

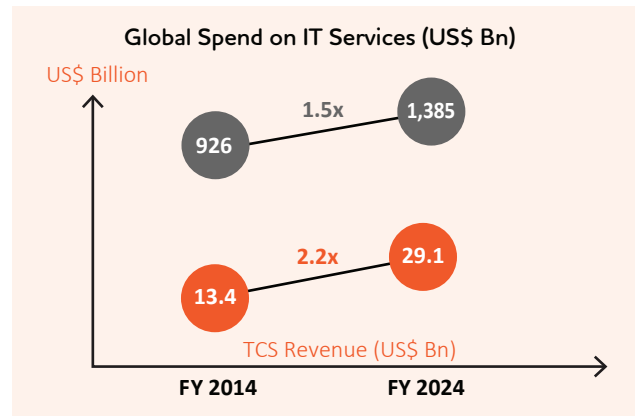
# Management Discussion and Analysis

## Overview of the Industry

The journey over the past few years has been eventful, starting with supply-chain disruptions in the aftermath of the pandemic, the Russia-Ukraine war that triggered a global energy and food crisis, and a considerable surge in inflation, followed by a globally synchronized monetary policy tightening. The global GDP is estimated to have grown at 3.2% in CY 2023, lower than 3.5% in CY 2022<sup>1</sup>, led by fears of a hard recession. Yet, despite many gloomy predictions, the world avoided a recession, the banking system proved largely resilient, and major emerging market economies did not suffer sudden stops. Economic growth has been stronger than expected in the second half of 2023 in the United States, and several major emerging market and developing economies. However, the rising momentum was not felt everywhere, with notably subdued growth in the euro area, reflecting weak consumer sentiment, the lingering effects of high energy prices, and weakness in interest-rate-sensitive sectors.

Unmet revenue expectations have ushered in a new wave of pragmatism where maintaining a healthy profit margin has become pivotal for corporations due to the uncertain macro-outlook. In extreme cases, organizations resorted to cost-cutting measures, such as reducing headcount and cutting discretionary spending, including IT services. Organizations taking a more rational approach are simply shifting the emphasis of ongoing IT projects toward cost control, efficiencies and automation while curtailing IT initiatives with longer Rols. Global technology spending on Enterprise software and IT services was close to the US\$2.3 trillion<sup>2</sup> mark in CY 2023, with IT services growing at 6.1% YoY to US\$1.4 trillion.

The global IT services industry continues to be a highly fragmented one, with even the largest provider having a mid-single digit market share. TCS is among the largest IT services providers globally, with a market share of **2.1%**. TCS' outperformance is significantly higher over the last decade.



The outperformance may be attributed to market share gains resulting from TCS' strategy on customer centricity, its agile organization structure, and a very stable leadership team; its investments in organic talent development, research and innovation, intellectual property, brand building, and in building newer capabilities that have helped expand wallet share with clients; and better execution resulting in greater customer satisfaction.

## TCS' Business An Overview

TCS is an IT services, consulting and business solutions organization partnering many of the world's largest businesses in their transformational journeys for the last 56 years. It has a global presence, deep domain expertise in multiple industry verticals and a complete portfolio of offerings – grouped under consulting and service integration, application services, digital transformation services, AI and cloud services, engineering services, cognitive business operations, and products and platforms – targeting every C-suite stakeholder.

The company leverages all these capabilities and its profound contextual knowledge of its customers' businesses to create bespoke, high quality, high impact solutions designed to deliver



<sup>1</sup> Nasscom, World Economic Outlook, IMF, April 2024

<sup>2</sup> Gartner

differentiated business outcomes. These solutions are delivered using its operating model which enables a highly distributed, Location Independent Agile™ delivery.

TCS geographic footprint covers North America, Latin America, the United Kingdom, Continental Europe, Asia Pacific, India and Middle-East Africa.

TCS considers industry verticals as its primary go-to-market business segments. The five key vertical clusters are: Banking, Financial Services and Insurance (BFSI), Communication, Media and Technology (CMT), Consumer Business, Life Sciences and Healthcare, Manufacturing and Others such as Energy, Resources and Utilities, Public Services and Products.

### Strategy for Sustainable Growth<sup>3</sup>

TCS has successfully navigated through multiple technology cycles since its inception, transforming and adapting each time to build relevant new capabilities and helping its clients realize the benefits of that innovative technology. TCS' responsiveness, agility and adaptability to change have been core to its longevity.

Customer-centricity is at the heart of TCS' strategy, organization structure and investment decisions. TCS has been broadening and deepening customer relationships by continually looking for new opportunities and newer areas in their businesses to add value, proactively investing in building capabilities, reskilling its workforce, and launching innovative services, solutions, products, and platforms to address those opportunities.

TCS is reinventing itself at a time of unprecedented change in the IT Services industry. Digital, AI and Cloud technologies are now business enablers, and core to the success of business, fueling the need for enterprise-wide transformation and continuous innovation.

Technology disruption is blurring traditional industry lines, making cross-industry expertise an imperative. Adaptation is *the* key to survival. TCS believes in the power of inspiration and invention to build greater futures and help in transforming industries. The company's research and innovation team apply scientific rigor and a collaborative mindset to solve pressing problems faced by industries and society.

Over time, this strategy has resulted in deep and enduring customer relationships, a vibrant and engaged workforce, industry-leading profitability, a steady expansion of the addressable market, and a proven record of accomplishment in delivering longer term stakeholder value.

### Enabling Investments

TCS has been at the forefront of every technology adoption cycle over the past several decades. The company has anticipated every technology change and invested in innovation, talent, intellectual property, and partnerships well in advance. TCS pioneered<sup>4</sup> the 'Default is Digital' approach to leverage the new family of technologies that emerged in the last decade. TCS was early to identify that decision making in enterprises

would increase in complexity and would require novel uses of digital technologies. Its research into Enterprise Digital Twins enables it to simulate enterprises in hi-fidelity and use AI for decision making. Backed by 10 years of research (started in 2013) and over 40 publications in top-tier journals, TCS launched an Enterprise Digital Twin product offering called TCS TwinX™. The multiple award-winning product today simulates enterprise decision making for several TCS customers.

Quick to recognize the potential of cloud, the company made investments ahead of time in launching new platform-based business models as far back as in 2009<sup>5</sup>, reskilling the workforce, research and innovation, building collaborative workspaces and innovation centers, intellectual property, and alliances and partnerships. TCS created a separate research group focused on 'Deep Learning and AI' in 2017 and identified 'AI' as a critical skill that every researcher should acquire. TCS has doubled down on partnerships in areas such as AI, Quantum Computing and Cybersecurity. These early investments have given TCS a head-start in being a partner in its customers' technology adoption lifecycles.

The exploration of innovative uses of GenAI has been a focal point for TCS Research this year. More details on TCS R&I investments during the year are available on Page 61 of Directors' Report in the section on **'Technology absorption, adoption and innovation'**.

TCS' dedication to innovation is evident with its dynamic intellectual property (IP) portfolio, which saw continual enhancement through the filing and granting of patents and the publication of research papers. TCS' IP portfolio has grown by a CAGR of over **13%** over the past decade. TCS is the largest patent filer in the industry category in India and has been honored with **42 IP awards** in the last 10 years, including winning the National IP Award 4 times in the last 7 years.

TCS' dedicated practice units around major hyperscalers have been steadily investing in training, certifications, credentials and in building solutions and intellectual property on their respective hyperscaler stacks. AI.Cloud Academy was launched to bring together initiatives from all Cloud and AI partners, and to drive talent transformation at scale with a theme "Making AI REAL" for TCS' customers. As on 31st March 2024, TCS had one of the world's largest AI/ML and GenAI trained workforce. AI Experience Zone, TCS's indigenous, multi-platform AI playground continues to develop employees with higher competencies in GenAI through Industry specific use cases integrated into programs and hackathons. One of the significant investments has been in building a multi modal, hyperscaler agnostic, domain catalogue enabled, pattern driven, multi orchestrator GenAI platform called TCS AI WisdomNext to help customers accelerate their GenAI journey.

In addition to the hyperscalers, TCS has also invested in building key partnerships with other major cloud and AI ecosystem partners, to bring best of GenAI offerings to TCS' customers. TCS has invested in deep dive technical training along with hands-on sessions to help upskill existing employees thereby empowering

<sup>3</sup> GRI 2-22

<sup>4</sup> Ref AR FY 2012, MD&A, Pages 25, 29

<sup>5</sup> Ref AR FY 2010, Letter from CEO, Page 7

them to leverage technology as part of ongoing delivery. TCS has launched AI Academy and the AI Experience Zone platform for experiential AI/ML and GenAI talent development. TCS has launched several PoVs on how the industry value chains including personas involved can be transformed using the power of GenAI. TCS also has significantly invested in onboarding 150+ horizontal and vertical solutions on hyperscaler platforms in a cloud native manner augmented with GenAI capabilities.

As TCS transforms industries, building momentum requires continuous perseverance, flawless execution against the company's strategic priorities: **Customer Centricity and Employee Empathy.**

#### TCS' Strategic Responses to Opportunities and Threats

Opportunity / Threat	TCS Approach	Outcomes
Macroeconomic uncertainty and geopolitical volatility impacting decision making and prompting an increased mix of cost optimization and cloud transformation-led deals and reduced discretionary spend	<ul style="list-style-type: none"> <li>Proven track record in helping enterprises reduce their cost of operations.</li> <li>Proactive pitching of IT and business operating model transformations that deliver greater efficiency, enhance enterprise agility, resilience and better output.</li> <li>Leveraging full services capability and deep client relationships to propose product-aligned operating models.</li> <li>Use of TCS Cognix™ to accelerate operations transformation, using over 600 pre-built automation components that infuse AI/ML and other technologies into IT and business processes to reduce human intervention, increase velocity and productivity.</li> </ul>	<ul style="list-style-type: none"> <li>Strong deal flow resulting in a robust order book that gives better visibility of medium to long-term growth.</li> <li>Market share gains in vendor consolidation led deals.</li> <li>Efficiency gains helping fund client's transformation programs in some instances.</li> <li>TCS Cognix recognized as a means of driving quicker realization of RoI.</li> </ul>
Greater interest in using technology to drive business growth and differentiation	<ul style="list-style-type: none"> <li>Focused on developing contextual knowledge and applying that for inside-out transformations.</li> <li>Continued investments in research and innovation, TCS Pace Ports, and intellectual property.</li> <li>Dedicated practice with domain experts to bring together TCS' differentiated capabilities from across the organization to stitch together comprehensive solutions.</li> <li>Proactive pitching of solutions to customers' most pressing business problems.</li> <li>Refocused on industry expertise, as well as technology and service lines, increased investment in regional markets to diversify portfolio.</li> <li>Nation building programs which add to capabilities and credentials.</li> <li>Deepened partner ecosystem for joint go-to-market strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of addressable market.</li> <li>Higher quality revenue, lending margin resilience.</li> <li>More deeply embedded in the client's business.</li> <li>Engaging with a broader set of buyers in the client organization.</li> <li>Higher visibility within C-Suites.</li> </ul>

Opportunity / Threat	TCS Approach	Outcomes
Strategic technology investments	<ul style="list-style-type: none"> <li>Set up the <b>AI.Cloud</b> unit bringing both Cloud and AI capabilities together to drive transformations for the customer under a <b>‘Responsible AI’</b> framework; invested in <b>Intrapreneurial teams</b> to discover the art of the possible.</li> <li>Continued investment in skill building, certifications, credentials, IP and accelerators.</li> <li>Made available TCS products and solutions on public clouds.</li> </ul>	<ul style="list-style-type: none"> <li>Strong growth in cloud migration and transformation revenues.</li> <li>Working on 250+ PoCs and PoVs in Assist and Augment use cases, few programs moving into production.</li> <li>Top tier partner to each of the hyperscalers.</li> <li>Preferred partner to clients seeking to use cloud native capabilities to power their business transformation.</li> <li>Over half of the workforce trained in AI/ ML and GenAI technologies.</li> </ul>
Greater acceptance of as-a-Service platforms	<ul style="list-style-type: none"> <li>Strengthened alliances and launched new offerings around the popular and new SaaS products.</li> <li>Helped ISV* clients upgrade their products to launch new SaaS versions.</li> <li>Partnering with product manufacturers to help launch innovative as-a-Service offerings using TCS Bring Life to Things IoT framework.</li> </ul> <p><b>TCS IP:</b></p> <ul style="list-style-type: none"> <li>Promoted SaaS versions of in-house product portfolio, now available on hyperscaler platforms.</li> <li>Used IP portfolio to launch new platforms that bundle IP and shared services on the cloud.</li> </ul>	<ul style="list-style-type: none"> <li>Outperformance and differentiated growth compared to peers.</li> <li>Stronger win-win partnerships.</li> <li>Expansion of addressable market.</li> <li>Strong growth in SaaS sales.</li> <li>Platforms drive stickier relationships, with long term revenue visibility.</li> </ul>

\* Independent Software Vendor

### Talent Management

TCS is a talent and innovation led organization that aims to attract, develop, motivate, and retain diverse talent, which is critical for its competitive differentiation and continued success. TCS strives to create a vibrant workplace and an engaged workforce by encouraging four behaviors: *follow your passion, stay hungry, commit to lifelong learning, and thrive together.*

In FY 2024, the total employee base of TCS was **601,546**, representing 152 nationalities, with 35.6% women in the workforce.

### Talent Acquisition

The company remains the preferred employer and one of the largest job creators in IT services in several major markets, for both freshers and lateral hires. FY 2024 has been yet another vibrant year for Talent Acquisition with strong business partnerships to meet talent requirements proactively, at scale and on-demand.

### Key Achievements:

- Hiring during the year:** During the year, the company's hiring strategy included a mix of physical campus visits, candidates hired through its National Qualifier Test (NQT)

and focused hiring from top B-schools. TCS continues with internship and placement offers as part of the Strategic Leadership Program.

- TCS Academic Interface Program (AIP)** continued to engage with faculty and students through focus group connections, workshops, faculty development programs and other campus outreach activities. In FY 2024, TCS engaged with over **194,000 students** and about **17,500 faculty members** in nearly **1,200** partner academic institutes across the world. More than **1,500** interns were engaged during the year.
- TCS Sangam:** “Meeting of Minds” is TCS’ flagship event celebrating industry-academia collaboration. Sangam 2024 saw participation from more than **80** leading academicians including distinguished Vice Chancellors and Directors representing a diverse group of institutions including IITs, NITs, IIMs, and premium institutions.

### Talent Development

Building a future-ready workforce is one of the top priorities for Talent Development. In FY 2024 several key initiatives were launched to inculcate a strong engineering culture among the company's employees and build deeper skills in market relevant technologies and create an AI ready workforce.

### Few notable programs:

- **#IamGenAIReady** – Intense focus on building GenAI capabilities with a goal to make “Every TCSer GenAI ready by 2025”. TCS exceeded its initial targets and now has one of the world’s largest AI/ML and GenAI Ready workforce across the world.
- **Building a Strong Engineering Culture:**
  - **Software Engineering** - Reinforcing clean coding and assuring best engineering practices.
  - **Secuware** training program to create deep understanding of secure coding and configuration practice across Application, Network, Cloud and Data Systems.
- **TCS Elevate:** TCS’ pioneering program linking learning to career growth and reward covered over **423,000** employees. More than **35,200** employees were identified as high talent and saw an increase in their compensation.
- **TCS Contextual Masters:** TCS’ program to identify tenured employees with contextual knowledge of the customer’s business and technology landscape, continues to expand with over **73,000** Contextual Masters who are being groomed to be next generation transformation leaders.

### Key Metrics:

- More than **147,000** external certificates were acquired in FY 2024.
- TCS continued its focus on leveraging internal talent through upskilling and cross skilling for growth opportunities. In FY 2024, **33%** of job requirements were fulfilled through grooming its internal talent.

### Talent Transformation

TCS is building a culture of mentoring and promoting it through systemic intervention programs, and the company now has over **36,000** mentors.

TCS has multiple initiatives to help employees achieve career growth and aspirations.

- **iConnect** – Collaboration tool designed to help employees reach out to senior mentors for guidance on career paths. More than **103,000** iConnect sessions were initiated.
- **Xcelerate**- TCS’ in-house career guidance system, which guides TCSers to share their career aspirations. The portal saw more than **462,000** aspirations recorded in FY 2024, and over **26,300** have met their aspirational roles.
- Over **135,000** TCSers initiated their **360-degree inclusive feedback** process, with team members, peers and managers being nominated as participants to give feedback on their skills and attributes. This engagement provides strong impetus toward overall talent transformation at each individual level.

### Competitive Compensation

Compensation levels are merit based, determined by qualification, experience levels, special skills if any, and individual performance. Compensation structures are driven by prevailing practices in each country that TCS operates in. The merit based, democratized, transparent talent framework – **Elevate**, is designed to establish a tighter linkage between learning, skill development, career, and reward. The company regularly benchmarks its compensation plans and benefits with the market to ensure competitiveness.

Across the enterprise, remuneration is the same for men and women working full-time, in the same grade, in the same role, and at the same location.

### Talent Engagement

In FY 2024, focus was on value-driven, and positive wellbeing of the employees to increase pride and belongingness. The key initiatives driven for impact were manager sensitization workshops for culture assimilation, joiners’ talent integration, career growth and total wellbeing of the employees.

With TCS encouraging 100% employees returning to work, various programs are being run to enable higher levels of engagement. Employees were engaged through town halls and project confluences with an emphasis on **Living my Values, Build my Career and Lifelong Learning**. The company enabled more than **33,000** one-on-one mentoring sessions and over **255,000** one-on-one HR career conversations.

**Family Day:** The Family Day Fiesta is a well-thought-out endeavor to strengthen bonds, instill pride, and propagate the #OneTCS culture. The event provides an open invitation for family members to step into TCS offices, allowing them to experience the work environment firsthand. It was celebrated across 14 India locations, with over 300,000 people taking part with great enthusiasm.

Other engagement and collaboration platforms in TCS include:

- **Knome, KnowMax, GEMS:** Platforms for social collaboration within the organization, learning, sharing and for rewards and recognition.
- **Safety First:** Initiative focused on employee safety and security.
- **TCS Cares:** Aims to build an emotionally strong and mentally resilient workforce through sensitization, easy access to self-help and counselling. More than **24,000** counselling sessions were availed globally and over **40,000** employees attended TCS Cares webinars globally.
- **Fit4life:** Builds a fraternity of health and fitness conscious employees and creates a culture of fitness.
  - **Health & Wellbeing:** **140,000** active users contributed total 50 million+ kms.
  - **Yoga:** Over **45,000** employees took part in practicing Yoga.



- **PULSE:** Pulse 2023 recorded an enthusiastic participation with more than **82%** of employees taking the survey. TCS has achieved a Satisfaction Index of **79.0** and Engagement Index of **80.0**.

#### Purposeful People Policies

Key policies introduced in FY 2024 include:

- **Policy on Flexible Work Arrangements** extended the scope of the existing policy to provide necessary support and flexibility to all employees (inclusive of fathers/non-birthing parents) who are primary caregivers of young children, post childbirth or adoption of a child.
- Considering TCS has a considerable workforce below 40 years of age, TCS encouraged employees to prioritize their health and fitness, and revised its **TCS India Policy – Preventive Health Screening**, to extend the scope of the existing policy to employees under the age of 40 years.

#### Employee Retention

TCS' values-driven culture, progressive HR policies, and philosophy of investing in people and empowering them have been integral in creating a culture of belonging. The company's philosophy of grooming leadership from within and giving the first right of refusal to internal talent for new open positions, inspires higher levels of loyalty to the organization. This has resulted in a very strong, deeply acculturated mid-layer with long tenures in the company. They have played a pivotal role in integrating new talent and have added significant value through their contributions and contextual knowledge.

The company's employee friendly policies and processes, collaborative and inclusive work environment, investment in learning platforms and providing vibrant learning and career growth opportunities have helped it remain a benchmark in talent retention. IT services' attrition trended down throughout the year and was **12.5%** for FY 2024. At TCS, three months' notice is required from either side for termination<sup>6</sup>.

#### Return to Office

TCS is built on deep engagement with its diverse and distributed workforce, instilling in them a sense of purpose as well as a sense of belonging and pride. Return to Office (RTO) is a key priority to better integrate new joiners and stay deeply engaged with all its people, thereby fostering 'TCS Culture' and the 'TCS Way'. This is vital for employees to "experience" the workplace ecosystem. RTO has been the key priority to better integrate new joiners and stay deeply engaged with all its employees.

TCS has approximately 55% of its employees working from the office on all working days of the week.

#### Culture and Diversity

TCS is an equal opportunity employer and has a well-defined and progressive Diversity, Equity and Inclusion (DEI) policy embracing all diversity parameters which includes gender, marital status, religion, race/caste, colour, age, ancestry, nationality, language, ethnic origin, socio-economic status, physical appearance,

disability, sexual orientation, gender identity and/or expression and any other category protected by applicable law.

TCS recognizes that a diverse and inclusive workforce is necessary to drive innovation, foster creativity, and guide business strategies. Other highlights include:

- **iExcel:** TCS' flagship executive leadership development program for women completed 24 editions, benefiting over **1,700** women leaders.
- **Client engagement:** Allies of Diversity is a program where senior leadership from client organizations are invited to share diversity best practices. Engagement with 100 C-Suite leaders and 80 different client organizations has been completed to date.
- **Education and Sensitization:** TCS has mandatory online training designed to sensitize employees on key concepts of DEI. More than **500,000** employees completed this in FY 2024.
- **Employee Resource Groups:** Platforms for under-represented communities and their allies to share concerns, experiences, stories and strategic solutions. TCS has 13 voluntary, employee-led groups that have come together based on shared diversity identity characteristics or interest.
- **Champions of Equity:** This campaign was created to ensure a fair and inclusive culture in the workplace. A Champion of Equity is someone who treats everyone with fairness and transparency and holds a strength-based approach towards every individual, culture, and system.
- **Supplier Diversity:** TCS has a Supplier Diversity Program that identifies certified diverse suppliers that can provide competitive, high-quality goods and services whose business model is aligned with the company's business strategy.

#### Occupational Health and Safety

TCS has a well-defined Occupational Health and Safety (OHS) policy and supporting processes to ensure the safety and well-being of its employees. Safety lead and lag indicators are measured across the organization and reported. The Stakeholders' Relationship Committee in the Board reviews the company's health and safety performance half-yearly. **89.6%** of the workforce is represented in joint management-employee health and safety committees that monitor, advise, and drive occupational, health and safety initiatives.

TCS is certified to ISO 45001:2018 Occupational Health and Safety Management System standard across **129** of its facilities worldwide covering **84.9%** of delivery centers corresponding to 89.6% of people footprint operating from these locations. General safety awareness (fire safety, office safety, road safety etc.) and safety incident reporting awareness was provided to employees through monthly themes and campaign initiatives. The company continued to focus on creating ergonomic awareness including correct postures and workstation stretches for an office-based work environment through the ergonomic campaigns and periodic webinars. There were also several fitness programs, including yoga and meditation practices, mental health and wellbeing which drew employee participation.

<sup>6</sup> GRI 402-1

## Financial Performance Overview

The discussions in this section relate to the consolidated, Rupee-denominated financial results pertaining to the year that ended March 31, 2024. The financial statements of Tata Consultancy Services Limited and its subsidiaries (collectively referred to as 'TCS' or 'the Company') are prepared in accordance with the Indian Accounting Standards (referred to as 'Ind AS') prescribed under section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, as amended from time to time. Significant accounting policies used in the preparation of the financial statements are disclosed in the notes to the consolidated financial statements.

The following table gives an overview of the consolidated financial results of the company:

(₹ crore)

	FY 2024*			FY 2024		FY 2023	
	Amount	% of Revenue	% Growth	Amount	% of Revenue	Amount	% of Revenue
Revenue from operations	240,893	100.0	6.8	240,893	100.0	225,458	100.0
Earnings before interest and tax (EBIT) (Before other income)	59,311	24.6	9.4	58,353	24.2	54,237	24.1
Profit after tax attributable to shareholders of the company	46,585	19.3	10.5	45,908	19.1	42,147	18.7
Earnings per share (in ₹)	127.74		10.9	125.88		115.19	

### Analysis of revenue growth and margin performance

On a reported basis, TCS' revenue grew **6.8%** in FY 2024, compared to 17.6% in the prior year. The company's performance showed a remarkable resilience against the backdrop of macro uncertainty and geo-political volatility. Demand for TCS' services, particularly around cloud adoption, cost optimization, vendor consolidation and operating model transformation, resulted in record deal wins. The newly won deals conversion into revenue continued as expected, but the revenue inflows kept getting neutralized by reduction in the existing revenue base as some of the earlier projects got completed, optimized, or in some cases, downsized. This led to overall muted revenue growth in FY 2024.

EBIT margins were **24.6%\*** in FY 2024, compared to 24.1% in the previous year. Margin improvement was led by improved productivity, better utilization and reduction in subcontractor expenses.

Average currency exchange rates during FY 2024 for the three major currencies are given below:

Currency	Weightage (%)	FY 2024 ₹	FY 2023 ₹	% Change YoY
USD	53.3	82.83	80.74	2.6
GBP	14.4	104.07	96.98	7.3
EUR	11.1	89.80	84.01	6.9

Movements in currency exchange rates through the year resulted in a positive impact of **3.4%** on the reported revenue. The constant currency revenue growth for the year, which is the reported revenue growth stripped of the currency impact, was **3.4%**.

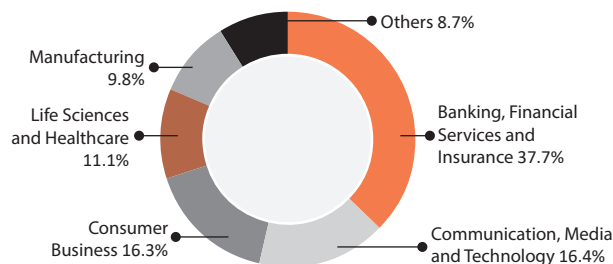
Growth attributable to	FY 2024 (%)	FY 2023 (%)
Business growth	3.4	13.7
Impact of exchange rate	3.4	3.9
<b>Total Growth</b>	<b>6.8</b>	<b>17.6</b>

\* Excludes settlement of legal claim

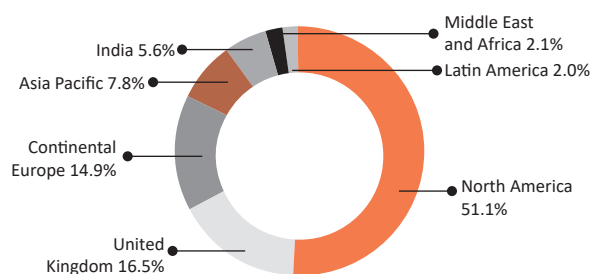
## Segmental Performance

The revenue break-up by Industry Vertical and Geography is provided below:

### Revenue by Industry Vertical



### Revenue by Geography



Segment revenues, year on year growth, a brief commentary and segment margins are provided below:

Industry Vertical	Segment Revenue FY 2024 (FY 2023) ₹ crore	YoY Revenue Growth %	Key Demand Drivers <sup>7</sup>	Segment Margin FY 2024 (FY 2023) %
Banking, Financial Services and Insurance	90,928 (86,127)	5.6	<ul style="list-style-type: none"> <li>Customer journey transformation, payment modernization, new products and services creation with simultaneous transformation of core systems, legacy modernization, and systems of engagement.</li> <li>GenAI / AI for hyper personalization, fraud detection, AI-driven advisory and customer support.</li> <li>Sustainability and climate change initiatives, green lending, ESG regulatory compliance.</li> <li>Service Reliability Engineering, implementation of future-ready target operating model.</li> </ul>	25.9 (25.9)
Communication, Media and Technology	39,391 (37,653)	4.6	<p>Communication, Media and Information Services:</p> <ul style="list-style-type: none"> <li>5G and fiber rollout, digital product innovation, smart bundling, network virtualization, product and platform engineering.</li> <li>Steady adoption of GenAI, autonomous networks, automated content creation, contact center transformation, marketing personalization, field operations productivity, software engineering, ecosystem play.</li> </ul> <p>Technology and Services:</p> <ul style="list-style-type: none"> <li>Product innovation- Digital platform led businesses, Next-gen communication tech (5G and Satellite Communication), AI platforms, faster and efficient chips, cloudification of the engineering environment.</li> <li>Enabling new business models- Everything-as-a-service (XaaS), Subscription-based services (SaaS), transition to direct channels.</li> <li>Digital core transformation- Next generation cloud ERPs, PLM, CRM to standardize, simplify and scale business, cloud data engineering and analytics.</li> </ul>	27.7 (28.3)

<sup>7</sup> Only industry specific drivers are listed. In addition, every industry vertical saw demand for TCS' services arising from IT estate rationalization, core platform simplification, application and data modernization, ERP modernization, cloud adoption and infrastructure modernization, hybrid cloud strategies, hyper automation, cloud enablement, cloud migration, data democratization, data compliance and protection, IT infrastructure modernization, employee experience redesign, digital workplace transformation, cyber security, intelligent automation, business and IT operating model transformation, agile and DevOps adoption, digital marketing and analytics, mergers, acquisitions and divestitures, supply chain transformation, vendor consolidation and cost optimization. Also, there is an increasing interest in Gen AI led value chain transformation.



Industry Vertical	Segment Revenue FY 2024 (FY 2023) ₹ crore	YoY Revenue Growth %	Key Demand Drivers <sup>7</sup>	Segment Margin FY 2024 (FY 2023) %
Consumer Business	39,357 (37,506)	4.9	<p>Retail and Consumer Packaged Goods:</p> <ul style="list-style-type: none"> <li>Marketplace, social commerce, future stores, Retail media networks, payments.</li> <li>Smart checkout, smart shelves, smart manufacturing, sustainability, AI-enabled pricing.</li> <li>Resilient and intelligent supply chain, track and trace, last-mile delivery, intelligent inventory management, green labelling.</li> <li>Seamless and unified customer experience across channels (omni-channel), hyper personalization, CX and recommendations, AI for apparel design.</li> </ul> <p>Travel, Transportation and Hospitality:</p> <ul style="list-style-type: none"> <li>Retailing in airlines, new distribution capability, decision intelligence.</li> <li>Automation and self-service, touchless experience, digital identity solutions, maintenance drones, autonomous vehicles, and robotics.</li> <li>Warehouse robotics, intelligent shipment planning, last mile delivery, real-time insights driven operations, AI-enabled pricing, end-to-end shipment visibility in logistics.</li> <li>Safe and sustainable travel.</li> </ul>	26.0 (25.7)
Life Sciences and Healthcare	26,745 (24,605)	8.7	<p>Life Sciences:</p> <ul style="list-style-type: none"> <li>Modernization of clinical landscape to accelerate launch of new medicines, repurpose medicines and reduce cost of clinical trials.</li> <li>Digital twin for manufacturing and factory of the future.</li> <li>GenAI to empower knowledge synthesis and high precision in contextual information discovery.</li> <li>S/4 Hana led enterprise transformation.</li> </ul> <p>Health Care:</p> <ul style="list-style-type: none"> <li>AI driven agility in decision making and increasing efficiency across the ecosystem.</li> <li>Patient experience, new business models in value-based care, remote care, and care in new settings.</li> <li>Structural changes to address access to care, experience, quality and affordability, transparency and trust, holistic health.</li> </ul>	28.5 (28.0)

Industry Vertical	Segment Revenue FY 2024 (FY 2023) ₹ crore	YoY Revenue Growth %	Key Demand Drivers <sup>7</sup>	Segment Margin FY 2024 (FY 2023) %
Manufacturing	23,491 (21,236)	10.6	<ul style="list-style-type: none"> <li>Sustainable fuels, sustainable transportation, sustainable materials, circular economy.</li> <li>Connected Autonomous Vehicles, Advanced Driver Assistance Systems.</li> <li>Resilient supply chain, parts track and trace, D2C.</li> <li>Vertical farming, precision agriculture.</li> <li>Battery technology, Electric vehicles.</li> <li>Connected assets and smart plants, factory twin, plant safety and modernization, energy efficiency and decarbonization, emission tracking and monitoring.</li> <li>GenAI as an enabler across the value chain, specifically in the areas such as sales cycles, product design and development.</li> </ul>	30.9 (27.5)
Others	20,981 (18,331)	14.5	<ul style="list-style-type: none"> <li>Renewable integrations in the grid and associated system changes.</li> <li>Asset performance management.</li> <li>Accommodate the next generation of field workers.</li> </ul>	22.3 (21.1)

### Business Outlook

Global growth estimated at 3.2 percent in 2023 is projected to continue at the same pace in 2024 and 2025<sup>8</sup>. With disinflation and steady growth, the likelihood of a hard landing seems to have receded, and risks to global growth seem broadly balanced.

The uncertainty seen through last year is expected to persist for the next few quarters. Capex investments are projected to remain subdued as enterprises focus on maximizing returns from existing investments, resulting in muted spending on infrastructure, software, and services. Cessation of hostilities and successful control of inflation can be the triggers for recovery which will stimulate global demand. This, in turn, should prompt customers to resume spending on discretionary products and services.

Despite challenges, spending on IT services has been resilient so far. Cloud technologies have become the mainstay of an enterprise's agenda and key to achieving sustainable growth. As a unifying digital hub that brings multiple other technologies to life, cloud has accelerated digital and business transformation over the last fiscal. The higher level of uncertainty in the business environment has made clients more receptive to proactive proposals around IT and business operating model transformations that can not only deliver significant efficiencies but also help them become more agile and resilient. All this has resulted in a record order book for FY 2024, at US\$42.7 billion. Global IT Spending is expected to increase 8% in 2024<sup>9</sup>, with enterprises emphasizing on organizational efficiency and optimization.

Last year saw GenAI seemingly at the heart of every strategic discussion. Fueled by cloud, this combination of AI capabilities is creating new possibilities and new opportunities. Firms will

continue to invest heavily in technology to enhance efficiency, security, and customer experience. Rise in spend is expected in cloud computing, ecosystem play and GenAI leading to better resilience and new customer value creation. Cybersecurity will remain a top priority, driving demand for advanced threat detection and prevention solutions.

All the above factors provide growth visibility over the medium to long term amid near-term uncertainty. If the delayed decision-making and cash conservation seen in some segments through FY 2024 continues into the next fiscal year, it could lead to a moderation in growth in FY 2025.

Key demand drivers expected to power the company's growth in FY 2025 include:

- **Technology transformation:** IT infrastructure modernization, cloud enablement, application and data estate modernization, cloud migration and transformation; data centre and collocated data support; SaaS adoption; digital workplace; digital twins; cyber security; ERP modernization; low-code no-code; 5G/Edge and AI adoption.
- **Business Transformation:** Customer experience transformation using personalization, omnichannel implementation, immersive experiences using XR/ Metaverse; product and business model innovation; supply chain modernization; M&A integration / divestitures; sustainability, new business model enablement, by harnessing GenAI.
- **Operations:** Plain vanilla outsourcing, vendor consolidation and multi-services deals; AI/ML-led transformation of IT / business operations for greater resilience and leaner operating models; managed services models and real time operation visibility.

<sup>8</sup> IMF World Economic Outlook Update, April 2024

<sup>9</sup> Gartner

## Enterprise Risk Management

TCS understands the importance of effectively managing and mitigating risks to protect the company's business, its clients, to add value for all its stakeholders, and ensuring that the company's reputation is intact.

The company follows a comprehensive enterprise risk management framework (based on best practices from COSO 2017 and ISO 31000:2018) that encompasses risk identification, risk assessment, risk response planning and actions, risk monitoring and overall risk governance. Fostering a risk aware culture and empowering leaders to take intelligent risks to maximize value are crucial. TCS regularly conducts risk reviews, assessments, and scenario planning to anticipate potential challenges and develop mitigation plans. Key risk indicators and control indicators are used to assess risks, provide early warnings, and consider effectiveness of the mitigation actions, respectively. Furthermore, the company engages with all stakeholders, including customers, employees, suppliers, partners and regulatory authorities, to ensure transparent and

collaborative risk management practices.

TCS takes a holistic view of its enterprise risk profile, covering strategic, operational, compliance, financial and catastrophic risks, thus enabling informed decision-making. Risks are assessed and managed at various levels with a top-down and bottom-up approach across the enterprise, business units, geographies, business functions, customer relationships and individual projects.

By proactively managing and mitigating these risks, the company's aim is to ensure the long-term sustainability and success of the company. TCS is confident that its robust risk management initiatives, coupled with its commitment to innovation and excellence, will enable the company to navigate the challenges of the IT industry and capitalize on the opportunities that lie ahead.

Listed below are some of the key risks and opportunities, anticipated impact on the company and mitigation strategies.

Key Risks (R) / Opportunity (O)	Impact on the Company	In case of risk or opportunity, approach to adapt or mitigate <sup>10</sup>	Financial implications of the risk or opportunity <sup>11</sup>
Volatile global political and economic environment (R)	<p><b>Impact On: <u>Human Capital, Financial Capital</u></b></p> <ul style="list-style-type: none"> <li>Geo-politics and macroeconomic volatility can affect demand for the company's services. The Russia-Ukraine war and the Israel-Hamas conflict in the last 2 years has continued to lead to supply chain disruptions, energy crises, food and merchandise scarcities and impact on inflation.</li> <li>Persistent high inflation in major economies could affect consumer confidence. The current high interest rate environment could result in economic slowdowns, affecting not only spending, but also squeezing liquidity.</li> <li>All of these could affect clients' business outlook and result in reduced demand for TCS' services. It could also increase TCS' costs of doing business.</li> <li>In addition, there could be risks to service delivery, business continuity, cybersecurity, sanctions compliance and human rights risks in geo-politically sensitive zones, all of which could increase costs or affect the company's revenue growth.</li> </ul>	<ul style="list-style-type: none"> <li>Broad-based business mix, well diversified across geographies and industry verticals.</li> <li>Monitor changing geopolitical scenarios and strengthen internal controls to further safeguard against secondary risks.</li> <li>Country-level business continuity plans in place to address potential conflicts in the region.</li> <li>Offerings and value propositions targeting all CxOs (in addition to the CIO) in the customer organization.</li> <li>Focus on cost and optimization propositions, including vendor consolidation initiatives in the near term to improve their business efficiency, when the customer's discretionary budgets are uncertain.</li> <li>Participate in the customer's business transformation initiatives through breadth and depth of services and offerings.</li> <li>Enter more long-term contracts.</li> <li>Proactively invest in infrastructure and resourcing to meet anticipated customer demand for flexible products, AI/GenAI offerings, platforms-based solutions and subscription-based services to gain market share and new clients and markets.</li> </ul>	Negative

<sup>10</sup> GRI 3-3

<sup>11</sup> GRI 201-2

Key Risks (R) / Opportunity (O)	Impact on the Company	In case of risk or opportunity, approach to adapt or mitigate <sup>10</sup>	Financial implications of the risk or opportunity <sup>11</sup>
Ability to attract and retain top talent; short supply of emerging technical skills (R)	<b>Impact On: <u>Human Capital, Intellectual Capital</u></b> <ul style="list-style-type: none"> <li>The company's ability to attract, develop, motivate, and retain talent is critical to its business success.</li> <li>Inability to scale up experienced professionals with niche digital/AI/GenAI skills from the market or lack of these skills in-house, can also impact TCS' ability to grow.</li> <li>Talent scarcity can lead to poaching of the company's employees and result in higher attrition. This can disrupt ongoing projects, slow down planned ramp ups and affect revenue growth.</li> </ul>	<ul style="list-style-type: none"> <li>Commitment to organic talent development, best in class learning and development, career growth linkage to cross-skilling / upskilling, preference to internal talent for new leadership positions, all incentivize and improved retention.</li> <li>Massive re-skilling program <i>#IamGenAIReady</i> to train employees on AI/GenAI and other emerging technologies to be ready for deployment in customer projects.</li> <li>Focused employee engagement program which includes bringing all employees 'Back to Office', to increase a sense of belonging and foster the TCS culture.</li> <li>Leverage top employer brand and social networking sites and talent sourcing channels to tap into the passive pool.</li> <li>Reduce talent acquisition cycle time to improve joining rates through innovative practices.</li> <li>Engage in various markets through investments in STEM/GoIT programs, campus engagements, local hiring and building reputation to attract local talent.</li> </ul>	Negative
Restrictions on global mobility, location strategies (R)	<b>Impact On: <u>Human Capital, Intellectual Capital</u></b> <ul style="list-style-type: none"> <li>Distributed software development models require the free movement of people across countries and any restrictions in key markets pose a threat to the global mobility of skilled professionals.</li> <li>Restrictions due to legislations which limit the availability of work visas, or which apply onerous eligibility criteria or costs, may lead to project delays and increased cost of doing business.</li> </ul>	<ul style="list-style-type: none"> <li>Material reduction in dependency on work visas through increased hiring of local talent including freshers, use of contractors, local mobility and training in all major markets.</li> <li>Use of Location Independent Agile to promote systematic collaboration and reduce the need for co-location.</li> <li>Ongoing monitoring of the global environment, working with advisors, partners, trade bodies, research institutes and governments to promote local talent building efforts, specifically in STEM initiatives.</li> <li>Greater brand visibility through event sponsorships, community outreach, showcasing of investments, innovation capabilities and employment generation.</li> </ul>	Negative
Business model changes in customer environment (R & O)	<b>Impact On: <u>Financial Capital, Intellectual Capital</u></b> Risk: <ul style="list-style-type: none"> <li>Rapidly evolving technologies are changing technology consumption patterns, creating new classes of buyers within the enterprise, giving rise to entirely new business models and therefore new kinds of competitors.</li> </ul>	<ul style="list-style-type: none"> <li>Investments in innovation and differentiated capabilities at scale on emerging technologies through large scale reskilling, external hiring, R&amp;I, solution development and IP asset creation leveraging deep contextual knowledge across customer specific domain, technologies, and processes.</li> </ul>	Negative

Key Risks (R) / Opportunity (O)	Impact on the Company	In case of risk or opportunity, approach to adapt or mitigate <sup>10</sup>	Financial implications of the risk or opportunity <sup>11</sup>
	<ul style="list-style-type: none"> <li>High levels of economic uncertainty can result in clients recalibrating their IT programs and pulling back discretionary spend.</li> <li>Increased focus on corporate restructuring and mergers and acquisitions in some industries is driving vendor consolidation and cost reduction pressures.</li> <li>Inability to quickly adapt could affect company's competitiveness and result in loss of customer's wallet share.</li> </ul>	<ul style="list-style-type: none"> <li>Dedicated service unit AI.Cloud set up bringing both cloud and AI capabilities together to drive transformations for the customer under a 'Responsible AI' framework providing solutions on leading hyperscaler platforms.</li> <li>Constantly scouring the technology landscape using strong partnerships with clients, technology providers, academia, and start-ups, to spot new trends, technologies, and potential threats; invest early in building capabilities to mitigate risks and participate in the opportunities.</li> </ul>	
	<p>Opportunity:</p> <ul style="list-style-type: none"> <li>Increased focus on corporate restructuring and mergers and acquisitions in some industries is creating new opportunities for IT separations and integrations.</li> <li>Interest in technology-enabled business model innovation has opened opportunities for the company to participate in clients' G&amp;T spending.</li> <li>Pressure to establish competitive differentiation is driving enterprises to look for partners to speed up and scale up their innovation efforts.</li> <li>This is also driving greater interest in pre-built solutions, products and platforms that can accelerate the deployment of transformational solutions.</li> </ul>	<ul style="list-style-type: none"> <li>Innovative offerings like operating model transformations using TCS Cognix™ to help deliver significant cost savings quickly.</li> <li>Decentralized decision-making, which empowers frontline managers to take decisions, enable the company to react to constantly evolving situations on the ground with agility and speed.</li> <li>Differentiated solutions for organization divestiture and integration, catering to M&amp;A induced demand for advisory and business consolidation related services.</li> <li>Large portfolio of IP made available on hyperscaler clouds to accelerate clients' cloud transformation journeys.</li> <li>Pace Port co-innovation hubs, Agile innovation cloud framework, and extended innovation ecosystem including partners and start-ups to help clients accelerate their product and business model innovation.</li> <li>Bringing Life to Things™ framework to help clients create connected products, launch remote monitoring and maintenance services.</li> <li>Focused investments to expand presence in clients' growth and transformation spending, including programs like Contextual Masters to build industry focused organizational capacity.</li> <li>Platform-based business models and AI-based operating models to disrupt conventional labor arbitrage-based constructs, and gain market share.</li> </ul>	Positive

Key Risks (R) / Opportunity (O)	Impact on the Company	In case of risk or opportunity, approach to adapt or mitigate <sup>10</sup>	Financial implications of the risk or opportunity <sup>11</sup>
Currency volatility (R)	<b>Impact On: <u>Financial Capital</u></b> <ul style="list-style-type: none"> <li>Volatility in currency exchange movements results in transaction and translation exposure. TCS' functional currency is the Indian Rupee. Appreciation / depreciation of the Rupee against any major currency could impact the reported revenue in Rupee terms, the profitability and result in collection losses / gains. It can optically mislead revenues and earnings, distorting stakeholder perceptions of the underlying business momentum and profitability.</li> </ul>	<ul style="list-style-type: none"> <li>Currency hedging policy that is aligned with market best practices, to limit impact of short-term exchange volatility on receivables, forecasted revenue and other current assets and liabilities.</li> <li>Hedging strategies guided and monitored periodically by the Risk Management Committee of the Board.</li> <li>Management commentary based on constant currency to enable a currency-neutral understanding of business growth.</li> </ul>	Negative / Positive
Breach of data protection laws (R & O)	<b>Impact On: <u>Financial Capital, Social Capital, Intellectual Capital</u></b> Risk: <ul style="list-style-type: none"> <li>Focus on privacy and protection of personal data has increased compliance risk.</li> <li>Many privacy legislations (GDPR<sup>12</sup> in Europe &amp; UKI, DPDP<sup>13</sup>-India, etc.) carry severe consequences for non-compliance or breach.</li> <li>Increased adoption of AI models dealing with personal data requires enhanced safeguards.</li> <li>Violation of data protection laws or security breaches can result in substantive liabilities, fines or penalties and reputational impact.</li> </ul>	<ul style="list-style-type: none"> <li>Global privacy policy covering all geographies, all areas of operations, and stakeholders, sets out the privacy principles, operational framework and guidance for deployment.</li> <li>Unified global privacy framework PrivACE adopted across the company to standardize privacy practices while catering to local requirements. Privacy Information Management Systems (ISO 27701:2019) adopted and certified.</li> <li>Organization structure with the Global Privacy Office to strategize, monitor and guide deployment of data privacy framework. Data Protection Officers appointed as required by local regulations and Business Privacy Leaders appointed to deploy the privacy framework in all geographies, functions and business units.</li> <li>Continuous monitoring and analysis of changes to regulatory and legal landscape.</li> <li>Embedded 'privacy by design' and 'privacy by default' principles in design and development of services and products.</li> <li>Data protection controls, industry standard data masking and encryption technologies, and robust risk response mechanisms to protect personal data in the TCS ecosystem, customer engagements and in case of cross-border transfers.</li> <li>Vendors and third parties subjected to risk based due diligence and contracted with appropriate privacy obligations.</li> </ul>	Negative

<sup>12</sup> General Data Protection Regulation

<sup>13</sup> Digital Personal Data Protection Act



Key Risks (R) / Opportunity (O)	Impact on the Company	In case of risk or opportunity, approach to adapt or mitigate <sup>10</sup>	Financial implications of the risk or opportunity <sup>11</sup>
	<p>Opportunity:</p> <ul style="list-style-type: none"> <li>Enterprises are increasing their investments in enhancing Data Privacy, given the regulatory landscape in every industry, presenting a fast-growing business opportunity for TCS.</li> </ul>	<ul style="list-style-type: none"> <li>Mandatory trainings, workshops and continuous awareness campaigns through privacy day events.</li> <li>Periodic reviews and internal and external audits for assurance.</li> <li>TCS' data security solutions leverage advanced data protection techniques to meet diverse global regulatory requirements and elevate data privacy for customer's business</li> </ul>	Positive
Cyber Attacks (R & O)	<p><b>Impact On: <u>Financial Capital, Social Capital, Intellectual Capital</u></b></p> <p>Risk:</p> <ul style="list-style-type: none"> <li>Risks of cyber-attacks are on the rise due to the fast-evolving nature of the threat. There is also an increased risk due to various pandemic-themed cyber threats and attack due to geo-political drivers.</li> <li>Security breach could result in reputational damage, penalties, and legal and financial liabilities, in addition to impact on business operations.</li> </ul>	<ul style="list-style-type: none"> <li>Best in class enterprise-wide training and awareness programs using simulations and the enterprise-wide communication and collaboration platforms accessed through mobile or desktop channels.</li> <li>Use of advanced AI/ML based tools to detect and prevent incursions with advanced quarantine capabilities, including perimeter security controls with enhanced internal vulnerability detection, data leak prevention tools, defined and tested incident management and recovery process in compliance with industry best practices.</li> <li>Continued reinforcement of stringent security policies and procedures (certified against ISO 27001) including enhanced security measures and awareness building to combat phishing attempts and soliciting for fraudulent causes or charities through social media, text or calls.</li> <li>Close collaboration with Computer Emergency Response Team (CERT) and other private cyber intelligence agencies, and enhanced awareness of emerging cyber threats, to proactively block IPs used by threat actors.</li> <li>Strict access controls including non-persistent passwords (OTP) for secure access to enterprise applications/ network, special handling of privileged administrator accounts, rigorous access management on all cloud deployments.</li> <li>Encryption of data, data back-up and recovery mechanisms for ensuring business continuity.</li> <li>Ability to isolate TCS enterprise network from client network and defined escalation mechanisms.</li> <li>Periodic rigorous testing to validate effectiveness of controls through vulnerability assessment and penetration testing. Internal and external audits, red/purple teaming, "breach and attack" simulation.</li> </ul>	Negative

Key Risks (R) / Opportunity (O)	Impact on the Company	In case of risk or opportunity, approach to adapt or mitigate <sup>10</sup>	Financial implications of the risk or opportunity <sup>11</sup>
	<p>Opportunity:</p> <ul style="list-style-type: none"> <li>Enterprises are increasing their investments in building cyber resilience and turning to specialized third parties to detect and foil intrusion attempts and limit the impact. TCS aims to become the preferred cyber security partner to its clients.</li> </ul>	<ul style="list-style-type: none"> <li>State of the art security operations center with automated playbooks.</li> <li>The Cyber Security business unit focuses on specialized offerings in cyber, information security and GRC for TCS' customers.</li> <li>Investments in expanding global network of cybersecurity delivery centers, for round-the-clock cyber defense and local regulatory requirements.</li> <li>Leveraging GenAI/AI to strengthen capabilities towards proactive threat detection, quicker analysis and response.</li> </ul>	Positive
Non-compliance to complex and changing global regulations (R & O)	<p><b>Impact On: <u>Financial Capital, Social Capital</u></b></p> <p>Risk:</p> <ul style="list-style-type: none"> <li>As a global organization, the company must comply with complex regulatory requirements across multiple jurisdictions, covering a broad range of areas including environmental, social and governance themes and technology driven regulations.</li> <li>The fast pace and complex nature of changes in the regulatory requirements requires quick identification and sound understanding of these requirements along with agility in adapting into business operations. Failure to comply could result in penalties, reputational damage, and criminal prosecution.</li> </ul> <p>Opportunity:</p> <ul style="list-style-type: none"> <li>Enterprises are increasing their investments in monitoring the regulatory environment and ensuring they are compliant to regulations in their global operations; TCS can provide products and services for ensuing compliance.</li> </ul>	<ul style="list-style-type: none"> <li>Deployment of a comprehensive global compliance management framework that enables tracking of regulatory changes across various jurisdictions, including new countries of operations and functional areas and management of compliance risks.</li> <li>In-house digitized regulatory compliance platform enabling clear accountability, tracking of compliance obligations, quarterly regulatory compliance declarations and governance to ensure long-term business sustainability.</li> <li>Operationalized regulatory requirements through business policies and embedding into business processes.</li> <li>Effective internal controls, automated and manual, to comply with regulations, keep a check on unlawful and fraudulent activities and internal audits to provide compliance assurance.</li> <li>Strong focus on fostering ethical and compliance culture; awareness through web-based compliance training courses for all staff and regular notifications/alerts on regulatory changes communicated to stakeholders.</li> <li>Strong governance at board, executive and management levels through compliance committees and compliance working groups.</li> <li>Launch of new Governance, Risk and Compliance (GRC) offerings for the customer CROs and CCOs.</li> <li>Building Risk and Compliance practice within industry verticals, to provide industry specific solutions.</li> </ul>	<p>Negative</p> <p>Positive</p>

Key Risks (R) / Opportunity (O)	Impact on the Company	In case of risk or opportunity, approach to adapt or mitigate <sup>10</sup>	Financial implications of the risk or opportunity <sup>11</sup>
Intellectual Property (IP) infringement and leakage (R)	<p><b>Impact On: <u>Financial Capital, Intellectual Capital</u></b></p> <ul style="list-style-type: none"> <li>Risk of infringement of IP of third parties including suppliers, partners and alliance organizations by TCS may lead to potential liabilities, increased litigation and impact reputation.</li> <li>Inadequate protection of TCS' IP may lead to potential loss of ownership rights, revenue and value.</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of an industry leading IP management framework (IP 4.0) with institutionalized frameworks, processes and procedures that address the risk of infringement of third-party IP while ensuring safeguarding of TCS' own IP assets.</li> <li>Centralized IP and Software Product NFR Assessment group that fosters an IP-led culture and IP related awareness effectively.</li> <li>Well-defined (software) asset lifecycle governance framework that incorporates policy guidance and risk mitigation guidelines on IP, legal, software product engineering and business-related risks.</li> <li>IP Governance program that ensures that there is right access and right use of TCS IP, customer IP, partner IP, and third-party IP in service and partner engagements.</li> <li>Other key controls include employee confidentiality agreement, training and awareness for IP protection and prevention of IP contamination and infringement. Digitized system to enable strict controls around movement of people and information across TCS' product teams and customer account teams.</li> </ul>	Negative
Litigation risks (R)	<p><b>Impact On: <u>Financial Capital, Social Capital</u></b></p> <ul style="list-style-type: none"> <li>Litigation risks might arise from commercial disputes, alleged violation of intellectual property rights/trade secret personal data/information breach incidents/claims and employment related matters.</li> <li>The company's rising profile and scale also makes it an attractive target for meritless lawsuits.</li> <li>Litigations garner negative media attention and pose reputation risk, in addition to the distraction and legal expenses. Adverse rulings can result in substantive damages.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening internal processes and controls to adequately ensure compliance with contractual obligations, information security and compliance with IP policies and procedures for protection of intellectual property and avoidance of allegations of trade secret violations.</li> <li>Seeking to include arbitration as a dispute resolution mechanism as against court trials and waiver of jury trial, particularly in the US geography.</li> <li>Improved governance and controls over immigration process /increasing localization and inclusion of arbitration provisions in employment contracts.</li> <li>Training and sensitization of business managers to spot the risks and escalate potential disputes within the organization for early mitigation steps.</li> <li>Team of in-house counsels in all major geographies and a network of reputed global law firms in countries it operates in.</li> <li>Robust mechanism to track and respond to notices as well as defend the company's position in all claims and litigation.</li> </ul>	Negative

Key Risks (R) / Opportunity (O)	Impact on the Company	In case of risk or opportunity, approach to adapt or mitigate <sup>10</sup>	Financial implications of the risk or opportunity <sup>11</sup>
Sustainability Risks - Climate change and Environmental aspects (R & O)	<b>Impact On: <u>Natural Capital, Financial Capital, Social Capital</u></b>  Risk: <ul style="list-style-type: none"> <li>• Extreme weather events due to climate change pose a threat to human safety and can cause disruptions especially in customer expectations, business operations and supply chain business disruptions.</li> <li>• With globally distributed operations, the company faces physical risks to life and property due to extreme weather events; transition risks resulting from disruptions in the market and emerging regulations; disruptions to operations due to water scarcity; risks of inadvertent non-compliance to emerging regulatory requirements around circular economy, e-waste and solid waste regulations, impacting health and safety in local communities, business disruption and reputational damage. All of these could affect TCS' growth, profitability and reputation.</li> </ul>	<ul style="list-style-type: none"> <li>• Delivery centers are designed to withstand extreme weather events. Business continuity plans are tested periodically to ensure effectiveness.</li> <li>• Green buildings, efficient operations, green IT, greater use of renewable energy to reduce carbon footprint; adoption of newer technologies and methods to manage waste in line with circular economy principles.</li> <li>• Operational and engineering controls to minimize freshwater consumption, upgradation of water infrastructure and more water efficient systems.</li> <li>• Water management through sewage treatment, recycling of treated water and rainwater harvesting.</li> <li>• Supply chain sustainability through responsible sourcing, including leveraging sustainability ratings platform.</li> <li>• Year-round associate engagement on environmental awareness and sensitizing them towards nature and conservation of resources.</li> <li>• Initiatives like TCS Circle4Life™ and Sustainathons to come up with technology-led innovations to safeguard TCS' environment.</li> <li>• An environmentally sustainable approach through green policies, processes, frameworks, and infrastructure, on target to achieve net zero carbon emissions.</li> <li>• Dedicated service unit for major hyperscaler providers, helping clients migrate their workloads from owned data centers to the cloud, thereby reducing the carbon footprint associated with those workloads.</li> <li>• Steadily expanding suite of sustainability services including designing sustainability strategy, sustainability innovation, sustainable consumer analytics and sustainability dashboards.</li> <li>• Build and promote TCS products and solutions such as TCS Clever Energy™, Envirozone™ and ESG integration solution, to help accelerate customers' sustainability journeys.</li> </ul>	Negative
	Opportunity: <ul style="list-style-type: none"> <li>• As enterprises look to reduce their own carbon footprint and cater to the growing demand more environmentally friendly products and services, it opens new business opportunities for TCS to provide technology-led solutions to help them realize their green plans.</li> <li>• Measures taken by TCS to reduce its environmental footprint and ensuing compliance with evolving regulatory requirements, strengthens the brand and makes it attractive to enterprises looking for an IT partner with a shared purpose. It also helps attract and retain purpose-driven employees.</li> </ul>		Positive

Key Risks (R) / Opportunity (O)	Impact on the Company	In case of risk or opportunity, approach to adapt or mitigate <sup>10</sup>	Financial implications of the risk or opportunity <sup>11</sup>
Challenges and Opportunities with Disruptive Technologies (R & O)	<b>Impact On: <u>Human Capital, Financial Capital, Social Capital, Intellectual Capital</u></b>  Risk:  Disruptive cutting-edge technologies like Quantum Computing, GenAI and large language models, and Metaverse could impact TCS' business: <ul style="list-style-type: none"> <li>GenAI, large language models and Metaverse could lead to legal liabilities through plagiarism, deep fakes and privacy and copyright infringement issues.</li> <li>The efficacy of AI models depends on the quality of the data they are trained on. Accuracy, bias/fairness risks could cause reputational damage and legal liabilities.</li> <li>GenAI technologies could disrupt software development and testing activities, changing customer expectations in the short term.</li> <li>Quantum Computing may increase exposure to cyberattacks because existing security infrastructure may prove inadequate.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure controlled use of these technologies through pilots/research.</li> <li>Restricted access to GenAI technologies on company network until proven safe.</li> <li>Launched an effective Responsible AI framework based on the core principles of Safe, Secure, Accountable, Explainable and Transparent.</li> <li>Work with government bodies, regulators and academia to build consensus about policies and guidelines for use of these technologies.</li> <li>Embark on large-scale skilling of employees to prepare for deployment on market-oriented products and services based on these technologies.</li> <li>Participate as a member of industry specific large language models consortia.</li> <li>Proactively invest in research around embedding GenAI capabilities into software development processes to boost productivity.</li> <li>Utilize the AI infrastructure and capabilities to build and process GenAI applications, while also upskilling TCS employees.</li> </ul>	Negative
	Opportunity: <ul style="list-style-type: none"> <li>These technologies also have the potential to reimagine existing products and services and can also open opportunities in the form of new solutions using those technologies, and new services needing newer kinds of skills.</li> </ul>	<ul style="list-style-type: none"> <li>Leverage opportunities to market TCS' own GenAI tools and services as overall adoption of the technology increases, focusing on 'Assist, Augment and Transform' use-cases.</li> <li>Establish the company as a thought leader in GenAI related technology work and actively participate in use case creation and pilots. Establish active partnerships with leading LLM vendors.</li> <li>Develop niche skills to tap demand created for Post Quantum Cryptography services as customers seek Quantum safe security algorithms.</li> </ul>	Positive

### Internal Financial Control Systems and their Adequacy

TCS has aligned its systems of internal financial control in line with globally accepted risk-based framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. This framework of internal financial controls meets the requirement of the Companies Act 2013. The Internal Control – Integrated Framework (the 2013 framework) is intended to increase transparency and accountability in an organization's process of designing and implementing a system of internal control. The framework requires a company to identify and analyze risks and manage appropriate responses. The company has successfully laid down the framework and ensured its effectiveness.

TCS' internal controls are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance with corporate policies. TCS has a well-defined delegation of power with authority limits commensurate with the responsibilities for approving engagements with all stakeholders that commits organizational resources and results in creation of assets and liabilities, income and expenditure. TCS uses a state-of-the-art enterprise resource planning (ERP) system that connects all parts of the organization, to record data for accounting, consolidation and management information purposes. It has continued its efforts to align all its processes and controls with global best practices.

TCS management assessed the effectiveness of the company's internal control over financial reporting (as defined in Regulation 17 of SEBI LODR Regulations 2015) as of March 31, 2024.

B S R & Co. LLP, the statutory auditors of TCS, have audited the financial statements included in this annual report and have issued an attestation report on the company's internal control over financial reporting (as defined in section 143 of Companies Act 2013).

TCS has appointed PricewaterhouseCoopers Services LLP to oversee and carry out an internal audit of its activities. Design and operating effectiveness of process controls on financial transactions is also audited by an independent in-house internal audit team. The audit is based on an internal audit plan, which is reviewed each year in consultation with the statutory auditors and approved by the audit committee. In line with international practice, the conduct of internal audit is oriented towards the review of internal controls and risks in the company's operations such as software delivery, accounting and finance, procurement, employee engagement, travel, insurance, IT processes, including the subsidiaries and foreign branches.

TCS also undergoes periodic audit by specialized third party consultants and professionals for business specific compliances such as quality management, service management, information security, etc. The audit committee reviews reports submitted by the management and audit reports submitted by internal auditors and statutory auditors. Suggestions for improvement are considered and the audit committee follows up on corrective action. The audit committee also meets TCS' statutory auditors to ascertain, inter alia, their views on the adequacy of internal control systems and keeps the board of directors informed of its major observations periodically.

Based on its evaluation (as defined in section 177 of Companies Act 2013 and Regulation 18 of SEBI LODR Regulations 2015), TCS' audit committee has concluded that, as of March 31, 2024, the company's internal financial controls were adequate and operating effectively.



## Performance Trend – 10 years

(₹ Crore)

	Ind AS											Indian GAAP	
	FY 2024*	FY 2024	FY 2023	FY 2022	FY 2021*	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015*	FY 2015
<b>Revenue from operations</b>													
Total revenue from operations	240,893	240,893	225,458	191,754	164,177	164,177	156,949	146,463	123,104	117,966	108,646	94,648	94,648
<b>Revenue by geographic segments</b>													
Americas	127,939	127,939	124,336	100,072	84,278	84,278	82,000	77,562	66,145	66,091	60,011	51,053	51,053
Europe	75,624	75,624	67,436	61,142	52,346	52,346	48,037	43,456	34,155	30,038	29,092	26,730	26,730
India	13,562	13,562	11,271	9,805	8,449	8,449	8,964	8,393	7,921	7,415	6,729	6,108	6,108
Others	23,768	23,768	22,415	20,735	19,104	19,104	17,948	17,052	14,883	14,422	12,814	10,757	10,757
<b>Cost</b>													
Employee cost	140,131	140,131	127,522	107,554	91,814	91,814	85,952	78,246	66,396	61,621	55,348	48,296	50,924
Other operating cost	36,466	37,424	38,677	31,143	25,817	27,035	28,888	28,711	24,192	24,034	22,621	19,242	19,242
Total cost (excluding interest & depreciation)	176,597	177,555	166,199	138,697	117,631	118,849	114,840	106,957	90,588	85,655	77,969	67,538	70,166
<b>Profitability</b>													
EBIT	59,311	58,353	54,237	48,453	42,481	41,263	38,580	37,450	30,502	30,324	28,789	25,311	22,683
Profit before tax	63,038	61,997	56,907	51,687	44,978	43,760	42,248	41,563	34,092	34,513	31,840	28,437	25,809
Profit after tax attributable to shareholders of the Company	46,585	45,908	42,147	38,327	33,388	32,430	32,340	31,472	25,826	26,289	24,270	21,912	19,852
<b>Financial Position</b>													
Equity share capital	362	362	366	366	370	370	375	375	191	197	197	196	196
Reserves and surplus	90,805	90,127	90,058	88,773	87,014	86,063	83,751	89,071	84,937	86,017	70,875	52,499	50,439
Gross block of property, plant and equipment	33,853	33,853	32,344	30,300	28,658	28,658	26,444	24,522	22,720	20,891	19,308	16,624	16,624
Total investments	31,762	31,762	37,163	30,485	29,373	29,373	26,356	29,330	36,008	41,980	22,822	1,662	1,662
Net current assets	67,558	66,880	66,712	65,959	66,076	65,125	63,177	70,047	63,396	65,804	47,644	30,726	28,495
<b>Earnings per share in ₹</b>													
EPS- as reported	127.74	125.88	115.19	103.62	89.27	86.71	86.19	83.05	134.19	133.41	123.18	111.87	101.35
EPS- adjusted for Bonus Issue	127.74	125.88	115.19	103.62	89.27	86.71	86.19	83.05	67.10	66.71	61.59	55.94	50.68
<b>Headcount (number)</b>													
Headcount (including subsidiaries) as on March 31st	601,546	601,546	614,795	592,195	488,649	488,649	448,464	424,285	394,998	387,223	353,843	319,656	319,656

Note: The company transitioned into Ind AS from April 1, 2015.

\*Excludes provision (in FY 2021) and settlement (in FY 2024) of legal claim.

# Excludes the impact of one-time employee reward.

## Overview of Funds Invested

Funds invested exclude earmarked balances with banks and equity shares measured at fair value through other comprehensive income.

(₹ Crore)

	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023
	Current		Non-current		Total funds invested	
Investments in mutual funds, Government securities and others	31,481	36,897	249	230	31,730	37,127
Deposits with banks	10,011	8,223	2,248	1,334	12,259	9,557
Inter-corporate deposits	170	846	-	170	170	1,016
Cash and bank balances	2,804	2,124	-	-	2,804	2,124
<b>Total</b>	<b>44,466</b>	<b>48,090</b>	<b>2,497</b>	<b>1,734</b>	<b>46,963</b>	<b>49,824</b>

Total invested funds include ₹2,576 crore and ₹2,080 crore for FY 2024 and FY 2023, respectively, pertaining to trusts and TCS Foundation held for specified purposes.