

# Building on belief

Integrated Annual Report 2020-21

Backdrop: The iconic campus of the Tata Research Design  
and Development Center at Hadapsar in Pune, India

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## About TCS<sup>1</sup>

Tata Consultancy Services is an IT services, consulting and business solutions organization that has been partnering with many of the world's largest businesses in their transformation journeys for over 50 years. TCS offers a consulting-led, cognitive powered, integrated portfolio of business, technology and engineering services and solutions. This is delivered through its unique Location Independent Agile™ delivery model, recognized as a benchmark of excellence in software development.

A part of the Tata group, India's largest multinational business group, TCS has over 488,000 of the world's best-trained consultants in 46 countries. The company generated consolidated revenues of US \$22.2 billion in the fiscal year ended March 31, 2021, and is listed on the BSE (formerly Bombay Stock Exchange) and the NSE (National Stock Exchange) in India.

TCS' proactive stance on climate change and award-winning work with communities across the world have earned it a place in leading sustainability indices such as the MSCI Global Sustainability Index and the FTSE4Good Emerging Index. For more information, visit us at [www.tcs.com](http://www.tcs.com).

## Theme

This year's theme is TCS' new brand statement, 'Building on Belief', which encapsulates the active and collaborative role that TCS plays in partnering with customers over the long term, leveraging its contextual knowledge, investments in research and innovation, and technology expertise to help them grow, and achieve their purpose-led transformation goals.

Forty years ago, the farsighted and pathbreaking decision to set up the Tata Research, Design and Development Center (TRDDC) in Pune, epitomizes this theme. It was driven as much by FC Kohli's passion for research as JRD Tata's belief in building the nation's intellectual capital through institutions of higher education and research in different domains.

With a mandate to pursue technology research across a broad set of domains for the betterment of Indian industry, TRDDC went on to make outstanding contributions particularly in the area of industrializing software engineering, systems engineering, material sciences, bio-informatics and genomics. Much of TCS' intellectual property and its award-winning suite of products and platforms, all of which differentiate TCS significantly in the market today, owe their genesis to work done by TRDDC.

## Recent Annual Report Themes



**FY 2020**

Purpose-Driven. Resilient. Adaptable



**FY 2019**

Growth and Transformation  
with Business 4.0™



**FY 2018**

Dawn of Business 4.0™



**FY 2017**

Reimagining the Enterprise



**FY 2016**

Shaping the Future

<sup>1</sup> 102-1, 102-5, 102-7

# Board of Directors

## Non-Independent, Non Executive



**N Chandrasekaran**  
Chairman  
C C M



**Aarthi Subramanian**  
M M

## Non-Independent, Executive



**Rajesh Gopinathan**  
CEO & MD  
M M M

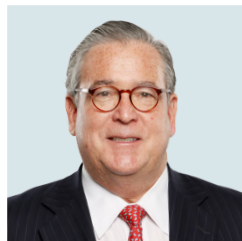


**N G Subramaniam**  
COO  
M M

## Independent, Non Executive



**O P Bhatt**  
C M M



**Don Callahan**  
M M



**Keki M Mistry**  
C C M



**Dr Pradeep Kumar Khosla**  
C M



**Hanne Birgitte Breinbjerg Sorensen**  
M M

Average Age (Years)

60

50 70

Average Tenure on the Board (Years)

5

2 14

Board Independence (%)



Average Tenure of Independent Directors on the Board (Years)

4

2 9

## Board Committees

[C] Chairman [M] Member

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Corporate Social Responsibility Committee
- Executive Committee
- Risk Management Committee\*



## Management Team

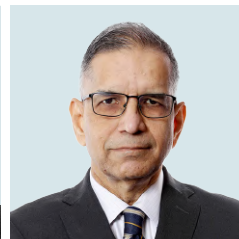
### Corporate



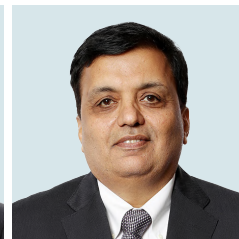
**Rajesh Gopinathan**  
Chief Executive Officer  
and Managing Director



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



**V Ramakrishnan**  
Chief Financial Officer



**Milind Lakkad**  
Chief Human  
Resources Officer



**Samir Seksaria**  
Head - Business Finance  
and CFO Designate



**Rajashree R**  
Chief Marketing Officer



**K Ananth Krishnan**  
Chief Technology  
Officer



**Madhav Anchan**  
General Counsel Legal  
and Corporate Affairs



**Rajendra Moholkar**  
Company Secretary



**Surya Kant**

Chairman - TCS North America



**Krishnan Ramanujam**

Business and Technology Services



**K Krithivasan**

Banking, Financial Services and Insurance



**Shankar Narayanan**

Retail, Travel and Consumer Products



**Kamal Bhadada**

Communication, Media and Information Services



**Amit Bajaj**

North America, UK and Europe



**Suresh Muthuswami**

BFSI Platforms



**Susheel Vasudevan**

Manufacturing and Utilities



**Debashis Ghosh**

Life Sciences, Healthcare and Public Services

## Business Heads



## Letter from the Chairman

### Dear Stakeholder,

Even as I write this, India and many other parts of the world are in the grip of second or even third waves of the pandemic, much fiercer than anything we saw last year. It is a health crisis of the kind we have not seen in generations. My heart goes out to everyone out there who has suffered the loss of loved ones. I am confident we will eventually get it under control, but until then, I urge you to stay safe, follow covid discipline, get vaccinated if you are eligible and keep your spirits up.

On the business front, your company weathered the pandemic very well. It adapted quickly and embraced a new operating model that prioritized the health and wellbeing of its employees, while enabling it to continue supporting its customers not just in their mission-critical operations but also in their growth and transformation journeys. Its Vision 25x25 and pioneering work around talent clouds have reinforced its credentials as a thought leader on the future of work, and a trend setter in the industry.

TCS' agility, resilience and responsiveness during the crisis earned it tremendous goodwill from customers and enhanced its standing in the market. After the initial impact from lockdown-related disruptions, it swiftly returned to a sharp growth trajectory over the next nine months, and exited the year on a very strong note, with an expanded market share, industry-leading profitability and an all-time high order book.

Technological change is far more perceptible when it comes to consumer technology, and less so in the enterprise world. Enterprise adoption of new technologies tends to be very measured, and it is only much later, with the benefit of hindsight, that the scale of change and the key inflection points become more evident. To my mind, the year gone by saw an important inflection point that has huge ramifications on enterprise consumption of technology in the coming years, and on demand for your company's services.

The pressing need for operational resilience and for enhancing customer experiences in digital channels accelerated enterprise decision-making, committing to future technology investments around the all-encompassing hyperscaler cloud stacks. This represents an important inflection point in the enterprise embrace of the cloud, and will drive significant spending on migrating workloads to public clouds in the coming years.

Moving workloads to the cloud is just the start of their digital transformation journeys. The rich native capabilities of these stacks, particularly in the areas of analytics, machine learning and artificial intelligence open up a vast array of possibilities for enterprises to pursue new business models, address new customer segments, and provide highly personalized, differentiated experiences across the entire customer journey.

Your company is very well positioned to benefit from this multi-year technology upgradation cycle, and help customers translate their transformative visions into reality. To better articulate its mission and its aspirations, your company adopted a new brand statement this year, 'Building on Belief'. I think it describes what TCS does very accurately, and also reflects the ethos of the Tata Group and its evolution over the last century and a half.

Your company has been guided by a set of strong beliefs, right from the time it was founded. Belief in our core values, belief in putting the customer above all, belief in investing in people and empowering them, belief in constantly trying out new ideas and models, and belief in doing right by all the stakeholder communities we work with. This is why the new brand statement resonates so well, and feels so right.

Looking ahead, your company sees immense opportunities for growth, riding the new technology cycle that has kicked off, powered by the belief that its differentiated capabilities and collaborative, solution-centric approach makes it the preferred transformation partner of its customers. It is building on that belief, and investing in sharpening the capabilities needed to expand its footprint in this large opportunity.

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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





## Letter from the CEO<sup>1</sup>

### Dear Stakeholder,

It has been a difficult year for everybody. Despite the ferocity with which the second and third waves of the pandemic are now hitting us, we are in a far better place as we exit FY 2021 than we were at the start. With a plethora of vaccines and new therapies that modern science and the pharmaceutical industry have delivered at unmatched speed, humanity is not as helpless as when the pandemic first struck. We are a resilient and adaptable species. With discipline, focus and fortitude, we shall overcome.

Our business performance in the year gone by is also a reflection of that innate resilience and adaptability. In the early months of the pandemic, when the worldwide lockdown disrupted economic activity across virtually all sectors, your company responded with speed and agility, embracing a new operating model, Secure Borderless Workspaces (SBWS™). Working remotely, our teams helped customers maintain business continuity during peak disruption, and thereafter, to accelerate their growth and transformation (G&T). The dedication shown by TCSers, our agility and our innovation, won us much appreciation from our customers, and incremental business.

Despite a sharp fall in revenues in the first quarter, progressively strengthening demand for our services helped us stage a swift recovery during the rest of the year, helping clock full year revenues of **₹164,177 crore** in FY 2021, growing **4.6%** over the prior year in reported terms, and degrowing by **0.8%** in constant currency terms.

The uneven impact of the pandemic on the different sectors shows up clearly in our segmental reporting. Three of our six industry verticals showed growth (in constant currency) over the prior year. As is to be expected in a pandemic year,

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<sup>1</sup> 102-14

when the world looked to the pharma majors to save humanity from the scourge of disease, our Life Sciences and Healthcare business grew **17.1%**. The other two verticals were Banking, Financial Services and Insurance which grew **2.4%**<sup>1</sup>, and Technology and Services which grew **0.2%**.

Our operating margin continued to be industry-leading at **25.9%\***, an expansion of **1.3%\*** over the prior year. Net profit was **₹33,388 crore\***, a net margin of **20.3%\***. Our cash conversion continues to be very strong, with a cash conversion ratio of **116.2%\*** and free cash flow of **₹35,663 crore**, growing **21.8%** over the prior year.

The Board has recommended a final dividend of **₹15** for the year, bringing the total dividend for the year to **₹38** per share. In keeping with our shareholder friendly capital allocation policy, your company has paid out **₹33,873 crore** in dividends and a buyback in FY 2021, amounting to **95%** of the free cash flow.

### Strong Business Momentum

Demand was driven by the confluence of two big trends. First, with consumers preferring contactless, digital transactions, enterprises were forced to rely more on their digital channels, and in some cases,

switch entirely to online-only modes, triggering a lot of investment in not just front-end transformations and personalization of the customer experience, but also at the back end, to simplify and digitize processes, reduce turnaround times for customer service requests and enhance the end-to-end customer journey.

Second, the pandemic drove home the downsides of carrying technology debt, and the need for greater resilience and agility within enterprises. This resulted in several core transformation engagements around building a lean, secure and adaptive digital core, encompassing operations, digital workplaces, applications, data, the underlying infrastructure and cybersecurity.

In terms of technology choices, both these drivers converged on the hyperscaler cloud stacks, also known as public clouds. FY 2021 will be remembered as the year when many enterprises took the leap and committed to channeling their future technology investments into one or more of these cloud stacks, significantly accelerating what had been a measured movement over the last few years.

This decision triggered many engagements around cloud migration, application modernization and data modernization. As a precursor to the core transformation and cloud migration, many customers are revisiting their current operations to look for opportunities for optimization and to free up

resources to support their core transformation. Some customers embarked on significant operating model transformations as they sought out strategic partners with strong capabilities and shared values. There was also increased activity around traditional outsourcing.

These trends resulted in a steady and strong flow of deals of all sizes, across all our industry verticals, throughout the year. We had two large deal wins, with Deutsche Bank and with Prudential Financial Inc respectively, that saw us strengthen our German presence and establish a strong local presence in Ireland. The order book signed every quarter was higher than that in the prior year. We closed the year with an all-time high quarterly TCV of **\$9.2 billion**. The full year order book was **\$31.6 billion**, our highest ever, representing a growth of **17.1%** over the prior year.

We see this technology shift as the start of a multi-year technology upgradation cycle in which the abundance of native capabilities will constantly expand the art of the possible, opening up newer opportunities for technology-driven differentiation.

<sup>1</sup> Excluding Regional Markets and Others

\*Excluding an exceptional item provided towards a contested legal claim