



# SHAPING THE FUTURE

Annual Report 2015-16

**TATA** CONSULTANCY SERVICES  
Experience certainty.







TCS Sahyadri Park, Pune

# SHAPING THE FUTURE

The Digital technologies of mobility, big data, analytics, cloud computing, artificial intelligence and robotics are creating a dematerialized and hyperconnected world. To succeed, companies will have to be agile and create products that are experience rich. TCS is working with the world's largest companies to help them reimagine their business models, products and services, and workplaces in all industries. With more than one-third of our workforce trained in over 400 digital platforms and technologies, we are guiding companies of today on the path to tomorrow.

Cover image: TCS Siruseri, Chennai

The Annual General Meeting will be held on Friday, June 17, 2016, at Birla Matushri Sabhagar, Sir V. T. Marg, New Marine Lines, Mumbai 400020, at 3.30 p.m. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

# Content



Notice	33
Directors' Report	40
Management Discussion and Analysis	68
Corporate Governance Report	106
Business Responsibility Report	128

Board of Directors	02
Management Team	04
Performance by Numbers	06
Letter from CEO	08
Shaping the Future - Retail, BFSI, Life Sciences, India, Innovation	12
Building a Digital learning Platform	22
Digital Talent Pipeline	23
From Employee Experience to ENGAGEMENT	24
Transforming India's Oldest Public Healthcare Institutions	25
Impacting the Community - Swachh Bharat	26
Taking STEM to grassroots	27
Building a Healthy Active Community	28
Awards	29
Route Map to the AGM Venue	32

## Consolidated Financial Statements

Auditors' Report	146
Consolidated Balance Sheet	150
Consolidated Statement of Profit and Loss	151
Consolidated Cash Flow Statement	152
Notes forming part of the Consolidated Financial Statements	154

## Unconsolidated Financial Statements

Auditors' Report	188
Balance Sheet	194
Statement of Profit and Loss	195
Cash Flow Statement	196
Notes forming part of the Financial Statements	197
Statement under Section 129 of the Companies Act, 2013 relating to subsidiary companies	232
Attendance Slip / Proxy Form	235
Updation Form	237

# Board of Directors



(Standing - Left to Right)

**A Mehta**  
Director

**V Thyagarajan**  
Director

**P A Vandrevalla**  
Director

(Seated - Left to Right)

**V Kelkar**  
Director

**N Chandrasekaran**  
Chief Executive Officer  
& Managing Director

**C P Mistry**  
Chairman





(Standing - Left to Right)

**O P Bhatt**  
Director

**R Sommer**  
Director

**I Hussain**  
Director

(Seated - Left to Right)

**Aarthi Subramanian**  
Executive Director

**C M Christensen**  
Director

# Management Team

## Corporate



**N Chandrasekaran**  
Chief Executive Officer  
& Managing Director



**Aarthi Subramanian**  
Global Head of  
Delivery Excellence,  
Governance & Compliance



**Rajesh Gopinathan**  
Chief Financial Officer



**Ajoyendra Mukherjee**  
Global Head, Human Resources



**Suprakash Mukhopadhyay**  
Company Secretary  
& Treasury



**John Lenzen**  
Marketing



**Pradipta Bagchi**  
Communication



**K Ananth Krishnan**  
Research & Development



**Vishwanathan Iyer**  
Legal

## Geography Heads



**Surya Kant**  
North America,  
UK & Europe



**Henry Manzano**  
Latin America



**Ravi Viswanathan**  
India, Middle-East & Africa



**Girish Ramachandran**  
Asia Pacific



**AS Lakshminarayanan**  
Japan

## Strategic Growth Unit Heads



**NG Subramaniam**  
Financial Solutions



**Venguswamy Ramaswamy**  
iON

## Industry Service Unit Heads



**K Krithivasan**  
Banking &  
Financial Services



**Susheel Vasudevan**  
Banking &  
Financial Services



**Ramanamurthy Magapu**  
Banking &  
Financial Services



**Suresh Muthuswami**  
Insurance & Healthcare



**Pratik Pal**  
Retail, Travel &  
Consumer Products



**Debashis Ghosh**  
Life Sciences,  
Manufacturing & Energy



**Milind Lakkad**  
Manufacturing



**Kamal Bhadada**  
Communication, Media  
& Information Services

## Service Unit Heads



**Krishnan Ramanujam**  
Enterprise Solutions &  
Global Consulting Practice



**Regu Ayyaswamy**  
Engineering &  
Industrial Services



**Dinanath Kholkar**  
Business Process Services



**P R Krishnan**  
IT Infrastructure Services



**Siva Ganesan**  
Assurance Services



**Satya Ramaswamy**  
Digital Enterprise  
Services & Solutions

# Performance by Numbers

₹28,642<sup>CR</sup>  
EBIT/OPERATING INCOME  
26.4% \*



₹24,292<sup>CR</sup>  
NET INCOME  
22.4% \*



REVENUE GROWTH

₹1,08,646<sup>CR</sup> UP 14.8%

₹21,581<sup>CR</sup> +  
NET CASH FROM OPERATIONS



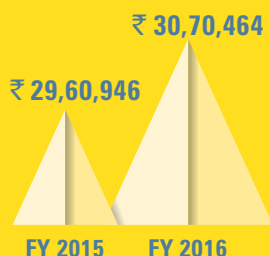
₹381<sup>CR</sup>  
GLOBAL CORPORATE  
SOCIAL RESPONSIBILITY



₹2,024<sup>CR</sup>  
CAPEX



REVENUE PER EMPLOYEE

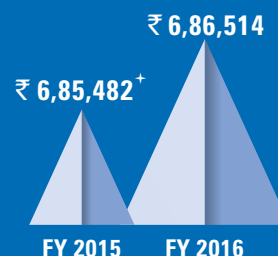


₹32,534<sup>CR</sup>  
INVESTED FUNDS

₹10,220<sup>CR</sup>  
DIVIDENDS  
(Includes proposed dividend)



PROFIT PER EMPLOYEE

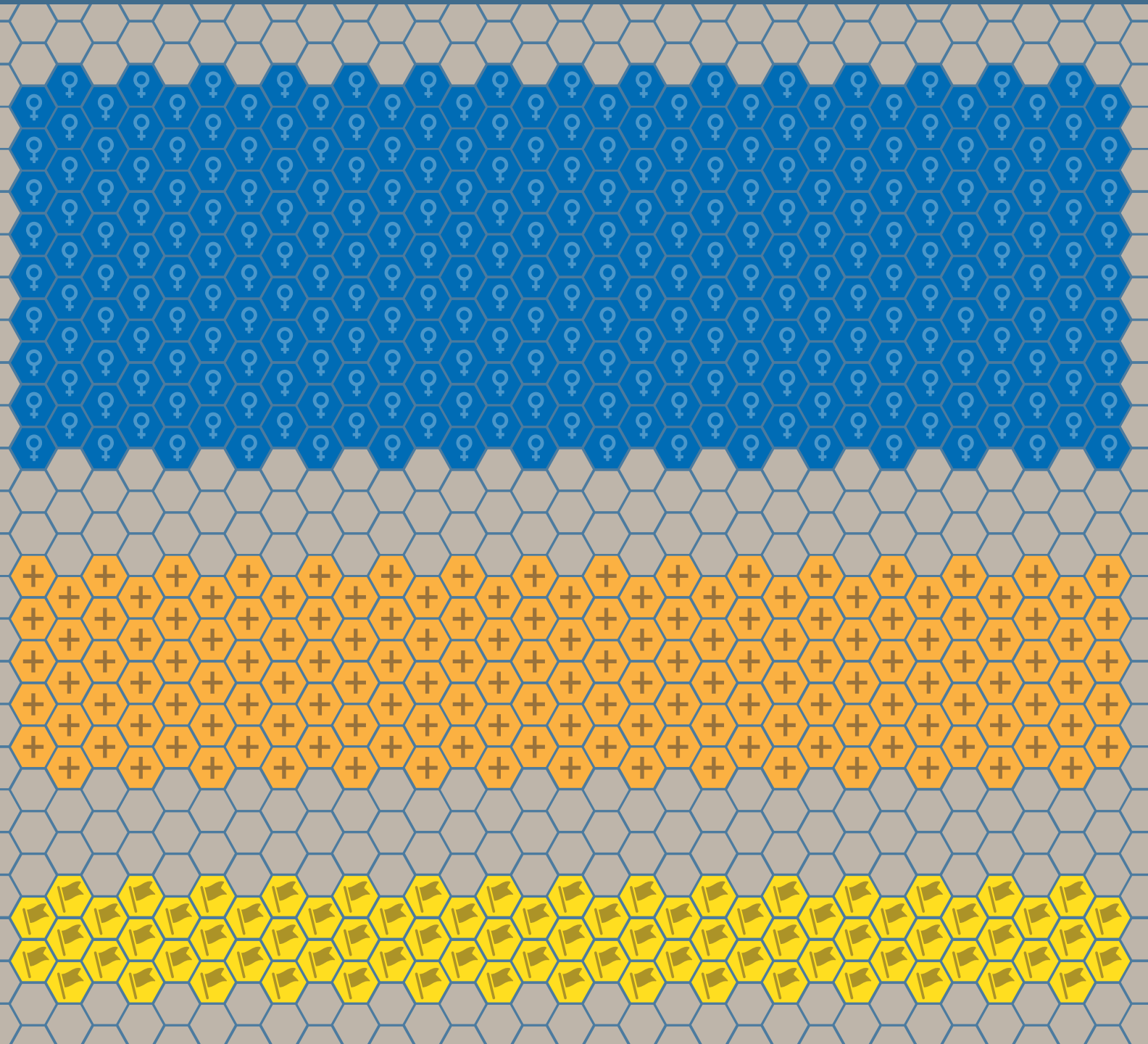


<sup>+</sup> Excludes employee rewards

\* Percentage of revenues



# People by Numbers



 Total Employees  
**3,50,000+**

 Women Employees  
**1,15,000+**

 New Joinees  
**90,000+**

 Nationalities  
**125+**



## Letter from the CEO

**"Our rich customer base, domain expertise and deep understanding of the customer landscape, technology investments and IP combined with our global scale puts us in pole position to make a significant impact in the Digital world."**



Dear Shareholders,

Your Company delivered a strong performance during 2015-16 and crossed the trillion rupee revenue milestone, with reported revenues of ₹1,08,646 crore at an annual growth of 14.8 per cent. Operating margins were an industry benchmark at 26.4 per cent for the year, well within our target range of 26-28 per cent.

In terms of markets, growth was well distributed with North America growing 10.8 per cent, Europe by 12.9 per cent and United Kingdom by 8.3 per cent in constant currency terms. India crossed \$ 1 billion milestone in annual revenues while overall revenues from new Growth Markets exceeded \$ 3.3 billion on in FY16.



TCS remained the most profitable company in the Indian IT services industry posting net margins of 22.4 per cent and annual net profit of ₹24,292 crore. This performance has enabled your Company to retain its position as the most valuable company in India with a market capitalisation of ₹4,95,770 crore (US\$ 74.84 billion) as on March 31, 2016.

We have continued our practice to consistently reward our shareholders. In FY16, our total dividend pay-out was ₹43.50 per share including ₹27 per share proposed as final dividend. The earnings per share for the company increased to ₹123.28.

### Strong Core Performance

Your Company's customer-centric business model and its philosophy in building new capabilities has led to increased participation in our customers' IT spend. The core business portfolio has performed very well with all key segments posting steady growth led by Banking & Financial Services, Retail, Manufacturing and Life Sciences - all these industries grew above the company average growth rate on a constant currency basis.

From a services perspective, growth was led by Infrastructure services, Products & Platforms and Assurance services. Digital services grew by 52.2 per cent annually with revenues crossing the \$2 billion mark.

There were some headwinds in the business environment for your Company. Adverse cross currency movements severely impacted the reported US\$ revenue of 16.55 billion by 4.8 per cent. This resulted in lower US\$ revenue growth of 7.1 per cent year-on-year compared to 11.9 per cent growth in constant currency terms. Diligenta, our life and pensions subsidiary in the UK continued to experience some slowdown while the broader insurance vertical also remained weak. Our investment in Japan is yet to pick up momentum.

Your Company's talent development initiatives continued to support business growth. At the end of FY16, TCS had a diverse base of 3,53,843 employees in 55 countries from 129 nationalities including 33.8 per cent women professionals. We continued to enjoy the highest retention in the industry at 14.7 per