

Directors' Report

To the Members,

The Directors present this Integrated Annual Report of Tata Consultancy Services Limited (the Company or TCS) along with the audited financial statements for the financial year ended March 31, 2023.

The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

1. Financial results

(₹ crore)

TCS Financial Report	Standalone		Consolidated	
	Financial Year 2022-23 (FY 2023)	Financial Year 2021-22 (FY 2022)	Financial Year 2022-23 (FY 2023)	Financial Year 2021-22 (FY 2022)
Revenue from operations	1,90,354	1,60,341	2,25,458	1,91,754
Other income	5,328	7,486	3,449	4,018
Total income	1,95,682	1,67,827	2,28,907	1,95,772
Expenses				
Operating expenditure	1,39,357	1,14,096	1,66,199	1,38,697
Depreciation and amortisation expense	3,940	3,522	5,022	4,604
Total expenses	1,43,297	1,17,618	1,71,221	1,43,301
Profit before finance costs and tax	52,385	50,209	57,686	52,471
Finance costs	695	486	779	784
Profit before tax	51,690	49,723	56,907	51,687
Tax expense	12,584	11,536	14,604	13,238
Profit for the year	39,106	38,187	42,303	38,449
Attributable to:				
Shareholders of the Company	39,106	38,187	42,147	38,327
Non-controlling interests	NA	NA	156	122
Opening balance of retained earnings	68,949	70,928	78,158	79,586
Closing balance of retained earnings	62,228	68,949	74,722	78,158

2. Return of surplus funds to Shareholders

In line with the practice of returning 80 to 100 percent free cash flow to shareholders and based on the Company's performance, the Directors have declared three interim dividends of ₹8 per equity share and a special dividend of ₹67 aggregating to ₹91 per equity share involving a cash outflow of ₹33,297 crore during the year. The Directors have also recommended a final dividend of ₹24 per equity share, the final dividend on equity shares, if approved by the Members, would involve a cash outflow of ₹8,782 crore. The total shareholders payout excluding the buyback tax of ₹4,192 crore paid at the beginning of FY 2023, would involve a total cash outflow of ₹42,079 crore at ₹115 per equity share, resulting in a dividend payout of 107.6 percent of the standalone profits of the Company.

For FY 2022, the Company paid a total dividend of ₹43 per equity share, which resulted in an outflow of ₹15,818 crore

and a dividend payout of 41.4 percent of the standalone profits of the Company. In addition to the above, the Company bought back 4,00,00,000 equity shares at a price of ₹4,500 per equity share for an aggregate consideration of ₹18,000 crore. The offer size of the buyback was 21.03 percent and 19.06 percent of the aggregate paid-up equity share capital and free reserves as per audited condensed standalone interim financial statements and audited condensed consolidated interim financial statements of the Company as at December 31, 2021, respectively.

The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") is available on the Company's website at <https://on.tcs.com/Dividend>.