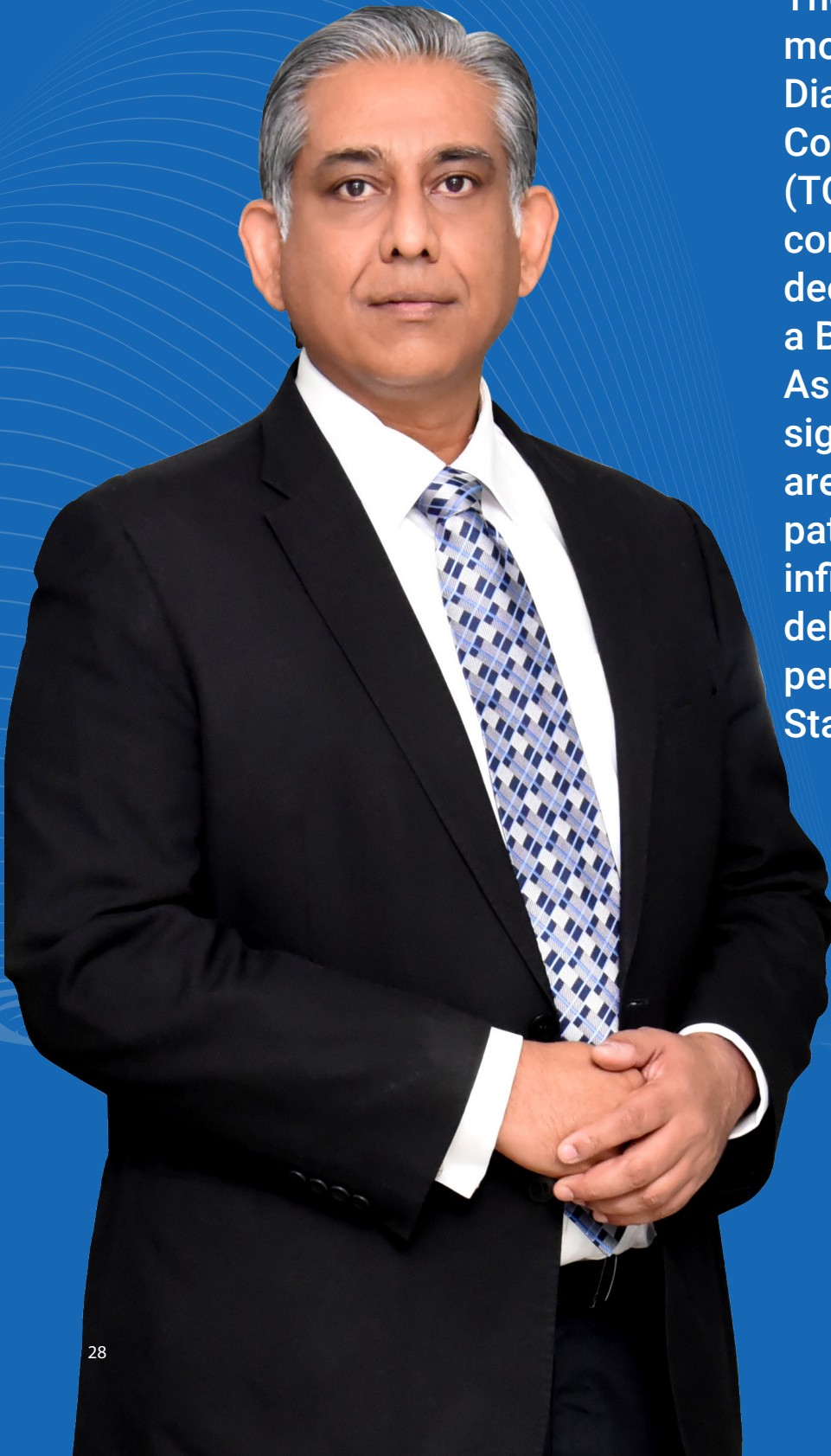


Managing Director's Statement



“ The year 2022 is a momentous year, the Diamond Jubilee of Tata Consulting Engineers (TCE) marking the completion of six decades of “Engineering a Better Tomorrow”. As we celebrate this significant milestone, we are also busy charting the pathway for engineering infinite possibilities and delivering exceptional performance to all our Stakeholders. ”

Amit Sharma
Managing Director & CEO

Engineering Infinite Possibilities

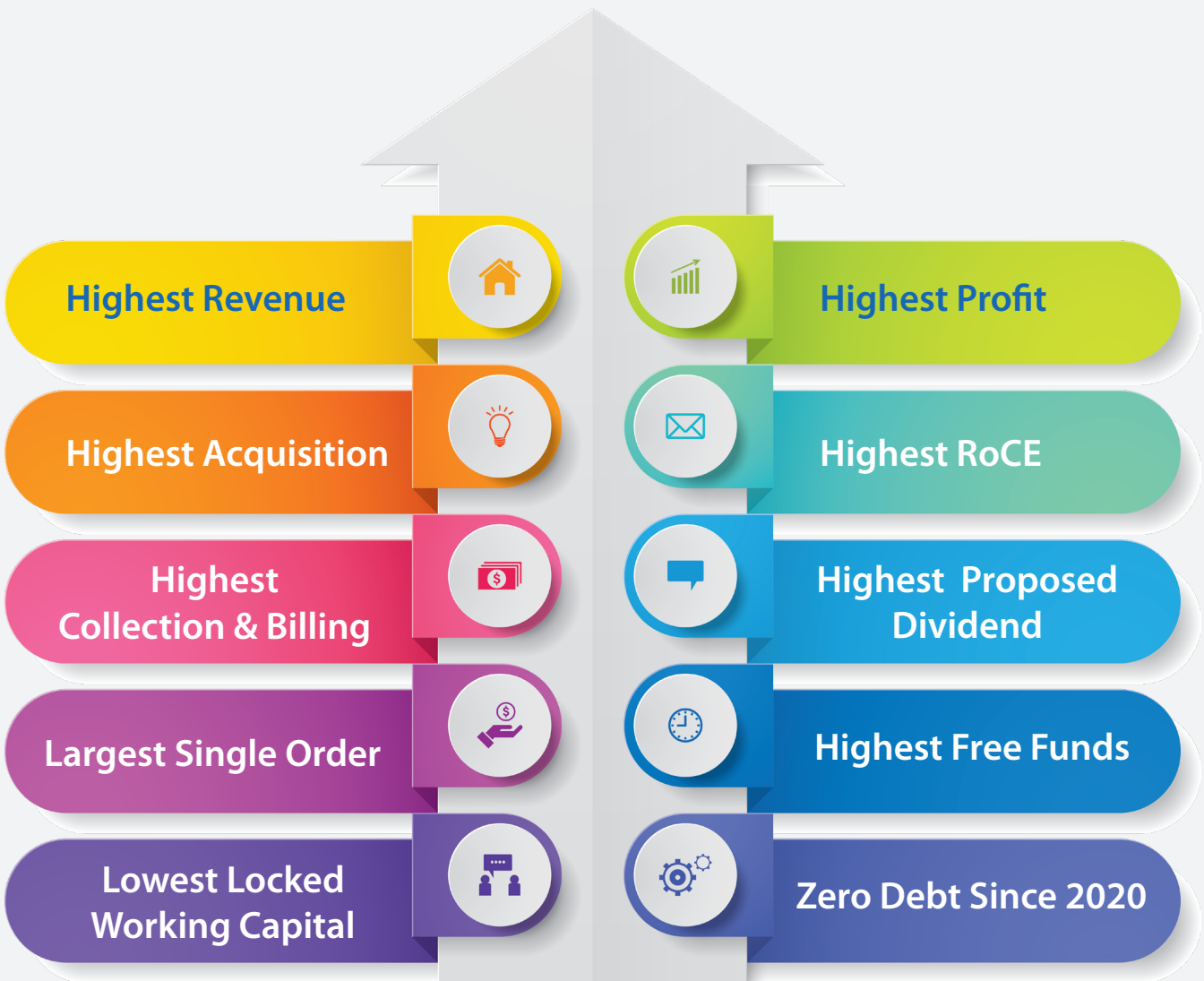
The year 2022 is a momentous year, the Diamond Jubilee of Tata Consulting Engineers Limited (TCE) marking the completion of six decades of “Engineering a Better Tomorrow”. As we celebrate this significant milestone, we are also busy charting the pathway for engineering infinite possibilities and delivering exceptional performance to all our Stakeholders.

FY 2021-22 continued to test the determination and resilience of humanity with the continuing onslaught of the pandemic and the resulting lockdown. Our business continuity plans and the mettle of our people in facing adversity were put to test. I am proud to say that we emerged victorious and more decisive. We continued to pursue operational and people excellence initiatives, while

we implemented our long-term strategy and future growth bets. FY 2021-22 has been a year of benchmarks, records and TCE scaling new heights and milestones, indeed a testament to its strong six decades of existence, strong foundation and an urge to excel and perform better each year.

Delivering Strong Financial Results

Our excellent financial performance in FY 2021-22 is an outcome of our concerted efforts and commitment to deliver value to all our stakeholders. TCE this year clocked the highest ever total consolidated income of Rs 895 Cr as against Rs 707 Cr for FY 2021-22. The business acquisition for FY 2021-22 (Consolidated) stood at Rs 1948 Cr, the highest ever annual order wins in the company’s history.



Expanding Possibilities

- TCE delivered the best-ever sales order acquisition in a financial year aided by the largest consulting order win by an Indian consulting company. The order for Project Management Consultancy (PMC) Civil for the Mumbai - Ahmedabad High-Speed Rail (MAHSR), totalling Rs 1111 Cr is a significant milestone in TCE's excellence journey and nation building efforts, and continues to add to our list of the many "First time projects in India".
 - This year, TCE's domestic order acquisitions moved to 73% compared to 59% in FY 2020-21. The Chemicals and Infrastructure business fared well. The infrastructure cluster was significantly augmented by the acquisition of the MAHSR (TCE as a 51% consortium partner), which contributed to this sizeable overall domestic order acquisition share percentage (without this, the domestic share is 60%)
 - TCE achieved a higher PBT with careful monitoring of productivity, efficient utilisation of all resources, and lower costs related to business overheads. These measures helped the company achieve a PBT of Rs 173 Cr in FY 2021-22 against the target of Rs 168 Cr (consolidated with Ecofirst). The overall operating margins also met the budget.
 - TCE EBITDA margin improved to 23% in FY 2021-22 compared to 16.5% in FY 2020-21, RoE was ~22% compared to 12.7% in FY 2020-21, and ROCE was 30.5% in FY 2021-22 compared to 17.3% in FY 2020-21.
 - The increase in revenue directly impacted the PBT, with revenue increasing by 27% YoY. This year saw a rise in international deployments in Europe and the Middle East. It was supported by a strong impetus on infra projects in the sectors of Metro, transportation for high-speed rail, water sector, mass housing etc.
 - TCE recorded the best-ever collection in FY 2021-22, resulting in reduced interest impact and locked capital. As a result of this collection, TCE remains a debt-free company.
- India's Infrastructure story continues to dominate the government spending. However, it will require selective bidding to ensure viability; hence, fully funded and managed projects are targeted.
- The strong impetus in the Union Budget on Infrastructure and announcement of programs like Gati Shakti, HSR, Metros, Mass Housing, Tier 2 cities, Airports, Water, etc., have also further boosted the Infra business potential. The Plant Engineering and Design cluster, remains buoyant, with investments in Metals, Chemicals, Power boosted by demand due to global supply chain realignment, India localisation to balance China dependence, commodities boom and a tangible shift in the Green and renewable energy focus by industries across multiple value chains.
 - The shift to Electrification provides exciting opportunities in emerging areas of Hydrogen, Methanol, Ammonia, Energy Storage, Bio-Chemicals, Rare earths, and Metals to name a few. Our investments in building solutions, thought leadership, industry & academia connects, and relationships has already showed promising outcomes and we hope to remain relevant and a key player shaping and creating the future with industry innovators.
 - People are at the heart of TCE, our true asset. With a solid well-diversified delivery pipeline, the main challenge will be to inspire, train, hire and more importantly to retain our talent, especially with the post-pandemic talent scarcity and movement being witnessed across the industry. I am confident that we will mitigate the risk of rising attrition and nurture our talent with our training, hiring, planning, leadership development, compensation and deployment strategies, and ensuring that TCE provides the best project experience across its sectors to motivate and provide an exciting workplace and work environment to our talents.
 - Our people strategy focused on employee training, growth opportunities, market aligned compensation approach, policies enabling growth and innovation along with overall development, and towards providing exciting opportunities across the firm via rotation, redeployment, and better leveraging skills across projects.

Focusing on Strategic Growth

- With the global supply chain realignment due to China and dynamics of Europe, India is poised to take on more opportunities in Chemicals, Commodities and Pharma.

FY 2022-23 and Beyond

COVID19, China effect coupled with the ongoing events unfolding in Europe has fundamentally altered the macro-economics, future energy dynamics and global supply chain dynamics. This is further impacted by the inflationary environment. India's economic activity is reaching closer to pre-COVID19 levels. USA, UK, France, Germany and Middle East have also opened up for business operations; however it is still early to predict if the global economy shifts to low-carbon, and how the related investment decisions pan out. It is clear that there will be a more decentralised approach to energy and commodities related investments and a more balanced and resilient goods and supply chain decisions, which will open up significant opportunities across Power, Metals, Chemicals, Nuclear, Renewables, both in new greenfield and brownfield arenas. Infrastructure investments in India will continue to be spearheaded by the

government as a key economy and growth driver, coupled with investments by global and leading India based firms in sectors such as semiconductors, battery technologies and defence and pharma/healthcare.

TCE is also focused on being a key player in the Hydrogen Infrastructure, IIoT and Digital Asset Management, Carbon-free electricity for e-mobility, Digital Plant offerings, Plant Safety & Security and global large deals in Metals, Chemicals, Nuclear and Digital arena.

Sincerely yours

Amit Sharma

