

Corporate Sustainability Report

2009-10



About the Report

TCS has published annual Sustainability Reports every year since 2006-07. This is our fourth Sustainability Report, for the financial year April 2009 – March 2010. It has been prepared in conformance to the G3 Sustainability Reporting Guidelines published by the Global Reporting Initiative (GRI) and with reference to AccountAbility's AA1000 APS (AccountAbility Principles Standard) 2008.

The report addresses the key sustainability topics gleaned through interactions with the different stakeholder groups, based on the core principles of materiality and stakeholder inclusiveness. These topics cover the full range of material economic, environmental, and social impacts of the organization.

All the financial data used in this report are from TCS' consolidated, global operations. HR-related data is from TCS Ltd's global operations but excluding our subsidiaries. Data pertaining to our energy management and environmental impact pertain to our India operations which comprises the largest chunk of our delivery base.

The data has been sourced from Ultimatix, our core enterprise platform which runs all internal processes in HR, Finance and Project Management and is also the portal for employees to provide their opinions and feedback. All the data is audited by the third party auditors as part of ISO and financial audits.

The report has been externally assured by KPMG. The scope and basis of the assurance are described in the assurance letter issued by KPMG. No other relationship exists between TCS and KPMG.

Report Application Level

		2002 In Accordance	C	C+	B	B+	A	A+
Mandatory	Self Declared							✓
	Third Party Checked			Report Externally Assured		Report Externally Assured		✓
	GRI Checked			Report Externally Assured		Report Externally Assured		✓
								Report Externally Assured

* Please see GRI Application Level Check Statement page 78



Cover:
The artwork uses Warli tribal motifs, originating from the state of Maharashtra in Western India, to depict the key themes of economic sustainability, community engagement and environmental stewardship covered in this report. Differing from other Indian folk art forms in the use of primary colors, Warli art uses austere two-tones, white lines on an earthy brown background. Warli paintings are usually of men and women engaged in the daily rhythm of tribal life, fully in tune with their eco-system. This rootedness in community and environment accurately captures the spirit of TCS' sustainability.

Contents

CEO's Message.....	04
Organizational Profile	06
Corporate Governance	16
Sustainability of Business Performance	22
Financial Sustainability	31
Supplieside Sustainability.....	33
Community Engagement	41
Environmental Impact	52
GRI Index.....	68
External Assurance.....	75
GRI Certificate	78
Contacts	79

CEO's Message



N. Chandrasekaran
CEO & Managing Director

The year gone by was one full of challenges and uncertainty, but to us at TCS, it was also a year of validations. Our business model was validated, our strategy for growth started paying off and our core belief – in doing the best for our employees, our customers and for society – stood vindicated, giving us immense confidence that we are doing the right things and doing them right.

Our five-point strategy for sustainable growth – Customer Focus, Full-Services Capability, Global Network Delivery Model, Experience of Certainty and Non-Linear Business Models – is delivering results.

I am happy to say that our new, domain-led, customer-centric organization structure gave us the agility and market focus to capture the growth opportunities that came our way and also to rapidly exercise various operational levers and manage costs so we could significantly improve our profitability. While revenue growth was a modest 5.4% (in USD terms), our Net Income grew by 29.4% year on year. From a business sustainability perspective, we could not have asked for a better demonstration of the resilience of our business than this.

Historically, our investments in our people have yielded us rich dividends, giving us one of the most motivated and talented teams, with the best retention record in the industry. This relationship is based on mutual respect and trust and at a time when layoffs and pay-cuts were the norm, I am proud of how well we lived up to the trust reposed in us. We honored all the campus offers we had made in FY 2009 and as our business began to recover, we rewarded employees with quarterly variable payouts that were 125-150 percent higher and with promotions. These illustrate the depth of our commitment to provide a unique employee experience for our 160,000 associates and help them realize their potential.

Our commitment to society is just as strong. We are helping governments at the local and central levels use technology to become more efficient, responsive and accessible to their citizenry with our e-governance solutions. We continue to invest in the community around us, deploying technology on a pro bono basis to address societal challenges such as illiteracy. The software we built to impart functional literacy has sparked interest outside India, so we are expanding it to cover languages such as Spanish and Arabic. Farmers in two states in North India are using mKrishi, our award-winning mobile agro-advisory service to receive weather updates, expert advice on fertilizer and pesticide usage and current grain prices.

TCSers across the globe have enthusiastically and energetically taken up various causes within their local communities and collectively volunteered over 40,000 person hours in making a difference in each of those communities in the broad areas of Education, Health and Environment.

These initiatives apart, we at TCS are blessed with an ownership structure which automatically aligns the interests of the shareholders with that of the community. Knowing that nearly half the dividends we pay out goes into the philanthropic work carried out by the various Tata trusts that own two-thirds of Tata Sons Ltd – our promoter group – is profoundly uplifting and gives greater meaning to our work.

CEO's Message

On the environment front, I am glad to report that all our energy conservation initiatives are bearing fruit and we have been able to cut down our per capita energy consumption by nearly 3%. This along with procurement of green energy and greater adoption of video-conferencing as an alternative to business travel helped us bring down our carbon footprint by 14%. But we can't rest on our oars. Mitigating our environmental footprint is not a destination but an ongoing journey. We hope to continue down this path and further improve our performance on every one of the environmental metrics next year.

Beyond reducing our own environmental footprint, as a trusted technology partner to leading global corporations many of which have sizeable environmental footprints, we have an opportunity to make a significantly larger impact by helping our clients green their IT infrastructure and leverage technology to reduce energy inefficiencies along their value chain as part of their transition to low-carbon business models.

An even more exciting opportunity is cloud computing. By changing the manner in which computing power is consumed – from a distributed model to an industrial-scale centralized one, our clients can get all the benefits of IT-enabled process automation in a far more energy-efficient way and at a lower total cost of ownership too. We have invested significantly in launching new offerings characterized by a centrally hosted shared platform that obviates the need for clients to invest in standalone infrastructure and custom software. Given the all-round win-win that this represents, I see tremendous potential for adoption of this model going forward.

Regardless of whether environmental stewardship is the cause or an effect, these are all opportunities for us to do significant good to the environment and benefit economically in doing so – another illustration of how the alignment of social and economic objectives can significantly boost sustainability.

Lastly, about this report itself, we listened to your feedback from last year and have tried to make the report more readable and cover more areas and in greater detail, so you get a fuller picture of TCS' sustainability. I hope we have succeeded in this endeavor. I do look forward to hearing your feedback and suggestions on how we can improve the content and reportage even further.

N Chandrasekaran
Chief Executive Officer and Managing Director



Organizational Profile

Organizational Profile

Tata Consultancy Services Limited is an IT services, business solutions and outsourcing organization that delivers real results to global businesses, with a high level of certainty. TCS offers a consulting-led, complete and integrated portfolio of IT and IT-enabled services delivered through its unique Global Network Delivery Model™, recognized as the benchmark of excellence in software development.

Founded in 1968 as part of the Tata group, we are today a public limited company¹, listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. In FY2009-10, TCS reported consolidated revenues of USD 6.34 billion. More than 97% of this was from existing customers – the Company's reliability, passion, creativity, and unique ability to handle the broadest range of their IT needs is rewarded by our clients by continually extending and deepening their partnerships with TCS.

Domain-centric approach

Large global corporations which make up our customer-base are today looking for strategic partners who not only excel in technology and possess a full-services delivery capability but can also understand their business and leverage that domain expertise to deliver holistic solutions to their business problems.

At TCS, we anticipated these customer preferences and re-architected the Company for agility, accountability and adaptability. The customer-centric, domain-led business unit structure helps us constantly sharpen and grow our competencies in each of the industry verticals we service.

Domain expertise is advanced through investments made in a global network of solution centers and innovation labs, hiring industry experts and by encouraging associates to get industry recognized certifications and training. Our customers and partners as well as other stakeholders recognize our growing expertise in many disciplines with awards and recognition.

Our industry-leading domain capabilities, customer focus and agile structure helped us stay close to our customers through the entire business cycle. And as global business began to recover, our consultants helped customers proactively identify solutions to business problems in areas such as cost management, operational improvement and customer retention thus speeding up our customers' recovery. Thereafter, we have been assisting clients in fine-tuning their strategies to enter new markets or launch new products.

The different industry verticals services by TCS and their revenue contribution are represented in Figure 1. The individual service offerings making up our full-services capability, and their revenue contribution are provided in Figure 2.

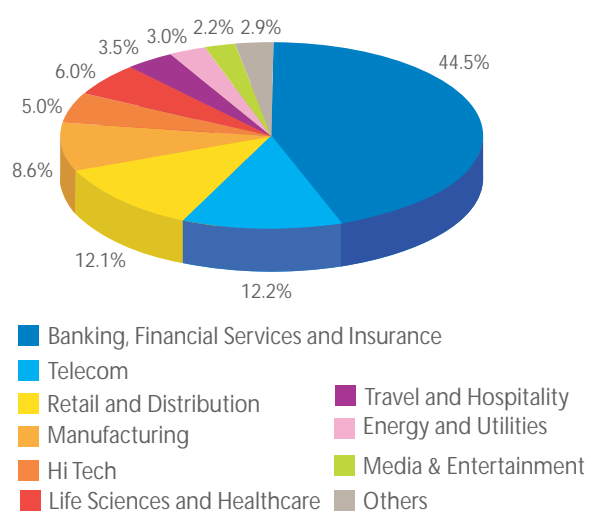


Figure 1: Revenue Breakup by Industry Vertical

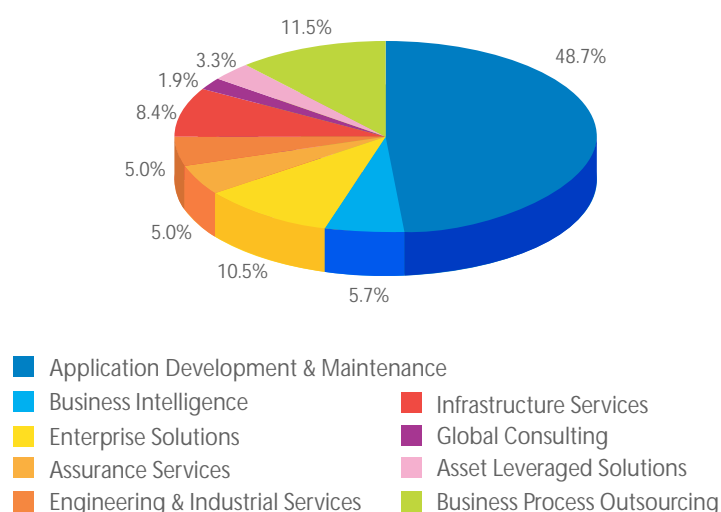


Figure 2: Revenue Breakup by Service Offering

¹Please refer to our FY2009-10 Annual Report for details of the shareholding pattern (Page 89), changes in the capital structure during FY2010 (Page 97) and the complete list of Subsidiaries (Pages 112-113). A PDF version of our Annual Report can be downloaded from our website. The URL is: http://www.tcs.com/investors/Documents/Annual%20Reports/TCS_Annual_Report_2009-2010.pdf

Global Footprint

With over 160,000 of the world's best trained IT consultants located across the world- distributed across 105 delivery centers located in 20 countries (See Figure 3) – TCS is uniquely positioned to deliver its flexible world class services seamlessly to any location.

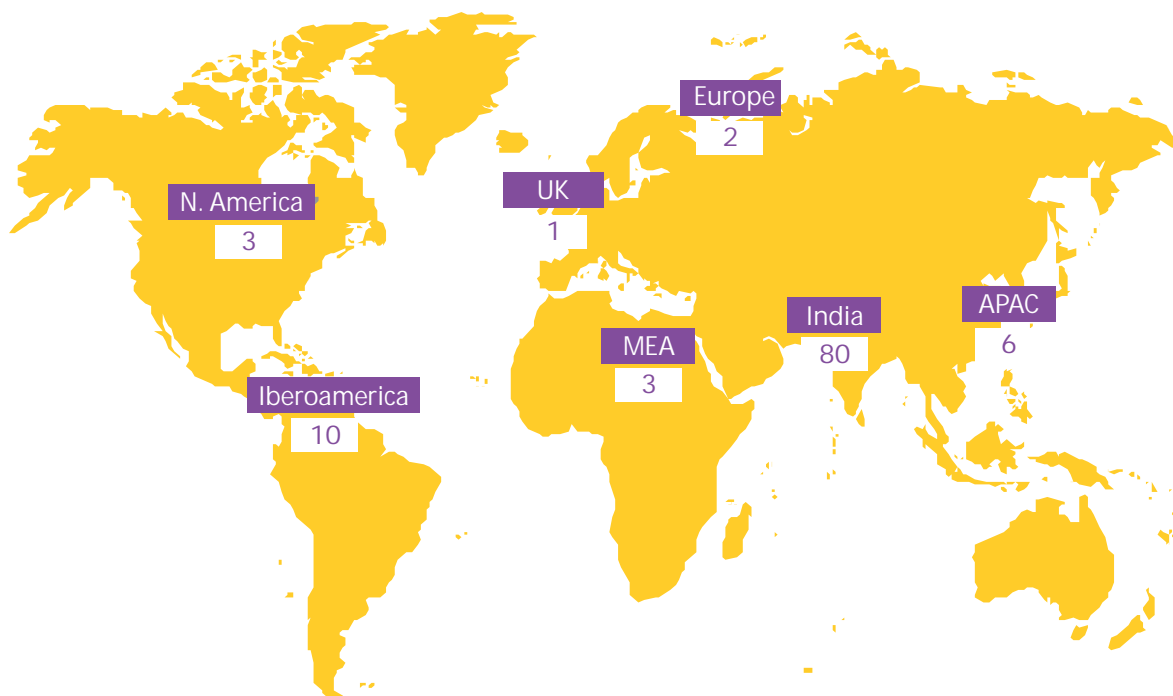


Figure 3: TCS' Global Network Delivery footprint

We have invested in building a large, global sales network to reach out to clients across the world. As of March 31, 2010, TCS had 142 offices across 42 countries, catering to some 1034 clients. The break-up of offices by geography is as below:

- 18 offices across USA and Canada
- 12 offices across 7 countries in Latin America
- 11 offices across UK and Ireland
- 22 offices across 12 countries in Europe
- 18 offices across 12 countries in Asia Pacific
- 7 offices across the Middle East and Africa
- 54 offices across India

The revenue breakup by geography is provided in Figure 4.

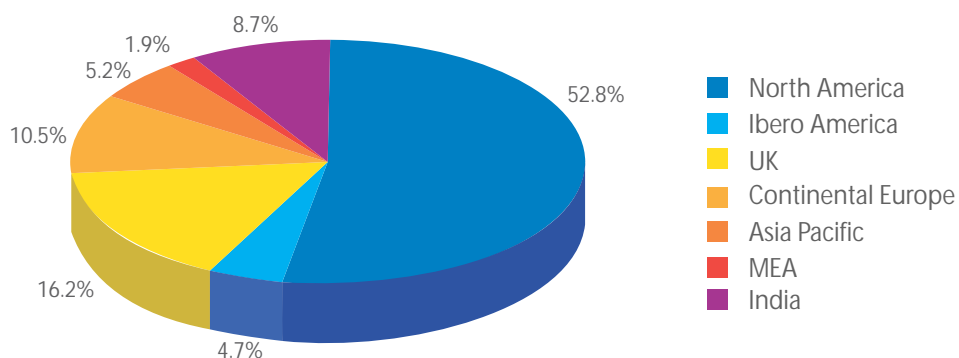
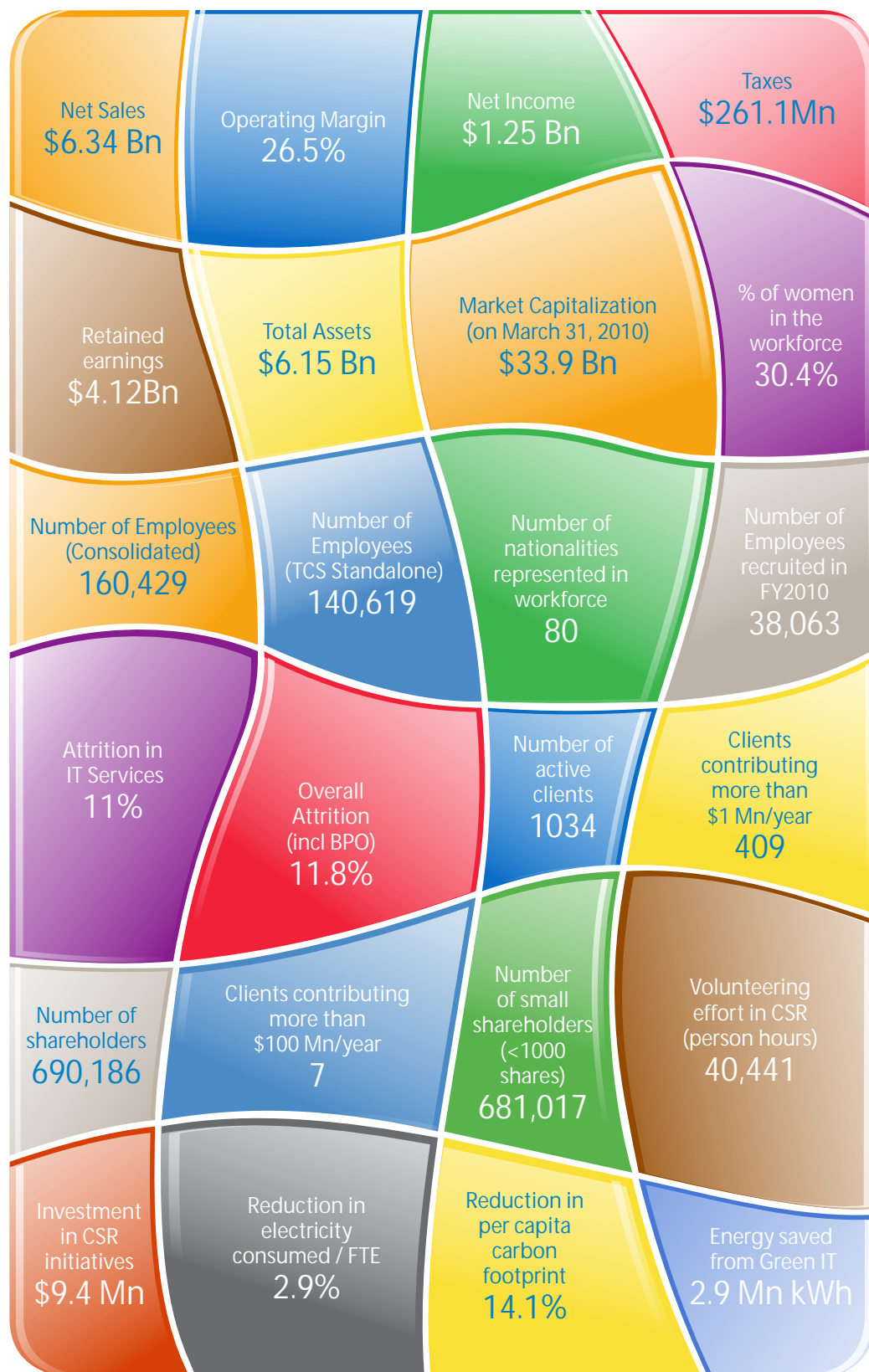


Figure 4: Revenue Breakup by Geography

TCS by numbers



Awards

Corporate



- Ranked #1 in Dataquest magazine's DQ Top20 Company rankings for seventh consecutive year
- Ranked #1 in DataQuest Top 20 Engineering Services
- Ranked # 2 in TheWall Street Journal Asia's Most Admired Companies (Asia) survey
- Ranked #4 in IAOP's Global Outsourcing List
- Ranked #6 in FinTech100 list of global IT providers
- Ranked among Asia's top Blue Chip Companies by FinanceAsia
- Listed in Forbes Magazine's Fab 50
- Ranked in the Top 100 of InformationWeek 500
- Listed in InfoWorld 100 for third consecutive year
- Best IT Outsourcing Project Award in Netherlands from Outsource Magazine

Partner



- Verizon's Supplier Excellence Award in the IT Services
- Honda America Inc's IT Supplier of the Year
- Honda America Inc's MRO Supplier of the Year
- Supplier Excellence Award from Unisys Corporation
- Electro Motive Diesel Inc. (EMD) CIO Award for Exceptional Services
- Woolworths CIO Optimisation Award
- Internet Telephony IPTV Excellence Award
- SAP® Pinnacle Award for Collaborative Revenue Growth

Leadership



- CEO and MD N. Chandrasekaran was voted Best CEO (India) by Finance Asia magazine's annual poll of investors and analysts
- CFO S. Mahalingam was voted Best CFO (India) by Finance Asia magazine's annual poll of investors and analysts
- CFO S. Mahalingam was chosen Business Today's Best CFO of 2009

Talent Management



- Great Place toWork (GPTW) 2009 Award for TCS BPO
- Most Admired Knowledge Enterprise Award for 5th year in a row
- Ranked #1 employer among Software Companies in Business Today's Best Companies to Work For survey
- Best Human Resource Management Company in China
- Recruiting and Staffing Best in Class (RASBIC) Award for Best Use of Technology for Recruiting for 3rd year in a row
- Best Overall Recruiting and Staffing Organisation Award (RASBIC)
- Best Employer Award for TCS BPO by the Stars of the Industry Group

Innovation



- Platinum IconWeb Ratna Award for the Tsunami Early Warning System (developed for the Indian National Centre for Ocean Information Services)
- mKrishi chosen among Nasscom's top 50 IT Innovators India Innovation Initiative (i3) Award for mKrishi
- Adam Smith Award 2009 for Best Practice and Innovation
- Gold Award for 'Outstanding performance in Citizen-Centric Service Delivery' at the National e-Governance
- Awards for MPOnline
- Manthan Award South Asia for Aarogyasri Health Scheme Project

Awards

Community & Environment



- Campaign of the Year at Asia Pacific PR Awards
- Certificate of Commendation for Strong Commitment in CII-ITC Sustainability Awards 2009
- Excellent Energy Efficient Unit Award for TCS BPO at CII's 10th National Award for Excellence in Energy Management
- Ranked 3rd out of 200 Asian companies surveyed for Sustainability by CSR Asia, Singapore Nov 2009
- Green Business Leadership Award 2009 -10 from Financial Express & Emergent Venture India.
- Bombay Chamber Civic Awards 2009-10 in the category of Sustainable Environmental Initiatives for TCS Yantra Park
- Ranked 3rd in the Carbon Disclosure Leadership Index for India, 2010 (Reporting for the year 2009-10)
- Achieved Platinum Band (96%) in Corporate Responsibility Index 2009 of Business in the Community UK, this is the fifth year of participation.
- Best IT Company of the Year Award 2009 TCS Hyderabad, IT & ITES Association of Andhra Pradesh
- CII's Excellence in Safety, Health & Environment 2009 Award for Western Region

Stakeholder Engagement

TCS engages with a broad spectrum of stakeholders, internal and external to understand their concerns and priorities and use those inputs to guide policy formulation and decision-making. Guidelines pertaining to each class of stakeholders help decide whether or not to engage with a certain group but ultimately, business (or, in some cases, policy) considerations govern this decision.

While Customers, Employees and Shareholders are obvious stakeholders, the supply-chain of our people-centric business consists of various academic institutions, engineering colleges, staffing agencies and other vendors. Staying at the cutting edge of technological developments requires us to closely collaborate with other technology firms to develop and go to market with industry-specific solutions.

TCS is a member of a number of industry bodies like NASSCOM and CII. We work closely these bodies in shaping policy, with local, state and central governments across the world to roll out e-governance initiatives or as part of government-facilitated community betterment initiatives. Lastly, we work with local communities directly or through various NGOs as part of our CSR initiatives in different parts of the world, and with the larger society.

We have tried to align our stakeholder engagement methodology with AccountAbility's AA 1000 SES Stakeholder Engagement Standard. The engagement models and frequency of interactions vary from one class of stakeholders to another. Given below is a list of key stakeholders that TCS engages with, the interfacing group within TCS, the forms of engagement and the frequency. Some other stakeholders that we closely engage with, such as Industry Analysts, Equity Analysts and the media have not been mentioned here because they are proxies for other stakeholders – customers, shareholders and the larger society respectively.

■ Stakeholder ■ Interfacing Group ■ Engagement Types by Frequency

Customers Sales/Pre-Sales Marketing, Delivery Teams Senior Mgmt	As needed: Project-related Calls and meetings, PMRs, Relationship Meetings, Visits, Responses to RFI/RFPs, Sponsored Events Continuous: TCS website, Customer portal Half-yearly: Customer Satisfaction Surveys Annual: Customer Summits, innovation Day	Employees HR Senior Mgmt	As needed: Town Halls, Roadshows, Project / Operations Reviews, Videoconferences, Audio conference calls, PEEP, PROPEL (associate forum), One-on-one counseling Monthly: @TCS (Inhouse magazine) Continuous: TCS website, Ultimatix Notice Board, CEO Connect, CTO Blog, Corporate Corner, JustAsk, IdeaMAX, Dipstick surveys, mPower (quick grievance redressal) Annual: PULSE (employee feedback survey), Hats Off (Long Service Awards), Velocity (Sales meet), Blitz (Business Planning meet)	Shareholders Investor Relations Company Secy Senior Mgmt	As needed: Press Releases and Press Conferences, Email advisories, Facilities Visits, In-person meetings, Investor Conferences, Non-Deal Roadshows, Conference Calls Quarterly: Financial Statements in Indian GAAP and US GAAP, Earnings Call, Exchange Notifications, Press Conference Continuous: Investors Page on TCS website Annual: Annual General Meeting, Analyst Day, Annual Report
Academic Institutions HR Senior Mgmt CTO	As needed: Academic Interface Program, Co-Innovation Network meetings Continuous: TCS website, Academic portal Annual: Sangam (High-level academic conference), Campus recruitment	Head Hunters Staffing Firms Other Suppliers HR ISUs Procurement	One time: RFI/RFPs, Empanelment process As needed: Transactional meetings, Periodic Reviews, Surveys	Partners and Collaborators Alliance Mgmt CTO	As needed: Meetings / Calls, COIN meetings, Visits, Partner Events Monthly: Conference Calls Quarterly: Business Reviews
Industry bodies Corporate Affairs Finance Senior Mgmt	As needed: Conferences and seminars, Working Committee Meetings, Surveys, Meetings Annual: Conferences, Summits	Governments Government ISU Corporate Affairs HSE / Finance CSR Team Senior Mgmt	As needed: Governance RFIs / RFPs, Presentations, Project Meetings, Reviews, Calls and Meetings, Surveys, Consultative sessions Continuous: TCS Website	NGOs Local Communities, Society at large CSR Team Volunteers Corp Comm Senior Mgmt	As needed: Field visits, Due Diligence, Calls and Meetings, Conferences and seminars, Surveys, Press Releases, Press conferences, Media interviews and quotes, Sponsored events Continuous: TCS Website

Key Sustainability Topics

The various structured and unstructured interactions with these different stakeholder groups through the course of the year have given us insights into the various topics that are of interest to the different constituencies. We have applied a materiality filter, striking a fine balance between what we think is most germane to our business and to our eco-system and specific information sought by key stakeholders, to arrive at a set of four key sustainability topics that we believe are of most interest to our stakeholders. An Executive Summary is provided below:

Key Topics	TCS' Approach
Corporate Governance	<ul style="list-style-type: none"> ■ TCS upholds the Tata group's philosophy of strong corporate governance, characterized by a high level of management accountability, fiscal accountability, transparency, fairness and protection of minority shareholder rights. ■ The Board of Directors, the various Committees of the Board and the Senior Management team comprise the Corporate Governance structure, with the Tata Business Excellence Model and the Tata Code of Conduct providing the guiding framework for good governance. ■ The Board itself has been put together with care, the six independent Directors representing an unparalleled body of experience and thought-leadership in managing large global corporations, in corporate governance, compliance and sustainability. ■ The Board' supervisory function is greatly strengthened through structures that minimize conflict of interest, by having independent directors head key committees and by committing sufficient time over eight sittings throughout the year to review the Company's strategies and operations in detail.
Sustainability of Business Performance	<p>Demand-side Sustainability</p> <ul style="list-style-type: none"> ■ The continued growth of the global market for IT Services, ongoing shift towards more offshore outsourcing and our currently low marketshare (<0.6% of global market) leave us with considerable headroom for future growth. ■ We continue to expand our addressable market by broadening our service offerings and geographical coverage. Importantly, we are leveraging domain expertise and higher-end selling for proactive demand creation rather than reactive demand fulfillment. ■ TCS has built a strong foundation – a global sales and delivery infrastructure, a scalable supply-chain, mature delivery processes, a best-in-class quality management system, robust information security and data privacy controls, a strong R&D program and an organization designed for agility – for sustaining future growth. ■ Our strategy for longer term sustainable growth is built around (a) customer-centricity, (b) full services capability, (c) GNDM™ (d) strategic acquisitions and (e) new, non-linear businesses. <p>Financial Sustainability</p> <ul style="list-style-type: none"> ■ Ours is a strong cash-generating business with sufficient operating cashflows to cover our working capital needs. At any point in time, we hold sufficient cash to be able to tide over any financial stress and also to fund strategic acquisitions.

Key Topics

TCS' Approach

- Historically our growth has been funded mostly through internal accruals. Nevertheless, other sources of funds are readily available given our strong balance-sheet, high RoE, consistent record of delivering value to shareholders, and favorable credit ratings from international credit rating agencies.
- We have a robust enterprise risk management framework that identifies various financial risks that the company faces based on which TCS has been taking suitable mitigative steps.

Supplyside Sustainability

- Our recruitment processes and training infrastructure have proven their ability to scale up in attracting sufficient talent to support our future growth. In FY2010, we recruited over 38,000 employees, half of whom were fresh graduates.
- Our partnerships with universities and colleges improve the quality of engineering education and thereby expand the proportion of employable graduates. An added benefit is better brand recognition.
- We are expanding the talent pool available to sustain future growth by encouraging diversity, local hiring, inclusive hiring and through a scalable program to hire science graduates (who constitute a much larger stream of fresh graduates than engineers).
- We have the best-in-industry employee retention rates (89% in FY2010), attributable to an empowering work culture, world-class facilities, structured learning and development programs, well-defined career progression roadmaps and opportunities to realize one's full potential.

Community Engagement

- On account of our unique ownership structure, nearly half the dividend amount paid out by TCS goes to the various philanthropic trusts that own Tata Sons Ltd, into funding the various community initiatives they support.
- Positive economic impact: With large-scale employment generation – direct and indirect – in every geography and payment of taxes in 21 countries, TCS has a positive economic impact in all the communities we touch.
- Putting IT in CommuniTy: We build IT solutions that address key community issues. In addition to grassroot-level e-governance solutions that greatly empower citizenry, TCS has built literacy training software, mobile-based advisory services to farmers, a helpline for children in distress, MIS systems for NGO partners etc.
- Corporate Social Responsibility: we undertake philanthropic work on our own and leverage a large, global group of volunteers to engage with local communities directly, or through select NGO partners, in our targeted areas of Healthcare, Education and Environment.

Key Topics	TCS' Approach
Environmental Impact	<ul style="list-style-type: none"> ■ TCS' environmental policy is geared towards minimizing the environmental impact of our business activities through (a) improved energy efficiency, (b) reduced ecological and carbon footprint, (c) waste reduction and judicious use of non-renewable resources ■ In FY2010, we largely met our environmental goals, greatly exceeding the targets on key objectives. We reduced our energy consumption by ~3%, our paper consumption by 34% and our carbon footprint by ~14% ■ To have a larger impact on the environment going beyond our own operations, we have built a consulting practice around Green IT to help our global clients become more energy efficient and use IT to reduce energy inefficiencies across their entire value chain.
















Corporate Governance

Corporate Governance

Sound Corporate Governance is key to business sustainability. An enlightened governance body that oversees the company's business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders, creates all the conditions necessary to foster sustainability. Nowhere is this more evident than in the longevity of the Tata group, which has been around for over 150 years. Being part of such a group, TCS has inherited a strong legacy of fair, transparent and ethical governance. The culture of strong governance is significantly bolstered by the Tata Code of Conduct which is aligned with the ten principles articulated in the UN Global Compact (to which TCS is a signatory).

The governance structure consists of the Board of Directors representing the shareholders, and various Committees on the Board, overseeing the Executive Management. TCS has a unitary board structure consisting of 12 members of whom 6 are Independent Directors and 9 are Non-Executive (including the Chairman) as listed below:

Non-Executive Board Members			Independent Board Members	
				
Ratan N Tata Chairman	S Ramadorai, Vice Chairman	Ishaat Hussain [#]	Naresh Chandra ^{**}	Laura Cha
				
Prof. Clayton M Christensen	Aman Mehta	Dr. Ron Sommer	Venkatraman Thyagarajan	Dr. Vijay Kelkar [#]
Executive Board Members			1 N Chandrasekaran, CEO and MD	
1 	2 	3 	2 S Mahalingam, CFO and Executive Director	
			3 Phiroz A Vandrevala, Executive Director and Head, Global Corporate Affairs	

Detailed profiles are available on our website (URL:

http://www.tcs.com/about/corp_facts/board_directors/Pages/default.aspx).

An Independent Director is a Non-Executive Director, who (a) does not have any material relationship/transaction with the Company, its Directors, Promoters, senior management, holding company and its subsidiaries, (b) Is not related to Promoters/Board/Senior Management, (c) Has not been an executive of the Company in past 3 years, (d) Has not been a partner/executive of the statutory audit/ internal audit firm, legal/consulting firm in the past 3 years, (e) Has not been a material supplier, service provider or customer or a lessor or lessee of the company, (f) Is not a substantial shareholder i.e. owning 2% or more and (g) Is not less than 21 years of age. A Non-Executive Director is defined as a Director who is not involved in day-to-day operations of the Company.

* Retired as Chief Executive Officer and Managing Director on October 5, 2009 and appointed as an Additional Director and designated as Vice Chairman in Non-Executive capacity w.e.f. October 6, 2009.

** Retired as Director on June 30, 2009

Appointed as an Additional Director w.e.f. January 5, 2010

Different aspects of TCS' Corporate Governance are addressed below:

Aspect

How

Avoidance of Conflict of Interest

TCS has a Code of Conduct for Non-Executive Directors, requiring them to always act in the interest of the company and ensure that any other business or personal association, which they may have, does not involve any conflict of interest with the operations of the company and their role therein.

Similarly, all employees including the Managing Director and Executive Directors are prohibited from freelancing or accepting any position of responsibility with or without remuneration with any other company without TCS' written approval. For Executive Directors and the Managing Director, such approval must be obtained from the Board.

Conflict of interest between the Board's executive function and the supervisory function is minimized by making the Chairmanship of the Board a non-executive role, and keeping it separate from that of the Chief Executive Officer and Managing Director.

Intra-group Transactions

TCS does not derive any material revenues (~1% of revenues in FY2010) from the Tata group companies. There is no intermingling of employees and resources including cash amongst the Group companies.

Independent Directors make up half the Board. Any dealing with Tata Sons or with a group company is done on an arms-length basis and has to be approved by the Board. Such transactions are reviewed closely by the Board to ensure that all shareholders' interests are protected before they are approved. All transactions with Tata group companies are disclosed in our Annual Report (Page 122-123).

Board Oversight of the Sustainability Agenda

To ensure that Business Sustainability gets adequate governance focus, TCS' Board of Directors meets 7 to 8 times a year. While four of these meetings are for review and approval of quarterly and year-to-date financial results, the remaining three to four meetings are for a more detailed oversight of business, strategy and sustainability matters.

This ensures that the Board's focus goes beyond financial performance alone and covers various operational and strategic issues including sustainability aspects, budgets, industry performance, peer review and competition analysis, overall risk assessment, performance of subsidiaries, opportunities for organic and inorganic growth etc.

TCS has dedicated teams for Corporate Social Responsibility and Environment, each headed by highly-qualified specialists in their respective domains. Their goals are determined by Senior Management in line with the Company's overall sustainability objectives, and performance on these two aspects of our sustainability agenda are reviewed by the Board on an annual basis.

Fiscal Oversight

An Audit Committee, consisting of independent, non-executive Directors, provides oversight of TCS' disclosure process to ensure that sufficient and credible information is disclosed, and that the published financial statements reflect a true and fair position of the company's finances.

Four meetings are held during the year for approval of quarterly accounts while three to four meetings are held strictly for in-depth consideration of internal audit reports. The Audit Committee also actively ensures that the internal audit processes provide adequate support in improving the Company's business processes, i.e., making the Company more efficient and cost-effective.

TCS has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to directly report concerns about unethical behavior to the Chairperson of the Audit Committee, without fear of reprisal or victimization for coming forward.

As an additional governance control on access to the Company's cash, TCS has a Bank Account Committee of Directors which approves the opening and closing of bank accounts of the Company and to authorize persons to operate the bank accounts of the Company.

Aspect

How

Independent and Effective Validation

The Company has appointed E&Y to oversee and carry out internal audits of TCS 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 planning and conduct of internal audit is oriented towards the review of controls in the management of risks and opportunities in the Company's activities. Based on various internal audits conducted, there has been a substantial amount of improvement in areas of Accounts, HR and Project Management.

The external auditors of the Company are Deloitte Haskins and Sells, who do not have any undue dependence on TCS.

Disclosure and Transparency

Benchmarked against global peers, TCS discloses significantly more operational and financial metrics on a quarterly basis. The quarterly, half-yearly and annual results are published in leading Indian newspapers, emailed out to analysts and investors who subscribe to that service and posted on our website www.tcs.com. Half-yearly results are sent to shareholders along with a message from the Managing Director on the Company's performance.

The Earnings Release every quarter is accompanied by a press-conference which is video webcast live through our website. The same evening, a conference call is organized for investors and analysts, details of which are published in advance on our website, in which the Management team discusses that quarter's performance and responds to questions posed by the dialled-in investors and analysts. Through the quarter, our Management meets with investors who come visiting or at investor conferences and roadshows and addresses their queries and concerns.

Ethics and Compliance

The Tata Code of Conduct, which every employee signs at the time of joining the company, contains 25 clauses that make up a governing framework for responsible corporate citizenship and ethical behaviour. TCS has established procedures to deploy the TCoC and to enable employees, customers, suppliers and partners to understand the code and follow it in letter and spirit.

The leadership team personally conveys TCS' values and the importance of the TCoC at employee events. Customers and suppliers are made aware of the TCoC through specific clauses in proposals, contracts, contract discussions, and through the TCS website.

The full text of the Tata Code of Conduct is available on our website. (URL: http://www.tcs.com/SiteCollectionDocuments/About%20TCS/TCS_CodeofConduct_Oct-2008.pdf)

In addition, senior managers with access to privileged information, have to comply with an additional code for the Prevention of Insider Trading. These Codes of Conduct. TCS also has a global policy to address Sexual Harassment at the work place.

A senior executive at the Vice President level is designated as Ethics Counselor to foster responsible business conduct. The Ethics Counselor is supported by two senior administrators to manage Business Ethics issues at the corporate level and by Local Ethics Counselors (LECs) at each company location. The LECs and the corporate ethics team take appropriate actions to address concerns raised and report on training and deployment of the TCoC across the organization. Policies related to the TCoC are reviewed from time to time and changes if any are communicated appropriately across the Company.

At the Board level, the Ethics and Compliance Committee oversees TCS' compliance to the Codes of Conduct to be followed by the Directors, Officers and other employees. Monthly Reports are sent to the Committee on matters relating to the Insider Trading Code and the CoC. One meeting of the Ethics and Compliance Committee was held during the year on January 15, 2010.

Aspect

How

Board Composition and Selection of Board Members

The Nominations Committee makes recommendations regarding the composition of the Board, identifies suitable individuals who can be inducted as Independent Directors and takes steps to refresh the composition of the Board from time to time.

The supervisory capability of the current Board has been significantly boosted by the inclusion of highly capable individuals with global management perspectives, broad corporate experience and specific expertise in corporate governance and compliance as independent, non-executive directors.

Employee access to the Board

Employees at TCS are highly empowered, not only because of the culture specific to TCS but also because of the nature of the IT industry itself, being highly people-dependent and therefore affording a very high degree of leverage to the workforce and management sensitivity to its concerns.

The voice of the employee is heard through a variety of means, listed in the Section on Stakeholder Engagement, and represented to the Board by the Executive Directors. In addition, individual senior-level employees are also invited to present to the Board on specific topics under discussion, from time to time.

Sustainability and risk management

TCS has an Enterprise-wide Risk Management (ERM) process administered by a Risk Office that continually identifies and the various risks threatening the Company's continued sustainability, as grouped under:

(1) Strategic (2) Operational (3) Financial and (4) Compliance related risks

The Risk Office maintains a Risk Register and draws up suitable risk mitigation plans for each of the risks identified therein. In March 2010, TCS constituted a Risk Management Committee on the Board to oversee the ERM process, review the risk mitigation plans, provide guidance to the Company on related matters and make recommendations to the Board on related issues. Going forward, this Committee is expected to meet twice

Succession planning

Business sustainability also requires consistency in management vision and minimization of impact when there is a leadership change. That is why succession planning is key to sustainability.

The Executive Committee of the Board reviews the succession planning of Senior Management. Business/ Unit Heads are invited to Board Meetings from time to time to give presentations to the Board to update them. This provides an opportunity for the Board to interact with the Senior Executives periodically, and assess values, competencies and capabilities to help them identify suitable internal successors and provide feedback.

In October 2009, Mr S Ramadorai retired as Chief Executive Officer and Managing Director and was duly appointed Non-Executive Vice Chairman. In his place, Mr N Chandrasekaran, who was the Chief Operating Officer, took over as CEO and Managing Director. The seamless manner in which this transition was accomplished is evidence that the Company's Succession Planning is working well.

Remuneration Policy

Compensation for Non-executive Directors on the Board consists of:

- Sitting Fees for attending Board meetings and meetings of Committees of the Board, to the tune of Rs 10,000 per meeting.
- Commission, as decided by the Board of Directors and approved by Members at the Annual General Meeting. The commission is distributed amongst the Non-Executive Directors based on their attendance and contribution at the Board and certain Committee meetings, as well as the time spent on operational matters other than at meetings.
- Reimbursement of any out-of-pocket expenses incurred by the Directors for attending meetings.

Remuneration of the Managing Director and Executive Directors consists of a fixed component (salary, benefits, perquisites and allowances) and a performance-linked variable component (commission). The Remuneration Committee decides the annual increments within the salary scale approved by the Members, and the commission payable to the Managing Director and the Executive Directors out of the profits for the financial year and within the ceilings prescribed under law. The commission amount is based on the company's performance as well as that of the Managing Director and each Executive Director, measured along several sustainability-linked criteria discussed in this report.

Details of the compensation paid out to Members of the Board in 2009-10 are disclosed on Page 79 of our Annual Report.

Protecting Minority shareholders' interests

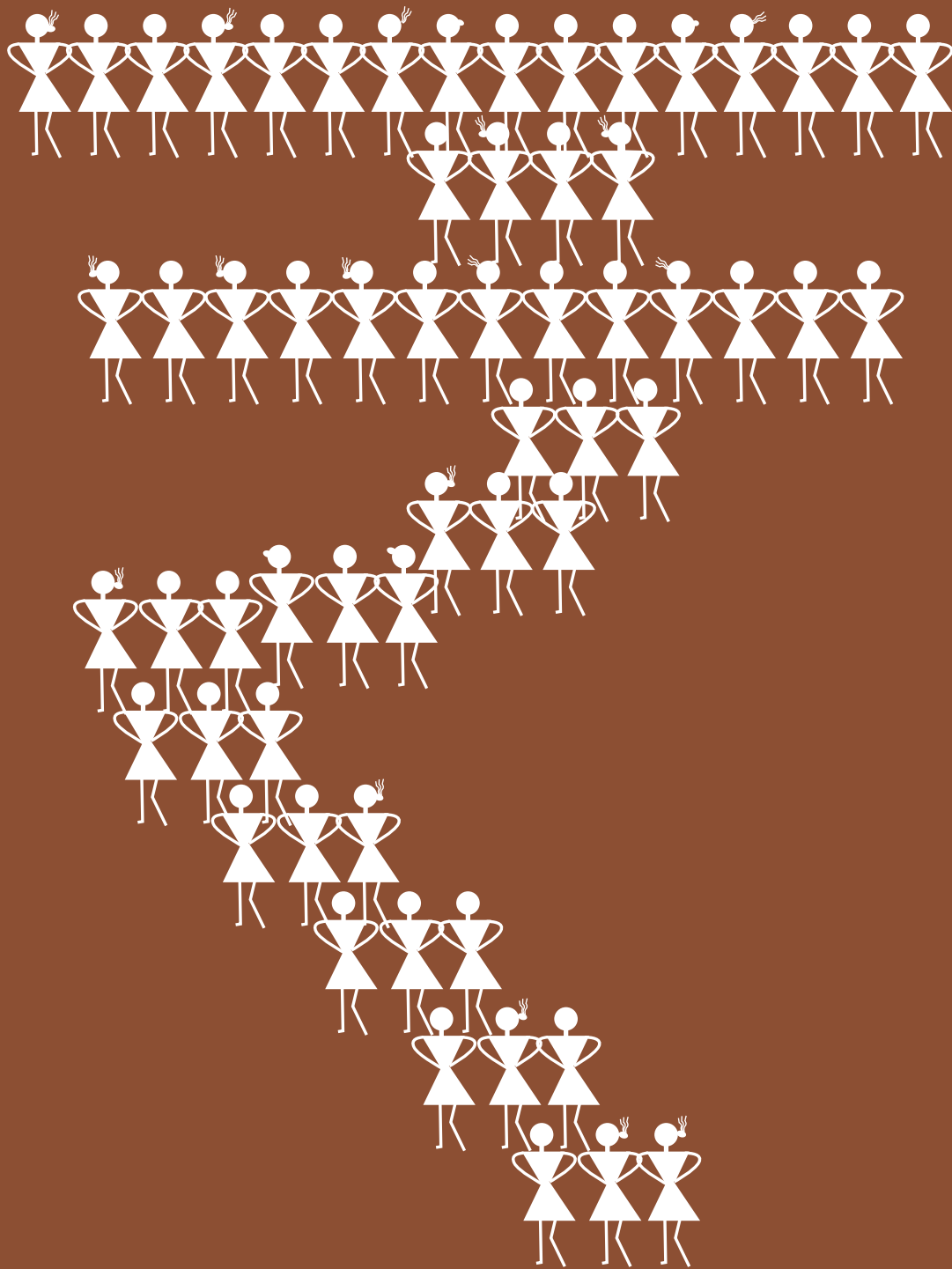
The Management has an ongoing dialog with institutional investors through a year-round Investor Relations outreach program.

Minority shareholders can move their private resolutions for discussion by the Board of Directors, or even requisition a General Body Meeting, subject to meeting eligibility criteria specified in the Companies Act.

Small shareholders get to communicate with the Board of Directors at the Annual General Meeting and have their queries/grievances resolved.

Shareholders can communicate any grievance to the Company Secretary's office. These complaints are then tracked right up to closure. In FY2010, TCS received 311 complaints – mostly about matters regarding transfer or credit of shares, non-receipt of dividend, notices, annual reports, etc. – all of which were resolved. TCS also has an Investor Relations Department to meet the needs of institutional investors and analysts.

At the Board level, a Shareholders/Investors Grievance Committee of Directors oversees the redressal of these complaints. This Committee met once during the year, on January 15, 2010.



Sustainability of Business Performance

Sustainability of Business Performance

Key stakeholder concerns around the sustainability of our hitherto robust performance is centered around five major areas: whether there is a sufficiently large demand for our products and services to sustain strong revenue growth, whether the company's size could impede agility in the marketplace, whether supplyside constraints could hamper growth or impact margins, whether there are any environmental risks to the business and lastly, whether the company is investing sufficiently in innovation. Some of these concerns are addressed in this section of the report.

Some of the key risks to our longer-term sustainability, and TCS' approach to mitigating these risks are summarized in the table below:

Key risks	Uncertainties in global economy	Protectionism in major markets	Commoditization of offerings / value proposition
Impact on TCS	Economic slowdown in our major markets could lead to cuts in IT budgets and result in demand compression, pricing pressure and increased credit risk from vulnerable clients.	Restrictive legislations that impede the free flow of talent could hamper project delivery and disrupt operations.	Greater competition could result in pricing pressures and consequently hurt the profitability of some high volume services.
Approach to Mitigation	<ul style="list-style-type: none"> ■ Diversification across geographies with focus on emerging markets ■ Diversification of Product and services offerings ■ Building greater client intimacy by optimizing operating metrics to lower costs 	<ul style="list-style-type: none"> ■ Advance planning of visas ■ More local recruitment ■ Working through industry bodies to articulate our point of view to legislators 	<ul style="list-style-type: none"> ■ Broadening the Company's service offerings ■ Greater focus on larger, more complex deals ■ Building better brand awareness ■ Investments in building intellectual property, in newer business models and in tools that improve productivity

Key risks	Service model redundancy	Reputational risk	Innovation-related risks
Impact on TCS	Newer models which change the manner of consumption of IT could result in demand compression / pricing pressure on the existing model	TCS has a track-record and reputation for quality and delivery certainty in our work, and for integrity and ethical dealing as a corporation. Damage to that reputation could mean loss of marketshare.	Innovational initiatives failing could lead to write-offs and there could be service / product liabilities associated with the failure.
Approach to Mitigation	<ul style="list-style-type: none"> ■ Continually scanning the environment and polling clients to detect emerging trends early enough ■ Investing in building intellectual property ■ Investing in emerging business models that leverage cloud computing to deliver software on a pay-per-use basis. 	<ul style="list-style-type: none"> ■ Continued focus on quality rigor and process compliance through our integrated quality management systems ■ Strong Corporate Governance framework and strict adherence to the Tata Code of Conduct 	<ul style="list-style-type: none"> ■ Structured periodic reviews of all such programs by senior management.

Key risks	Integration risks in M&A	Counterparty Risk in Treasury Operations	Wage inflation
Impact on TCS	Loss of value paid for the asset, distraction to management focus, disruption to existing operations	Counterparty defaults on hedging contracts could potentially result in financial losses for TCS	Competition for talent could lead to runaway wage inflation that reduces profit margins.
Approach to Mitigation	Well-laid out integration plans and close monitoring and review of these transactions to ensure that the goals and milestones related to the transactions are achieved.	<ul style="list-style-type: none"> ■ Close monitoring of counterparty health ■ Risk diversification by working with multiple banks and monitoring the exposure to each of them 	<ul style="list-style-type: none"> ■ Negotiate pricing increases where possible ■ Continue with cost management programs to keep other expenses under control ■ Focus on productivity improvement

Key risks	Supplieside Difficulties	Regulatory Non-Compliance	Currency volatility
Impact on TCS	Ours is a people-centric business and any impairment in our ability to attract and retain talent can have a negative impact on our revenue growth.	TCS has a global footprint and failure to comply with the regulations in any one location could result in financial and reputational damage	An appreciating rupee causes revenue shrinkage and could hurt earnings.
Approach to Mitigation	<ul style="list-style-type: none"> ■ We are broadening our catchment area to expand the availability of fresh recruits. ■ Highly mature HR processes, competitive remuneration, growth opportunities and an empowering, engaging workplace have helped us achieve the best retention rates in the industry. 	<ul style="list-style-type: none"> ■ Establishment of a separate office of Chief Compliance Officer and an institutionalized structure to ensure 100% regulatory and legal compliance across the globe? ■ The use of local managers as well as consultants, auditors, lawyers, specialists and experts in these countries also facilitates compliance. 	<ul style="list-style-type: none"> ■ Use of foreign currency forward contracts and options to <ul style="list-style-type: none"> ● Hedge all receivables ● Hedge revenues to the extent of the net exposure in specific currencies. ■ Quarterly review of hedging strategies by the Risk Management Board

²In FY2010, we were not subjected to any regulatory action concerning anti-competitive behavior or non-compliance to local laws and regulations. There were no substantiated complaints of loss or leakage of customer data or breach of privacy. All our marketing communications including advertising, promotions and sponsorships comply with the laws of the countries that we operate in.

Demand-side Sustainability

TCS has had a consistently stellar track-record of revenue growth. Looking at just the last five years, our consolidated revenue has grown from Rs 97.2 Bn in FY2005 to Rs 300.3 Bn in FY2010, a CAGR of 25% (In USD terms, from \$2.2 Bn in FY2005 to \$6.3 Bn in FY2010). In FY2010, 97.5% of the revenues came from existing customers and 2.5% from those who had signed up within the same fiscal year.

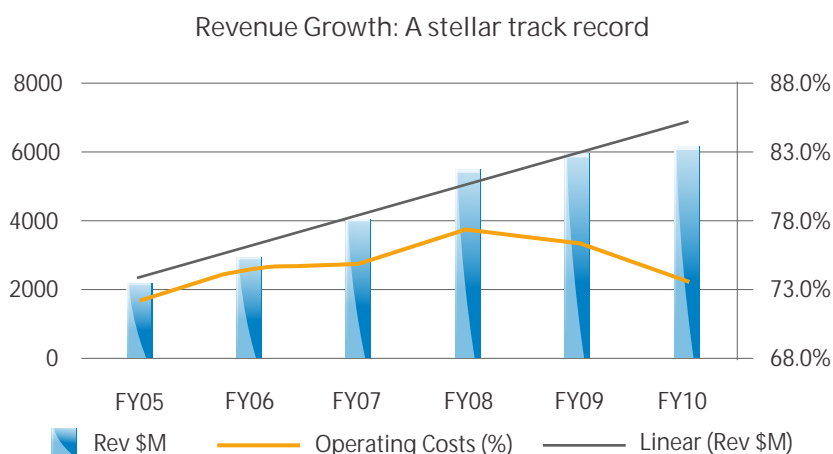


Figure 5: Revenue Growth in USD (FY2005-2010)

Growth at a time of global meltdown

In 2009, the global economic meltdown that followed the subprime crisis and related events in the financial markets, resulted in massive contraction of national economies and corporate revenues. Companies responded to this business contraction with across the board cost-cutting. IT spend was reduced by scaling down or even canceling ongoing initiatives and delaying or putting on hold decisions on new IT projects in the first half of 2009. Globally, technology spend is estimated to have declined by 2.9% YoY according to the NASSCOM Strategic Review 2010.

In the midst of all this belt-tightening, our core value proposition of helping our clients gain operational efficiency became all the more attractive in FY2010. Through the downturn, we stayed invested in all our target markets and used the opportunities presented by the economic hardship to strengthen our customer relationships.

Thus, while corporations across the world, including many of our global peers, ended the financial year with lesser revenues than in the preceding year, TCS grew revenues by 8% to Rs 300.3 Bn (\$6.3 Bn) even under such trying circumstances, with an expanded operating margin (+276 bps YoY) to boot, demonstrating yet again, the resilience and sustainability of our diversified business model.

Other highlights of FY2010:

- Volume growth of 17.4%
- Gross Margin of 46.2%, a 168 bps expansion YoY
- EBIT margin of 26.5%, a 276 bps expansion YoY
- Gross headcount addition of 38,063
- Net headcount addition of 16,668

TCS believes that our historical growth trajectory is sustainable in the foreseeable future because (a) the global market for our services is growing and our penetration is yet very small, (b) TCS has the strong foundational elements needed to partake of this growth and (c) TCS' strategy for longer-term growth is delivering results.

Global market: Headroom for growth

According to the IDC-NASSCOM Strategic Review 2009-2010, global spend on IT Services, BPO and Packaged Software was estimated to be around \$1 Trillion in 2009, roughly the same as in 2008. This is a highly fragmented market in which our marketshare is ~0.6%, and that of the largest player is less than 5%.

Of course, the addressable market i.e. the segment of the overall market which can be effectively serviced by the offshore delivery model is much smaller. Even within that, the Indian IT industry's current penetration levels (estimated at around 20% in the IT Services area and around 16% in the BPO area) suggests that there is considerable headroom for growth.

Going forward, technology spending is expected to further increase once the global economic recovery process gathers speed and discretionary spending levels increase. Information technology has become an integral part of business operations across industries and is seen as a primary driver of productivity improvement and business transformation that lead to sustained competitive advantages in the market place.

Some of the future expected drivers for IT spending are the anticipated levels of increased regulation especially in the Banking, Financial Services and Insurance (BFSI) space, customer analytics, security and reporting requirements, and new focus areas including green IT and mobility/ubiquity initiatives.

According to Gartner Forecast: Worldwide IT Spending 2007-2017 (Oct 2009), global technology spend is expected to increase from USD 1.6 trillion in 2008 to USD 1.9 trillion by 2013 at a Compounded Annual Growth Rate (CAGR) of 3.5%. Technology spend in our major markets i.e. Americas, Europe and UK is expected to grow at a CAGR of 3.8%, 2.1% and 2.3% respectively.

Our own much-higher growth comes from not only this increase in global technology spend but also from shifting customer preferences favoring greater outsourcing and offshore outsourcing in particular – a shift that has become even more pronounced through the downturn. Nevertheless, it is a highly competitive market and to differentiate ourselves and carve out a strong, sustainable growth trajectory, there are certain pre-requisites.

Foundations for growth

The pre-requisites for sustaining our growth are (a) maintaining the same high quality of service that our customers have come to expect from us, (b) continuing to invest in innovation so we remain at the cutting edge of technological and business evolution, (c) ensuring that we remain agile despite the size .

In the next three sub-sections, we explore these three foundational elements in further detail.

Best-in-class Quality

The TCS Quality Management System is a complete set of documents, tools, methods and practices built on and around the business model, with a focus on service & solution delivery, customer management, security management and people processes. It also includes suitable measurement protocols to continuously monitor the effectiveness of the quality system. It focuses on all aspects of project management, knowledge management, technology management, customer management, product and service delivery, security management, business continuity, career development and competency management, associates and other parameters of diversity; thus, ensuring that customers experience a level of certainty that no other organization can match.

Every project executed by TCS goes through a three-tier quality check to ensure that the customer receives a deliverable of the highest quality:

Product Quality	Internal Quality Assurance	All work items, products or deliverables undergo peer review / independent review / self review / code walkthrough.
	External Quality Assurance	Competent associates external to the project verify each work item or deliverable.
Product Quality & Process Compliance	Final Inspection	<p>An external reviewer does the final quality check to ensure completeness and usability of the package before delivering the final product to the client. In addition, the external reviewer periodically verifies that the team is complying with all quality process.</p> <p>The Project Leader also does a final inspection before delivery.</p>

In addition, Project Management Reviews (PMR) are conducted every quarter by senior managers to check the overall health of the project and identify potential risks. Project audits are performed by an external quality controller (representative of TCS Quality Assurance Group or a senior team member from another project) to verify compliance with customer-specific processes and TCS IQMS.

Information Security and Data privacy

Information security and data privacy is critical to our business. Our Security Vision statement is:

"To make TCS reliable, resilient and immune to the existing and evolving volatile environment of constant changes, accidents, attacks and failures so as to enable all our stakeholders experience certainty."

In pursuit of this vision, TCS has implemented a comprehensive Information Security Management System (ISMS) framework based on the globally recognized ISO 27001:2005 ISMS standard, covering network controls, network privacy, internet security, patch management system and controls against malicious software. Our Information Security is managed by a team of security professionals having industry-recognized credentials such as the CISA, CISM, CISSP, CEH, CBCP etc, and hailing from varied backgrounds and experience, such as application development, Infrastructure services, Networking, Forensics, Legal and Compliance.

We consider all client information as confidential and have rigorous processes in place to protect the same. Our security policy has been framed to comply with all international privacy laws and information security laws as applicable. Collection, processing and dissemination of any personal data is done under highly controlled conditions.

Reinforcing its commitment to high levels of quality, best-in-class service management and robust information security practices, TCS attained a number of milestones during the year. TCS was recommended by TUV for continuation of its enterprise-wide certification for ISO 9001:2008 (Quality Management), ISO 27001:2005 (Security Management) and ISO 20000:2005 (Service Management).

Investing in Innovation

Constant innovation is important for business sustainability, ensuring as it does, the continued relevancy of the Company to its customer's needs. TCS' investments in innovation go into four main areas: (i) Core R&D, (ii) Staying abreast with technological developments, (iii) Innovation labs to find IT solutions to customers' business problems and (iv) New service offerings that leverage new business models.

TCS R&D continues to attract top research talent from India and across the world. The Company continues to support sabbaticals, internships and PhD sponsorships in research areas relevant to the Company, in premier academic institutions. Research based competencies have been introduced in the Company's learning portal. A range of tools from the TCS Tools Group provided automation, process efficiencies, improvements and innovation in current business areas. In FY2010, TCS stepped up patent filing and 87 patents were filed during the year in several countries. Cumulatively, TCS has filed 295 patent applications, of which 60 have been granted. The granted patents can be grouped into 47 patent families as per the internal classifications of TCS. During this financial year, there were 6 patent grants.

To ensure that our customers get the benefit of the very latest technologies, TCS invests heavily in staying at the cutting edge of technology through 60 Centers of Excellence (CoEs) in all areas of information technology and business services as well as on partner products. These CoEs help evangelize new technologies within TCS' delivery teams and build up skillsets in those areas.

We have a global network of 19 Innovation Labs, each with a specific technological or vertical focus, with teams of researchers looking for technological solutions to business problems faced by our clients. Research themes include use of IT for improving operational efficiency, business agility and simplification of complex systems and customer driven research themes to improve customer experience. TCS Innovation Labs created technologies like the IT Transformation Suite to help clients reduce complexity and TCS Instant Apps and Data Masking tools to improve their agility and data privacy.

The TCS Co-Innovation Network (COIN™) has a key role in leveraging an external ecosystem to create leading edge solutions. In FY2010, we created two significant solutions, the Home Infotainment Platform (HIP) and Tata Swach – cost-effective water filter, and launched them with our partner eco-system at disruptive price points.

Research themes for the next year include (but not be limited to) simplifying IT, understanding markets and customers to deliver enriched user experiences, and personalizing collaboration to optimize enterprise knowledge. TCS labs and the COIN™ are working on next generation platforms such as social networks for enterprises, connected marketing and analytics solutions.

Lastly, innovation in our service offerings, centered around adoption of new business models to address entirely new markets altogether, is exemplified by our initiatives in cloud-computing:

- **SMB Solutions:** This is a first of its kind offering targeted at small and medium enterprises, wherein a monthly subscription fee gives clients access to the complete stack of hardware and a fully integrated suite of software that they need for their end-to-end process automation needs, all delivered through the cloud.
- **Bank-in-a-box:** We have leveraged the cloud computing business model to offer core banking software in a Software-as-a-Service model to the hundreds of rural banks and co-operative banks that service the large rural population in the Indian hinterland. This makes available a world-class banking platform at an affordable cost to these small banks, obviating the need for expensive capex or the complexities of managing technology.
- **Process-in-a-cloud:** TCS has built multi-tenant platforms in the areas of HRO, Finance and Accounting, Procurement and Analytics partnering best-in-class technology providers and in Life Insurance Policy Administration using our own Bancs platform. Clients are migrated from their legacy software to our standardized, shared platform which is operated by our staff to deliver the desired process outcomes to the client. In effect, the client pays only for the process outcomes without having to worry about the logistics of the delivery.

Expenditure on R&D

Despite an overall focus on cost reduction, TCS' R&D expenses actually increased in FY2010, in absolute terms as well as a percentage of revenue. Expenses reported under this head are only those incurred in designated Research and Development centers in India, including employee cost of research personnel, infrastructure maintenance costs and other operational costs incurred by these teams. It does not include expenses incurred by individual business units investing in building products, platforms and other intellectual property.

The R&D efforts of the Company have resulted in the creation of software tools and usage of these licenses internally has yielded savings of \$24.8 million.

	FY2008-09 (\$ Mn)	FY 2009-10 (\$ Mn)	% Increase
R&D Expenses	10.3	18.3	77.7
% of Total Revenue	0.17	0.29	–

Structured for Agility

A key concern that sustained growth engenders is the potential loss of agility in an organization that has outgrown its structure. Another concern is around whether and how the organization will be able to focus on the right sectors for future growth.

Both these concerns are addressed by the new organization structure that TCS rolled out in 2008. This structure was designed to not only enhance customer focus and accountability, but also to provide agility by reorganizing TCS into multiple, smaller operational units consisting of 3,000-14,000 employees, each pursuing the best possible growth in their individual domain (See Figure 6).



Figure 6 : Organization Structure designed for agility

Each of the market-facing Business Units owns its own resources and pursues growth in its respective domain at the best possible pace that the domain can support, with all the agility and focus of a smaller company. Further, each Business Unit manages its own costs and is accountable for its margins. This has turned out to be an important enabling mechanism for better control of the various margin levers. The effectiveness of this structure was evident in FY2010, when the organization had to exercise various operational levers rapidly and streamline costs to expand operating margin.

Strategy for long-term growth

TCS' revenue growth comes from following a multi-pronged strategy built around the twin objectives of (i) expanding our client-base by geography, by industry and by service-line and (ii) deepening our client relationships. We are accomplishing this by expanding our service lines and to become a full-service, one-stop shop for our target clientele, by expanding our geographical sales and delivery reach, actively acquiring new customers and addressing new market segments. Key elements of this strategy for sustainable, longer-term growth are described below.

TCS is acutely aware of the challenges of managing an overly large employee base as well as the longer-term supplyside constraints that could constrain growth of the mainstream, effort-based business model. To address this, the Company has launched several Non-linear Growth initiatives, some leveraging the cloud computing business model, which will drive future revenue growth without a commensurate growth in headcount.

The most mature of these is our software products business. This business contributed 3.3 per cent of revenues in 2009-10 and grew by 23.3 per cent during the year. While the majority of products are in the Banking and Financial Services sectors, TCS is also developing solutions in Healthcare, Retail and Government sectors.

Other non-linear initiatives are all at an investment stage. They are exciting new business models for technology use, based on the cloud computing paradigm. We have offerings targeting Small and Medium enterprises (SMEs) and Rural and Cooperative banks in India. We are also building Process Clouds on a number of horizontal and vertical processes, which will allow clients derive the full benefits of a shared, multi-tenant technology platform and a global delivery model. These are described earlier in this section under Investing in Innovation.

In addition to sustaining strong organic growth, TCS continues to closely look at acquisitions that are strategic in nature – which might strengthen gaps in the services portfolio, or allow easier market access in specific geographies / market segments or to in-source specific domain and technology expertise. The strategic acquisitions done over the years have integrated well, created new capabilities and continue to yield synergistic growth. TCS did not make any major acquisitions in FY2010.

Each verticalized Business Unit (BU) has been built around a portfolio of key accounts in that particular industry vertical, with a BU Head who has end-to-end responsibility for that portfolio of accounts. In this way, we have built a customer-centric, domain-led organization, backed by excellence in execution.

This customer-centric strategy is working. Revenue / client is improving and we continue to migrate customers into higher revenue bands and increase the number of key customers. The 5-year Compounded Annual Growth Rate (CAGR) of number of clients in higher revenue bands is higher than in lower bands, the highest CAGR being for the number of customers contributing more than \$50M in a year.*

TCS continues to build on its full services capability that offers global customers a comprehensive, integrated portfolio of services that captures the entire value chain of IT – from consulting to products and solutions and from implementation to support, presenting a compelling value proposition for global

corporations and continuing to gain traction in the market. At the end of 2009-10, over 25 per cent of TCS' revenues came from newer services like BPO, Infrastructure, Assurance and Asset Leveraged Solutions, reflecting the effectiveness of this strategy.

TCS' unique Global Network Delivery Model (GNDM™) enables a seamless delivery of services from a network of delivery centers distributed across India, China, Europe, North America and Latin America, a very attractive value proposition for large corporations with operations spanning the globe. Teams working in geographically distributed delivery centers can collaborate on projects, with seamless hand-offs and leverage all the organization's assets, ensuring a 'One Global Service Standard'.

The relevance of this global delivery footprint has increased in the new global order, where economic growth in Emerging Markets like China, India and Latin America and associated increases in consumption have made these markets the destinations of choice for global corporations. The GNDM™ strategy allows TCS to partner with these global corporations in their Emerging Markets thrust, as well as local corporations seeking global competitiveness.

Revenue from our global delivery centers has grown at over twice the pace of the company average over the FY07-FY10 period (GDC Rev 4-yr CAGR of 32.2% vs TCS Rev 4-yr CAGR of 15.5%).

Figure 7 : Five point strategy for long term growth

Financial Sustainability

Successful execution of our strategy for sustainable growth requires investments in building capacity, in people and in new business initiatives. The ability to fund these investments either through internal accruals or from the outside is critical to business sustainability. Happily, TCS' business model has a financial profile characterized by strong cash generation, low capital needs, low working capital requirements, negligible debt and very attractive Return on Equity. These are structural attributes of our business model, and sustainable going forward. Equally important, we have a robust risk management framework using which we scan the environment for potential risks to this sustainability and take mitigative steps. Some of the key attributes of our financial sustainability are further explored in this section.

Strong cashflows

The Company's growth has been largely financed by cash generated from operations. As of March 31, 2010, of the Total Shareholder's Equity of \$4,745.7 Mn, Retained Earnings alone contributed \$4,116.8 Mn.

As at March 31, 2010, the Company had cash and cash equivalents of \$228.2 million and Bank Deposits of \$813.1 million, compared to \$288.2 million and \$226 million respectively at the end of FY2009.

Working capital at the end of the fiscal year was \$1,794.9 million, compared to \$1,086.4 million at the end of the previous year. By tightening the collections process, we reduced DSO to 71 days as at March 31, 2010 compared to 79 days at the end of last year.

Operating Cashflows rose to a record 24.7% of revenues (up from 19.5% in FY 2009). The Company believes that it has sufficient cash from operations to meet its working capital requirements. In addition it has short term working capital facilities with various commercial banks. The available lines of credit with banks were \$ 246.8 million as at March 31, 2010.

Independent Credit Ratings

Although we have historically never used debt to fund growth, that option is always available given our strong credit-worthiness. An independent assessment of the Company's financial strength and sustainability is the credit rating assigned to TCS by various global rating agencies.

Credit Rating Agency	Rating	Comments
Moody's Investor Services	A3 Investment Grade Issuer Baa1 indicative foreign currency debt rating with stable outlook	The rating is not for any specific debt issuance by the Company.
Standard and Poor's Ratings Services	BBB corporate credit rating	Outlook: Positive
Dun & Bradstreet	5A1 (Condition-Strong)	The rating is assigned on the basis of tangible net worth and composite appraisal of the Company.

Shareholder Value delivered, year after year

Likewise, the Company has the option of raising funds from the markets at a reasonably low cost given the consistently high returns we have delivered. TCS' Return on Equity (RoE) was 36.7% as at March 31, 2010, up from 35.7% as at March 31, 2009. Economic Value Added (EVA) in 2009-10 was \$1,056 Mn, up from \$786 Mn in the prior year.

After going public, TCS has consistently paid out dividends to its shareholders every year, maintaining a payout ratio of around 30%. In FY2010, in addition to the regular dividend of Rs 10 (given out as interim dividends of Rs 2 per share in each of the first three quarters and a final dividend of Rs 4 per share), the Board of Directors recommended a special dividend of Rs 10, that was duly approved by shareholders at the AGM. Including this special dividend, the payout ratio for FY2010 works out to 68.6%.

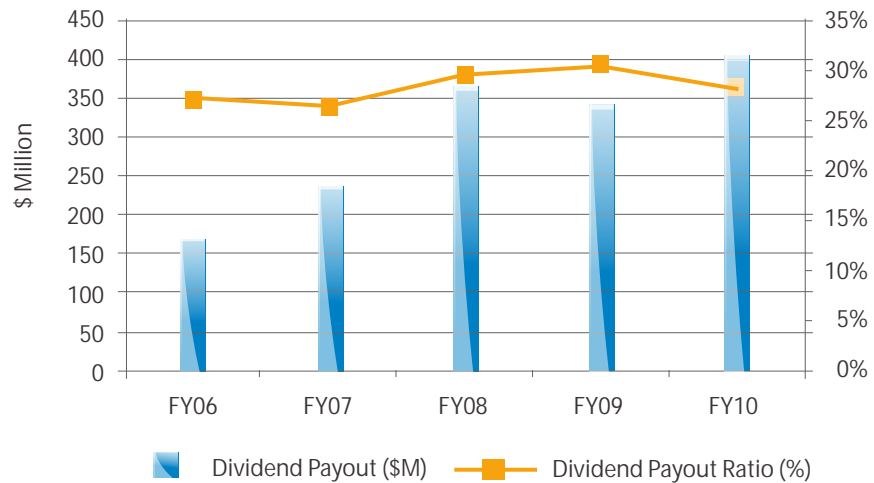


Figure 8 : Track record of dividend payouts

TCS' market capitalization as of March 31, 2010 was \$33.9 Bn, a 224% appreciation over the market-cap at the end of FY2009. The chart showing movement of TCS' share price compared to the benchmark Bombay Stock Exchange (Sensex) Index is provided in Figure 9.

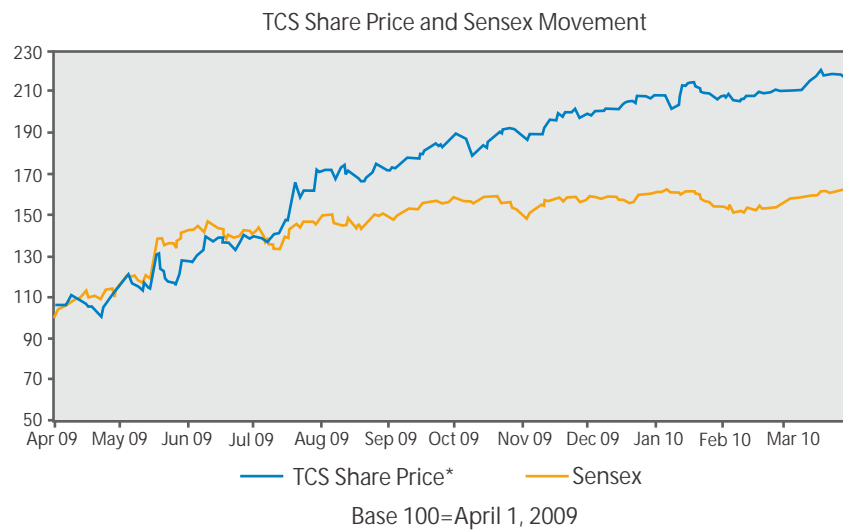


Figure 9 : TCS Share Price and Sensex Movement

Supplyside Sustainability

Sustainability of revenue growth in the IT Services industry is directly dependent on the organization's ability to attract the right talent in the right quantity and thereafter, upskilling, motivating and retaining them in the organization.

Ours is a highly educated, highly aware workforce whose technical skills are much valued globally and consequently, many of the labor-management imbalances found in traditional industry (or the corrective measures sought through collective bargaining) are largely absent here. Employees have significantly higher bargaining power in this industry, so workers' interests are largely protected by the free market and less than 0.1% of the workforce is unionized.

Recognizing the criticality of human capital to the business and its sustainability, TCS has mature processes devoted to attracting, retaining and developing this human capital, assessed at PCMM Level 5. The total number of employees including subsidiaries as at March 31, 2010 was 160,429 (compared to 143,761 on March 31, 2009). The headcount is 140,619 on a standalone basis (compared to 126,150 on March 31, 2009).

It is a predominantly young workforce, with an average of ~28 years. A break-up of the workforce by employee category and age is given below:

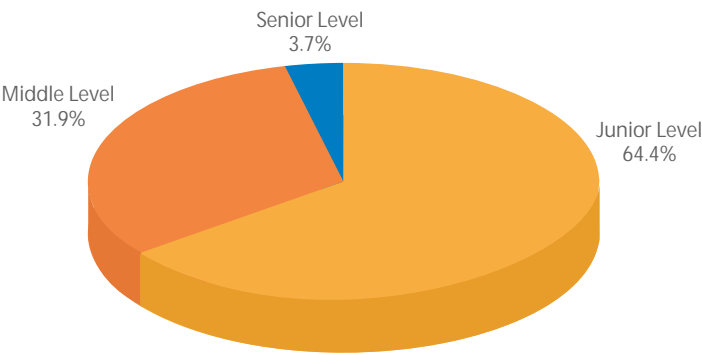


Figure 10 : Breakup of workforce by employee category

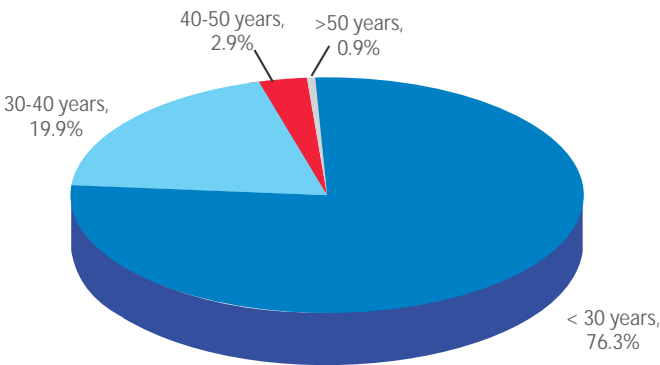


Figure 11 : Breakup of workforce by age

Talent Acquisition

A most critical component of sustaining the Company's growth trajectory has been its ability to attract good talent in sufficient numbers and to successfully scale up the talent acquisition process.

The capacity and capability needs to meet short, medium and long-term business plans drawn up by business units and corporate functions serve as the basis for our global workforce planning. The consolidated requirements are part-fulfilled by re-skilling / up-skilling existing unallocated associates and the balance fulfilled through focused drives by the Talent Acquisition Group. Experienced professionals are recruited through online jobsites, head-hunters, recruitment agencies and through employee reference schemes. Other sources of experienced talent include strategic initiatives like M&A and In-sourcing.

On-campus recruitment of fresh engineering graduates plays a very significant part in the Company's talent acquisition strategy, making up almost half of the total number of gross hires in any year. Consequently, the Company is heavily invested in building strong relationships with universities across the world and improving the quality of academic training.

In FY 2010, TCS recruited 38,063 employees on a gross basis (FY 2009: 35,345 employees excluding inorganic addition), a year-on-year increase of 7.7%. Of this, 18,804 i.e. 49.4% of the gross hires were fresh graduates.

Academic Interface Program

TCS has always fostered close relations with academia and is acknowledged as a pioneer in India for having provided a direction and perspective to IT education. The Academic Interface Program (AIP) helps build a robust high-quality, long-term relationship between the Company and academic institutions. Key highlights of our AIP are:

- Faculty Development Programs (FDP): TCS' senior consultants conduct training programs for faculty, to keep them abreast with technology developments and provide them with an industry perspective.
- Student Workshops: Training sessions for students on technical, managerial or soft-skills topics to enhance competitiveness and workplace-readiness.
- Membership of Board of Studies (BoS) / Curriculum Committees: TCS representatives participate in Curriculum Committees or Board of Studies of select academic institutes, to help shape the curricula and make it more industry-oriented.
- Project Support and Internships: TCS provides internship opportunities for students from Indian and overseas institutions and sponsors the Best Student and for the Best Student Project awards.
- Sponsorship of Academic Events and hosting professors on sabbatical in TCS.
- Dedicated portal for academia: TCS maintains a web portal linked to TCS website for continuous dialogue with academia on the performance of their alumni and on the curriculum, with useful resources for students deciding on their career.
- "Sangam", an annual meet with academic leaders from major engineering and management institutes
- TCS offers higher education programs for its associates in partnership with prestigious Institutes in India like Anna University – Chennai and Jadavpur University – Kolkata.

Diversifying the talent pool

With custom-tailored training programs and greater gender / cross-cultural sensitization, TCS has been able to expand the talent pool from which to recruit, in terms of gender, geography and academic discipline.

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 don't play any part. Nevertheless, a formal Diversity and Inclusion policy is currently under preparation.

TCS participates in the Tata group's Second Chances initiative which offers job opportunities to women returning to the workplace after a break in their careers. We also have an initiative called DAWN (Diversity and Women's Network), a support group for women and minorities, that fosters inclusivity through collaborative dialog. DAWN organizes leadership-connects, mentoring, discussion forums, sensitization workshops, wellness sessions and reorientation programs for associates returning to the workplace after long-leave. 'Culture Meter' aims to build appreciation in the workforce for different cultures and practices across the globe through mailers, quizzes and other online resources.

The growing diversity in our global workforce is reflected by the continuing increase in the number of female employees and non-Indian employees. As at March 31, 2010, women constituted 30.4% of TCS' workforce (30.1% as at March 31, 2009) and the number of non-Indian nationals in our workforce stood at 9,536 (excluding subsidiaries). These employees represented 80 different nationalities (FY2009: 67 nationalities). The breakup by nationality is provided in Figure 12.

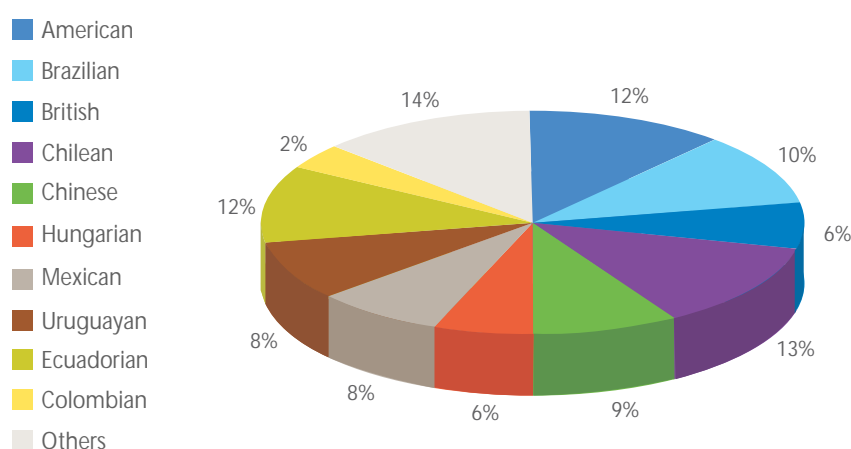


Figure 12 : Diverse workforce with employees from 80 nationalities

Ignite – from Science to Software

Launched in 2007, Ignite is our pioneering initiative to help science graduates transform into software professionals, allowing us to tap into the large stream of science graduates in India (~13.7% of the total pool of 3.7 million graduates in FY2010 according to NASSCOM). Designed as an intensive seven-month training program covering computing, core technology skills, TCS processes and tools, communication and team skills, business literacy, and cultural awareness along with live project experience, TCS Ignite aims to equip math and science graduates with the skills necessary to pursue a career in the IT industry.

Ignite also demonstrates TCS' commitment to inclusive growth. More than 60% of those hired under this program are first generation graduates. Recruitment takes place from across 500 colleges in India, Nepal and Bhutan. More than 2,500 Ignite recruits have been deployed on customer projects. More than 1000 Ignite recruits are pursuing higher education opportunities like Masters in Computer Applications (MCA) in collaboration with our academic partners. The top 1% of Ignite recruits is pursuing the challenging MSc Computer Science program at the Chennai Mathematical Institute.

Local Recruitment outside India

TCS is a multinational company with operations in 42 countries. Local recruitment is an integral part of our staffing strategy in each of these countries, spanning every level in the local organization. Key functions such as Sales, Marketing, HR Management, Recruitment, Finance etc are obvious candidates for staffing using local recruits at all levels. In addition, we recruit locals with suitable background for our Consulting as well as IT Services delivery organizations. In countries where engineering talent is easily available, or where language issues make offshore delivery difficult, TCS has set up Onshore or Nearshore delivery centers staffed entirely with local recruits.

Fresher recruitment is facilitated by the relationships built up with empanelled universities through our University Outreach / Academic Interface Programs in different parts of the world. The brand awareness created by those programs helps attract quality talent when we formally participate in their placement programs and conduct on-campus interviews. Recruitment of experienced professionals is done through our empanelled recruitment agencies and head-hunters.

Local Subcontractors

A key element of the manpower demand fulfillment strategy is the need-based use of contractors, especially for assignments which are of a short-term nature or which require skills not readily available or in sufficient numbers internally. For this purpose, TCS maintains strong relationships with a network of empanelled vendors – staffing agencies and head-hunters – in every country that we operate in. We tap into this network to find suitable candidates whenever the need arises. In case those skills are needed on a longer term basis, TCS looks to build equivalent capabilities internally and eventually replace these contractors with employees. In FY2010, TCS spent \$351.2M (5.5% of Rev) on subcontractors compared to \$291.1M (4.8% of Rev) in FY2009.

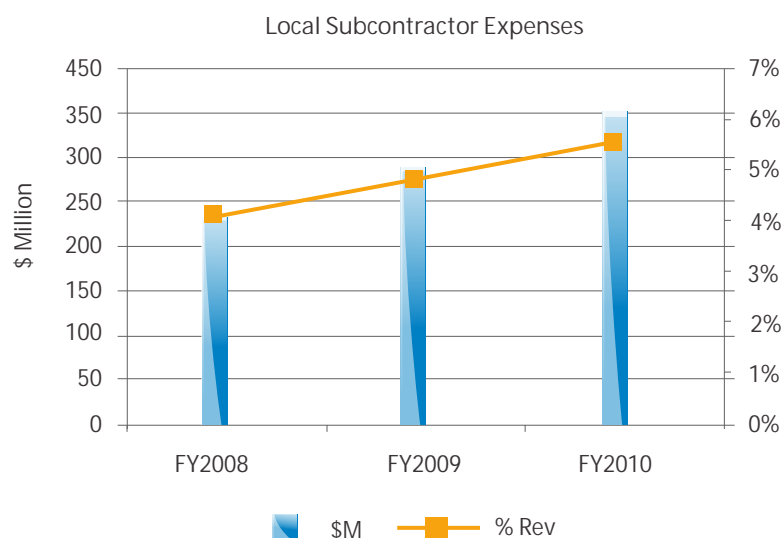


Figure 13 : Steadily increasing use of local employees and contractors

Talent Retention

TCS views talent retention as another critical success factor – as important as talent acquisition – and has invested heavily in building an employee-friendly culture and developing mature people-processes towards improving it. We have been assessed enterprise wide at PCMM Level 5 and our retention programs are considered best-in-class in the industry. Employee retention has been enhanced through a wide range of competency enhancement and career growth options, role mobility, challenging assignments, competitive and differential compensation, flexible working hours, a collaborative work environment, rewards, recognition and benefits.

The outcomes of these retention programs have also been best in class. Our attrition figures have historically been, and continue to be, the lowest in the industry. In FY2010, attrition in IT Services was 11% (on a LTM basis) while overall attrition, including BPO, stood at 11.8%. Attrition amongst female employees was only marginally higher, at ~12.9%. Attrition levels are higher at junior levels – more than 65% of the employees who left TCS in 2009-10 had less than 3 years of experience.

Learning & Development

Continual skill updation is a key motivator for knowledge-workers, giving them the intellectual satisfaction of being on top of their game. To enable systematic tracking of the training roadmap of a large workforce, TCS has an integrated competency management system in which the various systems for learning, competency management, skill assessment and individual development are integrated and which provides employees with an end-to-end view of their learning and competency development needs, as well as their progress against the plan.

At the start of the year, every employee in consultation with her/his supervisor, works out a learning and development plan for the year, based on their interests and aspirations as well as the needs of the specific project / Business Unit. Thereafter, the employee goes through various training sessions and workshops as outlined in the plan. These could be through e-learning sessions on our in-house Learning Management System, external certifications, classroom sessions conducted by various technical centers of excellence within TCS or Management Development Programs (MDPs). Each associate is assessed biannually on the progress made against this plan.

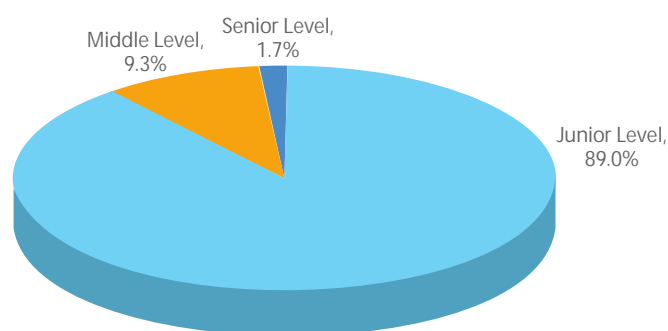


Figure 14 : Break up of learning days by employee category

In 2009-10, overall 1.8 million learning days were invested towards competency development including training in thrust technology areas. The breakup of this by employee category is shown in Figure 14.

Of this, some 156,787 learning days went into developing management skills and leadership qualities amongst employees identified for managerial and leadership roles. Another 2,379 days were expended on training new employees on the organization's policies on ethics, anti-corruption stance and human rights

Training programs at the entry level as well as the continuous learning programs that cover technology, domain and project management practices have been enhanced during the year to ensure that TCS develops the right competencies in its workforce that can deliver and meet customers' business needs. This process, in turn, helps individuals drive growth in their careers and realize their potential in different ways.

Career Development

Every individual aspires for career progression, so catering to these aspirations, motivating employees to realize their potential and providing them with a predictable roadmap and necessary tools for personal growth is key to retaining employees.

Personal Development Planning forms a central part of our annual appraisal and goal-setting process, and is linked to the competency development and learning plans described in the earlier section. Apart from technical competency development, there is also tremendous focus on soft skills development including team building, innovative and creative thinking, cross cultural adaptation etc.

TCS keeps employees engaged and motivated by providing opportunities for continuously upgrading competencies by rotation across roles, technologies, customer and industries and geographies. With an explicit linkage to competency and performance, career progression becomes a highly transparent experience and serves as a powerful motivator.

Competitive Compensation Model

TCS has to attract and retain talent in a highly competitive labor market. The workforce consists of mainly software engineers who hold engineering graduate and post-graduate degrees and even entry-level wages of engineers in any country tend to be several times higher than the minimum wage in that country. Our employee cost over the last three years is given below:

To ensure competitiveness in the pursuit of talent, TCS regularly benchmarks its compensation plans and benefits³ with those offered by peers to ensure that competitiveness. There is also a skill-based allowance for employees possessing niche skills, designed to motivate employees to acquire marketable skills thereby benefiting themselves as well as the company.

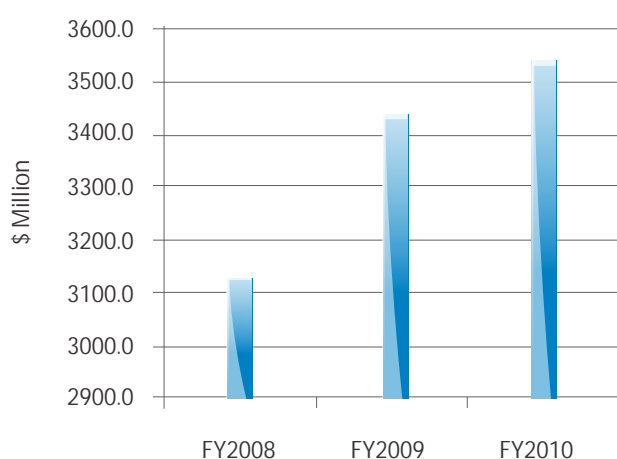


Figure 15 : Employee Costs in \$M (FY08-FY10)

Compensation structures are driven by prevailing practices in the different countries we operate in. In India, in addition to a fixed component of the salary, there is a variable component linked to the Economic Value Added (EVA). Payout of that component depends on organizational performance as well as individual performance. This alignment of the Company's interests and the individual's interests has the effect of strengthening team spirit and improving collaboration amongst teams.

Reward and Recognition

TCS has several schemes for recognizing and rewarding employees. In addition to a formal online reward and recognition system called GEMS, there are various rewards like Star of the Month, On the Spot Award, Faculty awards, Young innovator award, long service award and appreciation certificates that recognize and reward good performance.

Other forms of rewarding outstanding performance include fast-track promotions, sponsorship of external training and certification programs, assignment to key positions, membership to professional bodies, sponsorship to international conferences, public announcements of individual/team achievements on the intranet, internal magazines, town hall meetings and so on.

Challenging Assignments

The importance of work content and an individual's quest for self actualization can never be overstated. By virtue of its broad footprint across geographies, across industries and appetite for executing large complex projects, TCS offers plenty of opportunities for ambitious individuals who seek challenging assignments and exposure to different kinds of roles, technologies and geographies. This has been an important aspect of TCS' best-in-class ability to retain high performers.

³ TCS offers gratuity, a defined benefit retirement plan for eligible employees in India and in certain overseas locations. The plan provides for a lumpsum payment to vested employees at retirement, death while in employment or on termination of employment. Total benefit obligation at the end of FY2010 stood at \$149.2 Mn. More details are provided on Page 162 of the Annual Report.

Employee engagement and motivation

Employee retention and motivation are greatly facilitated through closer engagement with employees and by fostering a spirit of community, through shared activities outside of work. TCS sponsors picnics and social gatherings at every location so employees and their families get together under informal settings. Another forum for employees and their families to participate in and develop sense of camaraderie is Maitree, which harnesses their energy and enthusiasm to undertake activities for the betterment of the local communities and the environment.

Wellness is the other side of the same coin. TCS actively supports athletic and sporting activities at the national, regional and local level and encourages employees to participate. On TCS campuses, the focus on wellness translates into a myriad of activities, from yoga to aerobics; from tennis and badminton coaching to cricket and football tournaments. Our sponsorship of the Mumbai Marathon and other long-distance events across the world has sparked widespread interest in fitness and running.

Occupational Health and Safety

TCS is committed to provide its employees a safe and comfortable work environment, going beyond accidents, injuries and occupational health hazards, to general the physical and mental health and well-being of associates and their families. We have implemented an Occupational Health and Safety Management System (OHSMS) and have been recommended for enterprise wide certification for OHSAS 18001:2007 and ISO 14001:2004 for 67 facilities (including 7 overseas facilities). TCS facilities located in various geographies comply with all local legal and statutory requirements related to occupational health and safety.

We have a Hazard Identification and Risk Assessment process (HIRA) to identify and analyze the levels of risk associated with the various activities at each the facility. Risks related to associate activity in our facilities are low and consist of STF (slips, trips and falls), vision-related problems from staring for long at computer monitors, ergonomic issues related to long sedentary hours and work station design, illumination, thermal comfort, indoor air quality, food and water hygiene-related issues etc.

We have addressed all the above issues at the facility-design stage itself. We have ergonomically-designed workstations and chairs, comfortable individual workspace, optimal illumination levels as per BEE (Bureau of Energy Efficiency) standards, thermal comfort monitoring, fire / bomb threat mock drills, slip-resistant flooring, training on correct ergonomic postures, low radiation display screens and indoor air quality monitoring to ensure a safe and comfortable work environment.

Lost Time Injury Incidence rate in 2009-10 was a mere 0.145 per 1000 FTEs, and Lost Time Injury Frequency Rate for the year was 0.068. We are increasing focus on near-miss reporting to capture all hazards early and avoid any big accident.

Periodic medical check camps, in-house doctor, first-aid facility, counseling for stress relief management are among some proactive initiatives to ensure good health. Over 33,000 associates participated in health awareness sessions on topics like anti-tobacco, sedentary lifestyle diseases and yoga and meditation for stress management. In 2009-10, the number of associates and contractors who went through the various classroom sessions, floor-walks, awareness campaigns and web-based training on Health & Safety exceeded 100,000.

Safety at Construction Sites

The risks related to contractor activities in the facility are also addressed through suitable controls. Independent construction safety officers oversee safety at each of the campuses currently under construction. We ensure that amenities like drinking water, drainage, regular medical check-up of labors and waste disposal facilities are available at the site and labor camps. All construction machinery and protective gear are inspected regularly. Daily safety walks and quarterly comprehensive audits are conducted and assessed for site's safety performance.

No construction-site fatalities were reported in 2009-10 on account of effective implementation of stringent safety practices. The construction safety performance measured as LTIFR (Loss Time Injury Frequency Rate) was 0.1738 with a total of three reportable accidents recorded across the 4 construction sites.



Community Engagement

Community Engagement

Being part of the Tata group, TCS has a unique relationship with society at large, the capital structure ensuring that shareholder interests are fully aligned with society's. In this section, we examine this relationship further, look at the direct and indirect impact that TCS' operations have on the local communities and TCS' global CSR initiatives – through volunteering, funding and pro bono leveraging of our IT capabilities – in the areas of Education, Health and Environment

Shareholder Interests aligned with Society's

While the traditional corporate mandate of maximizing shareholder returns has been gradually replaced with a more enlightened, more inclusive and therefore more sustainable concept of stakeholder value, there is always the question of whose interests gets primacy when the interests of individual stakeholder groups are not fully aligned.

The unique ownership structure of TCS ensures that the interests of shareholders and those of local communities as well as that of the larger society are fully aligned, allowing the organization to perform greater social good by just focusing on running the business well.

Tata Sons Ltd, the holding company of the Tata group, owns close to 75% of TCS. Around two-thirds of the equity of Tata Sons Ltd is held by various philanthropic trusts – the largest being the Sir Dorabji Tata Trust and Sir Ratan Tata Trust – which have created and nurtured leading national institutions for science and technology, medical research, social studies and the performing arts.

These trusts also provide aid and assistance to various non-government organizations working in the areas of education, healthcare and livelihoods. More details of the work funded by these trusts can be found on their websites (www.dorabjitatatrust.com and www.ratantatatrust.com).

Thus, nearly 49% of the dividend paid out by TCS every year goes towards funding the philanthropic work carried out by these trusts. It is a source of tremendous pride and motivation to our associates that that their efforts and contribution to the company's success results in tangible benefit to society on a scale much larger than what any standalone CSR program could hope to achieve.

Direct and Indirect Economic Impact

The most significant, direct economic impact we have is the productivity benefits that our clients gain from the automation of their various business processes using the IT applications we build for them and also from plain vanilla IT outsourcing. According to one recent study of labor productivity in the credit union industry spanning 1992-2005, the first wave of productivity improvement (at a time where the IT function was largely managed in-house) mainly came from computerization of hitherto manual processes and thereafter, the largest benefits came from outsourcing. The authors found that credit unions which outsource IT incurred 30% lower costs than if they performed the function in-house. Greater cost-efficiency and productivity at a firm-level translates into better productivity at the level of the larger economy and thus, we can claim a role in a transformational phase of the global economy, marked by significant productivity gains from the deployment of IT.

The productivity benefits from our IT-related work directly translate into community benefits when we engage with various governments to digitize their operations, that too in the area of citizenry services. The level of transparency, access and empowerment that these initiatives can create in communities can never be overstated.

Secondly, our profitable global operations result in payment of the applicable corporate taxes in multiple countries, helping fund the governments there and thereby improving the quality of civic services in those jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961 which provides certain tax incentives under Section 10A and Section 10AA for IT services exported from designated 'Software Technology Parks (STP)' and delivery units located in Special Economic Zones (SEZ) respectively. Tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

In FY2010, TCS incurred a total tax expense of \$261.1M in taxes, distributed across 21 countries, with India alone accounting for \$101.7M.

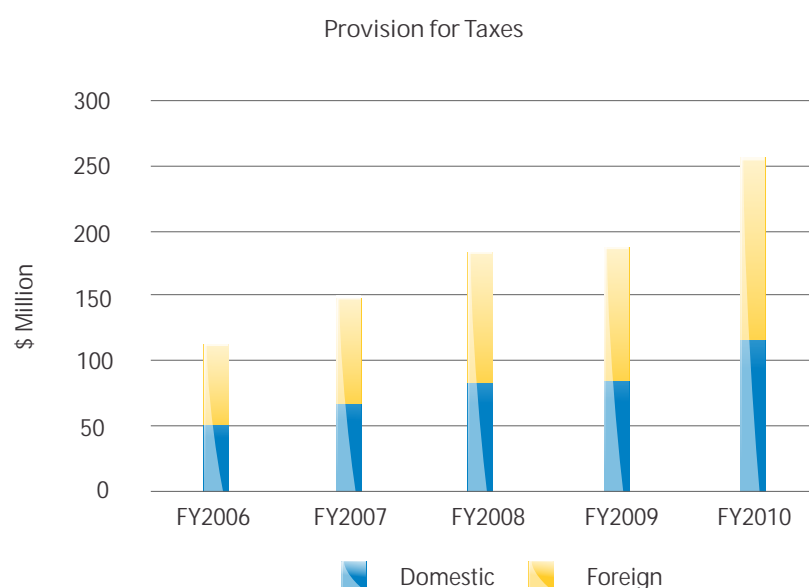


Figure 16 : Increasing tax payments fund governance work in 21 tax jurisdictions

Direct and Indirect Employment

TCS' strategy of a distributed delivery capability, tapping into the local talent in each of our delivery locations has resulted in a largely balanced, positive economic impact in each of those locations through employment generation – direct and indirect. Direct employment results in the creation of a few tens of thousands of high-paying, white-collar jobs, broadening the tax collections at the local, state and central levels.

And then there is indirect employment. Each of our delivery centers, housing a few thousand employees are massive and their construction employs architects, engineers and hundreds of construction workers. Once the facility is commissioned, the center opens up tremendous local employment opportunities for workers with all kinds of skills as our vendor-partners begin to hire housekeeping staff, security guards, drivers, gardeners, maintenance workers, chefs, cafeteria staff etc.

The creation of all these jobs, direct and indirect, at one location, creates a massive demand for local housing there, sparking a secondary real-estate boom in residential properties with multiple projects coming up, employing hundreds of skilled and unskilled construction workers.

Moreover, the beneficiaries of these net new jobs are often young (median age of the workforce: 28 years) and therefore tend to display high consumption patterns, benefiting local businesses and by extension, the local economies. The spending behavior and consumption patterns of our employees open up tremendous business and entrepreneurial opportunities. Banks set up branches or ATMs to service this highly attractive demographic. Small businesses come up in the vicinity to supply all varieties of services and products – restaurants, grocers, departmental stores, gyms, pharmacies etc. These in turn generate even more local employment and opening up new tax revenues for the government.

All in all, it is conservatively estimated that we generate 4 indirect jobs for every 1 direct job. Taking these indirect jobs into account, TCS' consolidated, global employment footprint is estimated at over 800,000.

Infrastructure Development

The coming up of new communities around our delivery centers is also accompanied by development of the local infrastructure. Local municipalities and utilities respond to the needs of the growing community by improving existing roads and building new ones to improve connectivity, extending the grid to supply electricity and laying pipelines for water and sewerage. Public and private transport providers begin catering to the commuting needs of local residents. Telecom companies set up towers nearby for mobile connectivity and cables for voice and data services. The blooming of physical infrastructure is accompanied by development of educational and healthcare infrastructure, resulting in a vibrant, standalone township.

Broadening Regional Development

The development of IT industry in India has historically been highly concentrated around Tier I Indian cities which had a high availability of engineering talent and supporting infrastructure. Thus, Mumbai, Bangalore, Chennai, Hyderabad, New Delhi and Kolkata emerged over the years as the key IT hubs in India.

Today, the benefits of a vibrant IT industry are well recognized, contributing 14% of the state GDP of IT-BPO intensive states, and equally, the need to broaden this development beyond just the early beneficiaries. Consequently, the IT industry has started establishing centers in Tier II and Tier III cities, taking advantage of lower costs and the highly motivated local workforce. This is spreading the economic benefits of the IT industry beyond just the metros – a geographical trickledown of sorts.

TCS has been leading this foray into the hinterland, with significant progress in FY2010 – our Tier II/III headcount went up by 80% year on year. Headcount in Tier II/III cities* as a percentage of total India headcount for the last three years is given below:

Year	FY08	FY09	FY10
Tier II/III Headcount	7.6%	8.7%	14%

* Ahmedabad, Lucknow, Pune, Trivandrum, Kochi, Bhubaneswar etc

Intangible benefits

TCSers comprise a set of highly educated, highly visible young professionals, almost a third of them women, working out of campuses on the outskirts of the cities and increasingly in the smaller cities. This has other intangible influences on the more traditional communities in which our campuses might be located.

The evidence of social progress and individual prosperity resulting from college education influences parents in these communities to invest in their children's further education. Traditional biases against the girl-child weaken and girls in the community find inspiration to overcome traditional barriers and seek higher education and pursue careers. These changes in behaviors and outlooks have a positive impact on the overall developmental metrics of nearby communities.

Serving as an Ethical Exemplar

Another more intangible impact of TCS' operations in the community is the higher moral environment we foster through our values-driven behavior. TCS regards integrity as its core value that underpins all business activities in TCS. Our reputation of trust has been earned through several decades of consistent, value-driven conduct.

We have adopted the Tata Code of Conduct (TCoC) which every employee of TCS signs up on joining the company and which serves as an ethical roadmap in our daily activities. Training on Tata Code of Conduct (TCoC) is a mandatory part of the induction of all associates. Additional resources in terms of FAQs and TCoC awareness material are available on the Company's knowledge portal, KnowMax. Awareness is heightened by organizing road-shows, compliance workshops and an annual Ethics Week featuring quizzes, awareness sessions, essay-writing contests etc. The TCoC has also been translated into Spanish and Portuguese for better comprehension by overseas associates. Ethics and the Tata Code of Conduct have also been the central theme of our CEO's employee outreach communications campaign titled "Live our Values".

The outcome of this corporate-wide emphasis on ethical behavior, integrity and individual accountability is a very high level of employee awareness of the Company's values. In the 2009 employee satisfaction (PULSE) survey, 95.16% percent of associates expressed satisfaction with the level of awareness of the

Tata Code of Conduct and with TCS' adherence to it in spirit and letter. Further, of the 185 instances of disciplinary action initiated against errant employees in FY2010, only 9 were on account of fraudulent behavior and of these, none related to the giving or taking of bribes.

The fact that the Company has been able to build a strong, highly successful, global business without compromises on the ethical front makes TCS a moral exemplar worthy of emulation, spreading our culture outside the organization's boundaries. In all our contracts we explicitly mention the TCoC clause to our Customers, Partners and Suppliers. We also participate in international and group forums as part of the learning and sharing mechanisms.

Apolitical Stance

While TCS works closely with various consultative bodies and working committees of various industry associations in advising governments on policy formulation, the Company maintains an entirely apolitical stance in line with the Tata Code of Conduct. We do not support any specific political party or candidate for political office. Nor do we offer or give any company funds or property as donations to any political party, candidate or campaign.

Corporate Social Responsibility

TCS supports local communities and society at large through (i) pro bono use of our core competence i.e. IT for community welfare, (ii) TCS-Maitree, our volunteer corps consisting of TCS employees and their families and (iii) the funding of philanthropic activities. Excluding the volunteering effort embodied in (ii), TCS has invested \$9.4M in CSR initiatives over the last three years.

The key focus areas for our CSR work are: Health, Education and Environment. The programs we launch and the communities we work with are decided based on the needs of those communities, the extent to which we can meet those needs within the framework of our CSR program, their proximity to our operations and materiality to our operations. The effectiveness of our initiatives is judged by the satisfaction of the stakeholders and through our employee survey. Follow-up actions are planned thereafter based on the survey results.

In addition to benefiting the targeted community, our CSR activities have the added benefit of giving our volunteer corps meaningful projects into which they can channelize their altruism, creating a sense of camaraderie and helping them fully realize their potential.

In FY2010, TCS spent \$2.9M on CSR. In addition, 40,441 hours of volunteering effort (which have not been monetized since these come from the volunteers' personal time) went into our various CSR initiatives. Some of the key areas where we made a difference are highlighted in the following sections.

Putting IT in CommuniTy

We have extended our core mission of building technology-led solutions to our customers' business problems to cover community as well, proactively looking for community problems and needs which can be addressed using technology, effectively using IT for social good.

- Computer-based Functional Literacy: The flagship IT offering of TCS has now covered more than 140,000 persons and apart from the existing 9 Indian languages and the Northern Sotho language, the Spanish and Arabic version of the Adult Literacy Program (ALP) are in advanced stages of development. A new initiative for development of a solution for the Moree language spoken in Burkina Faso, West Africa has also begun. TCS has developed an ALP Factory through which any of 4,356 ALP elements of the various Indian Languages and Dialects can be developed and maintained.
- The Government of India's National Literacy Mission Authority has invited TCS as official partner in Saakshar Bharat ("Literate India"), a program that seeks to cover 70 million illiterate women by March 2012.
- mKRISHI: This is an award-winning mobile agro-advisory service that offers personalized and integrated services through a combination of cellular networks, mid-range mobile handsets, weather and soil sensor technologies to bring vital information on weather, fertilizer requirement, pest control, and current grain prices to farmers. mKRISHI was deployed in four villages on a pilot basis for two years and launched on commercial basis in several villages in Punjab and Uttar Pradesh.
- Support for Childline, the all-India 83 centre helpline for children in distress, run by Childline India Foundation. Childline V2.0, rolled out in 2009 involved a nationwide upscaling of the network with optimized service delivery and mobile connectivity. TCS has also provided a comprehensive Donor Management System to the Foundation.
- A country-wise database of information for both global and local advocacy and impact assessment by Aflatoun, a charitable organization based in Netherlands providing Social and financial education to 250 thousand children in 20 countries.
- TCS built an MIS system for Impact India Foundation to help track success against targets and improve traceability and accountability. The Foundation is part of an international initiative against avoidable disability like cleft palate.



Promoting Education

- United States: To address the problem of dropping numbers of students seeking IT-related careers in the US, TCS created the goIT program targeting high schools in the community around Cincinnati, OH, where our Seven Hills campus is located. As part of this initiative, TCSers conduct in-school IT career workshops in the local community to interest high school students in IT and technology-related careers. In FY 2010, 93 students participated in these workshops.

In addition, we organized a 'goIT' summer camp attended by 31 students in FY 2010, where we showcased technology-related career paths and provided hands-on activities to enrich their experience with IT. Students participated in a series of challenges requiring the use of logical thought, flowcharting and programming, followed by a robotics workshop where students worked in teams to program a robot to autonomously maneuver itself through an obstacle course.



Figure 17 : The GoIT initiative in the US promotes science and technology amongst school children

- United Kingdom: TCS runs the Passport to Employability program that helps students develop skills to improve employability and enhance the human capital latent in them. As part of this, we organize a 3-day workshop for 13-14 year olds from a deprived section of London, with a challenging agenda. Through group activities, role-plays and games, students learn about team work and gain a better understanding of what it takes to fit in at the work place. In FY2010, more than 20 volunteers from TCS mentored a group of 160 boys.



Figure 18 : TCS volunteers helped over 160 East London students develop employability skills

In addition, TCS was the education partner to over 80 disaffected boys from Stepney Football Club, worked with 'Wings of Hope' encouraging 1,400 senior school entrepreneurs and participated in the Prime Minister's Global Fellowship promoting global talent awareness.



Figure 19 : List of organizations supported by TCS in UK

- Australia: TCS organized the Insight'09 Program which offered soft skills development with communication and job-seeking workshops for 14 high school students from 3 disadvantaged schools.
- India: TCS' flagship CSR initiative in education is the Academic Interface Program that seeks to improve the quality of engineering education in India and described in greater detail in the section on Supply-side Sustainability. Other initiatives in this space are listed below:

TCS has a long-running program to spark interest in Information Technology among high-school students and encourage them to eventually consider higher education and a career in technology. The Rural IT Quiz that we organize every year in partnership with the Government of Karnataka is now in its 10th year and has reached 1,407,000 children across the Karnataka state. Our flagship National event, the TCS-branded "IT Wiz" is now in its 11th year and has covered 11,670 children in 943 schools across India.



Figure 20 : The winners receive the IT Wiz trophy from Mr N Chandrasekharan, CEO & Managing Director TCS' partnership with Education World to encourage better teaching standards in India, through the All India Teachers Award that honors teachers who have exhibited innovative techniques in teaching and have been an abiding inspiration to students, is now into its 5th year.

In FY2010, TCS supported Ek Mouka ("One Opportunity"), a program for employability training of less privileged youth in Mumbai organized by the CAP Foundation in partnership with a local government agency. 518 completed the training and a total of 364 were placed.

Lastly, TCS-Maitree set up the Advanced Computer Training Centre, for training the visually impaired at the MN Banajee Industrial Home for the Blind at Jogeshwari, Mumbai. This centre offers IT-enabled vocational courses that are in synch with industry requirements. Currently more than 65 visually impaired persons have been trained through this initiative in last two years, and most of them have gained employment in TCS and other socially conscientious employers primarily in the Services sector.

Health & Wellness

- North America: TCS organized, volunteered and participated in more than 120 community activities. TCS sponsored the annual Vijay Amritraj Foundation Charity event which supports "charities without a voice," Similarly, TCSers participated in the Alzheimer's Associations memory walk 2009; CRY America



Figure 21 : TCSers and their families participate in "Walk for Hope" in San Diego, CA

Walk 2009; San Diego Heart Walk 2009; 2009 Making Strides Against Breast Cancer Walk; Los Angeles Walk for Hope; United Way, Salvation Army.

- UK: TCS has created the Tata UK flagship initiative called 'Today is a Good Day' (TIAGD), which supports cancer research and informs and educates employees as well as nearby communities on the importance of early diagnosis in defeating cancer and the benefits of a healthy lifestyle.
- Club Red - Let's Talk: TCS has initiated an HIV/AIDS awareness and sensitization program AIDS through peer educators. TCS-Maitree Volunteers organize such awareness sessions for our security personnel, catering and housekeeping staff, and in schools and colleges. In 2009-10, 45,000 associates participated in the awareness activities and 1800 persons outside TCS benefited from Club Red.
- Singapore: TCS supported the Bone Marrow Donation Awareness Program, with over 20 associates registering as Bone Marrow Donors and contributing 5000 SGD towards the Bone Marrow Donation Program.

Environment

- TCS-Maitree has spearheaded several awareness campaigns related to environment, wildlife, and occupational health and safety. Events included beach clean-ups, adopt-a-highway, donation drives, photography contest, awareness drives, cleanup drives, online quiz, slogan competition, cycle rally, movie screening, awareness workshops and nature trails.
- In 2009-10, such initiatives engaged over 68,000 associates in activities designed to make them environment conscious.

- Additionally, awareness campaigns are also organized on and around special days like World Environment Day, Earth Day, Biodiversity Day, Wildlife Conservation Day, and Earth Hour, each of which saw strong participation from associates, a measure of their sensitivity towards environmental concerns.

Other CSR activities

- India: TCS funded the restoration of some 274 old and rare books totaling over 100,000 pages in the University Library in Mumbai.
- Our ongoing program to economically empower women in Waze village in Panvel, near Mumbai, has today grown into a much larger, multi-dimensional development program and has been replicated in places such as Nainar (Chennai), Padmapur (Bhubaneswar) and Challeria (Delhi). In addition to women's empowerment, the program has now expanded to children's education and development of local infrastructure.



Figure 22 : TCS Volunteers help out 'Operation Smile'

- China: TCS supported Wen Chuan Earthquake relief through the International Red Cross; TCS has been one of the few companies in China to sign the Smoke-free Workplace initiative; Operation Smile - a children's charity treating facial deformities such as cleft lips and cleft palates; China Hope School Project - A unique initiative aimed to narrow the literacy and digital disparity in the country, and help build a harmonious society

Argentina: Activities in 2009-10 included celebrating "Child Day" with the "Chicos de Barracas" foundation interacting with the children there and giving gifts; Donation of clothes to "Capilla Nuestra Señora de Lourdes" in a poor community; "Helping Chile" Campaign: Collected food and essential items for Chile earthquake relief

Brazil: TCSers collected winter clothes and donated them to the underprivileged. Employees at the DC Tamboré donated school stationery to Barueri's City Hall and participated in the World AIDS Day Campaign.

Chile: TCS had extensive discussions with Chile Government as well as the Chile Embassy in India to identify areas where TCS could contribute effectively. TCS officials in Chile visited the affected sites and identified the locations / towns where it would direct its relief and rehabilitation efforts. Thereafter, in consultation with the Chilean Government as well as the Chilean Embassy in India, TCS identified the supply of clean drinking water to the affected families as a priority need. We supplied 5 water desalination plants which would help provide drinking water to 5,000 families. In addition, we distributed 2000 units of Tata Swach Water Purifiers in the towns of Pichilo and

Las Puentes and trained residents on its usage. These purifiers - designed by TCS' R&D team - do not require any electricity for their operation and thus ideal for the earthquake hit regions where electricity was disrupted. In all, TCS spent around \$1 Mn towards earthquake relief and rehabilitation work in Chile.

Colombia: TCS supported the Antarctic expedition of Ms Jennifer Trujillo, a "warrior without weapons" crusading to inspire and educate young people on the topic of climate change. TCSers also visited Project KSK, an economically depressed area of Bogotá and supporting them.

Mexico: TCS Mexico continues to support and participate in all the events organized by the "Asociación Con ganas de Vivir" (Eager to Live Association) has prepared for children suffering from cancer.

Ecuador: TCS launched a Blood Donation Program in coordination with the Ecuadorian Red Cross in August 2009, with donation campaigns scheduled every six months. The last Campaign was directed towards support of Haiti earthquake victims. In coordination with the United Nation Volunteering Program, TCS-Ecuador developed its first "Tree Planting Program in a National Park called "Itchimbia", which had suffered loss of tree cover in a devastating forest fire.

Uruguay: TCS associates contributed through a Disaster relief campaign to benefit those affected by floods in the north of Uruguay



Environmental Impact

Environmental Impact

Being an IT consulting firm, our business processes don't consume non-renewable resources nor generate process wastes and emissions on the same scale as traditional smokestack industry. Nevertheless, there is an environmental impact due to the size of our global presence and in keeping with the Tata Code of Conduct, TCS is committed to measure, report and continually improve its overall environmental performance. In line with Article 15 of the Rio Declaration, TCS is actively working to reduce its carbon footprint.

TCS is committed to optimize its resource consumption, minimize its ecological as well as carbon footprint with the ultimate objective of decoupling business growth and environmental impact. We adopted a new Environment Policy in December 2009 to formalize key activities designed to minimize our environmental footprint and mitigate the impact – in terms of the resources consumed as well as our outputs. The policy is based on the following key pillars:

Leadership, going beyond mere compliance

- Climate change mitigation through commitment to reduce GHG emissions and corresponding carbon footprint
- Green IT
- Green Procurement
- Reduce, Reuse, Recycle
- Resource Efficiency
- Green Infrastructure – Green Buildings

External Assurance

All TCS sites are compliant to all relevant environmental laws, acts, rules and guidelines. We have adopted the ISO 14001:2004 standard to serve as a framework to help us achieve environmental excellence, with a focus on continual improvement at every level in the organization. In 2009-10, another 12 TCS locations received certification, bringing the total number of locations certified as ISO 14001:2004 compliant to 35.

Our intent is to get enterprise-wide certification under ISO 14001:2004 & OHSAS 18001:2007 in FY 2010-11.

Geography	2009-2010 ISO 14001	2008-2009 ISO 14001	2007-2008 ISO 14001
India	34	24	12
Overseas	2	Nil	Nil
Total Certified	36	24	12

Environmental Expenditure

The various environmental initiatives are part of our operational improvement and expenses are met through operational budgets. Consequently, we don't separately track environmental expenditure. The operating expenses include staff salaries, monitoring and measurement costs, fees paid to the state and central pollution control boards as compliance fees for consents/NOCs. Other than this, we incur capex expenses towards green infrastructure projects like setting up of Sewage Treatment Plants, Energy Efficiency projects, and environment development work around the TCS premises.

Environmental Targets and Performance

Our performance vis-à-vis the 2009-10 environmental targets is given below.

Sl. No.	Objective	Units	Target Value	Achieved Value*
1	Reduction in Electricity Consumption	KWh / FTE/ month	2%	2.92%
2	Reduction in Carbon Footprint	tCO2e/FTE/annum	2%	14.07%
3	Reduction in Water Consumption	Liters / FTE/ month	2%	0.88%
4	Reduction in Paper Consumption	Reams /1000 FTE /month	5%	34%
5	Increase in Biogas generation capacity from waste	Kg	2%	0%
6	Increase in Waste Conversion to Manure	Kg	5%	60%
7	Reduction in Waste Generation	kg / FTE / month	5%	5%
8	Increase in Solar Water Heater Capacity	Liters Hot Water	10%	77%
9	Increase in Rainwater Harvesting Capacity	Kilo Liters	10%	48%
10	Reuse of Treated Sewage	Kilo Liters	10%	15%
11	Environment-friendly disposal of E-waste	Numbers OR Kg	100%	100%
12	Environment-friendly disposal of Printer Cartridges	%	100	100%
13	Biodiversity Management Programs for Campuses	Number	4	4

* Over 2008-2009 (Blue indicates outperformance, Red indicates underperformance wrt target)

The environmental targets for year 2010-11 are given below

Sl. No.	Environmental Performance Parameters	Increase/Decrease (over 2009-2010)	Target Value (%)
1.	Electricity Consumption (kWh/FTE/month)	Decrease	2
2.	Green Power (% of Total Electricity Consumption)	Increase	2
3.	Water Consumption (liters/FTE/month)	Decrease	2
4.	Paper Consumption (Reams/1000FTE/month)	Decrease	10
5.	Quantity of Reused water (%)	Increase	10
6.	Solar water capacity (liters/day)	Increase	10
7.	Waste generated (Kg/FTE/annum)	Decrease	5
8.	Amount of manure generated (Kg/month)	Increase	10
9.	Carbon footprint (tCO ₂ e/FTE/annum)	Decrease	5
10.	Rainwater Harvesting Potential (Cum)	Increase	10
11.	Water Paper sent for Recycling (Tons)	Increase	10

Energy Performance

For the IT industry as a whole, electricity consumption is the largest contributor to the carbon footprint and this footprint is expected to continue growing. The consumption takes place in the large blocks of office space that house our delivery centres, with their office air-conditioning, lighting, IT Infrastructure and power backup i.e. Uninterrupted Power Supply (UPS). Our total annual consumption of electricity, broken down by source, is given in Figure 23.

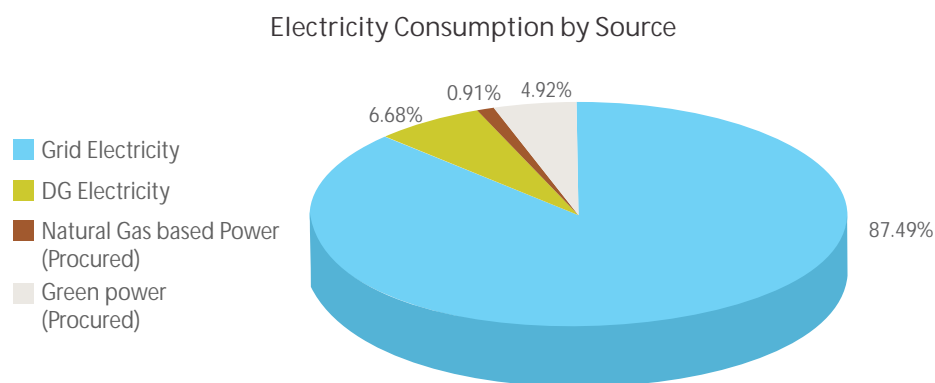


Figure 23: Electricity Consumed, by source (%)

Grid Electricity = 289,986,432 kWh; DG Electricity⁴ = 22,153,935 kWh; Natural Gas Based Power (Procured) = 3,010,632 kWh; Green Power (Procured) = 16,303,803 kWh

We strive to manage our energy footprint through a series of initiatives including infrastructure as well as operational changes.

⁴TCS In the absence of proper metering facility to measure the kWh units generated from DG sets (for power backup) we have used internal factors based on trends observed across our Organisation to compute the power generated.

Green Infrastructure

To reduce the ecological footprint of the entire value chain through which TCS operates, Green Infrastructure is key feature helping TCS reduce its energy footprint, material footprint, carbon footprint, etc. In an attempt to ensure all TCS buildings are “green”, TCS Infrastructure and Planning Department ensures the new offices coming up at TCS are all designed as per national and international standards like ECBC & LEED Green Buildings. TCS already has three LEED Certified Green Buildings operational at Chennai (Seruseri – Gold Rated), Bhubaneswar (Kalinga Park – Platinum Rated) and Trivandrum (Peepul Park – Silver Rated). The Kalinga Park Facility has a Solar Photovoltaic Panel and Cooling Tower Waste Heat Recovery unit to improve the energy performance of the building.



Figure 24 : Kalinga Park, Bhubaneswar



Figure 25 : Siruseri, Chennai



Figure 26 : Peepul Park, Thiruvananthapuram

With the existing facilities, TCS is trying to come up with all possible innovations and ideas to improve the energy performance of the buildings. With this in focus, TCS has taken up the energy audit for 2 of its sites as a pilot project, the results from these audits are awaited and would guide in planning for future energy efficiency projects.

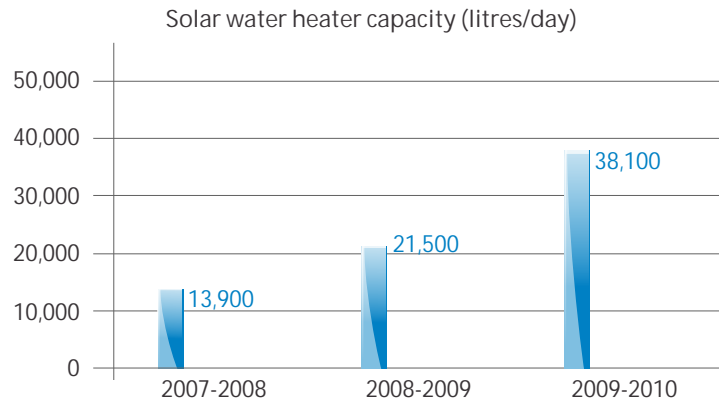


Figure 27 : Solar Water Heater Capacity (litres/day)

Other Other initiatives include Solar Water Heater for generating hot water used in canteens for dishwashing and gyms. TCS has effectively increased its Solar Heater Capacity by 77% over 2008-09

Green Internal IT Infrastructure

Various initiatives undertaken to green our internal IT infrastructure resulted in energy savings of 2,899,133 kWh and an overall cost savings, including savings in capex, of \$1.18M in FY2010.

Initiative	Comments	Energy Savings X 1000 kWh
Data-center power optimization	Through server consolidation, virtualization and high-density rack utilization, the number of physical servers within the data-center can be drastically reduced, thus reducing direct power consumption as well as the cooling requirements of the data-center and the space required to house it. In addition, we have installed motion-sensing lighting which turn off when there is no activity.	1965.30
Use or power-efficient monitors	We are replacing traditional CRT monitors with new generation, power-efficient TFT monitors which occupy lesser space, provide better image quality and reduce carbon footprint.	629.50
Auto-Hibernation for desktops and laptops	We have programmed all desktops and laptops in our facilities to automatically power-off the displays after 15 minutes of inactivity and enter hibernation mode after 30 minutes. This not only reduces direct and indirect (eg: lower cooling needs) energy consumption but also increases hardware life.	260.53
Thermal modeling for efficient cooling	TCS has developed an analytical tool that performs 3D thermal and heat-flow analysis for the entire data center to identify potential hot spots. By concentrating on those hot-spots, cooling can be optimized.	43.8
Total Energy Savings x 1000 kWh		2,899.13



Operational Controls

- Switching on the AC half-an-hour late every morning and turning it off half-an-hour earlier in the evening
- Regulating temperature in a close band ($24 \pm 1^{\circ}\text{C}$)
- Replacing tube-lights with CFL luminaries and LED in common areas
- VFD installation
- Capacitor Bank Power Factor Management
- Minimizing use of halogen and other energy intensive lighting
- Procuring Green Power to reduce the Scope 2 Carbon Emissions
- Employee Engagement through awareness drives and putting up posters etc.

All these initiatives has helped TCS reduce its energy consumption (kWh/FTE/month) by 2.92% over 2008-09 and 16.31% over baseline year 2007-08.

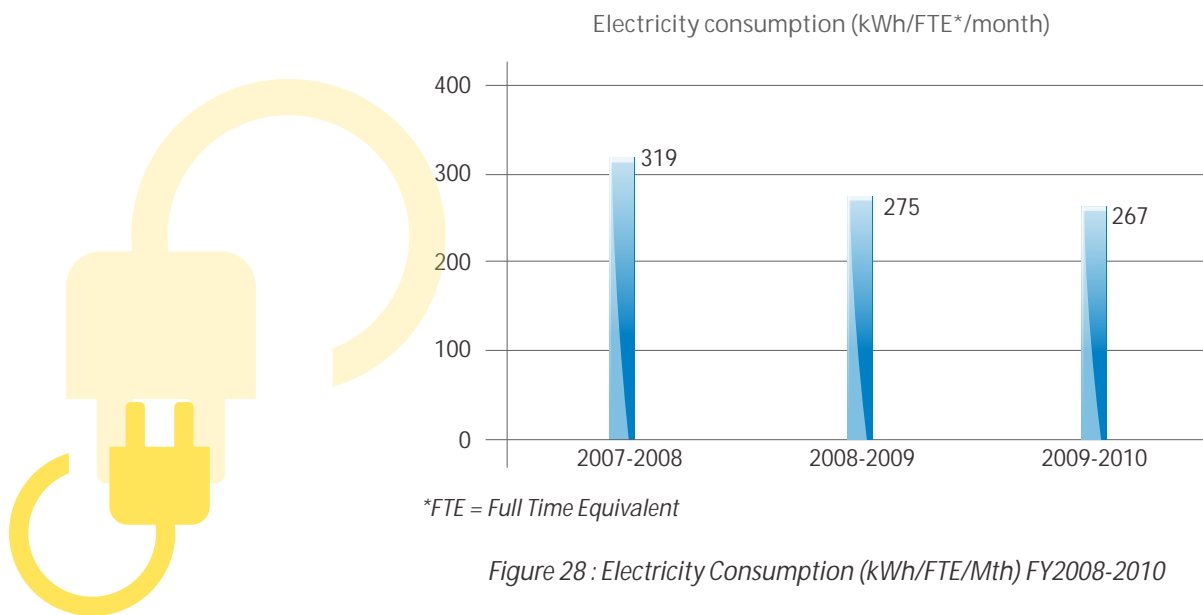


Figure 28 : Electricity Consumption (kWh/FTE/Mth) FY2008-2010

Water Performance

Water consumed at TCS facilities comes from the local municipalities, on-premise borewells, private water tankers and packaged drinking water.

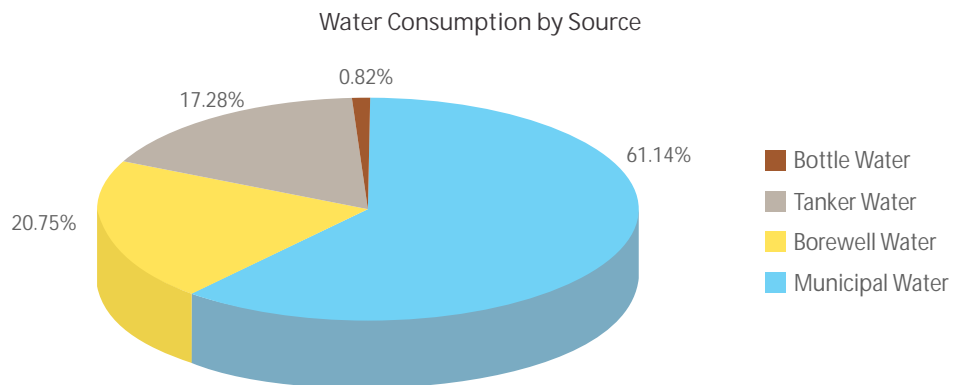


Figure 29 Water Consumption by Source (%)

*Municipal Water = 950858 kL; Borewell Water = 322,789 kL; Tanker Supply = 268,791 kL; Bottled Water = 12,829 kL



Initiatives taken to reduce the water consumption at TCS include:

- Dual flushing system in toilets, taps with variable output and sensors
- Drip irrigation system
- Throttling of valves
- Regular maintenance of water pumps
- Sewage treatment plants where feasible and reuse of treated water for cooling tower make-up, flushing and gardening
- Zero Effluent Discharge planned at all new facilities
- Rain water harvesting and recharging where possible
- Employee Engagement through awareness drives and putting up posters etc.

TCS' water consumption in FY2010 increased by 0.88% over the prior year, not necessarily due to higher consumption but due to better data collection and reportage. Going forward, TCS will continue to implement projects / new ideas to reduce its water consumption.

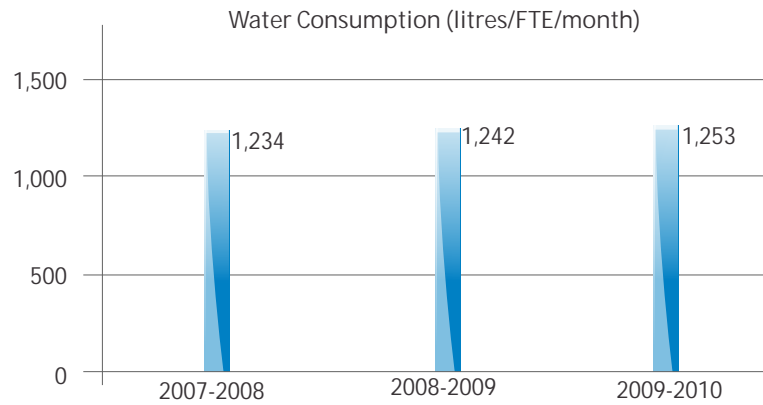


Figure 30 : Water Consumption (litres/FTE/month)

Sewage Treatment and Reuse

Many of our facilities have Sewage Treatment Plants. The treated effluent from the STP is tested regularly against the CPCB/ SPCB effluent standards and used in HVAC System cooling tower, washroom flushing and gardening. The recycled treated sewage quantity went up 15% YoY in FY2010. The % of the total sewage recycled⁵ to the total water consumption reduced from 18% to 17.3% in 2009-10 over 2008-09, due to increase in water consumption.

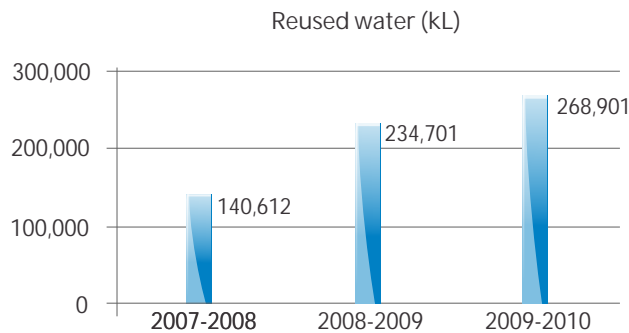


Figure 31 : Quantity of treated sewage in kL
(Treated sewage as % of total water consumed is shown inside each bar)

All new TCS facilities have Sewage Treatment Plant and provision from 100% recycling of the treated effluent.

⁵ In the absence of proper metering facility, to compute the % of treated sewage being recycled at the sewage treatment plants in our campuses, we have used internal factors based on trends observed across our Organisation.



Rainwater Harvesting

Many TCS-owned campuses have rainwater harvesting systems which collect and store rain water for groundwater recharging (through recharging pits), borewell recharging or for creating artificial lakes within campus. In 2009-10, we harvested 48% more rainwater over the prior year.

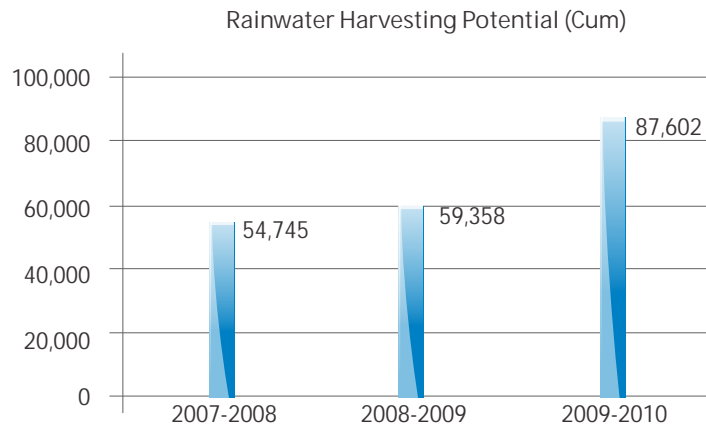


Figure 32 : Rainwater Harvesting Potential in cum

Material Consumption

Through technical controls, employee education and closer scrutiny of bulk-users, we achieved significant reduction in paper and cartridge consumption in FY2010 over the prior year, from 133 reams of paper per 1000 FTEs/month to 87 reams per 1000 FTEs/month, and from 9 cartridges per 1000 FTE /month to 6 cartridges per 1000 FTE / month.

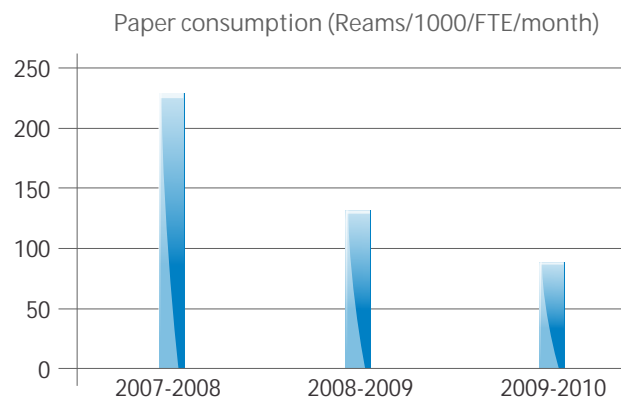
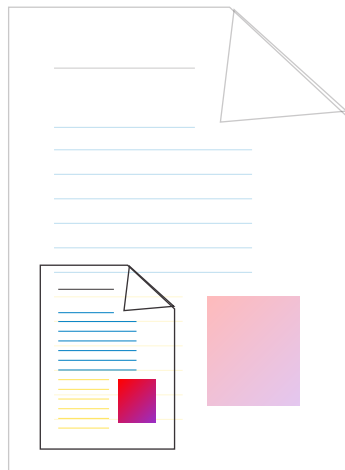


Figure 33 : Paper consumption is down 34% in FY2010 over the previous year

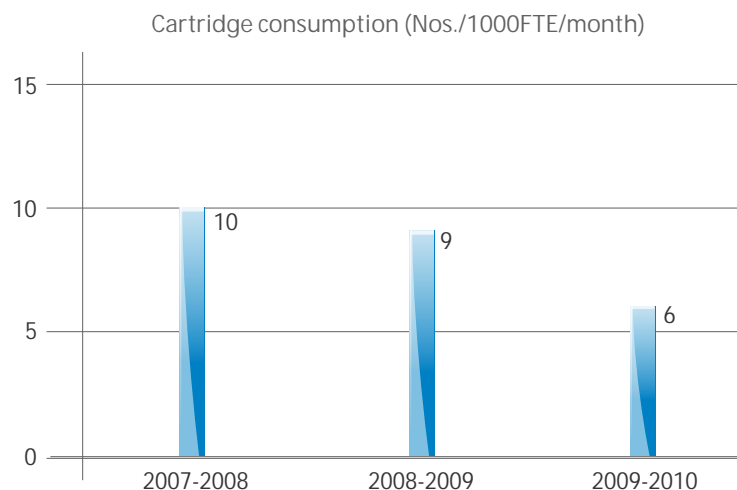


Figure 34 : Cartridge consumption down 33% in FY2010 over the previous year

Emissions and Waste Management

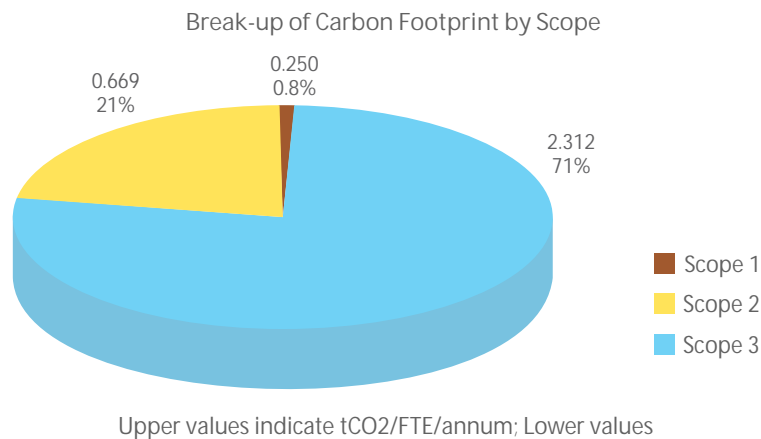
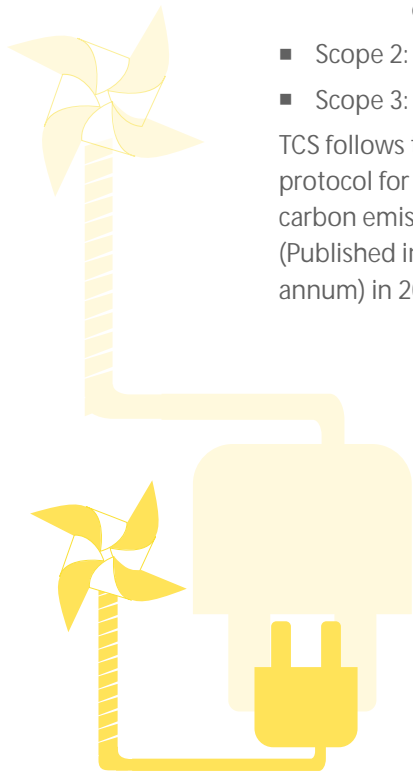
Being a software consulting organization, TCS does not generate significant primary emissions or process wastes. Nevertheless, we have in place a policy and program to reduce our GHG and ODP emissions. Likewise, we have a Waste Management program to mitigate the impact of the limited quantities of wastes – dry, wet and e-wastes – that are generated from our facilities.

GHG Emissions (Carbon Footprint)

The sources of GHG emissions contributing to TCS' carbon footprint include:

- Scope 1: Diesel-run Generator sets, Company-owned vehicles, Refrigerant gas (fugitive) emissions and LPG combustion
- Scope 2: Purchased Electricity
- Scope 3: Business Air Travel and Fuel Combustion in Company Hired Vehicles

TCS follows the GHG Protocol and the emissions factors for Scope 1 and Scope 3⁶ as given by GHG protocol for calculating the Carbon Footprint. For Scope 2 emissions i.e. purchased electricity related carbon emissions, TCS uses the emissions factor published by the Central Electricity Authority of India (Published in November 2009). The breakup of our GHG emissions by scope (tonnes CO₂e per FTE per annum) in 2009-10 is provided in Figure 35.



Upper values indicate tCO₂/FTE/annum; Lower values

Figure 35 : Breakup of GHG emissions by scope

In 2009-10, TCS reduced its per capita carbon footprint from energy consumption alone (Scope 1 and 2) to 2.479 tCO₂e/FTE/annum, down from 3.176 tCO₂e/FTE/annum in the prior year.

Per capita carbon footprint from all sources was brought down by 14% over the prior year (Figure 36). This was done through various efficiency initiatives, procurement of green power and closer scrutiny of business travel and use of audio/video conferencing where feasible.

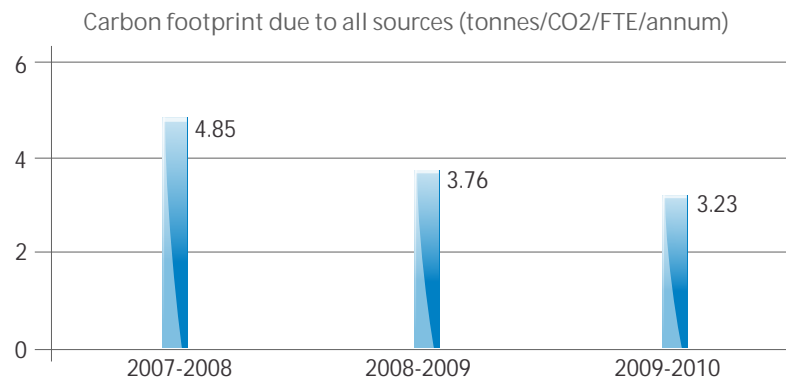


Figure 36 : Carbon footprint has been reducing every year

⁶ For business air travel, we have considered standard distances between sectors to arrive at total mileage plants in our campuses, we have used internal factors based on trends observed across our Organisation.



Ozone Depleting Substances

The refrigerants used in the HVAC systems have an Ozone Depleting Potential, eg. R22. We plan to phase out all the ozone-depleting refrigerant gases as per the Montreal Protocol and move to ODP free refrigerants. Newer facilities coming up at TCS have HVAC systems based on non-ozone depleting refrigerants. Given below is the estimated quantity of refrigerant gas released in 2009-10 along with the corresponding Ozone Depleting Potential.

Refrigerant Type	Quantity Released (kg)
R 22	2661
R 407a	103
R 134a	360
The Ozone Depleting Potential of the total refrigerant emissions is 0.146 tonne in FY 2009-10.	

Other Emissions

Emissions from Diesel Generator Sets are as below:

Emissions	Quantity (tones)
SOx	3.79
NOx	465

Waste Management

Sewage

The total sewage discharged from TCS offices which don't have sewage treatment facilities was estimated to be 607,338 kL in 2009-10. This was mostly discharged into the municipal sewers or into other outlet points approved by local authorities (wherever connectivity to municipal sewer is not available).

Biodegradable wastes

The canteen wet and dry waste generated from our facilities increased from 14 kg per FTE annum to 14.7 kg per FTE per annum in 2009-10.

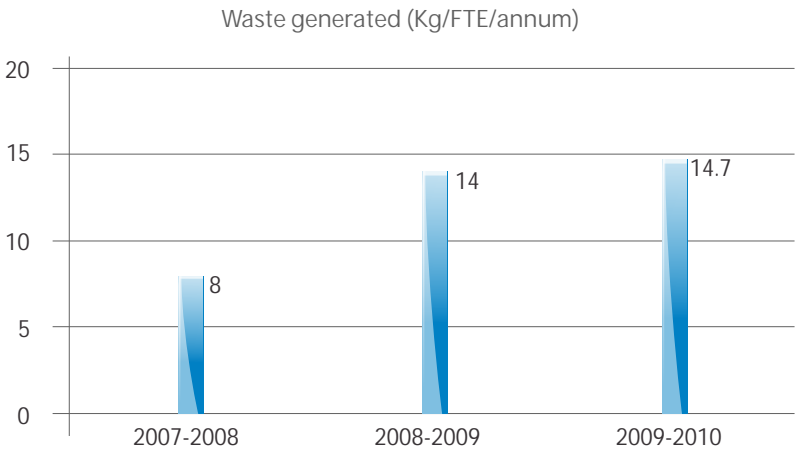


Figure 37 : Bio-degradable waste generated

After the waste is segregated at source, it is disposed of through bio-digestion (generating biogas which is used as a fuel), vermicomposting, as fodder at piggeries or, as a last resort, through municipal waste collection system.

Two of our campuses have bio-digesters – one at Mangaladas, Pune and the other at Yantra Park, Mumbai. The methane generated from the bio-digesters is used as fuel in the Canteen Kitchen. The Yantra Park bio-digester, can digest up to 1 ton of waste per day. In 2009-10, it generated 7 tons of biogas.

16 of our facilities have started composting, either in campus or at a common facility outside the TCS Site, increasing the compost generated per month by 60% over the prior year.

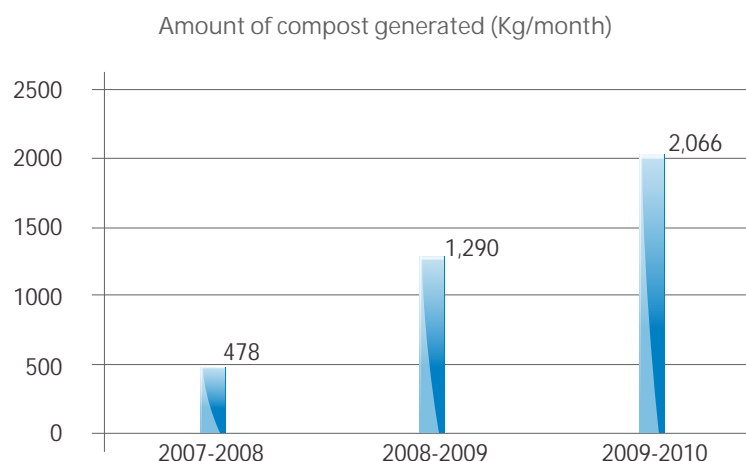


Figure 38 : Quantity of compost generated FY08-FY10

Paper Recycling Initiatives

Shredded paper waste generated from TCS offices is sent to NGOs for recycling, instead of to municipal landfills. Many of these NGOs make cardboard files and notepads using the waste paper and supply those back to the organization. At our Yantra Park facility in Mumbai, shredded waste paper is recycled through an NGO named

Stri Mukti Sangathana, working for the betterment of economically deprived women. They purchase the waste paper for a nominal amount and supply notepads made of recycled paper. In 2009-10, 32 sites adopted the practice and sent 69 tonnes of shredded paper for recycling.

E-waste management

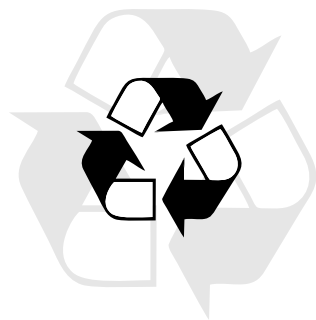
The E-waste generated at the various TCS center includes Computers, Monitors, Servers, and allied hardware. TCS manages its e-waste as per the WEEE Directive. TCS has an internal E-waste Management policy based on WEEE directive and the Government of India's draft e-Waste Rules 2010 that mandates disposal of e-waste through specific e-waste handlers and recyclers approved by the Government of India's Ministry of Environment and Forests (MoEF).

In 2009-10, 5,879 pieces of equipment from all centers, amounting to 100% of our e-wastes, were disposed of through authorized handlers / recyclers. In addition, another 1,067 computers which were deemed obsolete for TCS' purposes but in full working condition, were donated to government-run schools which often lack such equipment. Recipients of such donations are advised to return the hardware to TCS or to authorized recyclers once they reach end-of-life, for safe disposal.

Hazardous waste management

Hazardous waste generated at TCS is limited to the used lube oil from the DG Sets (total 12,563 ltrs generated in 2009-10) and used UPS batteries (total: 5182 Nos. generated in 2009-10).

These fall under the hazardous waste category and are disposed of as per the Hazardous Waste Handling and Management Rules by the Government of India, through MoEF-authorized vendors only.



Biodiversity Management Program

TCS views biodiversity management as an integral part of our environmental policy.

We have established the biodiversity status of 9 TCS campuses by conducting extensive site specific biodiversity surveys and based on this, implemented an action plan for conservation and enhancement.

Taxonomically, the flora present in TCS campuses are of 221 plant species belonging to 135 genera and 106 families. The diversified flora supports a variety of fauna. There are 123 animal species identified, including birds, butterflies, mammals and amphibians. The distribution of the various species in different locations is listed below.

Facility	Location	Flora	Fauna
Yantra Park	Thane	158	86
Banyan Park	Mumbai	146	91
Deccan Park	Hyderabad	103	55
Synergy Park	Hyderabad	140	48
Sholliganullur	Chennai	105	54
Seruseri	Chennai	77	40
Noida –II	Delhi	47	34
Mangaldas	Pune	115	76
Peepul Park	Trivandrum	83	39

The following biodiversity programs have been implemented at some of the TCS campuses.

A) Flora Conservation Program

- Protection of traditional native plant species
- Transplantation of trees
- Greening-the-office program
- Environmental conservation (protection of rare and unique species like Baobab Tree)
- Establishment of Medicinal garden
- Provision of Nursery for propagation of plants
- Adoption of median plantation
- Use of Biotechnology for waste management (Biodigester & vermicomposting)

B) Fauna Conservation Programs

- Creation of Butterfly Zones
- Bird habitat improvement Program
- Snake conservation program
- Care for Nature Program to protect injured bird and other animals

C) Biodiversity Awareness program

- Provision of Tree/ Bird Boards
- Class room / Floor walk biodiversity awareness sessions for employee
- Nature Track for employees for understanding & watching nature
- E-communication/ posters/mailers/ writing articles & short communications in magazine @ TCS



Figure 39 : Greenhouses at Yantra Park, Deccan Park and Shollinganallur; use bio-fertilizers such as vermicompost and sludge from our bio-digester plant and sewage treatment plant



Figure 40 : Medicinal gardens with 500 herbs belonging to 25 species including some very rare and endangered ones, at Yantra Park and Mangaldas campuses



Figure 41: Nest boxes and images of eggs, chicks and juveniles ready to take off



Figure 42 : A common rat snake caught on campus and released in Yoor forests



Figure 43 : Vermicomposting pits at different TCS facilities

Employee Engagement

Employees' buy-in is essential to the success of Environment Management program at TCS. TCS' Environmental Policy aims to create greater awareness among employees on pressing issues like pollution, deforestation, global warming, depletion of non-renewable resources, e-waste disposal and bio-diversity awareness.

Recruits are trained on TCS' Environmental Policy during the Initial Learning Program (ILP). In addition, we organize refresher training – both, instructor-led and web-based, screen movies, arrange floor meetings, hold environmental awareness week, display posters and wallpapers and send mailers on the environment, and provide eco-footprint and carbon-footprint calculators on our Intranet. In 2009-10, over 100,000 associates and contractors participated in the classroom sessions, floorwalks, awareness campaigns and web based training.

Eco Sustainability Services

Having succeeded in reducing our own impact on the environment, TCS is keen to have a larger impact on this global issue by helping other organizations do the same. In addition to reducing the carbon impact of their data centers and other distributed IT assets, organizations can use IT to reduce inefficiencies in energy consumption along their entire value chain, thereby reducing emissions (and costs). Analysts estimate that IT-led interventions could potentially reduce carbon emissions by 15% by 2020, which could translate into an economic benefit of US\$ 600 billion for those using IT to enable a low-carbon transition.

In order to address this market need, TCS has set up an Eco-Sustainability Services unit. Some of the services offered by this unit are summarized below:

- Green IT initiatives at the data-center level to help clients reduce the carbon emissions from their IT operations
- Analysis of the supply chain to identify carbon hotspots and address them through a structured approach involving supplier management, migration to low-carbon logistics and identifying carbon-friendly substitutes where necessary

- Green product engineering solutions that address choice of materials, weight optimization and packaging for lower carbon footprint.
- Smart grids – that allows for micro generation, demand side energy management, efficient integration of energy from different sources and reduction of T&D losses
- Eco-footprinting and carbon accounting will enable companies to manage their data gathering, reporting and compliance requirements
- Eco-efficient infrastructure will ensure that buildings and factories minimize their carbon footprints
- Eco-awareness and education is critical to develop and implement a successful green business strategy through active engagement and alignment of organizations and its internal stakeholders.

Some early successes of this unit include:

- Green data centre for a leading Indian telecom service provider
- Eco-footprinting for the India operations of one of the world's leading financial institutions
- Green supply chain for a leading global chemicals company
- Product weight optimization for a Tier 1 supplier to the automotive industry
- Smart grid - IT systems design for a US power utility in North East USA
- Life cycle assessment for bio-plastics migration for a consumer product of a FMCG major

In addition, TCS has developed a GIS-based Forest and Biodiversity Management System and the award-winning Tsunami Early Warning System for the Indian government.

GRI Index

	GRI References	UNGC Principles	Reported	Report Reference/Reason for Omission	Page
Strategy and Analysis	1.1 CEO Statement		Fully	CEO'S Message	4
	1.2 Key Impacts		Fully	Sustainability of Business Performance	23
Organisation Profile	2.1 Name of reporting organisation		Fully	Organisational Profile	7
	2.2 Major brands and products		Fully	Organisational Profile	7
	2.3 Operational structure		Fully	Structured for Agility	29
	2.4 Location of headquarters		Fully	Contacts	79
	2.5 Countries of operation		Fully	Global Footprint	8
	2.6 Nature of ownership and legal form		Fully	Organisational Profile	7
	2.7 Markets served		Fully	Global Footprint	8
	2.8 Scale of organisation		Fully	TCS by numbers	9
	2.9 Major changes to operation		Fully	Organisational Profile	7
	2.10 Awards received in Reporting Period		Fully	Awards and Recognitions	10
Report Parameters	3.1 Reporting period		Fully	About the Report	2
	3.2 Date of previous report		Fully	FY 2008-09	2
	3.3 Reporting cycle		Fully	About the Report	2
	3.4 CR Contact person		Fully	Contacts	79
	3.5 Defining report content		Fully	About the Report	2
	3.6 Boundaries of report		Fully	About the Report	2
	3.7 Limitations on report scope		Fully	About the Report	2
	3.8 Basis for reporting on joint ventures		Fully	Organisational Profile	7
	3.9 Data measurement techniques		Fully	About the Report	2
	3.10 Restatements of information		Fully	There has been no restatement of information provided in earlier report	
	3.11 Significant changes from previous report		Fully	There have been no significant changes from previous report.	
	3.12 Tables for standard disclosures		Fully	GRI Index	68
	3.13 Assurance		Fully	External Assurance	75
Governance, Commitments and Engagement	4.1 Governance structure		Fully	Corporate Governance	17
	4.2 Chair / executive officer status		Fully	Avoidance of Conflict of Interest	18
	4.3 Number of independent / non-executive members		Fully	Corporate Governance	17
	4.4 Mechanisms for providing recommendations		Fully	Corporate Governance	20, 21
	4.5 Link between compensation and performance		Fully	Corporate Governance	21
	4.6 Process to address conflict of interest		Fully	Corporate Governance	18
	4.7 Determining board qualifications		Fully	Corporate Governance	20
	4.8 Internal mission / values statement		Fully	Serving as an Ethical Exemplar	44
	4.9 Board identification of opportunities, risks, performance		Fully	Corporate Governance	18
	4.10 Evaluating board performance		Fully	Corporate Governance	21
	4.11 Precautionary principle	Principle 7	Fully	Environmental Impact	53
	4.12 External initiatives endorsed		Fully	Corporate Governance	17
	4.13 Principal membership		Fully	Stakeholder Engagement	12
	4.14 List of stakeholders		Fully	Stakeholder Engagement	12
	4.15 Basis for identification		Fully	Stakeholder Engagement	12
	4.16 Approaches to engagement		Fully	Stakeholder Engagement	12
	4.17 Key issues raised through engagement		Fully	Key Sustainability Topics	13

	GRI References	UNGC Principles	Reported	Report Reference/Reason for Omission	Page
Disclosure of Management Approach	Economic		Fully	Sustainability of Business Performance	23
	Economic performance		Fully	TCS by numbers, Competitive compensation model	9,38,53
	Market presence		Fully	Local Recruitment outside India, Local subcontractors	35, 38
	Indirect economic impacts		Fully	Direct and Indirect economic impact, Corporate Social Responsibility	42, 46
	Environment		Fully	Environmental Impact	53
	Materials		Fully	Materials used by weight or volume	60
	Energy		Fully	Energy performance, Eco-sustainability services	55, 66
	Water		Fully	Water Performance	58
	Biodiversity		Fully	Biodiversity Management programme	64
	Emissions, effluents and waste		Fully	GHG Emissions (Carbon footprint)	61, 62
	Products and services		Not	We do not report on this issue since the disclosure as prescribed by GRI Guidelins is not applicable to our business since we are a services company having no physical products which require packaging and our services do not have environmental impacts that need to be mitigated	
	Compliance		Fully	We fully comply with all the legal and other requirements as per environmental laws, regulations and guidelines applicable to TCS and voluntarily adopted by us. To strengthen the global compliance requirements TCS has appointed a Chief Compliance Officer and constituted a Compliance Committee, with members from various functions involved the Chief Compliance Officer reports to the Board of Directors on a quarterly basis, which also includes compliance with respect to environment. There have been no sanctions for non-compliance for any of our facilities for FY 2009 -10	
	Transport		Fully	GHG Emissions (Carbon footprint)	61
	Overall		Fully	Environmental Expenditure	54
	Labour Practices		Fully	Supplyside Sustainability	33
	Employment		Fully	Diversifying the Talent Pool, Talent Retention	34, 36
	Labor/management relations		Fully	Competitive Compensation Model, Supplyside sustainability	38,33
	Occupational health and safety		Fully	Occupational Health and Safety	39,40
	Training and education		Fully	Learning & Development	37
	Diversity and equal opportunity		Fully	Diversifying the talent pool, Supplyside sustainability	33,34,35
	Human Rights		Fully	Serving as an Ethical Exemplar	44
	Investment & procurement practices		Not	We adhere to the Tata Code of Conduct which includes clauses on Human Rights for our screening of investment agreements whenever there is any significant investment agreement. We also train our suppliers and contractors on matters pertaining to Human Rights. We are in the process of setting up a monitoring mechanism as per GRI requirements. We expect to report on this indicator by FY 2013. http://www.tcs.com/SiteCollectionDocuments/About%20TCS/TCS_CodeofConduct_Oct-2008.pdf	

	GRI References	UNGC Principles	Reported	Report Reference/Reason for Omission	Page
	Non-discrimination		Fully	Learning & Development	37
	Freedom of association and collective bargaining		Fully		
	Child labor		Not	Supplieside sustainability We do not report on this issue as the disclosure is not material to our business because we are a technology company and employ only qualified professionals. We have adequate monitoring mechanism in place through our Chief Compliance Officer to ensure that at each facility no child labour is employed by our contractors	33
	Forced and compulsory labor		Not	We do not report on this issue as the disclosure is not material to our business since the nature of our operations does not entail forced or compulsory labour in any way. All our employees are recruited through a stringent selection process purely based on merit with no element of force or compulsion.	
	Security practices		Fully	We have a robust management system that ensures safe and secure operations, conducts awareness trainings with respect to security and human rights, as well as periodic audits to identify gaps and ensure compliance. All our security personnel are provided training on interpersonal aspects during their induction	
	Indigenous rights		Not	We do not report on this issue as the disclosure is not material to our business since we operate out of urban locations and designated "Special Economic Zones" which are not close to dwellings of any indigenous people	
	Society		Fully	Corporate Social Responsibility	46
	Community		Fully	Direct and Indirect Economic Impact	42
	Corruption		Fully	Serving as an Ethical Exemplar	44
	Public policy		Fully	Apolitical Stance	45
	Anti-competitive behavior		Fully	Sustainability of Business Performance	24
	Compliance		Fully	Sustainability of Business Performance	24
	Product Responsibility		Fully	Best-in-class Quality	
	Customer health and safety		Not	We do not report on this issue since the disclosure as prescribed by GRI Guidelines is not applicable to our business as we are a services company having no products which affect customer health and safety	26,27
	Product and service labelling		Not	We do not report on this issue as the disclosure as prescribed by GRI Guidelines is not applicable to our business since our services are based on customer requirements with no associated labelling	
	Marketing communications		Fully	Sustainability of Business Performance	24
	Customer privacy		Fully	Sustainability of Business Performance	24
	Compliance		Fully	Stakeholder engagement	12

	GRI References	UNGC Principles	Reported	Report Reference/Reason for Omission	Page
Performance Indicators					
Economic					
	EC1 (core) Economic profile	Principle 7	Fully	TCS by Numbers	9
	EC2 (core) Financial effect of climate change		Fully	Environmental Impact	53
	EC3 (core) Pension plan obligations		Fully	Competitive Compensation Model	38
	EC4 (core) Financial assistance from government		Fully	None received in FY 2010	
	EC5 (additional) Wage comparison	Principle 6	Fully	Competitive Compensation Model	38
	EC6 (core) Practices for spending on local suppliers		Fully	Local Subcontractors	36
	EC7 (core) Hiring policy – locality of senior management		Fully	Local Recruitment outside India	35
	EC8 (core) Infrastructure investments		Fully	Corporate Social Responsibility	46
	EC9 (additional) Indirect economic impacts		Fully	Direct and Indirect economic impact	42
Environmental Performance Indicators					
	EN1 (core) Materials used by weight or volume	Principle 8	Fully	Material Consumption	60
	EN2 (core) Percentage of materials used that are recycled input materials	Principles 8 & 9	Fully	None	
	EN3 (core) Direct energy consumption by primary energy source	Principles 8 & 9	Fully	Energy performance	55
	EN4 (core) Indirect energy consumption by primary source.	Principles 8 & 9	Fully	Energy performance	55
	EN5 (additional) Energy saved due to conservation and efficiency improvements	Principles 8 & 9	Fully	Energy performance	55
	EN6 (additional) Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	Principles 8 & 9	Fully	Eco-Sustainability Services	66
	EN7 (additional) Initiatives to reduce indirect energy consumption and reductions achieved	Principles 8 & 9	Fully	Energy performance	55
	EN8 (core) Total water withdrawal by source	Principle 8	Fully	Water Performance	58
	EN9 (additional) Water sources significantly affected by water withdrawal	Principle 8	Fully	Water Performance	58
	EN10 (additional) Percentage and total volume of water recycled and reused	Principles 8 & 9	Fully	Water Performance	58
	EN11 (core) Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		Fully	None	
	EN12 (core) Description of significant Impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		Fully	None	
	EN13 (additional) Habitats protected or restored	Principle 8	Fully	Biodiversity Management programme	64
	EN14 (additional) Strategies, current actions, and future plans for managing impacts on biodiversity.	Principle 9	Fully	Biodiversity Management programme	64
	EN15 (additional) Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		Fully	None	
	EN16 (core) Total direct and indirect greenhouse gas emissions by weight	Principle 8	Fully	GHG Emissions (Carbon footprint)	61
	EN17 (core) Other relevant indirect greenhouse gas emissions by weight	Principle 8	Fully	GHG Emissions (Carbon footprint)	61

	GRI References	UNGC Principles	Reported	Report Reference/Reason for Omission	Page
	EN18 (additional) Initiatives to reduce greenhouse gas emissions and reductions achieved.	Principles 7, 8 & 9	Fully	GHG Emissions (Carbon footprint)	61
	EN19 (core) Emissions of ozone-depleting substances by weight.	Principle 8	Fully	Ozone Depleting Substances	62
	EN20 (core) NOx, SOx, and other significant air emissions by type and weight	Principle 8	Fully	Other Emissions	62
	EN21 (core) Total water discharge by quality and destination.	Principle 8	Fully	Waste Management	62
	EN22 (core) Total weight of waste by type and disposal method.	Principle 8	Fully	Waste Management	62
	EN23 (core) Total number and volume of significant spills.		Fully	None	
	EN24 (additional) Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally		Fully	None	
	EN25 (additional) Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff		Fully	None	
	EN26 (core) Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Principles 8 & 9	Fully	TCS is a services company having no physical products which require packaging and our services do not have environmental impacts that need to be mitigated	
	EN27 (core) Percentage of products sold and their packaging materials that are reclaimed by category	Principles 8 & 9	Fully	TCS is a services company. Our operations do not involve the use of packaging materials.	
	EN28 (core) Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.		Fully	There have been no monetary fines or sanctions for non-compliance for any of our facilities for FY 2009 -10	
	EN29 (additional) Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce		Fully	GHG Emissions (Carbon footprint)	61
	EN30 (additional) Total environmental protection expenditures and investments by type	Principle 8	Fully	Environmental Expenditure	54
Labor Practices and Decent Work	LA1 (core) Workforce breakdown by region / type		Fully	Diversifying the talent pool	34
	LA2 (core) Number and rate of employee turnover	Principle 6	Fully	Talent Retention	36
	LA3 (additional) Minimum benefits to employees		Fully	Competitive Compensation Model	38
	LA4 (core) Collective bargaining agreements		Fully	Supplieside Sustainability	33
	LA5 (core) Notice period and consultation procedures	Principle 3	Fully	Supplieside Sustainability	33
	LA6 (additional) Percentage of workforce represented in health and safety committees	Principle 1	Fully	Occupational Health and Safety	39

	GRI References	UNGC Principles	Reported	Report Reference/Reason for Omission	Page
	LA7 (core) Rates of injury, lost days, absenteeism by region	Principle 1	Fully	Occupational Health and Safety	39
	LA8 (core) Education policies on serious diseases	Principle 1	Fully	Occupational Health and Safety	40
	LA9 (additional) Health and safety topics covered with trade unions		Fully	Occupational Health and Safety	40
	LA10 (core) Hours of training per year per employee		Fully	Learning & Development	37
	LA11 (additional) Skills management / lifelong learning initiatives		Fully	Learning & Development	37
	LA12 (additional) Percentage of employees receiving performance / career development review		Fully	Learning & Development	37
	LA13 (core) Composition of governance bodies and employees by gender, age, other indicators of diversity	Principle 6	Fully	Supplieside Sustainability	33, 35
	LA14 (core) Remuneration according to gender**	Principle 6	Fully	Diversifying the Talent Pool ** The ratio of basic salary of men to women is 1	34
Human Rights	HR1 (core) Human rights screening of significant investments	Principles 1 - 6	Not	We adhere to the Tata Code of Conduct which includes clauses on Human Rights for our screening of investment agreements whenever there is any significant investment agreement. However we are in the process of setting up a monitoring mechanism as per GRI requirements. We expect to report on this indicator by FY 2013. http://www.tcs.com/SiteCollectionDocuments/About%20TCS/TCS_CodeofConduct_Oct-2008.pdf	
	HR2 (core) Percentage of suppliers assessed for human rights screening	Principles 1 - 6	Not	We adhere to the Tata Code of Conduct which includes clauses on Human Rights and train our suppliers and contractors on the same. However we are in the process of setting up a monitoring mechanism as per GRI requirements. We expect to report on this indicator by FY 2013. http://www.tcs.com/SiteCollectionDocuments/About%20TCS/TCS_CodeofConduct_Oct-2008.pdf	
	HR3 (additional) Employee training on human rights	Principles 1 - 6	Fully	Learning & Development	37
	HR4 (core) Incidents of discrimination	Principles 1 & 6	Fully	None reported in FY 2010	
	HR5 (core) Violations of freedom / collective bargaining		Fully	None reported in FY 2010	
	HR6 (core) Operations identified at risk	Principles 1, 2 & 5	Fully	None of our operations have been identified as having significant risk for incidents of child labour for incidents of child labor	
	HR7 (core) Operations identified at risk None of our operations have been identified as having significant risk or incidents of forced or compulsory labour for incidents of forced & compulsory labor	Principles 1, 2 & 4	Fully		
	HR8 (additional) Percentage security personnel trained in human rights	Principles 1 & 2	Fully	100%	
	HR9 (additional) Incidents of violations of rights of indigenous people		Fully	None	

	GRI References	UNGC Principles	Reported	Report Reference/Reason for Omission	Page
Society	SO1 (core) Impacts of operations on communities	Principle 10	Fully	Direct & Indirect Economic Impact	42
	SO2 (core) Percentage of business units analysed for risks related to corruption		Fully	100%	
	SO3 (core) Percentage of employees trained in anticorruption mechanisms	Principle 10	Fully	100%	
	SO4 (core) Action against incidences of corruption	Principle 10	Fully	Serving as an Ethical Exemplar	44
	SO5 (core) Participation in public policy / lobbying		Fully	Apolitical Stance	45
	SO6 (additional) Amount contributed to parties		Fully	Apolitical Stance	45
	SO7 (additional) Legal actions on competition issues		Fully	None	
	SO8 (core) Fines for noncompliance with laws and regulations		Fully	None	
Product Responsibility	PR1 (core) Health & safety impact assessment	Principle 1	Fully	None. TCS is a services company. Our services do not carry any health and safety impacts.	
	PR2 (additional) Incidents of noncompliance		Fully	None. TCS is a services company. Our services do not carry any health and safety impacts.	
	PR3 (core) Product / service information and labelling		Fully	100% of the system documentation we provide as part of the services delivered is as per client requirements.	
	PR4 (additional) Information and labelling non-compliance		Fully	None. System documentation is not governed by any regulations.	
	PR5 (additional) Policy and compliance for customer satisfaction		Fully	Stakeholder Engagement	12
	PR6 (core) Procedures for advertising and promotion		Fully	Sustainability of Business Performance	24
	PR7 (additional) Advertising and promotion non-compliance		Fully	Sustainability of Business Performance	24
	PR8 (additional) Number of substantiated complaints relating to breaches of customer privacy regulations		Fully	Sustainability of Business Performance	24
	PR9 (core) Value of fines relating to breaches of customer privacy regulations		Fully	None	



KPMG (Registered)
Lodha Excelus
1st Floor, Apollo Mills Compound
N. M. Joshi Marg
Mahalakshmi
Mumbai - 400 011
India

Telephone +91(22) 3989 6000
Fax +91(22) 3983 6000
Internet www.in.kpmg.com

Independent assurance report to Tata Consultancy Services Limited's Corporate Sustainability Report 2009-10

KPMG was engaged by Tata Consultancy Services Limited, ('TCS') to provide assurance for its 2009-10 Corporate Sustainability Report ('the Report').

Assurance scope and limitations

The assurance is provided for the data and information under the limited assurance scope for the period 01 April 2009 to 31 March 2010. We have covered environmental and social performance indicators covered in the Report. Site visits were carried out to the following locations.

National Delivery Centers

- *Bangalore* – Jal-Dhara and Pioneer
- *Chennai* – Siruseri and Sholinganallur
- *Gurgaon* – TCS Towers and GG IV
- *Kolkata* – Delta Park Eden and Delta Park Lords
- *Mumbai* – Yantra Park and Gateway Park
- *Pune* – Nyati Tiara and Rajashree

International Offices

- *Chile* – Santiago
- *UK* - Redhill

Scope Limitations

- Data or information other than that covered in scope of work.
- Verification of economic performance indicators which were sourced from TCS's 2009-10 annual report.
- Data and information outside the reporting period
- Any statement indicating intention, opinion, belief and / or aspiration by TCS

Assurance standard and Independence

We conducted our work in accordance with:

- 'Limited Assurance' assurance requirements of International Federation of Accountants' (IFAC) International Standard for Assurance Engagements [ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information], and
- 'Type 2 Moderate Level' assurance requirements of AA1000 Assurance Standard 2008 by AccountAbility. Under this standard, we have reviewed the reliability and accuracy of sustainability performance data/information and evaluated TCS's adherence to the following AA1000 Accountability Principles 2008
 - Inclusivity: to assess if TCS has included stakeholders in developing and achieving an accountable and strategic response to sustainability
 - Materiality: to assess if TCS has included in its Report the material information required by its stakeholders to be able to make informed judgements, decisions and actions
 - Responsiveness: to assess if TCS has responded to stakeholder concerns, policies and relevant standards and adequately communicated these in the Report.

External Assurance



We conducted our engagement in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behavior. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence.

Assurance process

We obtained all the evidence, information and explanations that we considered necessary in relation to the assurance scope mentioned above. Our work included a range of evidence-gathering procedures which are explained below:

- Observations of TCS's stakeholder consultation processes and their methodology for determining the material issues;
- Interaction with the senior management, Sustainability core group at corporate office and senior and middle management at delivery centers;
- Checking the Report's contents to ascertain the application level criterion as mentioned in the Global Reporting Initiative's G3 Guidelines for Sustainability Reporting and UNGC Communication on Progress
- Assessment of report contents to ensure consistency with the requirements of the AA1000 AS 2008 principles;
- Assessment of systems and procedures used for data collection, collation and analysis;
- Visits to national delivery centers and international offices as described in the scope above;
- Review of the Report to ensure that there are no disclosures that are misrepresented or inconsistent with our findings.

Conclusions

Based on our review, nothing has come to our attention to indicate that the information contained in the Report is inconsistent with our findings as described below:

• Principle of Inclusivity

- TCS has deployed a process for identification and prioritization of stakeholders, well supported by an established mechanism of engagement with key stakeholders. TCS has also incorporated critical stakeholder recommendations based on the feedback received.
- The stakeholder engagement process at TCS is integrated and ongoing for both internal and external stakeholders through a mixture of structured and unstructured forms of engagement.

• Principle of Materiality

- TCS has placed equal importance to the economic, environmental and social bottom lines, while presenting the data and information in the Report. The Report provides adequate evidence on consistency in adopting sustainable business practices and reporting on the same.
- There is no case of material misinterpretation in terms of disclosures that may affect stakeholder's actions and behavior. TCS has provided adequate information on its approach towards tackling its key sustainability issues.

External Assurance



- **Principle of Responsiveness**

- TCS has deployed adequate resources towards managing sustainability performance of the company with appropriate governance mechanism at the board level. The Report extensively details TCS's approach to corporate governance and enterprise risk management.
- TCS has reported on the progress achieved in the year 2009-10 on its sustainability commitments along with goals and targets within a specific time frame.
- The report content has been derived using Global Reporting Initiative's G3 Guidelines and UNGC principles.

Other key observations

- TCS has demonstrated efforts towards reducing its carbon footprint during the reporting period.
- The process of identification of social initiatives and their implementation is consistent globally.
- There are goals and targets to improve environmental performance but is limited to Indian operations. TCS may consider expanding the scope to include international operations.
- TCS may consider metering of data such as water recycled and energy generated using DG sets to ensure robust data. TCS may consider improving internal controls on sustainability performance data and HSE teams and data owners can take lead in ensuring this.

Responsibilities

The Management of TCS is responsible for preparing the Report and the information and statements within it. TCS is responsible for identification of material sustainability issues; establishing and maintaining appropriate performance management and internal control systems; and derivation of performance data reported.

Our responsibility is to express our conclusions in relation to the assurance scope. We conducted our engagement with a multidisciplinary team including specialists in ISAE 3000, AA 1000 AS, stakeholder engagement, auditing environmental, social and financial information.

This report is made solely to the Management of TCS in accordance with the terms of our engagement. Our work has been undertaken so that we might state to TCS those matters for which we have been engaged to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than TCS for our work, for this report, or for the conclusions we have reached.

Arvind Sharma
Director
KPMG
30th May 2011



AA1000
Licensed Assurance Provider
000-25



Statement GRI Application Level Check

GRI hereby states that **Tata Consultancy Services** has presented its report "Corporate Sustainability Report 2009-10" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 27 June 2011

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Tata Consultancy Services as submitted this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.
www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 3 June 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

Contact

Corporate Headquarters:

TCS House, Raveline Street, Fort,
Mumbai 400 001

Maharashtra, India

Phone: +91-22-6778 9999 | Fax: +91-22-6778 9000 | www.tcs.com

Please email any feedback / queries to: corporate.sustainability@tcs.com

About Tata Consultancy Services (TCS)

Tata Consultancy Services is an IT services, consulting and business solutions organization that delivers real results to global business, ensuring a level of certainty no other firm can match. TCS offers a consulting-led, integrated portfolio of IT and IT-enabled infrastructure, engineering and assurance services. This is delivered through its unique Global Network Delivery Model™, recognized as the benchmark of excellence in software development. A part of the Tata Group, India's largest industrial conglomerate, TCS has a global footprint and is listed on the National Stock Exchange and Bombay Stock Exchange in India.

For more information, visit us at www.tcs.com

IT Services Business Solutions Outsourcing

All content / information present here is the exclusive property of Tata Consultancy Services Limited (TCS). The content / information contained here is correct at the time of publishing. No material from here may be copied, modified, reproduced, republished, uploaded, transmitted, posted or distributed in any form without prior written permission from TCS. Unauthorized use of the content / information appearing here may violate copyright, trademark and other applicable laws, and could result in criminal or civil penalties.

Copyright © 2011 Tata Consultancy Services Limited