

# Innovating for Greater Futures

Integrated  
Annual  
Report **21  
22**



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# About TCS

**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 592,000 of the world's best-trained consultants in 55 countries. The company generated consolidated revenues of US \$25.7 billion in the fiscal year ended March 31, 2022, 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, **'Innovating for Greater Futures'** refers to the accelerated innovation witnessed in enterprises across the world, as they shift from improvising to cope with the challenges of the pandemic, to growth and transformation.

Accelerated adoption of the cloud is opening up all kinds of possibilities in product and business model innovation. Enterprises are seeking technology-led solutions to help realize their sustainability goals. The cloud is enabling boundaryless collaboration across industries, enabling innovative new offerings. Technology is at the heart of all this innovation, and clients are increasingly partnering with TCS to drive innovation at scale.

TCS has been innovating for greater futures too. Its investments in research and innovation, intellectual property, its worldwide network of Pace Port co-innovation hubs, and in building newer capabilities and acquiring contextual knowledge are helping win transformational business. Delivery model innovations such as its AI-powered Machine First approach, and platform-driven, outcome-based business models are helping clients reimagine their operations. All of these are helping the company drive holistic growth and create immense value for its stakeholders.

## Recent Annual Report Themes



FY 2021  
Building on Belief



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

# Board of Directors



From **left to right**

**Keki M Mistry**



**N Chandrasekaran**  
Chairman



**O P Bhatt**



**N G Subramaniam**  
COO



**Aarthi Subramanian**



**Hanne Sorensen**



**Dr Pradeep Kumar Khosla**



**Rajesh Gopinathan**  
CEO & MD



**Don Callahan**



Average Age (years)



Average Tenure on the Board (years)



Board Independence (%)

**56%**  
Independent



**44%**  
Non-Independent

Average Tenure of Independent Directors on the Board (years)



**I** Independent, Non-Executive Director

**NE** Non-Independent, Executive Director

**N** Non-Independent, Non-Executive Director

Board Committees

**C** Chairman **M** Member

- A** Audit Committee
- N** Nomination and Remuneration Committee
- S** Stakeholders' Relationship Committee
- C** Corporate Social Responsibility Committee
- E** Executive Committee
- R** Risk Management Committee\*

\***Samir Seksaria (Chief Financial Officer)** is also a member of the Committee

# Management Team

## Corporate

**Rajesh Gopinathan**

Chief Executive Officer  
and Managing Director

**N G Subramaniam**

Chief Operating Officer  
and Executive Director

**Samir Seksaria**

Chief Financial Officer

**Milind Lakkad**

Chief Human Resources  
Officer

**Rajashree R**

Chief Marketing  
Officer

**K Ananth Krishnan**

Chief Technology  
Officer

**Madhav Anchan**

General Counsel Legal

**Pradeep Manohar**

**Gaitonde**  
Company Secretary

## Business Heads

**Susheel Vasudevan**

Relationship Incubation  
Group

**Krishnan Ramanujam**

Enterprise Growth Group

**Debashis Ghosh**

Business Transformation  
Group

**K Krithivasan**

Banking, Financial Services  
and Insurance

**Suresh Muthuswami**

Chairman – TCS North  
America

**Amit Bajaj**

North America

**Sapthagiri Chapalapalli**

Europe

**Amit Kapur**

UK & Ireland



# Letter from the Chairman



The supply chain upheavals during the past couple of years are driving a shift towards rebalancing and resilience. As companies seek real-time data to transform their supply chains, AI and predictive analytics help capture insights and react to changing conditions. Your company is helping companies reconfigure their supply chains to ensure that they can serve their customers and stakeholders on time.



## Dear Stakeholder,

The past couple of years have been a period of intense action and reflection. We have seen a global pandemic, geopolitical tensions, supply chain disruptions, the rise of cryptocurrency and many other public and private upheavals. As the dust settles, and a clearer picture of the world ahead emerges, I believe we are standing at the threshold of a period of great opportunity and growth.

In the face of widespread change, your company has shown remarkable resilience and adaptability, coming out stronger than ever, after catastrophic events like the global financial crisis or the pandemic.

In FY 2022, your company crossed a milestone of **\$25 billion** in revenues, experiencing strong growth of **15.9%**, adding an all-time high incremental revenues of **\$3.5 billion**. Even more satisfyingly, this growth has come with an industry-leading operating margin of **25.3%**. Since the start of the last decade, the company has grown over four times, comfortably outperforming its largest global competitors. This growth is the source of our energy and vibrancy, reflected in the **17.7%** growth in market value to **₹13,83,427 crore** in the past year.

The change in technology consumption reflects the prevailing trends in the economy. Recent events have accelerated digital adoption, put the spotlight on supply chain resilience and added urgency to the sustainability imperative. Each of these represents an opportunity that can contribute towards the growth of not just your company, but of the ecosystem as a whole.

Digital transformation is now an integral part of the functioning of enterprises, governments and societies. Your company continues to play a critical role in this transformation, helping clients embrace new technologies, initially to cope with the crisis, and since then, to innovate at scale and grow their businesses.


As a fitness enthusiast, I can tell you that the only way to transform in the long term is by strengthening one's core. It is no different for organizations. We work with large enterprises to simplify their technology landscape and strengthen their core by building a cloud-based digital foundation and embedding intelligent automation into their operations so they can focus on building memorable experiences for their customers.

Artificial intelligence and data are key differentiators for enterprises today. TCS helps its customers stay ahead of the game by investing in research and innovation, tapping the intellectual capital within the organization

and also of our ecosystem through our Co-Innovation Network which includes leading academic institutions and start-ups working on cutting-edge technologies. Our insights and foresight are also crystallized in the form of AI-powered products and platforms that give customers actionable intelligence.

Another area that is a priority for me at the Tata group is sustainability and integrating that into business decision-making and business models. Your company is partnering with clients in taking up community initiatives jointly, in sharing best practices around diversity and inclusion, and importantly, in helping them achieve their sustainability objectives using technology. In addition to reducing its own carbon footprint in its journey to be net zero by 2030, your company is helping the world's largest corporations in developing and executing their sustainability roadmaps, deploying its portfolio of intellectual property and services to help them track their emissions, reduce their carbon footprint and get closer to their net zero goals.

The supply chain upheavals during the past couple of years are driving a shift towards rebalancing and resilience. As companies seek real-time data to transform their supply chains, AI and predictive analytics help capture insights and react to changing conditions—from widescale disruptions to individual customer complaints. Your company is helping



companies reconfigure their supply chains in many ways, including rolling out connected logistics to efficiently manage business disruption and ensure that they can serve their customers and stakeholders on time.

I strongly believe that technology is at its most transformational when combined with the strength of human capital. In FY 2022, our employee strength grew to **592,195** with a record net addition of **103,546** employees. You will be proud of the way your company supported its employees and their families in dealing with the pandemic, including organizing what was perhaps the largest vaccination drive in corporate India for employees and families of not just TCS, but also of its extended ecosystem of partners and other group companies.

In turn, our employees have shown remarkable resilience, loyalty and tenacity in ensuring that our customers are not impacted, despite significant personal challenges. I salute their spirit.

Our purpose is anchored in the well-being of all our stakeholders, and the communities we operate in are very important stakeholders for us. Drawing from the legacy of the Tata group, we work closely with our communities to create equitable, inclusive pathways for all, especially women, youth and marginalized groups.

We leverage four forms of capital – Intellectual, Technological, Human, and Financial – to bridge the opportunity gap for people and communities. Our primary focus areas are education, skilling, employment, and entrepreneurship. Additionally, we invest in basic health and wellness, water sanitation and hygiene, conservation, and disaster relief efforts.

Since 2015, your company has invested **\$634 million** in its community initiatives and empowered millions of people globally, primarily underserved students, minorities, youth, women and elders, to be literate, healthy, educated, digitally skilled, become rural entrepreneurs and gain employment.

As we look ahead to the future, we go back to a key pillar of our strategy – customer centricity. Our organization structure, our investments in new capabilities and intellectual property, our delivery models and contracting structures have all been shaped by our clients' needs. Our new organization structure is designed to make every client continue to feel deeply valued, and to leverage TCS' rich set of capabilities and contextual knowledge to transform, grow and build better futures. With scale and by steadily expanding its transformation capabilities, TCS is moving from pursuing opportunities, to shaping those opportunities in the years ahead.

I look forward to sharing with you more milestones in this journey in the coming years. 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,**

With near normalcy all around, the pain and suffering caused by the pandemic at the start of the year seem so distant now. But the memories of TCSers and their loved ones we lost during the year will forever remain with us. My thoughts and prayers are with everyone who endured the loss of friends and family members to the pandemic.

Given that context, I am grateful that on the business front we have much to feel happy about and celebrate. It has been a highly satisfactory year of consistently strong, profitable growth. In rupee terms, our revenue was **₹191,754 crore**, which is growth of **16.8%** (**15.4%** in constant currency).

Our profitability continues to be industry-leading, with the operating margin at **25.3%**, and net margin at **20%**. Our Earnings Per Share was at **₹103.62**, growing **16.1%\*** over the prior year.

Our new purpose-designed organization structure, along with continued investments in building newer capabilities, next generation delivery models and assets that help our clients innovate at scale, and in building our brand, will help us deepen our customer relationships, expand our addressable market, gain market share and power growth in the years ahead.




Our cash conversion continues to be very strong, with a cash conversion ratio of **104.2%** and free cash flow of **₹36,985 crore**.

The Board has recommended a final dividend of **₹22** for the year, bringing the total dividend for the year to **₹43** per share. Additionally, during the year, we successfully completed our fourth buyback in five years, to the tune of **₹18,000 crore**, representing a total payout of **₹38,010 crore** including buyback tax of **₹4,192 crore** paid out in April 2022. This amounts to over **102.8%** of the free cash flow.



<sup>1</sup> GRI 2-22

\*Excluding provision towards legal claim in prior year.



Beyond the headline numbers, we are pleased with the holistic nature of the growth, broad-based across all our industry verticals and major markets, and with a steadily expanding number of growth and transformation engagements in the portfolio.

Growth was led by Retail and Consumer Business which was impacted the most during the pandemic and which has bounced back strongly, growing **20.0%**. Manufacturing grew **16.7%**. Banking, Financial Services and Insurance grew **14.5%** and Communications, Media and Technology grew **17.7%**. Life Sciences and Healthcare grew **20.6%** and Others which makes up **7.8%** of revenues grew **15.5%**.

All our major markets grew in the mid-teens or above. North America grew **18.7%**. Continental Europe grew **15.2%** and UK grew **18.5%**. Among emerging markets, Latin America grew **18.6%**. India grew **16%**. Middle East & Africa grew **16.3%** while Asia Pacific grew **6.9%**.

### Innovating for Greater Futures

Our outstanding performance this year, and the strong demand for our services that drove it, can be traced back to the innovation that enterprises scrambled to adopt at the start of the pandemic, to engage with customers digitally and to improve their operational resilience.

The cloud adoption trends strengthened further in FY 2022, with more clients embarking on multi-horizon

cloud transformation journeys. However, the mindsets have changed. During the year, enterprises moved from thinking of technology-led innovation as a way of coping with pandemic challenges, to looking at it as a means of powering their growth and transformation (G&T), especially in the case of clients who had already moved their most critical workloads to the cloud.

While G&T initiatives tend to be business focused and technology agnostic, immense possibilities for business transformation open up once enterprises move some of their workloads to the hyperscaler cloud. This is triggering a wave of business innovation in the form of Horizon Two or Horizon Three initiatives by our clients.

In FY 2022, we won deals addressing a broad gamut of G&T objectives such as M&A, newer ways of working, product innovation, business model innovation and innovations around improved customer experience. We have been providing examples of these in our recent annual reports, including this year's report.

A new trend this year was the growing volume of sustainability-related innovation, a good indicator how this has become a top priority item on most CEO agendas. We have leveraged our deep expertise in IoT, advanced analytics, and machine learning to come up with a suite of offerings in this space, including intellectual property such as Clever Energy™, IP2™ and TCS Envirozone™. Clients across industries such as retail, manufacturing, utilities and consumer goods

are engaging us to develop innovative technology-led solutions to reduce energy consumption, or to measure and track green-house gas emissions across their end-to-end supply chain, reduce their carbon footprint, reduce waste and promote recycling.

We are very proud of the steadily expanding number of G&T deals in our order book because each such win represents market share gain for TCS from legacy consulting organizations which have traditionally dominated this space. It is an outcome of our sustained investments in creating enabling capabilities within the organization, be it in cultivating contextual knowledge, or research and innovation, building intellectual property, deepening digital expertise, cultivating technology partnerships and building our brand.

The growing component of G&T revenue in our portfolio is also evidence that our differentiated, inside-out approach to transformation is resonating well with our clients. Our collaborative ways, and focus on harnessing collective contextual knowledge results in better buy-in for the transformation from stakeholders across the organization, setting it up for success. Our brand statement, 'Building on Belief', has also found strong resonance in the market, instilling hope into business and trust in the enterprise.

### All-time High Order Book

All this is not to say that Horizon One spending, the investments that enterprises make at the start of their cloud journeys, while migrating to a new cloud-based