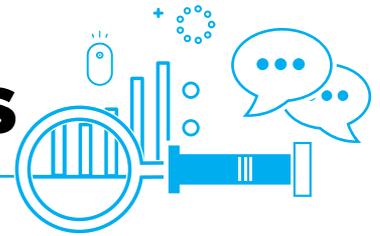


Management Discussion and Analysis



1.0 Overview of the Industry

In FY 2018, the global market for software and services is estimated to have grown to \$1.3 Trillion¹. Within that, outsourced IT-BPM services grew by 2.6% over the prior year. IT Services is estimated to have grown by 2.4% year on year, driven by digital demand, while Business Process Management (BPM) grew by 4% over the prior year on account of greater implementation of automation.

TCS has historically grown much faster than the market, driven by significant market share gains on account of a superior capabilities, greater participation in the digital opportunity and track record in taking on and successfully executing large, transformational programs. In the latest five-year period, while the market for IT-BPM services expanded by a CAGR of 1.3% (IT Services CAGR: 0.6%), TCS had a CAGR of 10.5% in USD terms.

2.0 Our Business

a. An Overview

TCS is an IT services, consulting and business solutions organization offering transformational as well as outsourcing services to global enterprises. We have a global presence, deep domain expertise in multiple industry verticals and a rich portfolio of services – consisting of consulting and service integration, digital transformation services, and cognitive business operations – targeting every C-suite stakeholder. The Company uses all these, and its industry leading suite of products and platforms to deliver high quality, high impact solutions leveraging the latest technologies to customers across the world.

Our geographic footprint consists of North America, Latin America, the United Kingdom, Continental Europe, Asia-Pacific, India and Middle-East & Africa.

TCS considers industry verticals as its primary business segments. The five key verticals are: Banking, Financial Services & Insurance (BFSI), Retail and Consumer Business, Communication,

Media and Technology, Manufacturing and Others. The last category includes Life Sciences and Healthcare, Energy, Resources and Utilities, and others.

b. Strategy

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

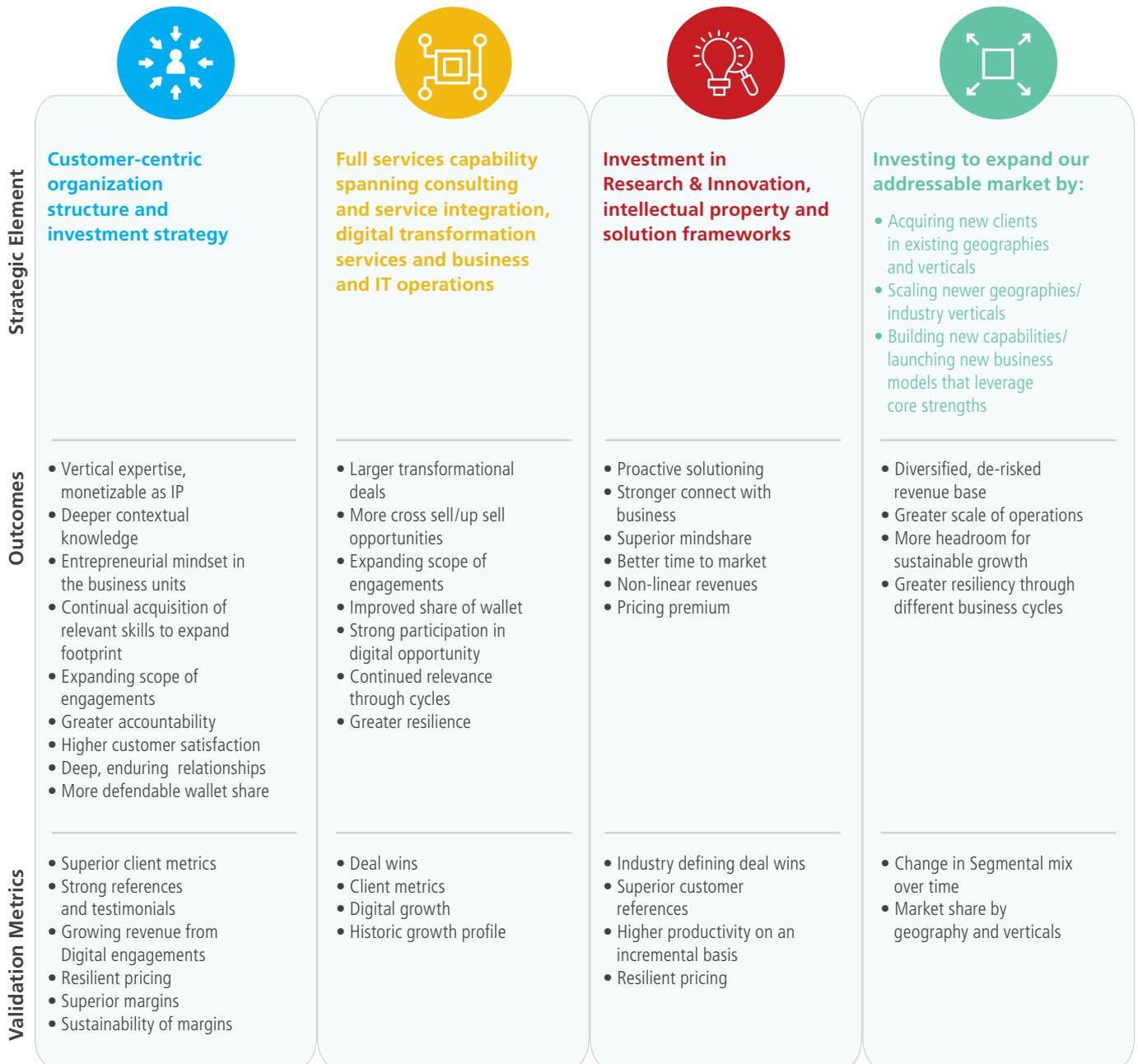
Customer-centricity is at the core of TCS' strategy, organization structure and investment decisions. The philosophy has been to expand and deepen customer engagements by continually looking for new areas in the customer's operational value chain where TCS can add value, and to proactively invest in building newer capabilities to participate in those opportunities. This has resulted in a continual expansion of every customer relationship in terms of the services consumed, revenue and share of wallet. The willingness to invest in the relationship, the commitment to deliver outstanding outcomes and the track record of execution excellence has resulted in high satisfaction levels and long, enduring customer relationships.

Over time, every customer engagement results in the build-up of deep contextual knowledge of the customer's business which is leveraged to build innovative, transformative solutions. This is aided by TCS' investments in a robust research and innovation program, IP portfolio of accelerators, products and platforms, and partnerships and alliances with leading technology providers.

TCS' technology-agnosticism, appetite for investments in new capabilities and IP, full services portfolio, and enduring customer relationships keep TCS relevant through business and technology cycles, and makes the business very resilient.

¹ Source: NASSCOM Strategic Review FY 2018

A more detailed breakup of the various elements of strategy, their outcomes and the validation metrics is provided below:



3.0 Business 4.0

TCS unveiled its Business 4.0 thought leadership framework that helps customers leverage the power of digital technologies to further their growth and transformation agendas. In the Business 4.0 era, the most successful enterprises are those that harness the abundance of resources created by the convergence of intelligence, agility, automation and cloud, and leverage digital technologies to become smarter, leverage the ecosystem, embrace risk and deliver a hyper-personalized experience to customers, to create exponential value.

a. Strategic Investments

TCS pioneered the use of the word ‘digital’ to describe the new family of technologies that emerged in the last few years, and recognizing their potential, made investments ahead of time² in building relevant capabilities – in terms of reskilling the workforce, research and innovation, building collaborative workspaces and innovation centers, intellectual property in these new areas and alliances and partnerships. Those early investments have given TCS a head start in participating in our customers’ Business 4.0 journeys.

b. Outcomes

With digital adoption progressing, project ticket sizes have been steadily increasing. Today, as our more forward looking customers progress in their Business 4.0 evolution, they are looking at revamping their core to enable their transformational objectives.

Large transformational programs have deep, complex interlinkages to existing systems, and carry large operational risks. Our contextual knowledge, depth and scale in Digital capabilities positions us uniquely to meet their need for certainty and quick time to market. Consequently, TCS has gained significant share of wallet and is the preferred partner for our customers in their Digital initiatives.

Revenues from Digital engagements constituted 21.2% of the Company’s revenues in FY 2018, growing by 35.3% in constant currency over the prior year.

The growing market share in Digital and glowing client testimonials of TCS’ capabilities are also reflected in the high rankings assigned to TCS in the various competitive assessments pertaining to Digital capabilities, published by various industry analyst firms. In FY 2018, TCS was ranked a Leader among peers in 39 competitive assessments pertaining to different elements of the Digital stack.

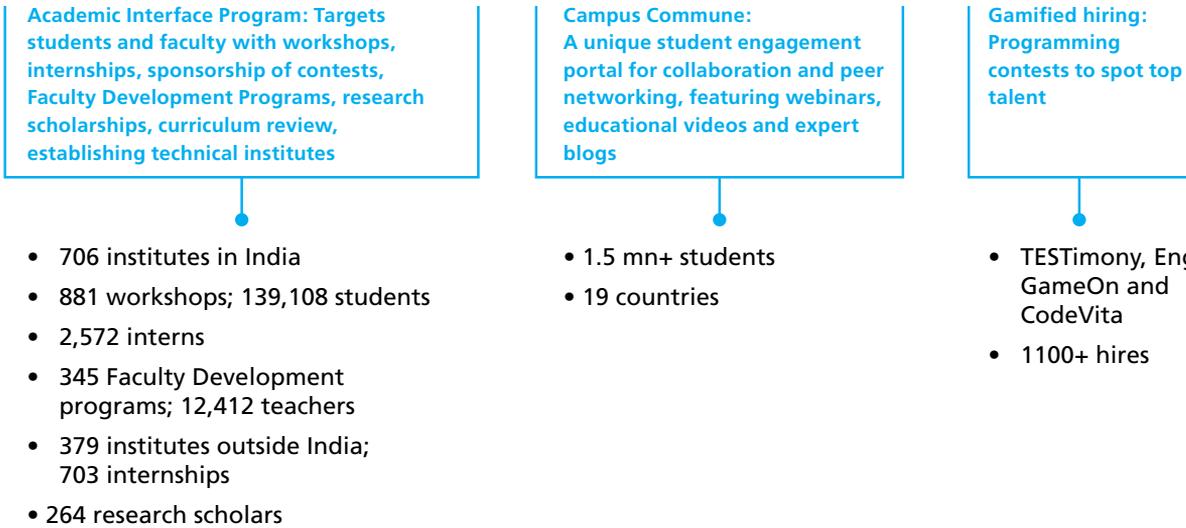
4.0 Talent Acquisition, Talent Development and Retention

To cope with the demands of a Business 4.0 world, characterized by profound and rapid technology change, TCS’ HR strategy is focused on reskilling and transforming its global, diverse workforce while providing a stimulating environment which is flexible, nurtures social contract, fosters innovation, builds a result-oriented, high performance culture. The Company has been leveraging Digital technologies extensively to reimagine its talent acquisition, talent development and engagement functions.

The progressive policies, continual investment in upgrading employees’ skills and the philosophy of empowering individuals and helping them realize their potential has made TCS’ HR processes and outcomes an industry benchmark.



² Ref MD&A - AR FY 2011, CEO’s Letter - AR FY 2012



a. Talent Acquisition

TCS’ talent acquisition strategy is to hire the right competencies required by the business at the right time, a judicious mix of lateral hires and trainees. TCS continues to remain the preferred employer at leading engineering campuses in India. The Company’s college recruitment efforts in USA, Canada, Latin America, China and Hungary have been progressing well with very encouraging outcomes. TCS has also been recruiting graduates from the Top 10 B-Schools in the US for key business roles. A third party report published in 2017 named TCS as an industry-leading job creator in IT Services in the United States, and ranked #1 in US employee growth during that period.

b. Talent Diversity

TCS is an Equal Opportunity Employer and subscribes to the Tata Code of Conduct in embracing diversity in race, nationality, religion, ancestry, marital status, gender, age, ethnic origin, physical ability, and sexual orientation. Compensation levels are merit-based, determined by qualification, experience levels, special-skills if any, and performance. Gender and any of the other diversity parameters do not play a part in determining compensation levels. TCS has a well-defined Diversity and Inclusion Policy.

TCS’ diversity-focused talent acquisition strategy has resulted in greater diversity of gender, geographic locations, and academic discipline. TCS is today one of the world’s largest employer of women.

Progressive policies such as extended parental leave, special focus on security of women

employees, mentoring program for junior women employees (nWin), discussion circles to help women through major life stages, a reorientation program to re-connect employees after long leave, projecting profiles of inspirational women leaders (Be-Inspired), special leadership development programs address the needs and aspirations of women, a learning module to equip mid-level managers to work with diverse teams, a virtual support group called ‘Workplace Parents Group’ on child psychology and parenting workshops for working parents have all gone towards making the workplace more gender-equal.

Our Center of Excellence for Accessibility works on IT solutions for differently-abled individuals, aiding their integration into the workforce.

c. Talent Development

Investment in human capital by equipping employees with skills – soft skills, design skills, multi-technology skills and domain skills – has been one of the biggest drivers of value creation at TCS. Over the last five decades, TCS has navigated every technology change by investing in organic talent development, in keeping with its core value of fostering a culture of lifelong learning. The sheer scale and rapidity of technology change in the Business 4.0 world called for a reimaged approach to reskilling, quickly, at scale, and catering to the millennial workforce’s preference to pick up knowledge only when needed, only to the extent required, and through experimentation and social consultation.

TCS’ response to this has been the Digital Learning Platform - an integrated ecosystem

that combines virtual, physical and experiential learning infrastructure with high quality content, available any place, any time and on any device. There are virtual development environments where they can try out their learning, with a social connect so they can consult peers. Additionally, there is a focus on enhancing the learning experience through simulations, gamified learning and adaptive assessments. This globally available learning platform has removed geographic boundaries, giving TCS' reskilling program the benefit of both scale and speed.

Leadership training is another focus area for TCS, with different Leadership Development Programs tailored for entry level managers and for middle managers. The Company uses a number of senior leaders who are certified coaches to mentor and coach upcoming leaders. A special program designed for grooming mid-level women managers for leadership roles has started giving results.

Cultural and Language Initiatives (CLI) focus on the three Cs - Culture, Communication and collaboration. Some of the initiatives are: country specific 'culture shots' offering training for first-time visitor to a new country, training on English language for non-English speaking employees and training on 11 foreign languages.

d. Career Management

TCS has multiple initiatives to help employees grow in their careers:

- **'CareerHub'** is a platform enabling capture and fulfillment of career aspirations of employees and providing them a mentoring platform. Employees can choose their own mentor based on a match with their aspirational skill sets.
- **Inspire:** A specialised programme used to groom and provide fast track career progression to high potentials.
- Structured coaching programs at senior leadership levels to help them realise their full potential.

- Leadership review and assessment profile of all leaders ensures the maintenance of a healthy succession pipeline.

e. Talent Engagement

Some of the platforms and initiatives we have at TCS to enhance and enrich employee engagement are:

- **Cara:** AI-based HR assistant which answers employee questions on HR policies
- **Milo:** Chatbot to facilitate the mentoring process
- **Knome, KnowMax, GEMS:** Platforms for social collaboration within the organization, learning, sharing and for reward and recognition
- **Safety First:** Initiative focused on employee safety and security.
- **Fit4life:** Builds a fraternity of health and fitness conscious employees and creates a culture of fitness
- **Purpose4life:** Forum for volunteering for community projects in the areas of Education, Health and Environment.
- **Maitree:** helps in improving employee bonding within the organisation and promoting work-life balance, thereby, increasing employee retention.
- **PULSE:** Our annual employee engagement and satisfaction survey is the organization's formal listening forum.

f. Compliance

A robust internal check process is deployed to prevent and limit risk of non-compliance. The Compliance Cell within HR continues to track Acts/Laws in all countries of operation in the field of immigration, employment and labor laws. The Company approaches Compliance from both, reactive and proactive standpoints.

5.0 FY 2018 Financial Performance and Analysis

The discussions in this section relate to the consolidated, Rupee-denominated financial results pertaining to the year that ended March 31, 2018. The financial statements of Tata Consultancy Services Limited and its subsidiaries have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS"), prescribed under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules as amended from time to time. Significant accounting policies used in the preparation of the financial statements are disclosed in the notes to the consolidated financial statements 2 (a) to (r).

The following table gives an overview of the consolidated financial results of the Company:

	FY 2018 (₹ crore)	% of Revenue	% Growth	FY 2017 (₹ crore)	% of Revenue
Revenue from operations	123,104	100.0	4.4	117,966	100.0
Earnings before interest, tax, depreciation and amortisation (EBITDA) (Before Other Income)	32,516	26.4	0.6	32,311	27.4
Profit Before Tax (PBT)	34,092	27.7	(1.2)	34,513	29.3
Profit for the year (PAT)	25,880	21.0	(1.8)	26,357	22.3
Earnings per share (in ₹)	134.19		0.6	133.41	

a. Analysis of revenue growth

Growth attributable to	FY 2018 (%)	FY 2017 (%)
Business growth	6.7	8.3
Impact of exchange rate	(2.3)	0.3
Total growth	4.4	8.6

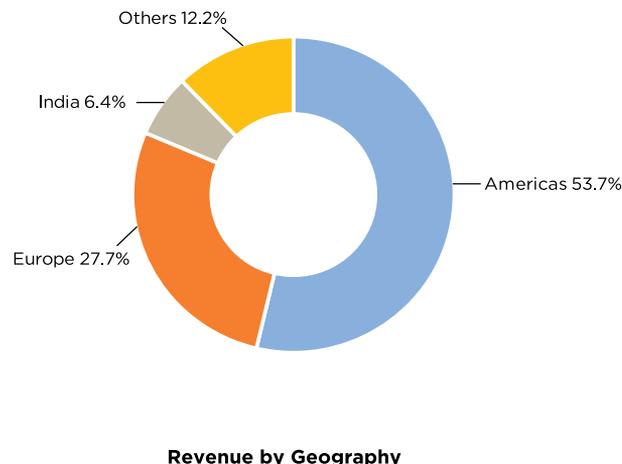
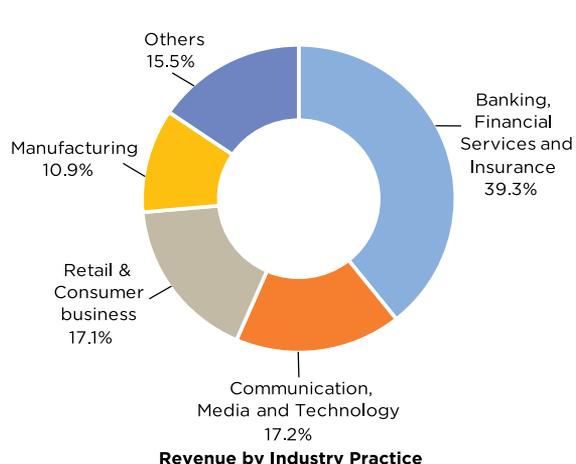
Movements in currency exchange rates through the year resulted in an impact of (2.3%) on the reported revenue. The constant currency revenue growth for the year, which is reported revenue growth stripped of the currency impact, was 6.7%.

Average currency rates during FY 2018 compared to those in FY 2017 are given below:

Currency	Weightage (%)	FY 2018	FY 2017	% Change YoY
USD	54.6	64.49	67.13	(3.9)
GBP	12.4	86.05	87.35	(1.5)
EUR	9.4	76.16	73.27	3.9
CAD	3.2	50.36	51.01	(1.3)
AUD	4.0	49.96	50.41	(0.9)
JPY	2.5	0.58	0.62	(5.8)

b. Segmental Performance

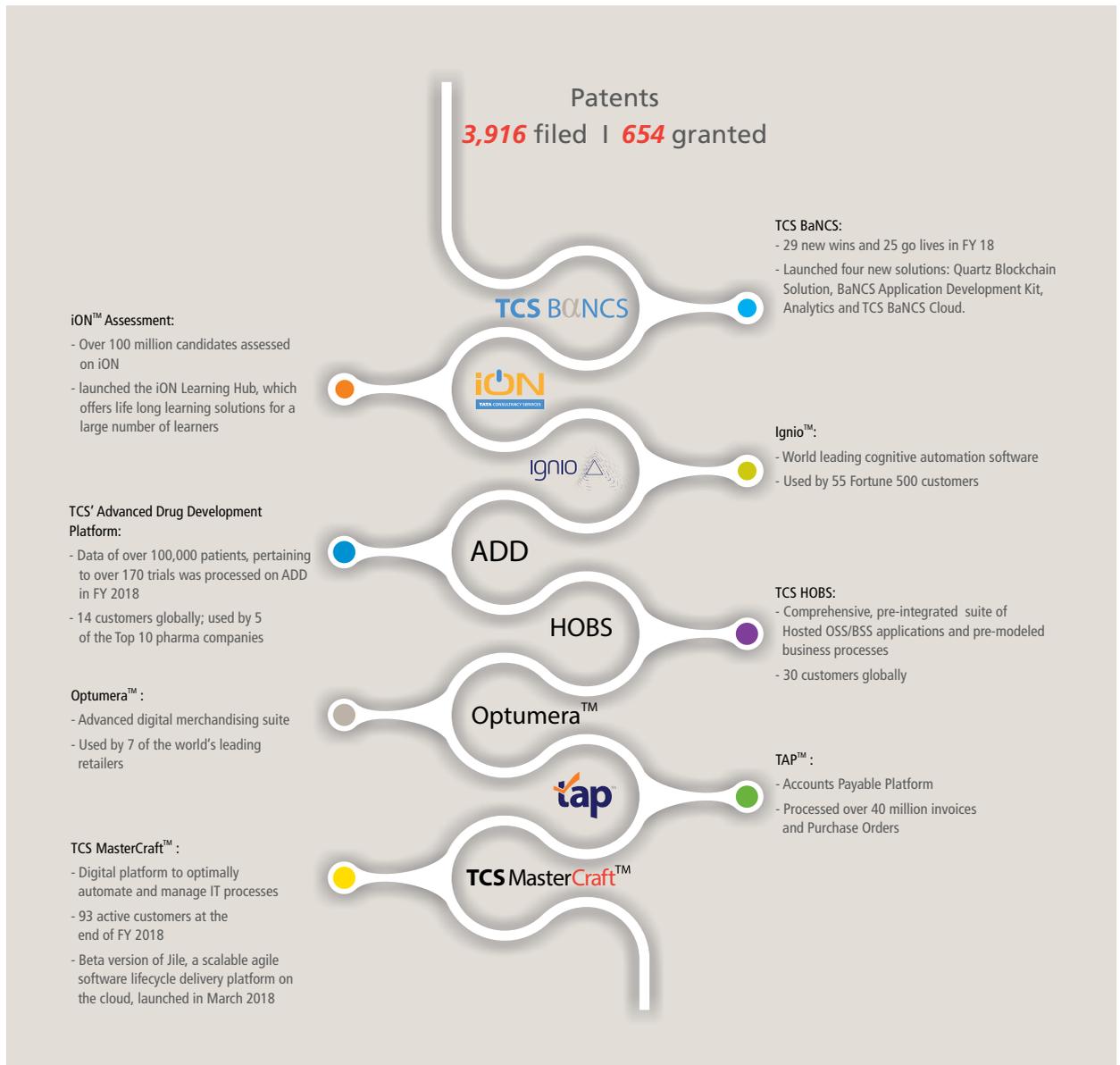
The revenue break-up by Industry practice and Geography is provided below:



Industry practice form the primary business segments for TCS. Segment revenues, year on year growth, a brief commentary and segment margins are provided below.

Industry Vertical	Segment Revenue FY 2018 (FY 2017) ₹ crore	YoY Revenue Growth	Commentary	Segment Margin % FY 2018 (FY 2017)
Banking, Financial Services and Insurance	48,418 (47,505)	1.9%	Back office rationalization using automation and cloud adoption was a trend across the BFSI industry. On the transformation side, key initiatives included automation, API-fication and advanced analytics. Holding back of spend by large banks in North America resulted in growth that was below the company average.	26.9% (27.6%)
Manufacturing	13,361 (12,486)	7.0%	Manufacturing companies were focused on reducing their cost of operations, and use the savings to fund new transformational initiatives using digital technologies. There was significant interest in cloud-related services and in the creation of a digital data core, as well as in implementing next generation enterprise solutions.	27.7% (28.6%)
Retail and Consumer Business	21,055 (20,459)	2.9%	The Retail and Consumer business segment underperformed the rest of the Company, mainly on account of reduced technology spending by a few major retailers in the US, even as other retailers continued to invest in their digital programs, particularly in the area of personalizing customer journeys across channels, pre-emptive pricing and merchandizing transformation.	26.5% (28.1%)
Communication, Media and Technology	21,131 (19,521)	8.2%	This business segment experienced the strongest growth within TCS' portfolio in FY 2018, driven by investments in customer experience transformation, analytics, operating model transformation, network transformation, and over the top services. Technology spends covered Digital transformation, adoption of Agile / DevOps, cloud migration, and automation.	27.4% (28.4%)
Others	19,139 (17,995)	6.4%	Growth in this segment continued to be driven by strong performance by the biggest components namely, Life Sciences & Healthcare and Energy, Resources & Utilities, both of which continued to grow in double digits, driven by spending on analytics, cloud adoption, automation, and cyber security.	22.7% (23.7%)

c. TCS Products and Platforms



6.0 Business Outlook

Global growth is projected to strengthen from 3.8 percent in 2017 to 3.9 percent in 2018 and 2019³, with mixed trends in advanced markets, and a pickup in emerging and developing economies. Among advanced markets, US and Eurozone are expected to accelerate in 2018, while Japan, UK and Canada are expected to decelerate modestly. Industry analysts have forecasted a modest acceleration in IT services spending globally in 2018.

TCS expects customers to continue investing in digital as part of their Business 4.0 journeys. The broad theme of revamping the core is expected to result in bigger digital projects and more large transformational engagements. Solutions encompassing advanced analytics, Internet of Things, APification, Blockchain, drones and cybersecurity are expected to gain more traction. The focus on delivering superior customer experiences is expected to result in greater demand for digital marketing, design, human machine interaction and virtual / augmented reality. Additionally, there is expected to be greater adoption of Agile/DevOps. At the same time, cloud adoption, automation and simplification will continue to be key initiatives towards greater back office efficiency.

³ World Economic Outlook, April 2018, International Monetary Fund

7.0 Risk Management and Compliance

Our global operations bring in considerable complexities and in response to that, we have established a robust enterprise risk and compliance management framework and process. This process is enabled by a digital platform that provides an enterprise-wide view of risks and compliance which enables us to take a more holistic approach towards informed decision making.

Our efforts in incorporating better practices were recognized at the India Risk Management Awards - 2018 held by ICICI-Lombard and CNBC TV18 , where TCS won two awards in two categories: ‘Best Risk Management Framework & Systems – IT – ITES’ and ‘Best Risk Management Framework & Systems – Private Company.’

Listed below are our key risks with its anticipated impact on the company and mitigation plans.

Key Risks	Impact on the Company	Mitigation
Volatile global political and economic scenario	Corporate spending on technology has shown strong correlations with GDP growth. The company derives a material portion of its revenues from customers’ discretionary spending which is linked to their business outlook. Political disruptions or volatile economic conditions may adversely affect that outlook result in reduced spending which could restrict revenue growth opportunities.	<ul style="list-style-type: none"> • Broad-based, de-risked business mix, well diversified across geographies and industry verticals • Offerings and value propositions targeting all stakeholders in the customer organization, covering discretionary as well as non-discretionary spends, and relevant at every point in the business cycle • Target market segments which might provide counter-cyclical support
Growing protectionist trends and restrictions on global mobility	Distributed software development models require the free movement of people across countries and current rhetoric in many key markets poses a threat to the global mobility of skilled professionals. Enactment of legislations which restrict the availability of work visas or apply onerous eligibility criteria or costs could lead to project delays, increased costs and margin pressures.	<ul style="list-style-type: none"> • TCS is monitoring the global environment closely and working with advisors, partners and governments • We have materially reduced our dependency on work visas through increased local hiring and focusing on local mobility and training across all major geographies of operation • Increased participation in academic partnerships and initiatives to attract local talent • Increased outreach to legislative / regulatory stakeholders, important trade bodies, think tanks and research institutes • Showcasing investments, employment generation and innovation capabilities to the appropriate audiences • Active engagement in Science, Technology, Engineering and Math (STEM) initiatives designed to structurally increase the availability of engineering talent in major markets

Key Risks	Impact on the Company	Mitigation
Business model changes	Rapidly evolving technologies are changing technology consumption patterns, creating new classes of buyers within the enterprise, giving rise to entirely new business models and therefore new kinds of competitors. This is resulting in increased demands on the Company's agility to keep pace with the changing customer expectations. Failure to cope may result may result in loss of market share and impact business growth.	<ul style="list-style-type: none"> Continued investments in Digital through large scale reskilling, external hiring, Intellectual Property (IP) development and successful leverage of deep contextual knowledge Focus on Research and Innovation efforts leveraging in house expertise, alliance partnerships, and strong connections in the academic start-up ecosystem, and launching multiple new services Strategic focus on business needs (tailored Experience, ecosystems, exponential models and embracing risk) and technology needs (Intelligence, Agile, Cloud, and Automation) Strong customer-centricity which results in organization structures (and reorganizations) that are always aligned to customer needs
Litigation risks	Given the scale and geographic spread of the company's operations, litigation risks can arise from commercial disputes, perceived violation of intellectual property rights and employment related matters. Our rising profile and scale also makes us a target to litigations without any legal merit. This risk is inherent to doing business across the various countries and commensurate with risk faced by other players similarly placed in the industry. In addition to incurring legal costs and distracting management, litigations garner negative media attention and pose reputation risk. Adverse rulings can result in substantive damages.	<ul style="list-style-type: none"> Internal processes and controls adequately ensure compliance with contractual obligations and the protection of intellectual property and also that potential disputes are promptly brought to the attention of management and dealt with appropriately The company has a team of in-house counsels in all major geographies it operates in. It also has a network of highly reputed global law firms in countries it operates in There is a robust mechanism to track and respond to notices as well as defend the Company's position in all claims and litigation
Currency volatility	Volatility in currency exchange movements results in transaction and translation exposure. TCS' functional currency is the Indian Rupee. Appreciation of the Rupee against any major currency could impact the reported revenue in Rupee terms, the profitability and also result in collection losses.	<ul style="list-style-type: none"> TCS follows a currency hedging policy that is aligned with market best practices, to limit impact of exchange volatility on receivables and earnings Hedging strategy is monitored by the Risk Management Committee on a regular basis
Breach of data privacy and protection / Non-compliance to GDPR	Privacy and protection of personal data is an area of increasing concern globally. Legislations like GDPR in Europe carry severe consequences for non-compliance or breach. Any violation or security breach, observed non-compliance or inadequacy of privacy policies and procedures can result in substantive liabilities, penalties and reputational impact.	<ul style="list-style-type: none"> A global Privacy Policy is in place covering all applicable geographies and areas of operations A new organisational unit has been set up to ensure compliance to various Data Privacy Regulations, including GDPR Continued focus on employee related agreements with respect to Personally Identifiable Information (PII) and Sensitive Personal Data and Information (SPDI) Data protection controls are a part of the engagement security management process Robust risk response mechanisms are in place to cater to protection of sensitive data in the TCS ecosystem as well protection of such data in Client-managed networks in Offshore/ Global Delivery Centers

Key Risks	Impact on the Company	Mitigation
		<ul style="list-style-type: none"> • Sensitive and complex engagements leverage industry standard practice of data masking technologies to protect PII and SPDI • Combination of enterprise-wide online training, educational tools, social media and other awareness initiatives regarding data privacy and protection and GDPR to foster a culture of awareness and responsibility among its employees • Data Protection Impact Assessments of all applications / processes both within TCS enterprise systems and outside • Enhancement of vendor contracts • Formal Data Transfer Agreements for explicit agreements on data sharing • Embedding privacy by design in our systems to secure personal data
Cyber Attacks	Risks of cyber attacks are forever a threat on account of the fast evolving nature of the threat. In addition to impact on business operations, a security breach could result in reputational damage, penalties and legal and financial liabilities	<ul style="list-style-type: none"> • Investments in automated prevention and detection solutions • Continued reinforcement of stringent security policies & procedures • Collaboration with Computer Emergency Response Team (CERT) and other private Cyber Intelligence agencies, and enhanced awareness of emerging cyber threats • Enterprise-wide training and awareness programs on Information Security • Periodic rigorous testing to validate effectiveness of controls through Vulnerability Assessment and Penetration Testing • Internal and external audits
Non-compliance to complex and changing global regulations	As a global organization, the company has to comply with laws across multiple jurisdictions, covering areas such as Employment & Immigration, Taxation, Foreign Exchange & Export Controls, Health Safety and Environment (HSE) regulations, Anti-Corruption laws, Data Privacy requirements etc. Failure to comply could result in penalties and reputational damage.	<ul style="list-style-type: none"> • A comprehensive global compliance management framework has been deployed across the Company • Global regulatory compliance certification is fully digitized and covers compliance across all the locations of the Company • To bring in further refinements in managing compliance, a transformation program to enable tracking of the changes to applicable regulations globally across various jurisdictions and functional areas, in a sustainable manner has been launched

Key Risks	Impact on the Company	Mitigation
Inadequate protection in case of Intellectual Property (IP) infringement	Risk of infringements of third-party IPs by TCS may lead to potential liabilities, increased litigation and impact reputation.	<ul style="list-style-type: none"> • Focus group on IP Management and Engineering • TCS IP-SAFE Program: This Program covers IP Safety, IP Protection and IP Enforcement of TCS IP, Customer IP, Partner IP, and all 3rd Party IP • Employee Engagement: Employee confidentiality agreement, training and awareness for IP protection. Stricter controls around movement of people across customer accounts as well as into product organization • IP Protection Process & Checks: Comprehensive IPR framework covering IPR policy and procedures for IP creation, Patent management, Contract management and IP audit process to provide assurance on IP Safe assets and Integrated IP compliance checks for TCS Products

8.0 Internal Financial Control Systems and their Adequacy

TCS has aligned its current systems of internal financial control with the requirement of Companies Act 2013, on lines of globally accepted risk based framework as issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. The Internal Control – Integrated Framework (the 2013 framework) is intended to increase transparency and accountability in an organisation’s process of designing and implementing a system of internal control. The framework requires a company to identify and analyse risks and manage appropriate responses. The Company has successfully laid down the framework and ensured its effectiveness.

TCS’s internal controls are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies. TCS has a well-defined delegation of power with authority limits for approving revenue as well as expenditure. Processes for formulating and reviewing annual and long term business plans have been laid down. TCS uses a state-of-the-art enterprise resource planning (ERP) system to record data for accounting, consolidation and management information purposes and connects to different locations for efficient exchange of information. It has continued its efforts to align all its processes and controls with global best practices.

Our management assessed the effectiveness of the Company’s internal control over financial reporting (as defined in Clause 17 of SEBI Regulations 2015) as of March 31, 2018.

B S R & Co. LLP, the statutory auditors of TCS has audited the financial statements included in this annual report and has issued an attestation report on our internal control over financial reporting (as defined in section 143 of Companies Act 2013).

TCS has appointed Ernst & Young LLP to oversee and carry out internal audit of its activities. The audit is based on an internal audit plan, which is reviewed each year in consultation with the statutory auditors and the audit committee. In line with international practice, the conduct of internal audit is oriented towards the review of internal controls and risks in its operations such as software delivery, accounting and finance, procurement, employee engagement, travel, insurance, IT processes, including most of the subsidiaries and foreign branches.

TCS also undergoes periodic audit by specialised third party consultants and professional for business specific compliances such as quality management, service management, information security, etc. The audit committee reviews reports submitted by the management and audit reports submitted by internal auditors and statutory auditors. Suggestions for improvement are considered and the audit committee follows up on corrective action. The audit committee also meets TCS’ statutory auditors to ascertain, inter alia, their views on the adequacy of internal control systems and keeps the board of directors informed of its major observations periodically.

Based on its evaluation (as defined in section 177 of Companies Act 2013 and Clause 18 of SEBI Regulations 2015), our audit committee has concluded that, as of March 31, 2018, our internal financial controls were adequate and operating effectively.

TCS' PERFORMANCE TREND (CONSOLIDATED)

Amounts in ₹ crore	Ind AS				Indian GAAP							
	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15*	FY 2014-15	FY 2013-14	FY 2012-13	FY 2011-12	FY 2010-11	FY 2009-10	FY 2008-09	
Revenues												
Total revenue	123,104	117,966	108,646	94,648	94,648	81,809	62,989	48,894	37,325	30,029	27,813	
Revenue by geographic segments												
Americas	66,145	66,091	60,011	51,053	51,053	45,259	35,247	27,570	21,457	17,273	15,600	
Europe	34,155	30,038	29,092	26,730	26,730	23,433	16,813	12,382	9,251	8,010	8,212	
India	7,921	7,415	6,729	6,108	6,108	5,488	4,890	4,202	3,435	2,598	2,182	
Others	14,883	14,422	12,814	10,757	10,757	7,629	6,039	4,740	3,182	2,148	1,819	
Cost												
Employee cost	66,396	61,621	55,348	48,296	50,924	40,486	31,922	24,683	18,806	15,066	14,483	
Other operating cost	24,192	24,034	22,621	19,242	19,242	16,170	13,027	9,776	7,341	6,268	6,160	
Total cost (excluding interest & depreciation)	90,588	85,655	77,969	67,538	70,166	56,656	44,949	34,459	26,147	21,334	20,643	
Profitability												
EBITDA (before other income)	32,516	32,311	30,677	27,110	24,482	25,153	18,040	14,435	11,178	8,695	7,170	
Profit before tax	34,092	34,513	31,840	28,437	25,809	25,402	18,090	13,923	11,021	8,290	6,150	
Profit after tax attributable to shareholders of the Company	25,826	26,289	24,270	21,912	19,852	19,164	13,917	10,413	9,068	7,001	5,256	
Financial Position												
Equity share capital	191	197	197	196	196	196	196	196	196	196	98	
Reserves and surplus	84,937	86,017	70,875	58,140	50,439	48,999	38,350	29,284	24,209	18,171	15,502	
Gross block (property, plant and equipment including intangible assets)	23,258	21,391	19,917	17,316	17,316	13,897	11,623	9,448	7,792	6,420	5,844	
Total investments	36,008	41,980	22,822	1,662	1,662	3,434	1,897	1,350	1,763	3,682	1,614	
Net current assets	63,396	65,804	47,644	36,189	28,495	27,227	19,734	12,673	9,790	7,395	7,544	
Earnings per share in ₹												
EPS - as reported	134.19	133.41	123.18	111.87	101.35	97.67	70.99	53.07	46.27	35.67	53.63	
EPS - adjusted for Bonus Issue	134.19	133.41	123.18	111.87	101.35	97.67	70.99	53.07	46.27	35.67	26.81	
Headcount (number)												
Headcount (including subsidiaries) as on March 31st	394,998	387,223	353,843	319,656	319,656	300,464	276,196	238,583	198,614	160,429	143,761	

Note: The Company transitioned into Ind AS from April 1, 2015.

*Excluding the impact of one-time employee reward.

Overview of Funds Invested

Funds invested exclude earmarked balances with banks and equity shares measured at fair value through other comprehensive income.

(₹ crore)

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	Current		Non-current		Total funds invested	
Investments in mutual funds, Government securities and others	35,707	41,636	243	203	35,950	41,839
Deposits with banks	2,384	896	-	-	2,384	896
Inter-corporate deposits	2,825	2,565	1,972	3	4,797	2,568
Cash and bank balances	4,555	3,131	-	-	4,555	3,131
Total	45,471	48,228	2,215	206	47,686	48,434

Total invested funds include ₹ 848 crores (March 31, 2017: ₹ 662 crores) for the year ended March 31, 2018 pertaining to trusts and TCS Foundation held for specified purposes.

RATIO ANALYSIS

	Units	Ind AS			Indian GAAP							
		FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15*	FY 2014-15	FY 2013-14	FY 2012-13	FY 2011-12	FY 2010-11	FY 2009-10	FY 2008-09
Ratios - Financial Performance												
Employee Cost / Total Revenue	%	53.9	52.2	50.9	51.0	53.8	49.5	50.7	50.5	50.4	50.2	52.1
Other Operating Cost / Total Revenue	%	19.7	20.4	20.9	20.4	20.3	19.8	20.7	20.0	19.6	20.8	22.1
Total Cost / Total Revenue	%	73.6	72.6	71.8	71.4	74.1	69.3	71.4	70.5	70.0	71.0	74.2
EBITDA (Before Other Income) / Total Revenue	%	26.4	27.4	28.2	28.6	25.9	30.7	28.6	29.5	30.0	29.0	25.8
Profit Before Tax / Total Revenue	%	27.7	29.3	29.3	30.0	27.3	31.1	28.7	28.5	29.5	27.6	22.1
Tax / Total Revenue	%	6.7	6.9	6.9	7.2	6.6	7.4	6.4	7.0	4.9	4.0	3.0
Effective Tax Rate - Tax / PBT	%	24.1	23.6	23.6	23.5	23.7	23.9	22.2	24.4	16.6	14.4	13.6
Profit After Tax / Total Revenue	%	21.0	22.3	22.3	23.2	21.0	23.4	22.1	21.3	24.3	23.3	18.9
Ratios - Growth												
Total Revenue	%	4.4	8.6	14.8	15.7	15.7	29.9	28.8	31.0	24.3	8.0	23.0
EBITDA (Before Other Income)	%	0.6	5.3	25.3	7.8	(2.7)	39.4	25.0	29.1	28.6	21.3	25.5
Profit After Tax	%	(1.8)	8.3	22.3	14.3	3.6	37.7	33.6	14.8	29.5	33.2	4.6
Ratios - Balance Sheet												
Debt-Equity Ratio	Times	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current Ratio	Times	4.6	5.5	4.1	3.9	2.4	2.7	2.7	2.2	2.4	1.9	2.3
Days Sales Outstanding (DSO) in ₹ terms	Days	74	70	81	79	79	81	82	86	80	71	79
Days Sales Outstanding (DSO) in \$ terms	Days	74	73	80	78	78	82	82	81	82	74	74
Invested Funds / Total Assets	%	53.9	54.6	44.2	38.0	43.5	43.0	36.4	34.8	36.8	45.7	26.3
Capital Expenditure / Total Revenue	%	1.5	1.7	1.8	3.1	3.1	3.8	4.2	4.1	4.9	3.4	4.0
Operating Cash Flows / Total Revenue	%	20.4	21.4	17.6	20.5	20.5	18.0	18.4	14.3	17.7	24.7	19.5
Free Cash Flow / Operating Cash Flow Ratio	%	92.8	92.3	89.7	84.8	84.8	78.9	77.3	71.5	72.7	86.1	79.7
Depreciation / Average Gross Block	%	9.0	9.6	10.1	11.5	11.5	10.6	10.3	10.7	10.4	10.8	11.1
Ratios - Per Share												
EPS - adjusted for Bonus ₹	₹	134.19	133.41	123.18	111.87	101.35	97.67	70.99	53.07	46.27	35.67	26.81
Price Earning Ratio, end of year	Times	21.2	18.2	20.4	22.8	25.1	21.8	22.1	22.0	25.6	21.9	10.1
Dividend Per Share	₹	50.00	47.00	43.50	79.00	79.00	32.00	22.00	25.00	14.00	20.00	14.00
Dividend Per Share - adjusted for Bonus ₹	₹	50.00	47.00	43.50	79.00	79.00	32.00	22.00	25.00	14.00	20.00	7.00
Market Capitalisation / Total Revenue	Times	4.4	4.1	4.6	5.3	5.3	5.1	4.9	4.7	6.2	5.1	1.9

Note: The Company transitioned into Ind AS from April 1, 2015.

*Excluding the impact of one-time employee reward.