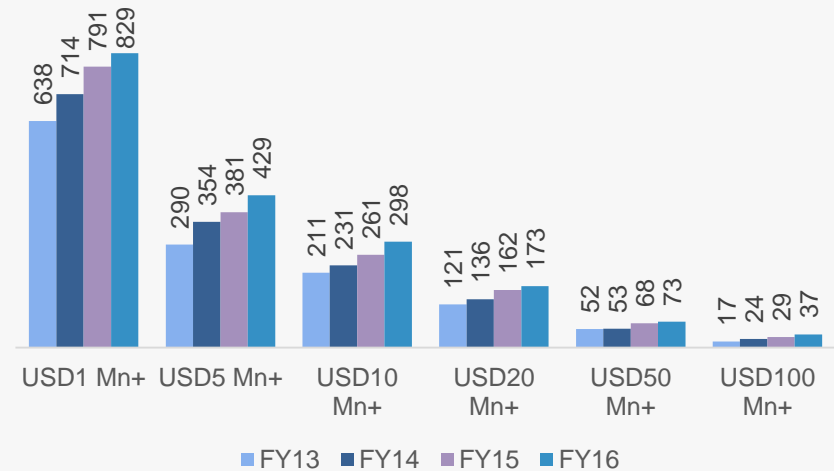
Source: TCS website and Annual Report, TechSci Research

TCS: AN EMERGING GLOBAL IT MAMMOTH ... (2/3)

Financial performance (USD Billion)



Number of Customers



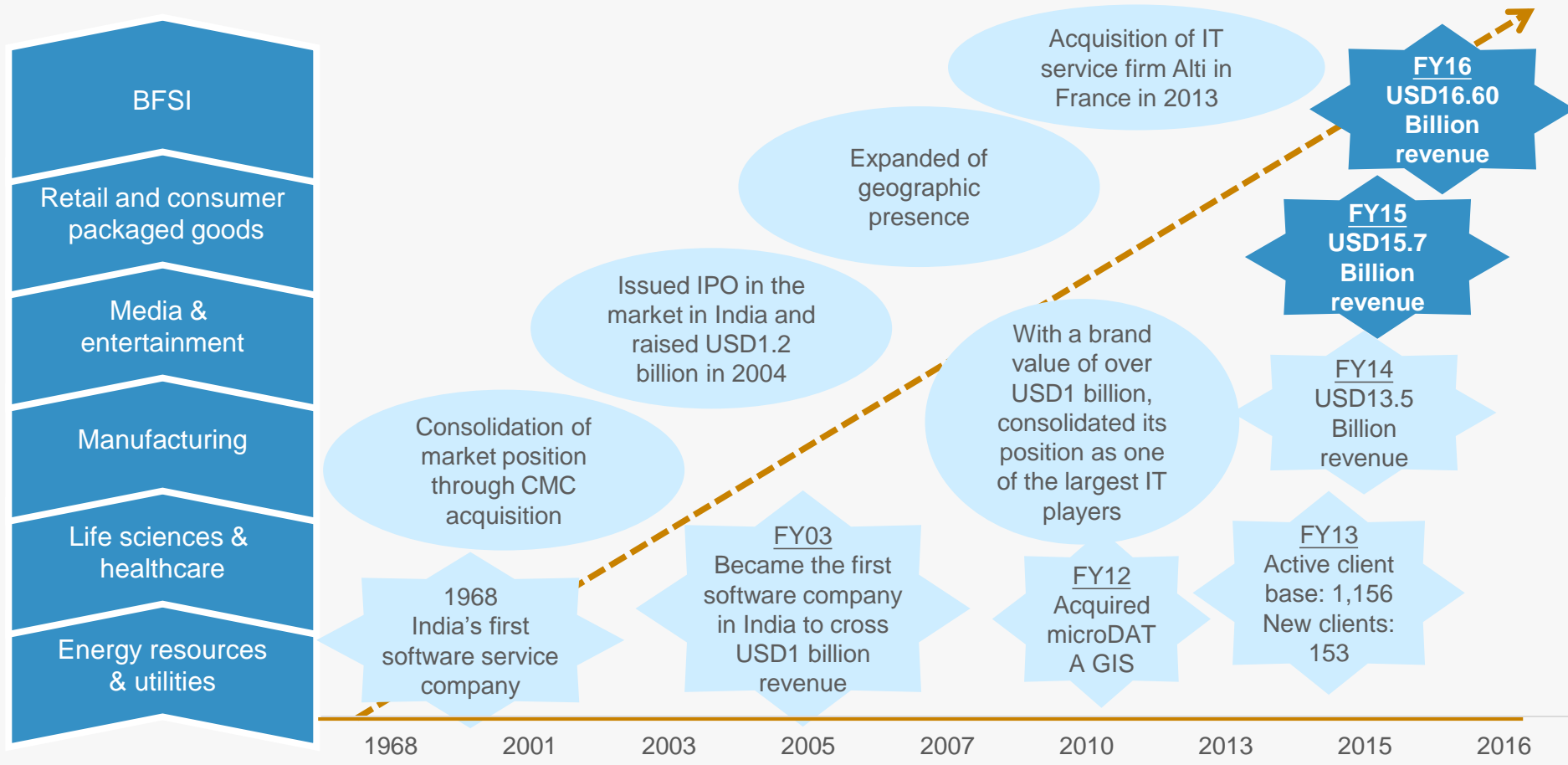
- * TCS accounts for nearly half of the Indian IT industry's combined market capitalisation
- * During the second quarter of FY 2016-17, the company reported a net profit of USD 989 million, showing a growth of 8.4 per cent.

Source: TCS website and Annual Report, TechSci Research

Leading IT players by revenue (FY16)

Company name	Revenue (USD billion)
TCS	16.6
Infosys	9.5
Wipro	7.8
HCL Tech	4.7
Tech Mahindra	4.04

TCS: AN EMERGING GLOBAL IT MAMMOTH ... (3/3)



Source: TCS website and Annual Report, TechSci Research

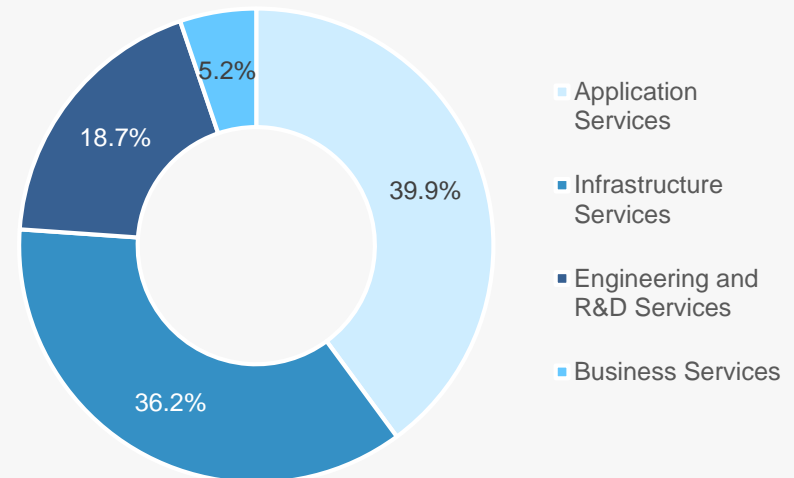
HCL: GROWING BY LEAPS AND BOUNDS ... (1/3)

- * Established in 1991, HCL Technologies Ltd is an IT services company providing enterprise and custom application, business transformation, infrastructure management, business process outsourcing and engineering services. The company's network of 26 offices is spread across the US, Europe and Asia Pacific

Achievements:

- * 2015: Won Golden Peacock Award for Occupational Health & Safety
- * 2015: Winner of CII - National Award for Excellence in Energy Management
- * 2015: Wins 2 CA Technologies Partner Awards
- * 2014: Received Best Governed Company Award from Asian Centre for Corporate Governance & Sustainability
- * 2013: Won IT Europa, European IT Excellence Awards and Asia Pacific Enterprise Leadership Award 2013

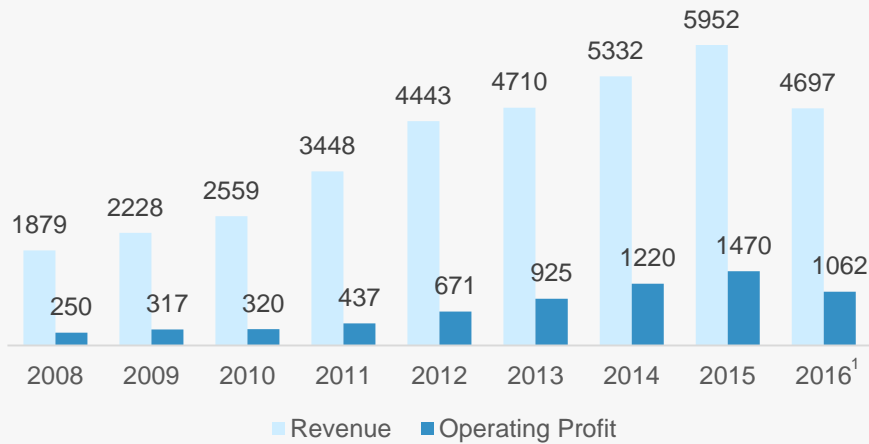
Segment-wise revenue breakdown (March 16)



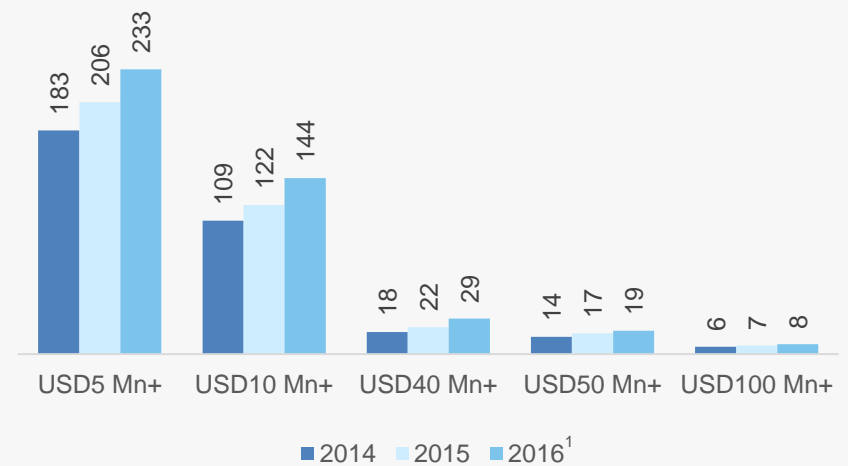
Source: HCL Technologies website and Investor Presentation, TechSci Research

HCL: GROWING BY LEAPS AND BOUNDS ... (2/3)

Financial performance (USD Million)

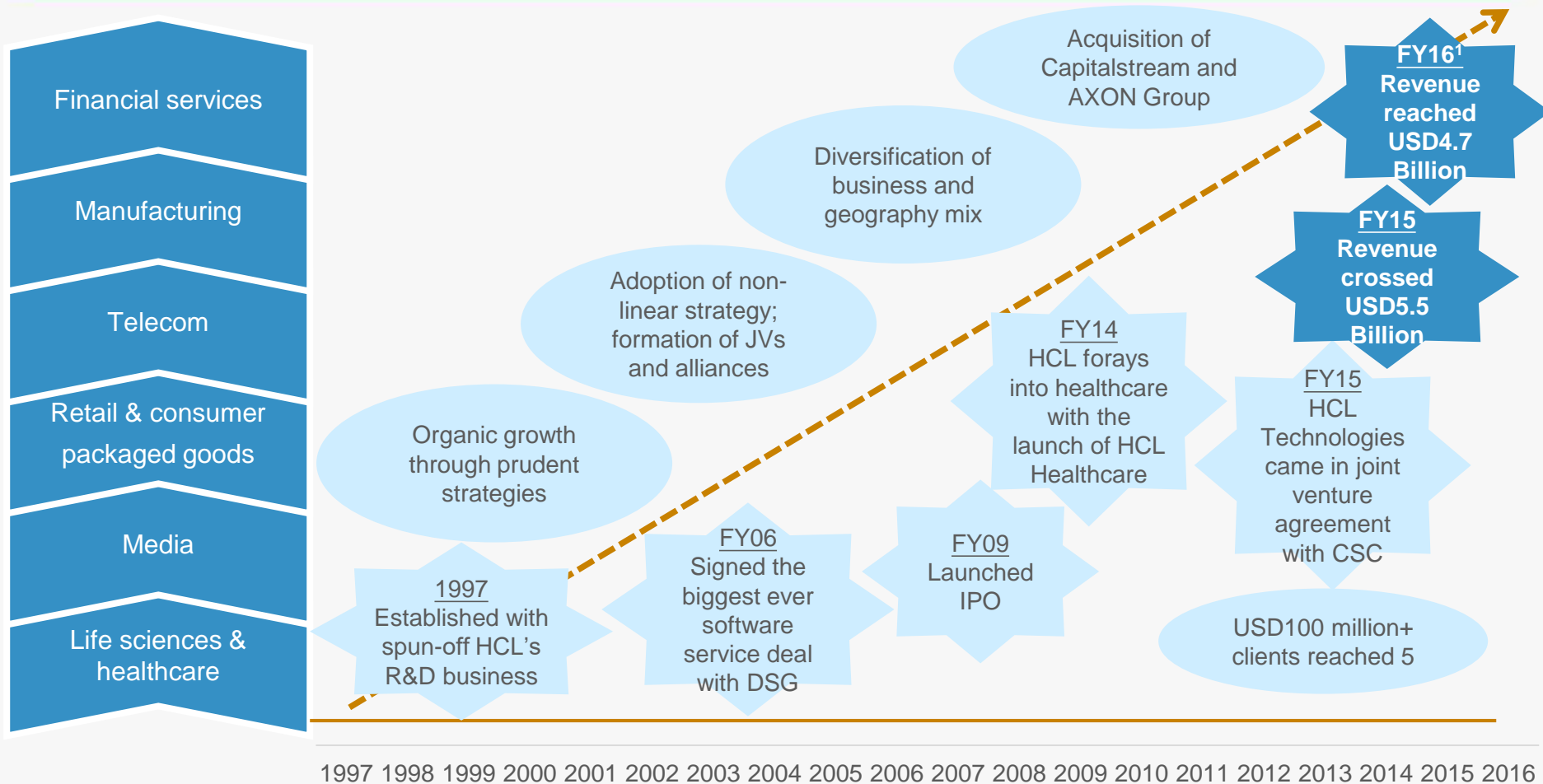


Number of customers



Source: HCL Technologies website, HCL Annual Report, HCL Investor Presentation, TechSci Research
Notes: 2016¹ – Data is till 31st March 2016

HCL: GROWING BY LEAPS AND BOUNDS ... (3/3)



1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016

Source: HCL Technologies website and Annual Report, TechSci Research
Notes: FY16¹ – Till the end of 3rd Quarter (31st March 2016)

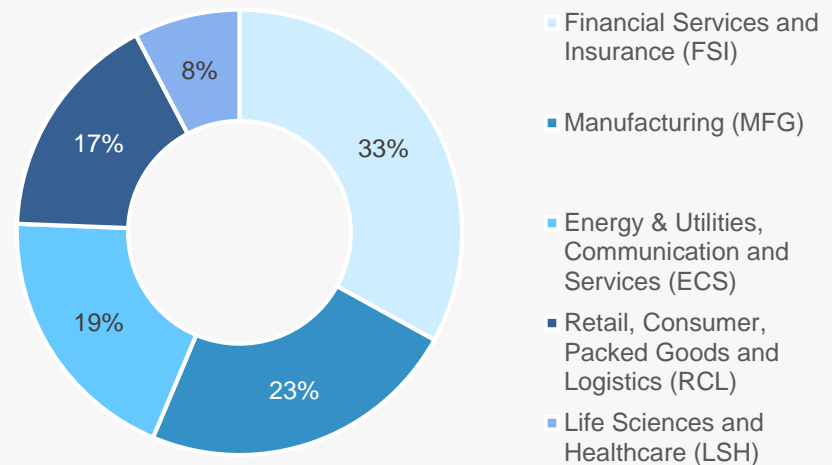
INFOSYS: EMERGENCE OF AN INDIA-BASED MNC ... (1/3)

- * Established in 1981, Infosys Limited is engaged in consulting, engineering, technology and outsourcing services. The company's end-to-end services include consulting and system integration. Infosys operates through 30 offices across India, the US, China, Australia, the UK, Canada and Japan

Achievements:

- * FY16: Revenue crosses USD9.5 billion
- * FY15: Revenue crosses USD8.7 Billion
- * 2016: Infosys was recognised with "Corporate Citizen of the Year" at 2015 Economic Times Award
- * 2015: Infosys would offer software solutions on Verizon Cloud for the U.S. Bank
- * 2015: Infosys completed the implementation of Smart Oilfield Services Solutions for FTS International
- * 2014: Infosys secured the "Green Energy Award" and "Gold Award" at the International Ashden Awards Ceremony
- * 2013: Ranked first in the annual Euromoney Best Managed Companies in Asia survey

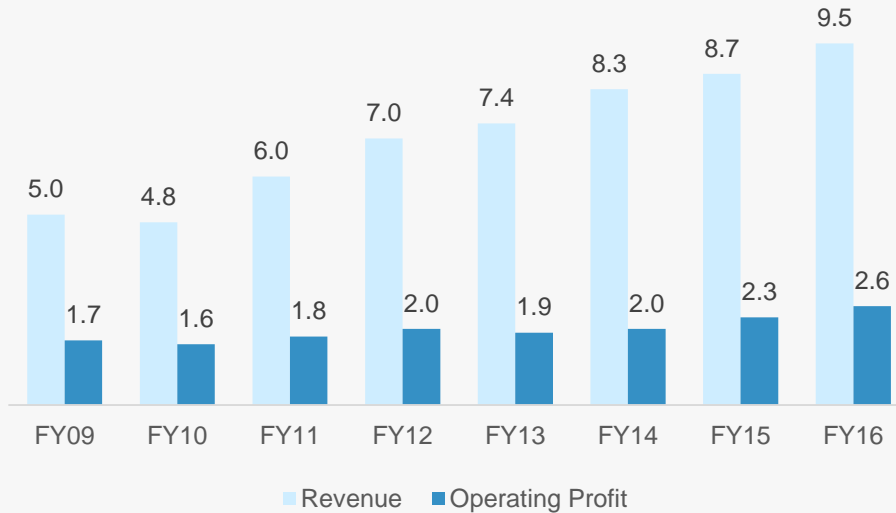
Segment-wise revenue breakdown (FY16)



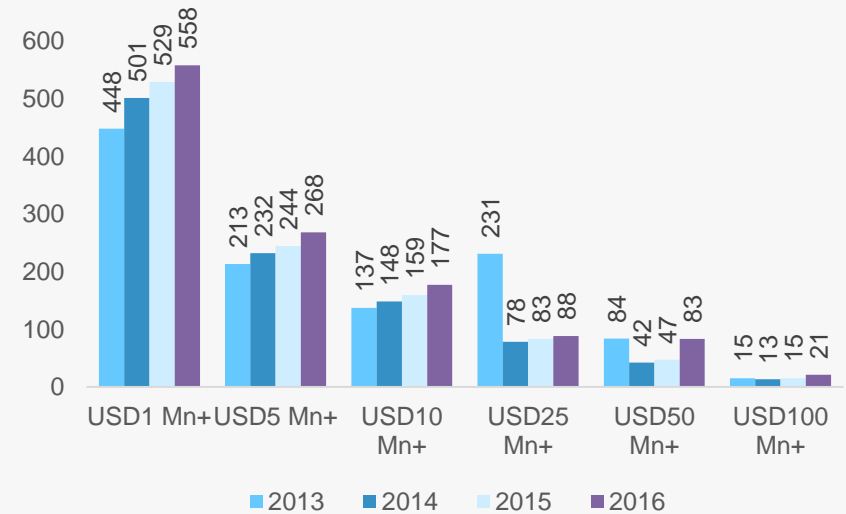
Source: Infosys website and Annual Report, TechSci Research

INFOSYS: EMERGENCE OF AN INDIA-BASED MNC ... (2/3)

Financial Performance (USD Billion)

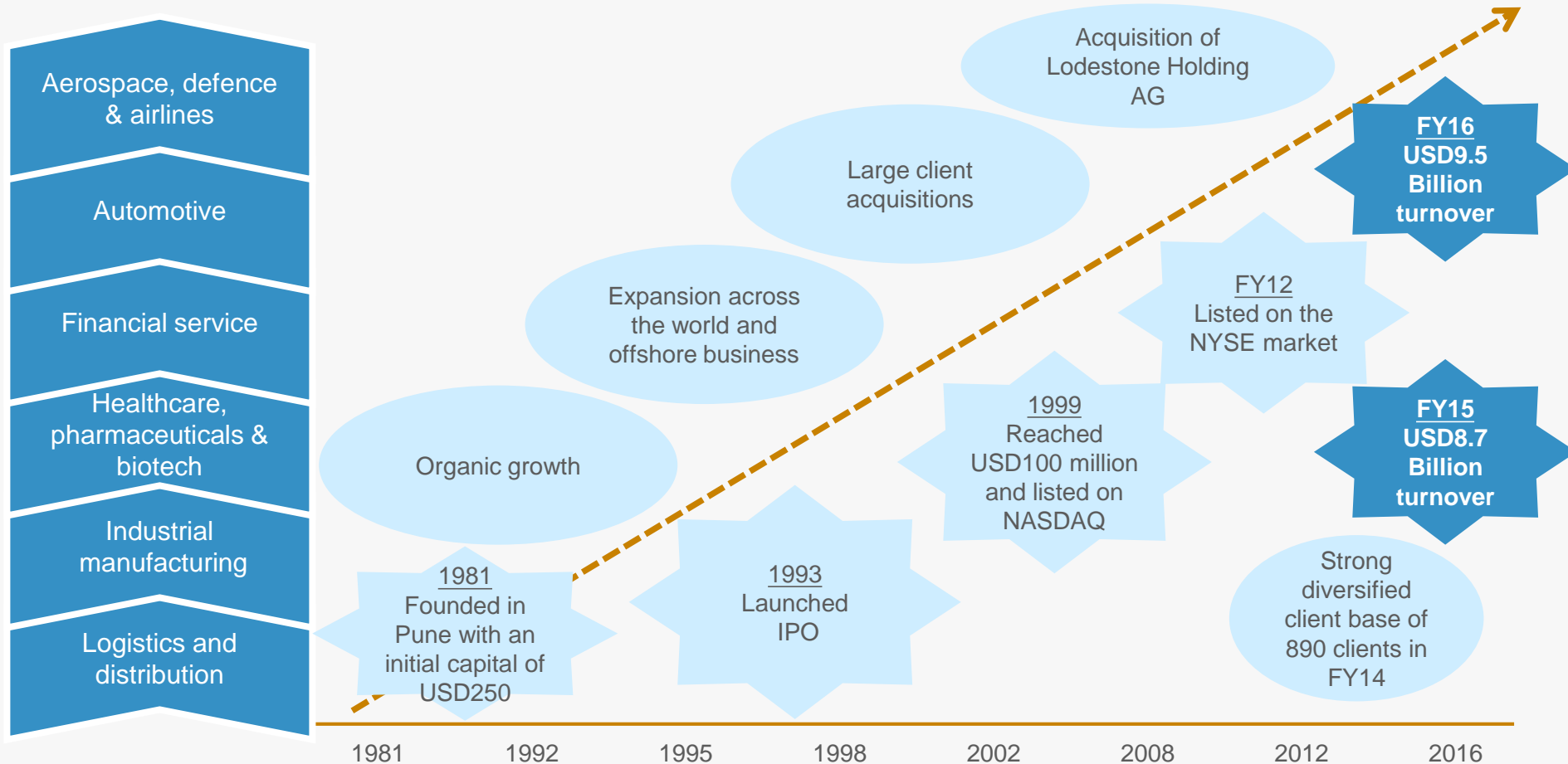


Number of Customers



Source: Infosys website and Annual Report, TechSci Research

INFOSYS: EMERGENCE OF AN INDIA-BASED MNC ... (3/3)



Source: Infosys website and Annual Report, TechSci Research



USEFUL INFORMATION

INDUSTRY ASSOCIATIONS

**National Association of Software and Services
Companies (NASSCOM)**

Address: International Youth Centre Teen Murti Marg,
Chanakyapuri, New Delhi – 110 021

Phone: 91 11 2301 0199

Fax: 91 11 2301 5452

E-mail: info@nasscom.in

- * **APAC:** Asia Pacific
- * **BFSI:** Banking, Financial Services and Insurance
- * **BPM:** Business Process Outsourcing
- * **CAGR:** Compounded Annual Growth Rate
- * **C&U:** Construction & Utilities
- * **FDI:** Foreign Direct Investment
- * **GOI:** Government of India
- * **INR:** Indian Rupee
- * **IT & ITeS:** Information Technology-Information Technology Enabled Services
- * **NAC:** Nasscom Assessment of Competence
- * **RoI:** Return on Investment
- * **ROW:** Rest of the World
- * **SEZ:** Special Economic Zone
- * **SLA:** Service Level Agreement

- * **SMB:** Small and Medium Businesses
- * **STPI:** Software Technology Parks of India
- * **T&M:** Telecom & Media
- * **T&T:** Travel and Transport
- * **USD:** US Dollar
- * **USP:** Unique Selling Proposition
- * **UT:** Union Territory
- * Wherever applicable, numbers have been rounded off to the nearest whole number

EXCHANGE RATES

Exchange rates (Fiscal Year)

Year	INR equivalent of one USD
2004–05	44.81
2005–06	44.14
2006–07	45.14
2007–08	40.27
2008–09	46.14
2009–10	47.42
2010–11	45.62
2011–12	46.88
2012–13	54.31
2013–14	60.28
2014-15	61.06
2015-16	65.46
2016-17 (E)	66.95

Exchange rates (Calendar Year)

Year	INR equivalent of one USD
2005	43.98
2006	45.18
2007	41.34
2008	43.62
2009	48.42
2010	45.72
2011	46.85
2012	53.46
2013	58.44
2014	61.03
2015	64.15
2016 (Expected)	67.22

Source: Reserve bank of India,
Average for the year

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