

## Dear Shareholder,

I am pleased to share that your company has done well in a volatile global environment in the year gone by. In FY 2023, your company delivered revenue of **₹225,458 crore**, a growth of **17.6%**. This growth has come at an industry-leading operating margin of **24.1%**.

TCS continues to play a crucial role with clients to enable their business transformation, helping them accelerate new technology adoption and bring agility into execution. We work with large enterprises on transformation initiatives to build a digital foundation for the future, enable strategic leverage of data and artificial intelligence (AI) and reimagine customer and employee experiences.

Your company delivered healthy client metrics enabled by new customer additions and deep client relationships. In FY 2023, growth has come from broad-based performance across markets and industry verticals. The order book continues to be strong, indicating demand for your company's services. From a talent perspective, the employee strength grew to over 614,000 associates with 35.7% women associates.

The global environment is going through considerable changes. Geopolitical factors such as the conflict between Russia and Ukraine, rising inflation and volatile commodity prices have caused slowing down of global growth and created stress in the overall economic environment.

At the same time, the world is navigating several transitions. Undoubtedly, these transitions will require significant investments in technology and innovation, and offer a huge growth opportunity for the IT industry.

The global **energy transition** is accelerating. Businesses are making clear commitments towards a sustainable future. There are many innovations across products, services, manufacturing, and delivery. New business models are also emerging. This requires investments in technology and innovation including electric mobility, renewable power, hydrogen and sustainable fuel. In addition, sustainability compliance and reporting requirements are fast evolving as new standards and regulations are coming into play. Across the facets of this transition, investments in IT and digital technology will be an important enabler for businesses.

The **supply chain transition** resulting from the geo-political situation is altering the global supply chains. Companies are rebalancing their supply chains for resilience and efficiency. New global supply chain ecosystems are being created with India playing an important role. This is being led by significant capital investments in technology to set-up 'digital-first' manufacturing and supply chain operations as well as to build ecosystem integration with partners.

In the past decade, there has been a rapid evolution of digital technologies, bringing about a transformation across every industry. Now, the advancements in AI have made **AI transition**

a central focus. The impact of AI and Machine learning is going to be profound. There is a transition already underway from predictive AI to generative AI. Majority of the businesses are still adopting predictive AI and are on the journey of capturing large volume of data, harnessing the power of cloud and IoT. There are varying levels of adoption in companies across sectors. Leveraging generative AI would further require technology innovation and investments.

There is another important area that companies need to focus on – building talent for the future. The energy, supply chain and AI transitions are going to require companies to reskill/upskill existing talent base, hire and integrate new talent and invest in research. Our technology strengths make us well-placed to respond to the global demand and scale up our talent base.

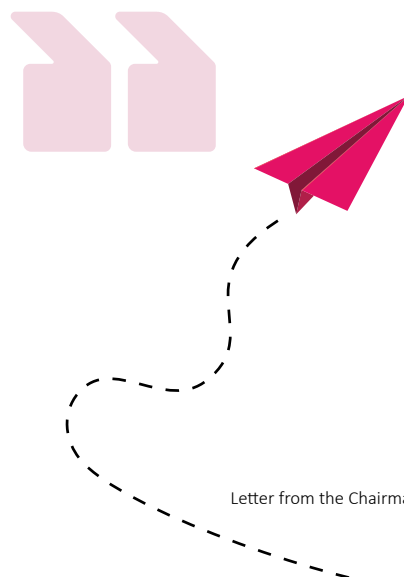
As the future of work is evolving, enterprises globally are also assessing their approach to talent. Today, companies can tap into talent anywhere and leaders need to learn how to harness the global talent pool effectively. Technology and tools are facilitating collaboration and enabling virtual and hybrid models of work. Harnessing this talent will need an approach that leverages technologies like AI and cloud to enable effective employee engagement and collaboration.

Your company is significantly investing in building AI capabilities which include products and platforms that are AI-powered. Over the last few years, your company has leveraged partnerships to design and orchestrate a completely indigenous software-defined 4G/5G network stack. 5G technologies along with IoT, edge and AI will enable new digital transformation opportunities across industries, both industrial and consumer. We will also invest in research areas important for the future, in collaboration with our global academic partners and start-up ecosystem.

I would like to thank Rajesh Gopinathan for his contribution during his tenure as CEO & MD and I wish him the very best for the future. I also take this opportunity to wish K Krithivasan the very best in his new role as CEO & MD of your company.

On behalf of the Board of Directors of Tata Consultancy Services, I want to thank you for your continued trust, confidence, and support.

Warm regards,  
**N Chandrasekaran**  
Chairman



*Our full services capability enables us to help our clients thrive, in good times and bad. During the up-cycle, we help clients accelerate and expand their technology-led innovation to differentiate themselves and drive growth. On the down cycle, we help them adapt, using technology to drive the efficiency, agility and resilience needed to cope with a faltering economy, and prepare for better times ahead.* ”

## Letter to Shareholders<sup>1</sup>

### Dear Stakeholder,

Demand for our services showed remarkable resilience even as other parts of the technology universe deflated, and macroeconomic uncertainties worsened in our major markets throughout FY 2023. Our revenue for the year was **₹225,458 crore**, a growth of **17.6%** over the prior year (**13.7%** in constant currency).

This growth came with an industry leading operating margin of **24.1%**. Our Net Margin was at **18.7%**. The Earnings Per Share was at **₹115.19**, a growth of **11.2%** over the prior year.

From an industry vertical perspective, growth in FY 2023 was led by Retail and Consumer Business, which grew **22.1%**, Life Sciences and Healthcare which grew **20.2%** and Communications, Media and Technology which grew **18.1%**. Banking, Financial Services and Insurance grew **14.6%** while Manufacturing grew **14.1%**. Others, which make up **8.2%** of revenues, grew **22.5%**.

By geographic markets, North America grew **24.2%**, UK grew **11.4%** and Continental Europe grew **9.2%**. Among emerging markets, Latin America grew **24.8%**, India grew **14.9%**, Middle East & Africa grew **12.5%** while Asia Pacific grew **7.1%**.

The Board has recommended a final dividend of **₹24** per share, bringing the total dividend for the year to **₹115** per share. For the full year, the company's shareholder payout was **₹42,079 crore**, **108.2%** of the free cash flow during the year.

### Innovate, Adapt, Thrive

Our performance this year reflects how much of an enterprise staple IT services have become. Our full services capability enables us to help our clients thrive, in good times and bad. During the up-cycle, we help clients accelerate and expand their technology-led innovation to differentiate themselves and drive growth. On the down cycle, we help them adapt, using



technology to drive the efficiency, agility and resilience needed to cope with a faltering economy, and prepare for better times ahead.

Cloud transformation remained a high priority area for enterprises in FY 2023, with greater focus on execution. They engaged us to take up the modernization and migration of their bigger, more complex workloads. The breadth and depth of our cloud expertise, our scale, deep domain knowledge, strong partnership credentials with the hyperscalers and our portfolio of intellectual property on the cloud, give us a distinct competitive edge in this phase of the cloud adoption cycle.

We also helped clients cope with the challenge of managing cloud expenses. In some cases, it required rearchitecting their application stack to be more cloud native, capable of dynamically ramping up resource consumption during periods of high demand, and automatic ramping down at other times. Elsewhere, we offered our FinOps advisory and cloud managed services to rein in cloud costs.

The adoption of cloud technologies continues to drive innovation within enterprises. The availability of compute, data

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and networks at scale provides access to powerful technologies like advanced analytics and machine learning, applied to diverse areas like computer vision, text and speech processing, in domains like dynamic supply chain optimization, new molecule discovery in life sciences and usage-based pricing of insurance coverage.

Newer developments like generative AI, large language models, and quantum computing triggered more experimentation and innovation by our clients. Our investments in research and innovation across different industries, and our Pace innovation architecture have positioned us well to partner with them in these initiatives. Our Agile Innovation Cloud offering, where we create dedicated, location-independent innovation teams to help clients accelerate and scale up their innovation, gained further traction in FY 2023. 7 new clients signed up during the year, bringing the total to 30 clients.

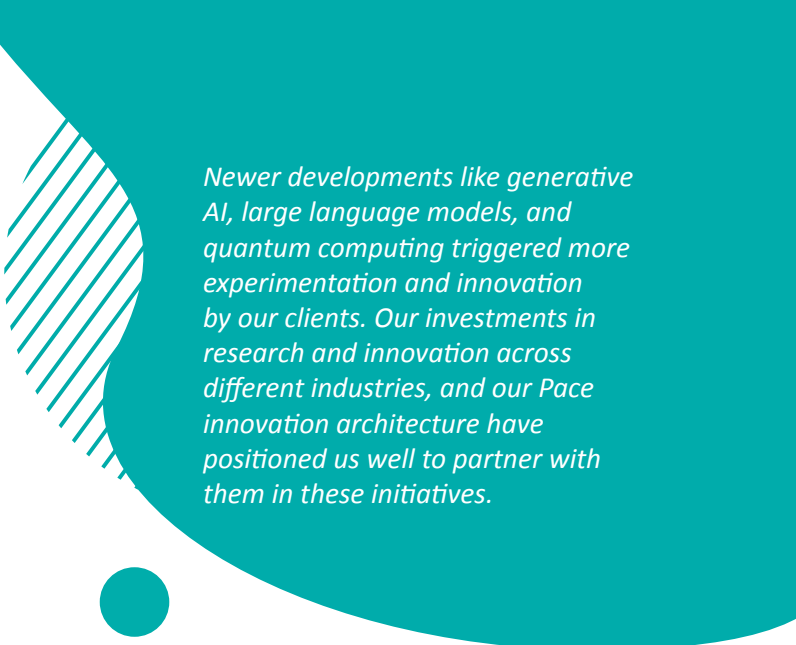
Some of the emerging innovation themes that we helped customers with include ecosystem and multi-industry models underpinned by technologies like data marketplaces, API and blockchain, in industries like transportation and public sector; AI-powered autonomous robotics in the logistics industry, and new applications for digital twins in the BFSI, Telecom and Retail industries.

Within our growth and transformation (G&T) portfolio, business model innovation continued to be a key theme. For example, for a large Fortune 500 electric gas utility, we built the service delivery platform central to their new business model of providing warranty repair, refurbishment and replacement services of various home appliances to households.

**Ingram Micro**, one of the largest technology distributors in the US, engaged us as a partner to power their pivot into e-commerce and achieve their mission to transform from a traditional distributor to a platform company that does distribution. **Tapestry Inc.**, a leading New York-based house of iconic accessories and lifestyle brands such as Coach, Kate Spade, & Stuart Weitzman, partnered with TCS to drive their omnichannel modernization and transform the customer journey experience.

Other G&T themes, such as M&A and sustainability continued to bring in high-profile deal wins and new strategic engagements for us in FY 2023. Elsewhere in this report, you can read about the work we did for **Philips Domestic Appliances** in its journey to be a standalone company, and how we helped **Eversource Energy** pursue its carbon neutrality aspirations.

Digital transformation, which began in the front office, towards enhancing customer experience, made further inroads within the enterprise during the year, unlocking tremendous value in the middle and back office. As critical technologies such as machine vision and conversational systems get better with the use of AI, our Machine First™ approach is helping clients use them innovatively in the back office, embedding them into reimagined processes to drive greater velocity, agility, throughput and resilience – which, among other things, also enhances customer experience.



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Applied at scale, across a broad set of business or IT operations, this can result in an entirely new operating model that significantly boosts our clients' competitiveness. As macroeconomic uncertainty increased in the second half of the year, we saw clients adapting by reprioritizing their spends and showing greater interest in such operating model transformations.

TCS Cognix™, our AI-driven human machine collaboration suite, has been a game changer, enabling faster transformations that deliver concrete business benefits within months. Its 600 pre-built configurable and reusable digital solutions enable plug and play transformation of a range of business and technology functions, horizontal and vertical. Nearly 300 of our clients have used it to transform their business and IT operations.

In traditional outsourcing deals, we saw more multi-services integrated deals. By consolidating multiple elements of the operation stack – processes, applications, and the underlying technology and infrastructure – with a single strategic partner, clients not only achieve greater accountability, but also reduce complexity and derisk their larger business transformations. The same rationale is driving more vendor consolidation initiatives that favor a few strategic partners with end-to-end service offerings, the right innovation capabilities and scale.

All these trends play to our strengths. Our scale, structure, and ability to bring together different capabilities into a seamless service delivery team, helped us win several large deals throughout the year.

### Investing in People

The supplyside challenges of the last two years peaked in the first half of FY 2023, with employee churn reaching unprecedented levels. We broke out of the vicious cycle of hiring and counter-hiring within the industry by investing in onboarding an unprecedented number of fresh engineers – over **110,000** in FY 2022 and over **44,000** in FY 2023 – and training them on the technologies most in demand.

In FY 2023, we focused on utilizing the spare capacity built up in the prior year, and recalibrated our hiring especially as attrition started falling in the second half of the year. Our LTM attrition in IT services for the year was **20.1%**. Net addition in FY 2023 was **22,600**, and the closing headcount was **614,795**. Our workforce continued to be very diverse, with over 150 nationalities represented and with women making up 35.7% of the employee base.

Our investments in organic talent development continue to deliver exceptional outcomes. In FY 2023, TCSers logged **48.3 million** learning hours, and acquired nearly **6 million** competencies. Popular technologies witnessed unprecedented levels of interest from our employees. During the year, **53,000** TCSers acquired certification on hyperscaler cloud skills, bringing the total number to over **110,000**, making TCS one of the Top 2 partners to the largest cloud providers.

### Caring for Communities

We continued to work with communities across the world, pursuing our long-standing commitment to programs in the areas of skills development, bridging of digital divides and STEM education. In FY 2023, we estimate that our community initiatives touched the lives of over **4.5 million** beneficiaries – women, youth and members of marginalized communities.

Our large programs in India around literacy, digital entrepreneurship and youth skilling continued to gain scale. Likewise, our STEM initiatives outside India. goIT is shaping the next generation of digital innovators in 42 countries, while Ignite my Future in School program has doubled its original goal, serving over **2 million** students and educators in five geographies worldwide since inception in 2017.

Our employee volunteer program called HOPE (Hours of Purpose by Employees) resulted in over **2.8 million** hours of volunteering effort towards promoting issues most relevant in their local communities, such as mental health, climate action, circularity, education, skilling, mentoring, and conservation.

On the environmental front, we continue to make good progress in our net zero journey. We have brought down our absolute carbon footprint across Scope 1 and Scope 2 emissions by **71%** over base year 2016, meeting our target two years ahead of time. This was despite increased electricity consumption in FY 2023 from employees' return to office. In addition to enterprise-wide initiatives for energy efficiency, we have also significantly increased our use of renewable energy. Renewable energy sources today make up **55%** of the total (7.25% in 2016).

### So long, farewell

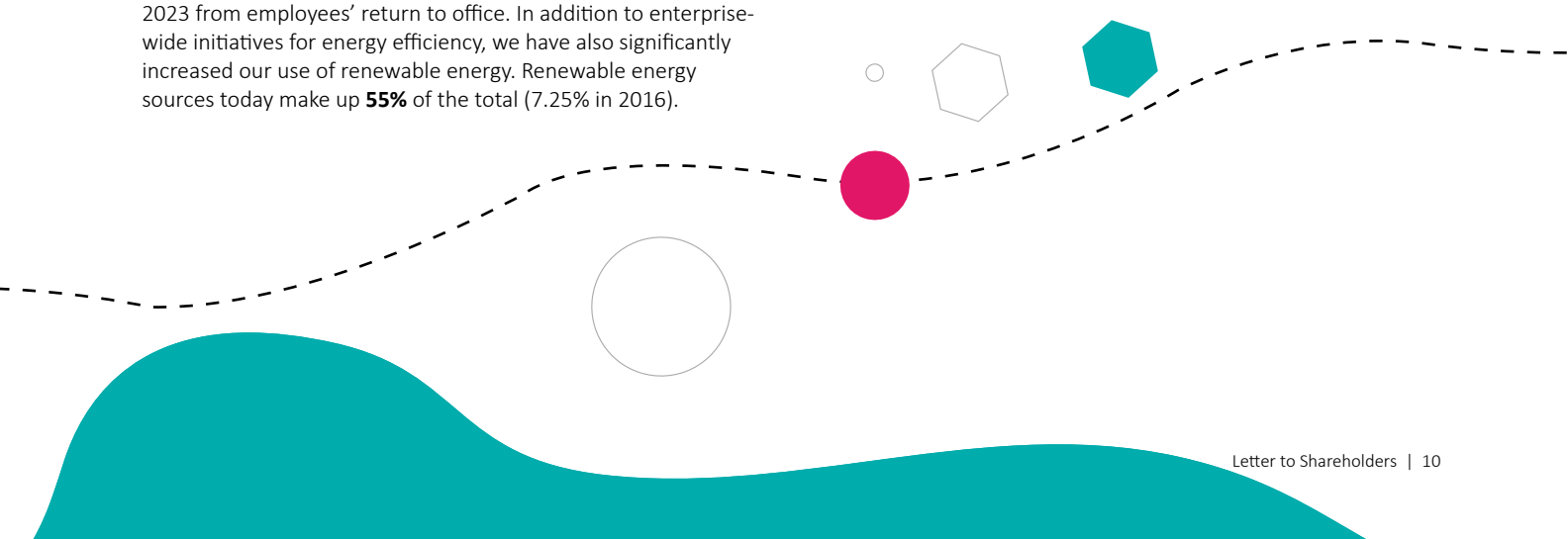
This year marks a key milestone in my journey with TCS, and an important transition point for the company, as I step down from my role as CEO and MD on 31st May 2023. It has been an absolute privilege and an unparalleled learning experience to lead our company in the last six years, a period of tremendous growth and transformation for us.

On a more personal note, I am grateful to Chandra, our Chairman, for his mentorship and backing over the years, to our Board members for their guidance, and to all our customers for the confidence they reposed in us. I take this opportunity to thank all my colleagues whose support and trust made my journey as CEO successful, satisfying and unforgettable. I also thank all my fellow TCSers whose energy, dedication and aspirations continue to power the organization's success.

I have had the pleasure of interacting with some of you in person over the last decade. Your feedback and insights helped me learn and shaped my worldview. Thank you for all your support and encouragement.

With enterprises relying on technology ever more to drive their competitive differentiation, technology intensity is rising and on a secular basis, the share of IT services within overall tech spending is also going up. I am confident that TCS' best years are ahead, and I look forward to watching the company's continued success from outside.

Best Regards,  
**Rajesh Gopinathan**  
Chief Executive Officer and Managing Director  
(For FY 2022-23)





# Letter from the CEO

**Dear Shareholder,**

I am truly humbled by this opportunity to lead this remarkable organization that I have been part of for 34 years. The culture, values and ethos of TCS and the Tata group have been an inspiration always. Your company has a very strong leadership team and a workforce that is highly motivated. It is my privilege to lead this talented team.

As part of the transition, I interacted with a number of our customers, leadership teams and employees. This has further enriched my understanding of the depth of our customer relationships, customers' priorities and the opportunities ahead of us. I see a huge potential to create positive impact for our clients, our employees and for the broader community of stakeholders that we serve.

As part of their continuing digital transformation journey, we see sustained focus on cloud adoption, data architecture, customer experience and business model transformation. Through these initiatives, our customers intend to avoid technology obsolescence, become an intelligent enterprise, introduce new products and services, orchestrate ecosystems and provide immersive, hyper-personalized experiences. In addition, all our customers have also committed to ambitious net-zero carbon emission targets.

On top of these current focus areas, technologies like 5G, IoT, generative AI, virtual reality / metaverse, digital twin and others are also gaining attention and are likely to attract investments in the short to medium term.

As technology adoption will remain a key driver of business growth and transformation for our clients, we have been relentlessly focussed on our clients' needs and have been investing in building newer capabilities to help them accelerate technology adoption. Your company continues to focus on enhancing the talent base of its associates, building partnerships with key technology providers, expanding the innovation ecosystem and building its own products and platforms.

These business and technology trends drove a strong deal flow throughout FY 2023, peaking in the fourth quarter. We closed the year with an order book of \$34.1 Bn. This along with the strong pipeline replenishment gives us a good visibility for the medium term.

I would like to take this opportunity to thank you for your continued support in this exciting journey ahead.

Best Regards,  
**K Krithivasan**  
Chief Executive Officer and Managing Director



# The Year Gone by

## Q4

After a stellar 22-year career at TCS and a successful stint as Managing Director and CEO from 2017 to 2023, **Rajesh Gopinathan** decided to step down from his role, and resign from TCS effective September 15, 2023, to pursue other interests. The Board nominated **K Krithivasan** to step into the role with effect from June 1, 2023.

Ranked the **number one IT service provider for customer satisfaction in Europe** in an independent survey of over 1,800 CXOs by **Whitelane Research**. This is the tenth consecutive year that TCS has received the top ranking in this survey. Of the top 23 IT service providers ranked on customer satisfaction, TCS topped the list, scoring 83%, versus the group's average of 75%.

Announced an expansion of its long-standing partnership with **Phoenix Group**, UK's largest long-term savings and retirements provider, to digitally transform the latter's ReAssure business using the **TCS BaNCS™ based digital platform**, and to administer the insurer's 3 million policies. Consolidating on TCS' platform will help Phoenix Group drive synergies and enhance customer experience.

Named to the **Forbes** list of **America's Best Large Employers**, based on a large, independent survey of US employees. TCS was also recognized as a **Global Top Employer** for the eighth year in a row, and as Top Employer in **North America, Europe, Asia Pacific**, and **Latin America**.

Rated **Baa1** by **Moody's** credit rating agency, reflecting moderate credit risk for entities in the investment grade category. The company's good corporate governance practices, extremely strong balance sheet, large liquidity and net cash position were cited as key credit strengths supporting this rating.

TCS-sponsored marathons, such as the **TCS New York City Marathon**, **TCS Amsterdam Marathon**, **TCS Toronto Waterfront Marathon** and **TCS Lidingöloppet** returned to the streets, much to the delight of runners and spectators alike. The company also took on the **title sponsorship** of the **TCS London Marathon**.

Named to **FORTUNE®** magazine's list of the **World's Most Admired Companies**, regarded as a barometer of corporate reputation. Evaluation criteria include innovation, social responsibility, quality of management, global competitiveness, talent management, and quality of products/services.



Announced a **special dividend of ₹67 per share**, along with three interim dividends of **₹8** each. This, along with the final dividend of **₹24**, amounted to a total dividend of **₹115** per share. The **total shareholder payout** for the year was **₹42,079 crore**.

Selected as a strategic partner by **Bombardier**, a global leader in aviation, to drive its organization-wide IT and digital transformation to enhance its agility. TCS will modernize the aviation leader's legacy systems across multiple verticals, deploy and integrate new systems around the S/4 HANA ERP platform and transform the operating model using AI and ML.

TCS New York City Marathon

TCS Amsterdam Marathon

TCS Toronto Waterfront Marathon

TCS Lidingöloppet

