

# REIMAGINING THE ENTERPRISE



Annual Report 2016-17

# About TCS

Tata Consultancy Services (TCS) is a global leader in providing information technology services, consulting, and digital and business solutions to large enterprises through its unique Global Network Delivery Model™, recognized as the benchmark of excellence in software development.

TCS' customer-centricity, deep domain expertise, agility in building new capabilities, and focus on constant innovation and IP development, and execution excellence have resulted in enduring customer relationships. With over **387,000** employees in **55** countries, and a global delivery footprint that covers over **141** solution centers across **19** countries, TCS is among the world's top **10** IT service providers. The Company's compounded annual growth rate (CAGR) since FY 05 is **21.6%**, with industry-leading operating margins.

Founded in **1968** as part of the Tata group, TCS is headquartered in Mumbai, India and is a public limited company, listed on the National Stock Exchange (NSE) and BSE Ltd. (Bombay Stock Exchange) in India.

## About the Theme

TCS has successfully navigated through multiple technology cycles over the last five decades, pivoting and adapting each time to build new capabilities and help our clients realize the benefits of these new technologies. Our responsiveness, agility, and adaptability to change have been core to our longevity.

The theme for this year's Annual Report, Reimagining the Enterprise, captures the depth and profoundness of the transformation that enterprises – both TCS and our customers – are going through in the Digital age.

In the thematic section, we have showcased a few examples of customers partnering with TCS to reimagine parts of their businesses to become data-driven, smarter, and agile to deliver a superior experience for their customers. Alongside, we have interviews with key leaders in TCS describing the change we are executing within the organization – at scale and with agility – to lead in the Digital age.

## Recent Annual Report Themes



FY 2016: Shaping the Future



FY 2015: Default is Digital



FY 2014: One TCS

The Annual General Meeting will be held on Friday, June 16, 2017 at Birla Matushri Sabhagar, Sir V. T. Marg., New Marine Lines, Mumbai 400020, at 3:30pm. Towards preserving our environment, printed copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

# Contents

01

Board of Directors	02
Management Team	04
Letter from the Chairman	06
Letter from the CEO	08
Performance Highlights	11
Reimagining Digital Skilling	12
Reimagining Elderly Care	13
Reimagining Energy Management	14
Building the TCS Brand	15
Reimagination across Industries	16
Reimagining Ecommerce	18
Reimagining Boiler Controls	19
Reimagining Research and Innovation	20
Reimagining IT Landscapes	22
Reimagining Business Models	23
Reimagining IT Services	24
Reimagining Business Structures	26
Reimagining Payments	27
Reimagining Software Delivery	28
Reimagining Talent Management	30
Reimagining Citizen Services	32

02

Directors' Report	34
Management Discussion and Analysis	62
Corporate Governance Report	88
Corporate Sustainability Report	110
Business Responsibility Report	116
Awards and Recognition	120

03

<b>Consolidated Financial Statements</b>	
Independent Auditors' Report	122
Consolidated Balance Sheet	126
Consolidated Statement of Profit and Loss	127
Consolidated Statement of Changes in Equity	128
Consolidated Statement of Cash Flows	129
Notes forming part of the Consolidated Financial Statements	130

04

<b>Unconsolidated Financial Statements</b>	
Independent Auditors' Report	184
Balance Sheet	190
Statement of Profit and Loss	191
Statement of Changes in Equity	192
Statement of Cash Flow	193
Notes forming part of the Financial Statements	194
Statement under Section 129 of the Companies Act, 2013 relating to Subsidiary Companies	236
<i>Glossary</i>	239

## Board of Directors





(Seated – Left to Right)

**V Kelkar**  
Director

**Aarthi Subramanian**  
Executive Director

**N Chandrasekaran**  
Chairman

**Rajesh Gopinathan**  
Chief Executive Officer  
& Managing Director

**C M Christensen**  
Director

(Standing – Left to Right)

**A Mehta**  
Director

**V Thyagarajan**  
Director

**N G Subramaniam**  
Chief Operating Officer  
& Executive Director

**O P Bhatt**  
Director

**R Sommer**  
Director

**I Hussain**  
Director

# Management Team

## Corporate



**Rajesh Gopinathan**  
Chief Executive Officer  
& Managing Director



**N G Subramaniam**  
Chief Operating Officer  
& Executive Director



**V Ramakrishnan**  
Chief Financial Officer



**Ajoyendra Mukherjee**  
Global Head,  
Human Resources



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



**Rajendra Moholkar**  
Company Secretary



**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



**Venkateshwaran Srinivasan**  
BaNCS



**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

A portrait of a middle-aged man with short, graying hair and glasses, wearing a dark suit, white shirt, and a patterned tie. He is standing with his hands clasped in front of him. The background is a blurred office setting.

## Letter from the Chairman

Global business is transitioning to a new age where technology is playing a central role in the growth of every industry by delivering a superior customer experience anytime, anywhere. The power of a business now depends on its ability to manage the transition from process maturity to data maturity.

## Dear Shareholders,

It is with a great sense of pride that I write to you after being appointed as the Chairman of this exceptional Company. In the past seven years, when I had the privilege of leading this organization in an executive capacity, it has been an exhilarating journey.

The commitment and passion of a diverse, global employee base helped your Company exhibit strong leadership during this period, against the backdrop of immense volatility in our key markets and the world economy. Amidst the rise of new Digital technologies, your Company remained focused on staying relevant to customers, employees, and the society at large, while delivering significant returns to shareholders.

My thirty years with TCS have given me a ringside seat to the evolution and growth of your Company. I have witnessed your Company's ability to emerge from every technology cycle stronger than ever and be in a position to capture a greater share of market opportunities.

Your Company is in a growth industry where the demand for technology continues to expand. In earlier decades, IT played a key role in supporting business. The Internet era then saw business strategy being defined by technology strategy. As a result, technology was embedded into business. Today we are entering a new world where technology is now defining what the business can or should do.

The global business is transitioning to a new age where technology is playing a central role in the growth of every industry by delivering a superior customer experience anytime, anywhere. The power of a business now depends on its ability to manage the transition from process maturity to data maturity. The Internet of Things (IoT) is about capturing data from machines and sensors; cloud

is helping make the data available at scale as and when needed; automation and artificial intelligence are helping sift through enormous quantities of data; and analytics is helping derive insights and make useful predictions from that data. Businesses have to change and understand the impact and influence of these technologies. Those who can do it faster and smarter will be the leaders in the new economic world.

Your Company is once again at the forefront of this transformation. TCS has made significant investments in driving innovation in Digital, as well as by building new capabilities and skills in technologies like cloud, artificial intelligence, automation, and analytics. It continues to transform its engagement models to fit the customer's needs. To succeed in the Digital age, customers need the right technology partners with the strategic commitment and sustained investments necessary to stay relevant to their business. With its focus on long-term relationships, your Company is well placed to help customers leverage these technologies by being able to deploy these on a global scale in an easy-to-consume, experiential, and all-pervasive environment.

In the Tata group, our ethos is shaped by the core belief that our founder articulated almost hundred and fifty years ago that the community is not just another stakeholder of business, but the very purpose of its existence. That ethos guides all our actions and initiatives. Your Company has focused on helping communities in three core areas: education and skills, health and wellness, and environmental sustainability. This concentration of effort on a few areas has allowed us to make a bigger impact in those chosen areas. I am delighted to see each of those programs scale up significantly to start making a difference to the targeted communities.

As our business transitions into a new and exciting phase of growth and innovation, the future of your Company could not be in better hands than under a dynamic new executive leadership team led by Rajesh Gopinathan as the Chief Executive Officer and Managing Director, ably supported by N G Subramaniam as the Chief Operating Officer and V Ramakrishnan as the Chief Financial Officer, together with a strong team of senior business leaders. The new team will continue to drive an organizational culture that embraces change, believes in growing talent, and invests ahead of time, anticipating the future needs of our customers.

With the new leadership team and huge opportunities ahead, I am very excited about the future and sincerely believe that TCS' best days are yet to come.

On behalf of the entire Board of Directors of Tata Consultancy Services, I would like to thank you – our valued stakeholders – for the continuing confidence you have placed in the organization.

Warm regards,  
**N Chandrasekaran**  
 Chairman



## Letter from the CEO

During the past few months, I have met many customers, each of them at different stages in their Digital transformation journeys. Every one of them is looking at further accelerating those programs and becoming more technology-driven. Speaking with the CXOs of these organizations, I was humbled and re-energized, by the uniformly high esteem in which they hold your Company.