

Management Discussion and Analysis

Overview of the Industry

The year 2024 began with signs of improved economic activity across major regions. The world GDP grew at a steady rate of 3.3%¹. Despite divergent growth patterns across regions and sectors, the global technology landscape demonstrated unexpected stability.

However, in recent weeks, the global outlook has turned negative, as governments worldwide adjust their policy priorities, leading to unprecedented levels of uncertainty. The rapid escalation of trade tensions and extremely high policy uncertainty are anticipated to significantly impact global economic activity. Projections indicate that global growth will decline to 2.8% in 2025 and 3% in 2026¹. Amid these ongoing macroeconomic challenges, new discretionary projects requiring technology investments will face increased scrutiny and require stronger justifications for return on investment.

In 2025, enterprises will be accelerating adoption of AI into their digital core, to address technical debt and modernize legacy systems. This will require efforts in cloud migration, updating infrastructure frameworks and developing a strong data foundation. Enterprises also face a complex risk landscape with cybersecurity threats and geopolitical tensions, making them prime targets for cybercriminals due to their valuable intellectual property and customer data. Enterprises will continue to strengthen their cybersecurity management processes, leading to continued investments in security consulting services².

TCS' Business

An Overview

TCS is an IT services, consulting and business solutions organization partnering with many of the world's largest businesses in their transformational journeys for the last 57 years. With a global presence and deep domain expertise across multiple industry verticals, TCS offers a comprehensive portfolio of



services and offerings – grouped under application development and management, digital transformation, AI, data and cloud services, engineering services, cognitive business operations, cyber security, and products & platforms – targeting every C-suite stakeholder.

The Company leverages all these capabilities and deep contextual knowledge of its customers' businesses to create bespoke, high quality, and impactful solutions designed to achieve differentiated business outcomes. These solutions are delivered through 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.

¹ World Economic Outlook (Given the complexity and fluidity of the current moment, the outlook presents a "reference forecast" based on information available as of April 4, 2025)

² Gartner

Strategy for Sustainable Growth³

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' customer centric world-view helps spot trends early, embrace business opportunities by making the right investments and mitigating risks while discharging its social and environmental responsibilities. TCS has been broadening and deepening customer relationships by continuously 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.

In the last few years, the Company has been using its investments in research and innovation, emerging technologies, its intellectual property and deep contextual knowledge of the customers' business and technology landscape to proactively pitch ideas and solutions designed to improve the clients' topline and help drive competitive differentiation.

TCS' Strategic Responses to Opportunities and Threats

Opportunity / Threat	Factors causing disruption	TCS Approach	Outcomes
Technology-led disruption	<ul style="list-style-type: none"> • Cost-effective new and emerging AI models with their innovative capabilities that reduce the amount of programming and related services. • New quantum chips, enabling incredibly fast problem-solving that surpasses classical computing limits, solving complex problems in seconds, effectively "breaking time" and promises advancements in areas like drug discovery, materials science, and AI. • Physical AI signals a future where automation and mobility will converge, opening new opportunities in logistics and urban transport. • AI is transitioning from single-purpose solutions to Agentic AI to solve complex business problems. • Traditional 'Software-as-a-Service' applications evolve into more AI-native solutions, necessitating a re-evaluation of the role of system integrators to transition to a 'Service-as-a-Software' model. 	<ul style="list-style-type: none"> • Enabling growth opportunities through faster creation of new products, services, business models. • Invest in AI/GenAI by establishing Centres of Excellence, developing industry-specific solutions, and pioneering Service-as-a-Software offerings. • Venture into and explore new segments and products such as Digital Public Goods, Autonomous Vehicles, Mobility as a Service, Health and Wellness. • Diversification into emerging technologies like Space Tech, Quantum Computing, Robotics, Physical AI and Biotechnology. • Focus on growth in emerging geographies. • Foster a culture of innovation and build new capabilities on a scale. 	<ul style="list-style-type: none"> • Net new opportunity, driving above industry-average growth rates. • Resilient and future-ready portfolio; less vulnerable to slowdowns. • Early mover advantage can strengthen the TCS brand. • Higher quality revenue, lending margin resilience. • Engagement with a broader set of buyers in the client organization. • Higher visibility within C-Suites.
Macro Factors	<ul style="list-style-type: none"> • Strategic shifts towards reshoring, evolving semiconductor and electronics manufacturing ecosystems, and heightened sensitivity to currency fluctuations. • Growing momentum behind sovereign digital stacks and sustained public sector investments in both physical and digital infrastructure. • Accelerated focus on energy transition and circular economy, with the technology sector expected to play a pivotal role in advancing sustainability goals. 	<ul style="list-style-type: none"> • Capitalize regional manufacturing growth to strengthen supply chains. • Stronger partnerships with emerging industrial sectors, ensuring business continuity and competitive advantage. • Enhanced role in the digital transformation of nations. • Open new green revenue streams and contribute to global sustainability. 	<ul style="list-style-type: none"> • Strong deal flow resulting in a robust order book that augurs well for visibility in medium to long-term growth. • Market share gains in vendor consolidation led deals.

³GRI 2-22

Opportunity / Threat	Factors causing disruption	TCS Approach	Outcomes
	<ul style="list-style-type: none"> Evolving work permit regulations influencing workforce strategy and cross-border talent deployment. Increasingly stringent data privacy laws are driving the adoption of sovereign cloud solutions, ensuring localized, compliant, and secure data storage. 	<ul style="list-style-type: none"> Remain a trusted partner for clients in highly regulated industries. 	<ul style="list-style-type: none"> Efficiency gains help to fund clients' transformation programs in some instances.
Customers	<ul style="list-style-type: none"> Business stakeholders driving more spend on technology compared to traditional CIO-led spend. 	<ul style="list-style-type: none"> Aligning strategies to support evolving customer needs and accelerate value creation. Deepen understanding of sector-specific needs to remain pivotal in delivering tailored solutions and drive differentiated growth. Strengthening partnerships with hyperscalers to co-create solutions and deliver unique value to clients. Harness AI holistically across advising, selling, solutioning, and skilling, to foster innovation and deliver transformative outcomes to clients. 	<ul style="list-style-type: none"> Higher visibility within C-Suites. More deeply embedded in the clients' business. Long-term value creation and stronger win-win partnerships.
Talent	<ul style="list-style-type: none"> Need for frequent reskilling and upskilling Addressing aspirations of GenZ 	<ul style="list-style-type: none"> Focus on enhancing productivity by empowering talent to drive growth and innovation. Foster a purpose-driven workforce by aligning the aspirations of younger talent with the organization's vision. Expand the talent ecosystem by tapping into alternate sources such as gig-based marketplaces and non-IT service sectors to ensure agility and future readiness. Invest in building a strong pipeline of future-ready leaders to harness various opportunity areas. Build mixed talent models to unlock multiple growth opportunities and drive sustained success. 	<ul style="list-style-type: none"> Efficiency gains help to fund clients' transformation programs in some instances. Helps with talent retention. Improved employee satisfaction and overall morale. Agile workforce to deal with sudden changes in demand. Equipped with a workforce to meet emerging client needs and industry trends.

Opportunity / Threat	Factors causing disruption	TCS Approach	Outcomes
Competition	<ul style="list-style-type: none"> • New players emerging with innovative solutions 	<ul style="list-style-type: none"> • Rapidly refine the portfolio by optimizing offerings. • Focus on scalable and impactful solutions. • Transition to outcome and value-based engagement models, offering quantified value delivery and risk-adjusted commercial structures to create greater business impact. • Modernize and integrate legacy infrastructure to simplify operations and enable faster turnaround times to enhance agility and operational excellence. • Expand delivery models through AI-led platforms, productized SaaS offerings, and co-innovation partnerships with enterprises. 	<ul style="list-style-type: none"> • Outperformance and differentiated growth compared to peers. • Improved margins due to better pricing models. • Strong growth in SaaS sales. • Platforms drive stickier relationships, with long term revenue visibility.

Technology disruption is blurring traditional industry lines, making cross-industry expertise an imperative. Adaptation is *the key* to survival. TCS has been perpetually adaptive, staying relevant to its customers through various economic and technological cycles. TCS has scaled its capabilities by reskilling talent. The Company's research and innovation team apply scientific rigor and a collaborative mindset to solve pressing problems faced by industries and society.

An ever evolving and changing landscape leads to identifying key growth opportunities. Over time, TCS' 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

Talent Management

TCS enjoys a distinct competitive advantage and continued success because of its best-in-class talent practices. TCS fosters a vibrant workplace by promoting passion, lifelong learning, and collaboration. The core values of *Leading Change, Integrity, Respect for Individual, Excellence and Learning & Sharing* strongly bind and unify the **607,979** associates representing **152 nationalities** globally.

TCS continues to drive a high-performance culture, recognizing and rewarding potential talent with over **110,000 promotions** in FY 2025. The Company has been acknowledged as a **Global Top Employer** for the 10th consecutive year and has received over 100 awards for its HR practices, further strengthening its brand.

Talent Acquisition

TCS follows an analytics-driven, agile hiring ecosystem which enables global scaling, while maintaining local nuances in building a heterogeneous workforce. TCS is one of the largest job creators in IT services in several major markets and is the preferred employer for both entry-level and lateral hires. In FY 2025, TCS was one of the first IT Services companies to visit campuses for freshers' recruitment, hiring **42,000 freshers** as planned.

Talent Development

TCS is dedicated to fostering growth by creating a future-ready workforce and promoting lifelong learning. Every TCS associate is encouraged to take charge of their learning and career growth. TCS has increased its fulfillment through internal talent pools by re-skilling and ready-to-deploy trainee availability.

GenAI-powered tools like Interview Coach, Coding Tutors, Simulators, Content Creators, and AI communications coach have been rolled out to improve experience and efficiency in Talent Development. Initiatives like Internal Internship and Account Talent Grid driven skilling build talent readiness for critical skills. Multiple new programs were launched to develop specialized capabilities in Large Program management, Consulting, Sales, and GenAI for Design. TCS has been ranked **#1 in AI and Data certification** across major hyperscalers and GitHub.

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. 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

The talent engagement strategy of TCS is anchored in **Engagement with Purpose (EWP)** – a model that places the associate at the center of the integrated approach. The focus on associates' health and wellbeing is a key priority, and includes comprehensive physical, financial, emotional, and social support programs, emphasizing hyper-engagement and reinforcing the sense of **#OneTCS**.

Employee Retention

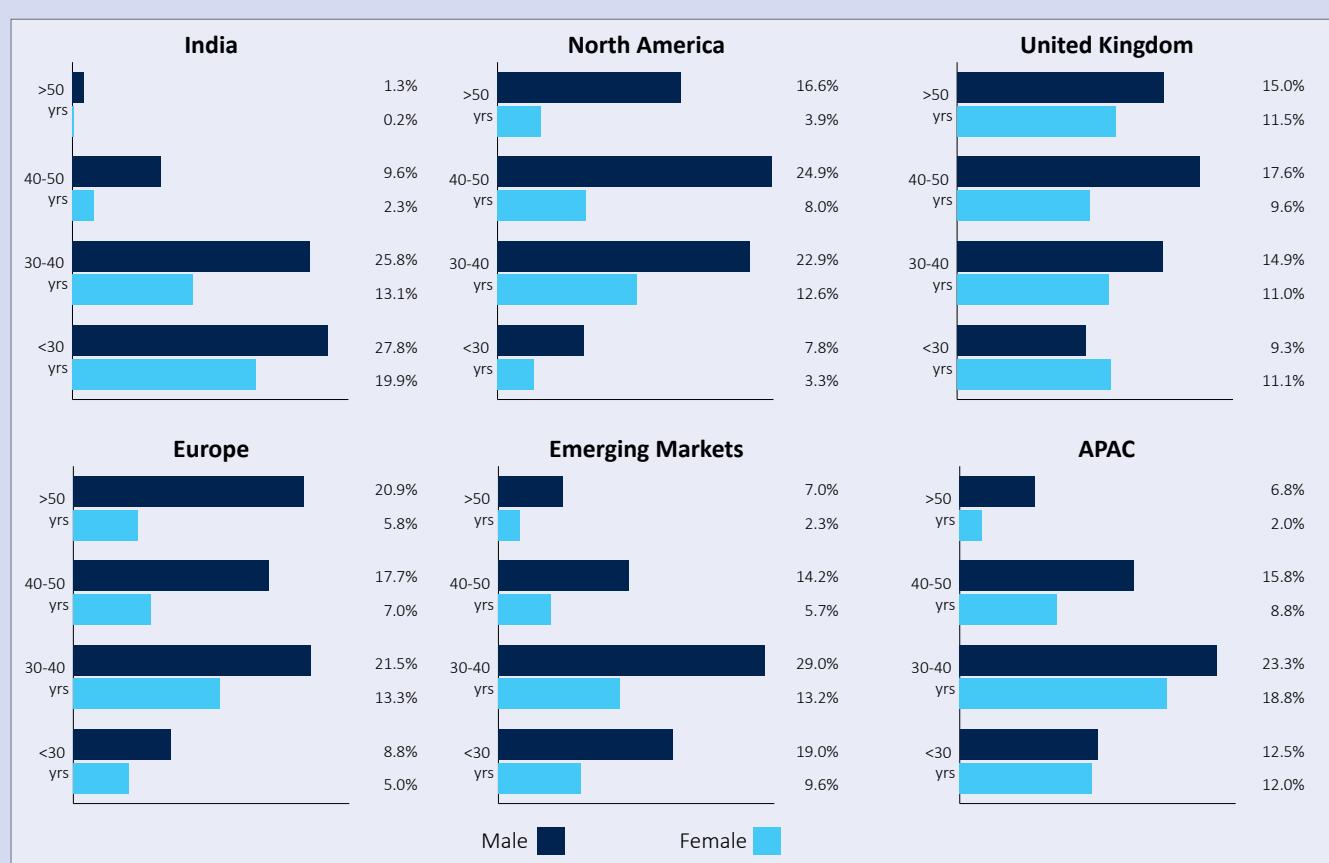
TCS' values-driven culture, progressive HR policies, and investment in people have fostered a strong sense of belonging. By nurturing leaders from within, TCS has developed a deeply acculturated mid-layer with long tenures, ensuring seamless

succession into senior leadership roles. This mid-layer integrates new talent and adds significant value through their contributions and contextual knowledge.

All these efforts have helped the Company to remain a benchmark in talent retention, with IT services' attrition at **13.3%** for FY 2025. At TCS, three months' notice is required from either side for termination.⁴

Equal Opportunity⁵

TCS is dedicated to promoting an inclusive culture within its workforce. As an Equal Opportunity Employer, TCS actively supports the Social Sustainability Pillar of the ESG framework through various initiatives aimed at cultivating a culture of inclusion. This inclusive environment is crucial for driving innovation, fostering creativity, and shaping business strategies. The employee demographics in different regions are shown in the image below:



⁴ GRI 402-1

⁵ GRI 405-1

Research and Innovation

TCS Research and Innovation has been investing into two types of initiatives:

- **Future of Technology Initiatives**, aimed at tracking and developing novel technologies and platforms to accelerate technology adoption. They cover several core IT areas, including sensing, communication, computing, data and knowledge engineering, digital and physical AI, and experiential technologies.
- **Future of Work Initiatives**, aimed at infusing emerging technologies to create new practices for work, focusing on various IT, business, and societal work domains.

Anticipating the rise of quantum sensing, TCS entered a partnership with IIT Bombay to develop India's first Quantum Diamond Microchip Imager, set to revolutionize semiconductor manufacturing. TCS helps clients tackle complex problems with quantum tech and prepare for challenges like quantum-safe cryptography.

More details on TCS R&I investments during the year are available on Page 73 of Board's Report in the section on 'Technology absorption, adoption and innovation'.

Artificial Intelligence and Cloud

TCS is investing extensively in AI to redefine many knowledge work domains, such as software engineering, technology modernization, marketing, energy management, drug discovery, accelerated diagnosis and personalized cure, among others. For physical work domains, such as logistics and warehouse management, TCS is developing versatile, intelligent robots and platforms to orchestrate an ensemble of robots and people.

As AI crosses the enterprise adoption chasm, TCS expects data, models, and agents to become increasingly industry or function-specific. To support this, TCS is making focused investments in several areas:

- **AI-first Software Development, Maintenance and Operations:** A differentiated TCS PoV on enterprise-grade AI-infused SDLC, IT & Business Process Operations, integrated with responsible AI tooling and TCS & partner IP.
- **AI-native Application Modernization:** Combining deep TCS contextual knowledge of legacy application estates and pairing GenAI with TCS MasterCraft™, TCS Crystallus™ and agentic modernization capability in WisdomNext™ to help customers transform their technology estate with AI.
- **AI Reimagined Value Chains powered by Data, Models and Agents:** Numerous packaged use-cases and autonomous agents are already catalogued in TCS' AI platform, WisdomNext™.
- **Partner-led AI Co-innovation:** TCS has set up dedicated geo-spread partner teams to deepen co-innovation with major hyperscalers and other important ecosystem players.
- **Strategic Advisory:** TCS' AI Advisory and Consulting capability blends strategy and scaled execution to help CXOs navigate

technology fit, value realization, talent impact and emerging regulation (for example, the EU AI Act).

In recent years, market adoption of Cloud has matured to hybrid multi-cloud configurations, requiring seamless integration with private/on-premise systems, future cloud native architectures, AI thought leadership and synergies across many services to deliver the outcomes for the customers. To capitalize on this growth potential in overall Cloud space, TCS has formed full-stack teams in offerings, engineering, sales, solutions, and platform-based operations.

TCS is also doubling down on its world-class advisory team within the central cloud unit to help customers navigate the complexity and cost dynamics of the ever-changing cloud environment.

To bolster cloud partnerships across hyperscalers and other major cloud players, TCS has established a well-networked geo-spread alliance team to closely nurture partner relationships, foster co-engineering, and develop joint go-to-market strategies with an aim to hold the elite partner positions.

TCS continues to invest in training, certifications, credentials and in building solutions and intellectual property around hybrid multi-cloud services. The Company has also invested in content partnerships and GenAI playgrounds to enable AI literacy and deep skilling of employees.

In view of the increasing number of large enterprise data transformation programs, TCS is strengthening teams across areas such as streaming data, observability, MLOps, and compliance tooling.

Products and Platforms

TCS offers a robust suite of products and platforms that drive digital transformation across industries. Its flagship solutions such as ignio™, TCS BaNCS™ and TCS iON™ are designed to enhance agility, efficiency, and customer experience. These solutions leverage cutting-edge technologies including AI, cloud, and analytics to deliver scalable, secure, and future-ready enterprise solutions.

TCS ignio™ introduced Code Accelerator, an advanced GenAI powered tool designed to automate code generation, significantly reducing time to value for customers. It has been deployed across 80% of SaaS customers, boosting productivity by 150%.

TCS BFSI Products and Platforms offers comprehensive solutions for the entire financial services value chain, focusing on Insurance and Capital Markets. As a pioneer in the BPaaS model, TCS delivers end-to-end operations using its software for the Insurance industry. This product is now enhanced with AI and is globally available across TCS' solutions under the 'Serviced by Software' paradigm.

At the heart of this business is TCS BaNCS™, designed to help financial institutions accelerate time-to-market, quickly launch products and improve operational efficiency. The TCS BaNCS Digital Core is complemented by 'Intelligent Experience' solutions, which enhances end-customer experience using innovative technologies for digital engagement; and by TCS Quartz™, which

provides the innovation edge to the Digital Core. TCS Quartz™ launched four new solutions in FY 2025, including Intelligent Insights (GenAI-based reporting), and solutions for emerging trends like Digital Identity, ESG Compliance, and Land Registration.

TCS iON™ assessed more than 64 million candidates and launched 270 Learning programs and 48 assessment products.

TCS ADD™ platform went live for Tata Medical Center ISCALL study for fighting Childhood Acute Lymphoblastic Leukemia in India. The study will be run for 10,000 patients covering over 30 sites.

TCS MasterCraft™ is a suite of GenAI-driven intelligent automation products for development and enterprise modernization of applications and data made significant achievements in FY 2025. The product processed 16 million lines of legacy code for modernization, delivering a productivity improvement of 20-30%; generated 125.5 million lines of new code through Low-Code No-Code, with over 50% productivity gains; processed 2.2 billion records for data privacy and 2.98 billion records for data quality.

Scaling Presence in Growth Markets

Growth markets are characterized by rapidly evolving regulatory landscapes, a burgeoning digital economy, and a pace of technology adoption that often surpasses that of mature markets. TCS stands out in these markets due to its early investments and strong board & C-level relationships, enabling strategic customer engagement, anticipation of industry shifts, and large-scale digital transformation. TCS' capability in delivering large system integration and transformational projects of national importance in India like BSNL, Passport Seva, Election Commission etc. further differentiates the Company.

Growth Markets require agile, cost-effective solutions, tailored for first-time digital adopters. TCS' strategy in these markets is anchored in four key pillars: deepening client relationships, expanding the services portfolio to include new-generation services, leveraging TCS IPs and partnerships, and investing in areas such as energy transition, smart cities, and public services. The Company's unique differentiation lies in its deep client connections, contextual knowledge, domain expertise, and ability to co-innovate with customers through dedicated innovation hubs and research partnerships like TCS GoZero Hub.

Navigating macroeconomic and geopolitical shifts is integral to TCS' Growth Markets strategy. The Company's localized presence, strong client relationships, and diversified industry exposure allow it to mitigate risks while capturing new opportunities. This strategic diversity enhances resilience, ensuring that the

Company continues to deliver value to its clients, even amid global uncertainties.

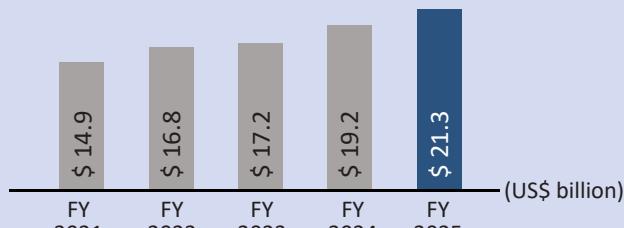
Branding

TCS continues to strengthen its brand through strategic investments and global partnerships, anchored by its enduring promise, 'With you for the long run'. To compliment this, the Company recently introduced the 'Perpetually Adaptive Enterprise' narrative, highlighting its long-term vision and commitment to helping clients stay resilient, agile and adaptive in a constantly evolving world.

TCS significantly expanded its brand presence through its premier sports sponsorship portfolio. Last year, TCS partnered with the Sydney Marathon, the first city in the Southern Hemisphere to join the majors circuit and became the official AI and technology partner of the Schneider Electric Marathon de Paris. With 14 major running events worldwide, TCS' running sponsorships collectively generated US\$2.25 billion in economic impact for host cities and helped raise over US\$279 million for charities. TCS is also the principal partner of Jaguar TCS Racing, leveraging advanced technology to promote sustainable innovation and help accelerate the electrification journey in motorsport. In 2024, Jaguar TCS Racing won the ABB FIA Formula E Teams' World Championship.

These high-impact partnerships boost TCS' global visibility and reinforce the Company's commitment to endurance, progress and shared purpose. In recognition of its sustained investment, TCS was named among the Top 50 global brands across all industries in 2024 by Kantar BrandZ, retained its position as India's #1 brand, and was valued by Brand Finance at US\$21.3 billion, making it the second most valuable brand in the global IT services sector. TCS's brand awareness among business executives has reached 95%, reflecting the continued growth and recognition as a global brand.

Brand Value



Source: Brand Finance

Together, these brand-building efforts demonstrate TCS' vision and commitment to creating an adaptive, inclusive, and resilient future with clients, communities, and employees.

Financial Performance Overview

The discussions in this section relate to the consolidated, Rupee-denominated financial results pertaining to the year that ended March 31, 2025. 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 2025		FY 2024*		
	Amount	% of Revenue	% Growth	Amount	% of Revenue
Revenue from operations	255,324	100.0	6.0	240,893	100.0
Earnings before interest and tax (EBIT) (Before other income)	62,165	24.3	4.8	59,311	24.6
Profit after tax attributable to shareholders of the Company	48,553	19.0	4.2	46,585	19.3
Earnings per share (in ₹)	134.19		5.1	127.74	

* Excludes settlement of legal claim

Analysis of revenue growth and margin performance

On a reported basis, TCS' revenue grew **6.0%** in FY 2025, compared to 6.8% in the previous year. Despite increased macroeconomic uncertainty, the Company closed the year with a strong and resilient order book. During the year, clients prioritized initiatives around Technology modernization, Cost optimization, Vendor consolidation, Operating model transformation, Risk and Compliance. Ongoing delays and deferrals led to muted revenue growth in FY 2025.

EBIT margins were **24.3%** in FY 2025, compared to 24.6%⁶ in the previous year. The 30-basis point decline was influenced by headwinds from merit-based interventions, including annual hikes, promotions, and investments in infrastructure and capability building. However, tailwinds such as improved utilization, productivity, and realization, along with favorable currency movements, contributed positively to the margins.

Average currency exchange rates during FY 2025 for the three major currencies are given below:

Currency	Weightage (%)	FY 2025 (₹)	FY 2024 (₹)	% Change YoY
USD	50.0	84.59	82.83	2.1
GBP	14.7	108.26	104.07	4.0
EUR	10.9	90.81	89.80	1.1

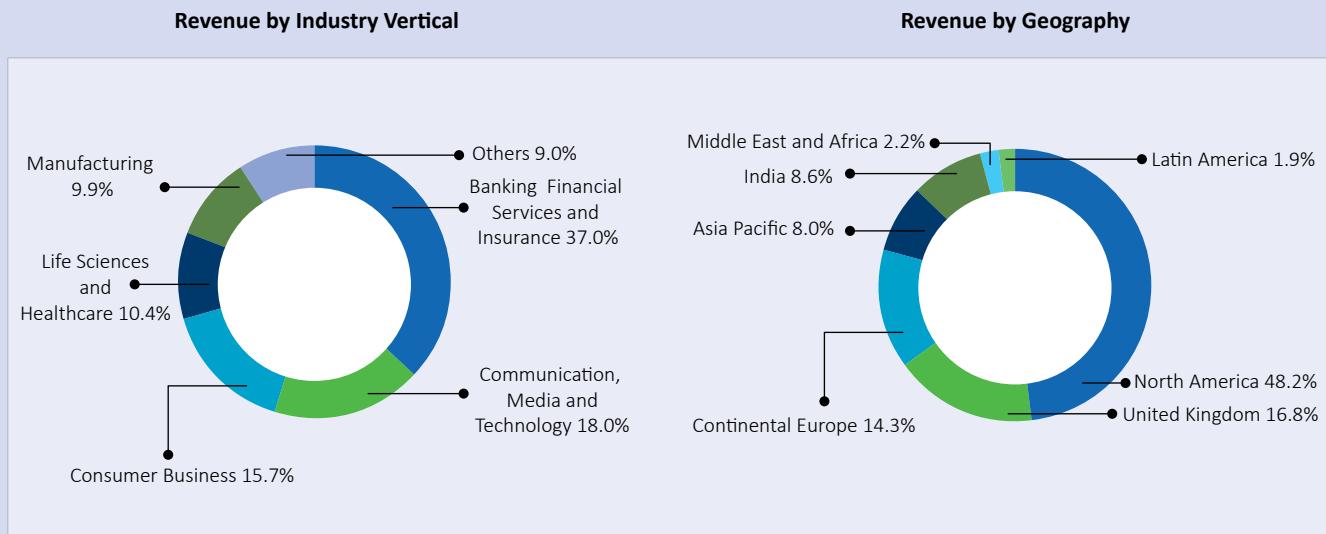
Movements in currency exchange rates through the year resulted in a positive impact of **1.8%** on the reported revenue. The constant currency revenue growth for the year, which is the reported revenue growth stripped of the currency impact, was **4.2%**.

Growth attributable to	FY 2025 (%)	FY 2024 (%)
Business growth	4.2	3.4
Impact of exchange rate	1.8	3.4
Total Growth	6.0	6.8

⁶ Excludes settlement of legal claim

Segmental Performance

TCS has identified business segments('Industry vertical') as reportable segments. The revenue break-up by Industry Vertical and Geography provided below:



Industry Vertical	Segment Revenue (₹ crore)		YoY Revenue Growth %	Segment Margin (%)	
	FY 2025	FY 2024		FY 2025	FY 2024
Banking, Financial Services and Insurance	94,597	90,928	4.0	26.6	25.9
Communication, Media and Technology	45,893	39,391	16.5	20.9	27.7
Consumer Business	40,197	39,357	2.1	27.9	26.0
Life Sciences and Healthcare	26,456	26,745	(1.1)	28.2	28.5
Manufacturing	25,170	23,491	7.1	32.7	30.9
Others	23,011	20,981	9.7	25.2	22.3

Overview of Funds Invested

TCS' investment strategy focuses on selecting a balanced mix of long-term and short-term instruments to seize market opportunities and achieve higher yields. By optimizing working capital, TCS enhances efficiency, resulting in improved overall returns.

	(₹ crore)	
	FY 2025	FY 2024
Total funds invested		
Investments in mutual funds, Government securities and others	30,956	31,730
Deposits with banks	12,831	12,259
Inter-corporate deposits	-	170
Cash and bank balances	3,435	2,804
Total	47,222	46,963

Business Outlook

Global growth is projected to be 2.8% in 2025 and 3.0% in 2026⁷, significantly below the 3.7% average growth rate seen from 2000 to 2019. While global economic activity faces headwinds from geopolitical and policy uncertainties, there are opportunities for resilience and recovery. Clearer trade agreements and improved global cooperation could help regain momentum. However, risks like financial market volatility, demographic shifts, and fiscal constraints persist. Proactive policy responses and innovation-driven growth can help mitigate these pressures.

In this challenging environment, enterprises are expected to go through longer decision cycles and experience increased scrutiny on discretionary spending. Staying close to changing customer needs is essential to understanding both direct and indirect impacts. Businesses must embrace continuous transformation to stay resilient and shifting market dynamics call for the ability to anticipate change, adapt rapidly, and turn potential disruptions into strategic advantages.

⁷ World Economic Outlook (Forecast based on information available as of April 4, 2025)

Key demand drivers expected to power the Company's growth in FY 2026 include:

- **Technology Modernization and Transformation** – Cloud migration and transformation, data estate modernization, efficiency and resilience through technology upgrades, modernizing legacy systems, ERP/the digital core, scaling intelligent operations by leveraging IoT, computer vision, robotics to enhance efficiency, and establishing Data & Cybersecurity foundations and Centres of Excellence for evaluating AI & GenAI use cases.
- **Business Transformation** – Customer experience transformation using AI-driven commerce, hyper-personalization, omnichannel strategies, supply chain modernization, data analytics, and hyper-automation to drive business outcomes. Robust data foundations, AI trust frameworks, and AI-enabled cybersecurity will strengthen resilience, while data-driven insights will power innovation across industries.
- **Operating Model Transformation** - Cost optimization, vendor consolidation, AI/GenAI led transformation of IT/business operations for greater resilience and leaner operating models, managed services models and real time operation visibility, risk and compliance initiatives.
- **Tech-enabled Sustainability** – Rising demand for tech-enabled sustainability solutions with emphasis on grid modernization, renewable energy integration, decarbonization, real-time insights driven maintenance & operations, and energy management.

Enterprise Risk Management

TCS understands the importance of effectively managing and mitigating risks to protect the Company's business and its clients and to add value for all its stakeholders. Based on the Risk Management Policy approved by the Board, 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. TCS fosters a risk-aware culture, empowering leaders to take intelligent risks to maximize value. Regular risk reviews, assessments, and scenario planning help anticipate 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. TCS engages with all stakeholders, including customers, employees, suppliers, partners and regulatory authorities, to ensure transparent and collaborative risk management practices. The focus remains on driving sustainable growth, fostering innovation, delivering value to its clients, employees, and shareholders, being resilient and enhancing its reputation.

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, corporate functions, customer relationships and individual projects.

By proactively managing and mitigating these risks, TCS aims 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 global environment, and capitalize on the opportunities that lie ahead.

While the Company tracks various risks to the business, listed below are some of the key risks (R) and opportunities (O), anticipated impact on the Company⁸ and mitigation strategies.⁹

⁸ GRI 201-2

⁹ GRI 3-3

Volatile global, political and economic environment (R)				
Impact On	FC	HC	SC	
Financial implications of R/O		(-)		
Risk:				
The volatility of geo-political events and macroeconomic changes, like wars, adverse trade policies and continuing high inflation in major economies can impact client spending and also squeeze liquidity. TCS' clients' business outlook could be affected and in turn result in demand uncertainty for TCS' services, and an increase in TCS' cost of doing business. Risks to service delivery, business continuity, cybersecurity, sanctions compliance and human rights in geo-politically sensitive zones may increase costs and impact revenue growth.				
Mitigation:				
Broad-based business mix with diversified focus across geographies and industry verticals and targeting CXO business in addition to CIOs aid in balancing the risk impact. Active monitoring of the changing geo-political landscape, ensuring business continuity plans and strengthening internal controls against secondary risks continue.				
Restrictions on global mobility, location strategies (R)				
Impact On	HC	IC		
Financial implications of R/O		(-)		
Risk:				
The global delivery model requires the mobility of the Company's skilled professionals across the globe, and any regulatory restrictions in key markets can pose a threat. This may also have an impact on the cost of doing business and client project delays.				
Mitigation:				
Promoting usage of Location Independent Agile™ model with increased collaboration, material reduction in dependency on work visas through increased hiring of local talent and promoting local talent building in STEM areas helps to minimize this risk.				

Ability to attract and retain top talent; short supply of emerging technical skills (R)				
Impact On	HC	IC		
Financial implications of R/O		(-)		
Risk:				
In a knowledge industry, growth is dependent on the ability to attract, develop, inspire, and retain talent. New emerging technology areas also require niche skill sets, and talent scarcity in the industry may result in attrition in these areas.				
Mitigation:				
Huge investments in talent development with the focus of re-skilling programs to adapt to new and emerging technologies have been made and which will continue at a rapid pace. Expanding business delivery centres to tier-2/tier-3 cities in India to enable leveraging local talent supply and diversification also aids in addressing the talent risk. Investments are also made in branding, STEM/goIT programs and campus engagements in global markets, to improve local hiring and retention.				
Business model changes in customer environment (R & O)				
Impact On	FC	IC		
Financial implications of R/O		(-)	(+)	
Risk:				
With new consumer patterns/behaviour unfolding, industries are evolving their business models. Some customers and segments may see restructuring initiatives, to adapt to newer markets, competition, mergers/acquisition, regulatory drivers and enhance efficiencies to create new business opportunities. This may result in an impact on the current services being provided.				
Mitigation:				
Scanning future industry outlook for both business & technology for trends, capabilities & solutions, and providing pro-active, agile responses to drive transformation for the customer using differentiated offerings.				
Opportunity:				
Technology enabled business model innovation for clients, driving value for clients in their business transformation journey.				

FC Financial Capital, **HC** Human Capital, **IC** Intellectual Capital, **SC** Social Capital, **NC** Natural Capital

(+) Positive Financial Implication, **(-)** Negative Financial Implication

Currency volatility (R)	
Impact On	FC
Financial implications of R/O	(+) (-)
Risk: Volatility in TCS' functional currency (INR) against major currencies may cause fluctuation in the reported revenue, profitability/margins, which may impact stakeholder perceptions of the underlying business momentum and profitability.	
Mitigation: To limit the impact of short-term exchange volatility, the currency hedging policy aligned with best practices is in place. Hedging strategies are guided and monitored by the Risk Management Committee of the Board. Management commentary is based on constant currency for better stakeholder understanding of business performance.	
Cyber Attacks (R & O)	
Impact On	FC IC SC
Financial implications of R/O	(+) (-)
Risk: Risks of cyber-attacks are on a constant rise and evolving quickly with far-reaching consequences. Attacks may emerge due to geo-political events, pandemic themed cyber threats etc. Security breaches could result in reputational damage, penalties, and legal and financial liabilities along with impact on business operations.	
Mitigation: Investments in state-of-the-art security operations centre with automated playbooks; continued reinforcement of stringent security policies, procedures and controls (ISO 27001 certified), enterprise-wide training/awareness programs and communication with internal and external audits. 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, incident management and recovery process, red/purple teaming, "breach and attack" simulations in compliance with industry best practices are implemented. Close collaboration with Computer Emergency Response Team (CERT) and other private cyber intelligence agencies help to stay ahead of the curve.	
Opportunity: It is imperative for all enterprises to create robust and proactive cyber resilience strategies to address increasing threats. This presents opportunities for TCS to modernize security operations, transform and uplift cyber defense & cyber offense, invest in GenAI and Cloud security offerings and de-risk future quantum computer-based attacks for its customers.	

Data protection and privacy compliance (R & O)	
Impact On	FC IC SC
Financial implications of R/O	(+) (-)
Risk: TCS' global nature of operations requires it to be compliant with various privacy legislations like GDPR, DPDPA etc. carrying severe consequences for violations and data breaches. Privacy risks have increased with AI adoption getting democratized with the latest tools. Any violations or data breaches can have an impact on the Company's business operations and its brand with material liabilities.	
Mitigation: The global privacy policy supported by the Privacy governance framework PrivACE, organization structure with a Global Privacy Office and Geography level DPOs, embedding 'Privacy by design' in TCS' solution/service delivery, risk based due diligence on third parties, data protection controls and audits across all its areas of operation ensure the risk is minimized.	
Keeping up to date with regulatory changes, training and awareness for all stakeholders and strong governance at regional and enterprise level has continuous focus.	
Opportunity: Enterprises, increasing their investments in enhancing Data Privacy, opens a fast-growing business opportunity for TCS.	
Non-compliance with complex and changing global regulations (R & O)	
Impact On	FC SC
Financial implications of R/O	(+) (-)
Risk: TCS' global nature of operations requires it to comply with ever-evolving, complex regulatory requirements across multiple jurisdictions & compliance areas. Failure to comply can result in penalties, reputational damage, and criminal prosecution.	
Mitigation: A centralised program for horizon scanning of all regulatory changes, combined with an enterprise-wide regulatory compliance framework for adoption into policies, processes and controls ensure compliance with all regulatory obligations. Continued focus on fostering an ethical and compliance culture, with governance at board, executive and management levels through quarterly declarations, risk assessments and audits enable the Company to stay compliant in an ever-changing environment.	
Opportunity: Enterprises need to invest in compliance programs to keep up with evolving regulations in their sector or geography. TCS provides Governance, Risk and Compliance (GRC) services and offerings to enterprises in various industry compliance domains, especially regulated industries.	

Intellectual Property (IP) infringement and leakage (R)						
Impact On	FC	IC	SC			
Financial implications of R/O	(-)					
Risk:						
Risk of infringement of IP of customers, suppliers, partners and alliance organizations by TCS associates may lead to potential liabilities, increased litigation and reputation impact.						
Also, inadequate protection of TCS' IP may lead to potential loss of ownership rights, revenue and value.						
Mitigation:						
An industry leading IP Management Framework with processes, contractual and operational controls and tools to prevent and detect risks of IP infringement has been established, with a well-defined (software) asset lifecycle governance framework ensuring that TCS products are safe to create, safe to protect and safe to use. Employee level key controls include employee confidentiality agreement, training and awareness for IP protection and prevention of IP contamination and infringement.						
Sustainability Risks – Climate change and Environmental aspects (R & O)						
Impact On	FC	NC	SC			
Financial implications of R/O	(+)	(-)				
Risk:						
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, impacting health and safety in local communities and business disruption. All of these could affect TCS' growth, profitability and reputation.						
Mitigation:						
TCS' Delivery centers are designed to withstand extreme weather events, with Business continuity plans tested periodically to ensure effectiveness. Investments in Green office buildings, green IT, use of renewable energy, reduction in carbon footprint & focus on waste management with circular economy principles are being done.						
Water management through upgradation of water infrastructure, controls to minimize freshwater consumption, sewage treatment, recycling of treated water, and rainwater harvesting.						
Focus on Supply chain sustainability with responsible sourcing, sustainability assessments, training and awareness for all stakeholders.						
Associate engagement on environmental awareness including initiatives like TCS Circle4Life™ are done round the year.						
Opportunity:						
Growing commitment by enterprises to reduce carbon footprint and regulatory requirements open new opportunities for TCS to provide business led technology solutions. TCS products and solutions such as TCS Clever Energy™, Envirozone™, ESG integration solution help accelerate customers' sustainability journeys.						

Litigation risks (R)				
Impact On	FC	SC		
Financial implications of R/O	(-)			
Risk:				
Litigation risks might arise from commercial disputes, alleged violation of IPR, personal data/information breach incidents/ claims and employment related matters. The Company's rising profile and scale also makes it an attractive target for meritless lawsuits. These lead to reputation risk, legal expenses and adverse rulings can result in substantive damage.				
Mitigation:				
Strong processes, controls and governance for compliance to contractual obligations, information security, IP policy and immigration. Strengthened the team of in-house counsels in all major geographies and a network of reputed global law firms in countries TCS operates. Arbitration has been included as a dispute resolution mechanism as against court trials and waivers of jury trial, particularly in the US Geography.				
Disruptive Technologies (R & O)				
Impact On	FC	HC	SC	IC
Financial implications of R/O	(+)	(-)		
Risk:				
Technology disruption is happening at an unprecedented pace. Inadequate guardrails and governance to address inherent risks of use of emerging technology can cause significant quality, security, IP and ethical concerns. GenAI technologies could disrupt existing software development methods, causing unrealistic market expectations in the short term, impacting TCS' value proposition.				
Mitigation:				
Investments in large-scale re-skilling of TCS associates on AI and other new technologies are progressing well. Innovation in frameworks, methods, guardrails to address risks, investments in the required infrastructure and safe environments are being made. Investments in research and capabilities to devise new software development methods leveraging AI are being made. TCS is working with standards and regulatory bodies for safe use of new technology.				
Opportunity:				
Leveraging new & emerging technology to design technology and industry specific offerings, to reimagine customer experience, improve productivity and bring significant transformation in TCS' customer organizations.				

Internal Financial Control Systems and their Adequacy

TCS has aligned its systems of internal financial control in line with the 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 commit organizational resources and results in creation of assets and liabilities, income and expenditure. TCS employs an advanced 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015] as of March 31, 2025.

B S R & Co. LLP, the statutory auditors of TCS, have audited the financial statements included in this Integrated Annual Report and have issued an attestation report on the Company's internal control over financial reporting (as defined in Section 143 of the 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 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 the Companies Act, 2013 and Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015], TCS' Audit Committee noted that, as of March 31, 2025, the Company's internal financial controls were adequate and operating effectively.

Performance Trend – 10 years

(₹ crore)

	FY 2025	FY 2024*	FY 2024	FY 2023	FY 2022	FY 2021*	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Revenue from operations												
Total revenue from operations	255,324	240,893	240,893	225,458	191,754	164,177	164,177	156,949	146,463	123,104	117,966	108,646
Revenue by geographic segments												
Americas	127,870	127,939	127,939	124,336	100,072	84,278	84,278	82,000	77,562	66,145	66,091	60,011
Europe	79,487	75,624	75,624	67,436	61,142	52,346	52,346	48,037	43,456	34,155	30,038	29,092
India	22,060	13,562	13,562	11,271	9,805	8,449	8,449	8,964	8,393	7,921	7,415	6,729
Others	25,907	23,768	23,768	22,415	20,735	19,104	19,104	17,948	17,052	14,883	14,422	12,814
Cost												
Employee cost	145,788	140,131	140,131	127,522	107,554	91,814	91,814	85,952	78,246	66,396	61,621	55,348
Other operating cost	42,129	36,466	37,424	38,677	31,143	25,817	27,035	28,888	28,711	24,192	24,034	22,621
Total cost (excluding interest & depreciation)	187,917	176,597	177,555	166,199	138,697	117,631	118,849	114,840	106,957	90,588	85,655	77,969
Profitability												
EBIT	62,165	59,311	58,353	54,237	48,453	42,481	41,263	38,580	37,450	30,502	30,324	28,789
Profit before tax	65,331	63,038	61,997	56,907	51,687	44,978	43,760	42,248	41,563	34,092	34,513	31,840
Profit after tax attributable to shareholders of the Company	48,553	46,585	45,908	42,147	38,327	33,388	32,430	32,340	31,472	25,826	26,289	24,270
Financial Position												
Equity share capital	362	362	362	366	366	370	370	375	375	191	197	197
Reserves and surplus	94,394	90,805	90,127	90,058	88,773	87,014	86,063	83,751	89,071	84,937	86,017	70,875
Gross block of property, plant and equipment	37,277	33,853	33,853	32,344	30,300	28,658	28,658	26,444	24,522	22,720	20,891	19,308
Total investments	30,964	31,762	31,762	37,163	30,485	29,373	29,373	26,356	29,330	36,008	41,980	22,822
Net current assets	70,010	67,558	66,880	66,712	65,959	66,076	65,125	63,177	70,047	63,396	65,804	47,644
Earnings per share in ₹												
EPS- as reported	134.19	127.74	125.88	115.19	103.62	89.27	86.71	86.19	83.05	134.19	133.41	123.18
EPS- adjusted for Bonus Issue	134.19	127.74	125.88	115.19	103.62	89.27	86.71	86.19	83.05	67.10	66.71	61.59
Headcount (number)												
Headcount (including subsidiaries) as on March 31st	607,979	601,546	601,546	614,795	592,195	488,649	488,649	448,464	424,285	394,998	387,223	353,843

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

Ratio Analysis – 10 years

	Units	FY 2025	FY 2024*	FY 2024	FY 2023	FY 2022	FY 2021*	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Ratios - Financial Performance													
Employee Cost / Total Revenue	%	57.1	58.2	58.2	56.6	56.1	55.9	55.9	54.8	53.4	53.9	52.2	50.9
Other Operating Cost / Total Revenue	%	16.5	15.1	15.5	17.1	16.2	15.7	16.5	18.4	19.6	19.7	20.4	20.9
Total cost (excluding interest & depreciation) / Total Revenue	%	73.6	73.3	73.7	73.7	72.3	71.6	72.4	73.2	73.0	73.6	72.6	71.8
EBIT / Total Revenue	%	24.3	24.6	24.2	24.1	25.3	25.9	25.1	24.6	25.6	24.8	25.7	26.5
Profit Before Tax / Total Revenue	%	25.6	26.2	25.7	25.2	27.0	27.4	26.7	26.9	28.4	27.7	29.3	29.3
Tax / Total Revenue	%	6.5	6.8	6.6	6.5	6.9	7.0	6.8	6.2	6.8	6.7	6.9	6.9
Effective Tax Rate- Tax / PBT	%	25.3	25.8	25.6	25.7	25.6	25.5	25.6	23.2	24.1	24.1	23.6	23.6
Profit After Tax / Total Revenue	%	19.0	19.3	19.1	18.7	20.0	20.3	19.8	20.6	21.5	21.0	22.3	22.3
Ratios - Growth													
Total Revenue	%	6.0	6.8	6.8	17.6	16.8	4.6	4.6	7.2	19.0	4.4	8.6	14.8
EBIT	%	4.8	9.4	7.6	11.9	14.1	10.1	7.0	3.0	22.8	0.6	5.3	13.7
Profit After Tax	%	4.2	10.5	8.9	10.0	14.8	3.2	0.3	2.8	21.9	(1.8)	8.3	22.3
Ratios - Balance Sheet													
Debt (excluding lease liabilities)- Equity Ratio	Times	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
Current Ratio	Times	2.3	2.5	2.5	2.5	2.6	3.0	2.9	3.3	4.2	4.6	5.5	4.1
Days Sales Outstanding (DSO) in ₹ terms	Days	72	68	68	67	65	67	67	71	68	74	70	81
Days Sales Outstanding (DSO) in US\$ terms	Days	71	67	67	65	64	68	68	67	69	74	73	80
Invested Funds / Capital Employed	%	44.9	47.7	47.3	50.4	57.4	52.6	53.1	47.7	55.2	55.6	55.8	45.8
Capital Expenditure / Total Revenue	%	1.9	1.1	1.1	1.4	1.5	1.9	1.9	2.0	1.5	1.5	1.7	1.8
Operating Cash Flows / Total Revenue	%	19.2	18.7	18.4	18.6	20.8	23.6	23.6	20.6	19.5	20.4	21.4	17.6
Free Cash Flow / Operating Cash Flow Ratio	%	89.8	94.1	94.0	92.7	92.6	91.9	91.9	90.5	92.5	92.8	92.3	89.7
Depreciation of Property, Plant and Equipment / Average Gross Block of Property, Plant and Equipment	%	7.6	8.4	8.4	9.2	9.1	8.7	8.7	8.6	8.5	9.1	9.5	10.0
Ratios - Per Share													
EPS- adjusted for Bonus	₹	134.19	127.74	125.88	115.19	103.62	89.27	86.71	86.19	83.05	67.10	66.71	61.59
Price Earnings Ratio, end of year	Times	26.9	30.3	30.8	27.8	36.1	35.6	36.6	21.2	24.1	21.2	18.2	20.4
Dividend Per Share	₹	126.00	73.00	73.00	115.00	43.00	38.00	38.00	73.00	30.00	50.00	47.00	43.50
Dividend Per Share- adjusted for Bonus	₹	126.00	73.00	73.00	115.00	43.00	38.00	38.00	73.00	30.00	25.00	23.50	21.75
Market Capitalization / Total Revenue	Times	5.1	5.8	5.8	5.2	7.1	7.2	7.2	4.4	5.1	4.4	4.1	4.6

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