



TCS/SE/10/2026-27

April 14, 2026

**National Stock Exchange of India Limited  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex, Bandra (East)  
Mumbai - 400051  
Symbol - TCS**

**BSE Limited  
P. J. Towers,  
Dalal Street,  
Mumbai - 400001  
Scrip Code No. 532540**

Dear Sirs,

**Sub: Transcript of the earnings conference call for the quarter and year ended  
March 31, 2026**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call for the quarter and year ended March 31, 2026, conducted after the meeting of Board of Directors held on April 9, 2026, for your information and records.

The above information is also available on the website of the Company: [www.tcs.com](http://www.tcs.com).

Thanking you,

Yours faithfully,

For **Tata Consultancy Services Limited**

**Yashaswin Sheth  
Company Secretary  
ACS 15388**

Encl: As above

## **TATA CONSULTANCY SERVICES**

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Corporate Identity No. (CIN): L22210MH1995PLC084781

**Tata Consultancy Services Limited**  
Financial Results Q4 & Full Year FY 2026 Conference Call  
April 09, 2026, 19:00 hrs IST (08:30 hrs US ET)

**Moderator:** Ladies and gentlemen, good day and welcome to the TCS Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Nehal Shah, Head of Investor Relations at TCS. Thank you and over to you.

**Nehal Shah:** Thank you, operator. Good evening and welcome everyone. Thank you for joining us today to discuss TCS's financial results for the fourth quarter and full year FY2026 that ended on March 31st, 2026. This call is being webcast to our website and an archive including the transcript will be available on the site for the duration of this quarter.

The financial statements, quarterly fact sheets and press releases are also available on our website. Our leadership team is present on this call to discuss our results. We have with us today Mr. K Krithivasan, Chief Executive Officer and Managing Director.

**K Krithivasan:** Hi everyone.

**Nehal Shah:** Ms. Aarthi Subramanian, Chief Operating Officer and Executive Director.

**Aarthi Subramanian:** Good evening, everyone.

**Nehal Shah:** Mr. Samir Seksaria, Chief Financial Officer.

**Samir Seksaria:** Hello everyone.

**Nehal Shah:** And Mr. Sudeep Kunnumal, Chief HR Officer.

**Sudeep Kunnumal:** Hello everyone.

**Nehal Shah:** Our management team will give a brief overview of the company's performance followed by a Q&A session. As you are aware, we don't provide any specific revenue or earnings guidance, and anything said on this call which reflects our outlook for the future or which could be construed as a forward-looking statement must be reviewed in conjunction with the risk that the company faces.

We have outlined this risk in the second slide of the quarterly fact sheet available on our website and email out to those who have subscribed on our mailing list.

With that, I would like to turn the call over to Krithi.

**K Krithivasan:** Thank you, Nehal.

Good day everyone and thank you for joining us today.

I would like to open with five key messages for the quarter and the year:

1. **First, about Q4** – We are very pleased to announce third consecutive quarter of sequential growth. We delivered a strong **1.2% sequentially on a constant currency (CC)** basis, in the backdrop of intensifying geopolitical conflicts and macro-economic uncertainty. This momentum was broad based across major markets, with North America growing **1.4% QoQ**, UK growing **2.4% QoQ** and Europe growing **1.0% QoQ in CC**. Most of the industry segments also grew.

Our order book performance was also very strong in Q4, with **\$12 billion** in TCV including **three mega deal wins** from Marks and Spencer, a leading telecom operator in the UK, and a leading American healthcare & pharmacy retailer. This underscores the

strength of our five pillar strategy and our AI-led positioning across services.

2. **Second key message is on our client metrics** – You will see from the factsheet that every revenue band saw healthy additions this quarter after a gap of about 2 years, which speaks to the early signs of stability and growth returning to our mid-sized and large accounts. The number of accounts where we generate more than \$100 million annually increased by **4** QoQ, bringing the total to **66**; we added **3** more clients in the \$50 million+ band, bringing the total to **139**; and **14** more clients in the \$1 million+ band bringing the total to **1,397** from last quarter.
3. **Third message is on the announcement of salary increments.** We have announced annual salary increments for our eligible associates across all grades, effective April 1.
4. **Fourth is the momentum we see in our AI Services**, which continued to accelerate impressively, standing at **US\$2.3 billion** on an annualized basis.
5. **Lastly, the promise we see in our HyperVault Business** – which has made significant progress this quarter on its journey to build out 1 GW of capacity. This includes winning customer commitments, land parcel finalizations and partnering agreements. We are actively engaging across the full ecosystem of—hyperscalers, semiconductor companies, and model providers, while TCS is the integration partner across infrastructure, engineering, and AI-led services. Demand signals remain strong and are translating into structured engagements and commitments, positioning TCS at the forefront of this build-out. As we progress, this infrastructure layer is forming the foundation of TCS’s full spectrum play from infrastructure to intelligence.

Coming to our full year performance, even though our FY 2026 revenue **declined by 2.4%** in constant currency, we delivered a strong **\$40.7B in TCV including 5 mega deals**. We maintained a strong focus on execution to deliver an operating margin of **25%**. This is the highest operating margin achieved in the last 4 years.

As enterprises navigate increasing complexity across technology, operating models, and business transformation, the role of trusted System Integrators has become even more vital. Clients are looking for partners who can bring deep technology excellence, strong enterprise and industry context, and take end-to-end accountability with confidence on outcomes and ROI. In FY26, TCS was uniquely positioned to meet these expectations through sustained investments in AI led engineering, a highly skilled and scalable talent base, differentiated solutions, and a strong partner ecosystem. This has translated into the major highlights I talked about earlier, broad based client additions across revenue bands, strong TCV, and continued momentum in large deals, with clients showing greater willingness to commit to long term, multiyear, multimillion dollar partnerships reflecting the trust they place in TCS to deliver certainty and value at scale over extended transformation journeys.

I will now invite Samir, Aarthi and Sudeep to go over different aspects of our performance during the quarter.

I will step in later to provide more colour on the demand trends we are seeing in our key verticals and our outlook for the next year. Over to you, Samir.

**Samir Seksaria:** Thank you, Krithi. Good day to all.

I will start with the commentary on the recent quarter and then proceed to the Full year numbers.

In the **fourth quarter of financial year 2026**, our revenue was **₹70,698 crore**, which is a quarter-on-quarter growth of **5.4%**. In dollar terms, revenue was **\$7.621 billion**, a quarter-on-quarter growth of **1.5%**. In constant currency, we had a sequential revenue growth of **1.2%**.

Our Q4 operating margin stood at **25.3%**, a sequential increase of **10 basis points**.

During the quarter, we saw an improvement in realizations driven by continued focus on value-led delivery. Currency was also supportive during the quarter, providing a translation tailwind. These factors contributed to a benefit of around **40 basis points and 110 basis points respectively**.

Consistent with the '**Build-Partner-Acquire**' strategy we shared at our Analyst Day, we consciously reinvested these tailwinds back into strengthening our capabilities and growth engines.

- Under '**Build**', we saw **higher external consultants' cost of 40 basis points**, to capture the demand and to ensure delivery timelines and quality were protected while we continue to scale internal capabilities.

In parallel, we made **targeted interventions** in critical talent, certifications, upskilling and creation of niche delivery pods. These investments are aimed at building a scalable, future-ready AI delivery model that straddles the entire stack across our Infrastructure to Intelligence strategy layout. Also, the ingoing impact of the **India wage code** is included. Together these two accounted for an impact of **40 basis points**.

- Under '**Partner**', we stepped up investments in **ecosystem partnerships**, reflected in multiple announcements such as OpenAI,

AMD and ServiceNow made during the quarter. These investments are focused on industrialising AI solutions, increasing cross-sell opportunities, and improving speed-to-value for clients through deeper hyperscaler and platform collaboration.

We also increased **go-to-market activity**, with higher participation in client events, showcases and industry forums. This is directly linked to expanding demand pipeline and improving conversion by demonstrating our AI and platform-led offerings. Together, these two accounted for a margin impact of **50 basis points**.

- Finally, aligned to ‘**Acquire**’, we incurred **integration-related investments** of approximately **10 basis points**, as we embedded acquired capabilities into our operating model. This included talent alignment, platform integration, go-to-market enablement and delivery readiness, all aimed at accelerating synergy realisation and scaling new offerings.

Net margins for Q4 were **19.4%**, and our EPS grew **12.2% YoY**.

Our accounts receivable stood at **74 DSO** in dollar terms for Q4, down **2** days sequentially.

Our cash conversion this quarter continues to be strong, exceeding 100% of our net profits. Net cash from operations was \$1.6 billion, which is 106.7% of our net income.

Invested funds at the end of the period stood at **\$5.3 billion**.

Coming to the full year **FY26**, our revenue was **₹267,021 crore**, which is a growth of **4.6%** on a YoY basis. In dollar terms, the reported revenue was **\$30.017 billion**, a decline of **0.5%**. In Constant currency terms, revenue declined **2.4% YoY**.

For FY26, our operating margin was **25%**, an **expansion of 70 basis points** over the prior year, and at a 4-year high.

The operating margin for the year excludes a few one-off items recognised during this year. These exceptional items relate to severance-related expenses, legal provisions, and the impact of changes in India wage code.

Net margins for FY26 were **19.8%** and our EPS grew **8.8% YoY**.

Our effective tax rate for the year was **24.6%**.

Going forward, we will continue our investments to maximise growth. Our operational rigor will continue to focus on optimizing margins, robust cash conversion and strengthening the balance sheet.

We remain firmly committed to returning substantial free cash flow to shareholders through a consistent and shareholder friendly dividend policy, while prudently expanding investments under the 'Build-Partner-Acquire' framework to strengthen long-term growth.

The Board has recommended a final dividend of **₹31** per share, taking the total dividend for the year to **₹110**.

I would now like to invite Aarthi.

**Aarthi Subramanian:** Thank you, Samir. Good evening to all of you.

FY26 was a pivotal year for enterprise AI adoption across industries. For the first time since the advent of GenAI in late 2022, the shift from experimentation to scaled AI deployment showed a marked improvement last year. AI became a core part of our every customer conversation and solutioning, creating a tailwind for enterprise adoption. In Q4, our annualized AI revenues surpassed **\$2.3 billion**, driven by the accelerated deployment of AI solutions across industries.

We experienced strong deal momentum across new services in Enterprise Transformation, Digital Engineering, and Cloud Modernization. Our HyperVault business has made significant progress since the announcement in October 2025.

Last quarter, I spoke about our two-pronged approach to engaging deeply with our customers on AI. One, to help them ‘Get ready with AI’, and two, to partner with them to ‘Lead with AI’. Let me share more detailed updates on both these areas.

### **Get AI Ready**

While our customers want to accelerate AI adoption, their current enterprise stack lacks the readiness for what it takes to scale. We are working with our customers to address this gap by upgrading their infrastructure to be scalable and secure, modernizing their core applications and setting up modern data foundation. Significant part of the technology spend is being invested in these areas.

Let me share a few examples:

- TCS modernized mission-critical crew management systems using Generative AI for a European Airline. We reverse-engineered complex legacy systems to reconstruct the core business logic embedded in these systems. This modernization was powered by Google Gemini platform. The airline now has a scalable foundation to build new-age crew operations solution.
- For a car rental company in US, we executed a complex, high-stakes legacy data warehouse migration, moving over 20 terabytes of mission-critical data to a Modern Data platform. This program decommissioned their legacy systems delivering an estimated \$2.5

million in savings but more importantly, it established a scalable data foundation for them to Get Ready for AI.

### **Lead with AI**

To help our customers implement AI in their context, we have created an AI acceleration playbook – Innovate with AI, Build with AI and Scale with AI. This year, we deployed this playbook across a significant number of our customers to solve high-value business problems in rapid deployment cycles of 12-16 weeks.

- For a leading utility company in the US, we conducted CxO-level AI immersion programs to identify challenges that can be best solved with AI. We also built their Enterprise AI Platform which provides a secure scalable foundation to industrialize AI adoption.

Physical AI deployment is also gaining traction in industrial sector. Digital twins, computer vision, quadruped-based solutions are driving efficiencies, throughput and safety.

- For an electronics manufacturer, in their fabrication facilities, we are integrating NVIDIA Omniverse-driven digital twins with autonomous quadruped-based inspection systems. This Physical AI solution is driving better construction accuracy and proactively identifies safety hazards.

### **Services transformation**

Redefining every service line is central to our Five-pillar strategy. TCS has created a services re-design framework which we call our ‘Human + AI’ Service autonomy model. This model integrates service line specific industry leading tools which are integral to delivering value in the customer context.

This is resonating well with our customers as it provides a well-defined framework for consistent deployment across the enterprise. We are taking AI-led re-designed services proactively to our existing customers and new prospects.

In last 2 years, AI model capabilities have evolved tremendously and rapidly. Yet there is a gap in enterprises realizing the true potential of these technologies. One of the challenges our customers face is that they have invested in these tools but have not yet reaped the expected productivity benefits. Our goal is to systematically help our customers address these gaps with our 'Human + AI' Service autonomy model.

- For a retailer in UK, we deployed the AI-Engineering framework with agents through the software lifecycle from translating unstructured requirements into structured specifications as well as executing spec-driven coding, testing, and deployment. Our 'Human+AI' approach accelerated software delivery and reduced the deployment cycle time by about 40%.

Business process services is becoming a fast adopter of Agentic AI. We are working with multiple customers on their AI-led GBS transformation.

- For a steel major, TCS proactively deployed AI agents in procurement bid management process, resulting in order to invoice cycle reducing from 28 days to under 10 days.

In FY26, all next-gen services delivered strong growth across industries and markets, backed by our continued investments in AI, talent, and innovative solutions.

## **Partnerships**

In FY26, we invested significantly in strengthening our AI partnerships. This includes Enterprise partners, Hyperscalers, Deep Tech AI native partners and domain specific partners.

In Q4, we forged several strategic partnerships that have expanded our joint collaboration, this includes a partnership with ServiceNow, Google Cloud and ABB.

With Open AI, we announced a partnership spanning multiple high-impact areas - empowering Tata group employees with ChatGPT enterprise, building industry specific agents, Joint go to market initiatives and creating a state-of-the-art AI infrastructure.

## **HyperVault**

Finally, I would like to provide an update on TCS HyperVault.

Our engagements with hyperscalers and frontier AI model companies have moved beyond early exploration into design alignment, security frameworks, site due diligence, and commercial structuring. We see the demand converging around large, anchor AI workloads in the 100–200 MW range per customer.

HyperVault has aligned a deep partner ecosystem, including Tata Power, Tata Projects, Tata Communications as well as GE, Honeywell, ABB, Siemens, and many of our customers to cover EPC, power, cooling, controls, network and security.

Some of the key announcements we made this quarter are:

- We have partnered with Open AI to build 100 MW capacity, with an option to scale to 1 GW.

- In collaboration with AMD, we are combining their world class “Helios” rack-scale AI architecture with Tata group synergies to create high density AI capacity in India.
- We signed an MOU with ABB to strengthen collaboration across IT infrastructure and applications, digital and industrial AI initiatives, data centres, and other emerging technologies.

In summary, FY26 saw a good momentum on AI and new services. As we move into FY27, we will continue to accelerate deployment of our five-pillar AI strategy. We are well positioned to support our customers with a deep knowledge of the enterprise context that we possess and our ability to integrate AI into the customer business and technology landscape to create customer value.

Thank you. I would now like to hand over to Sudeep.

**Sudeep Kunnumal:** Thank you, Aarthi. Good evening, all of you.

At the outset, I would like to thank all our employees and their families stationed in West Asia for their utmost dedication and resilience during these tough times.

All our employees and their families in the Middle East are safe and we are in constant touch with them providing the necessary support.

At the end of March 2026, our global headcount stood at **584,519**, with associates from **149 nationalities of whom 35.2% are women**.

We have announced Annual increments to all eligible employees across grades, effective April 1, with top performers getting double digit increase.

We are focused on building a future-ready organization by strategically hiring both fresh graduates and experienced professionals. Our

recruitment efforts have been concentrated on individuals with expertise in AI, data, Enterprise Solutions, software engineering, cloud, cybersecurity, and digital engineering.

In FY26, we have also hired over 750 employees with deep advisory and consulting expertise.

We stepped up our investments in talent development initiatives as well.

- In FY26, a total of **69 million learning hours** has been completed, and **5.2 million competencies** have been attained by our associates.
- Over **270,000 associates** now possess advanced proficiencies in AI and machine learning.

TCS demonstrates its commitment to innovation by being its own "customer zero", adopting and refining AI technologies across internal HR practices before deploying them externally.

Within the human resources function, we are embracing AI as follows:

- Nearly half of internal resource allocations occur through the internal **Talent Market Place** which uses AI driven recommendations to match demand and supply.
- Our GenAI-powered **Learning Coach** platform has helped over 100,000 TCS employees improve their proficiency through targeted, role-specific learning.
- Our GenAI enabled **Interviewer** accelerates hiring with technical assessments, while our AI recruitment platform enhances post-offer engagement to answer very specific queries.
- The **AI assistant** provides instant multilingual, contextual HR policy support, improving employee experience.

We have further strengthened our position as **Employer of Choice globally** and are pleased to have been recognized as an **Enterprise-wide Top Employer** for the 11th consecutive year by the **Top Employers Institute** - reflecting our commitment to foster an inclusive and engaging workplace where our people can thrive and grow.

I would now like to invite you back Krithi.

**K Krithivasan:**

Thank you, Sudeep.

Scaling Enterprise AI adoption requires organizations to address technology debt, data readiness, and operating model complexity. AI will enable clients to rapidly move from end consumer feedback to demand identification to code.

With every tech cycle, clients have realized far greater value and TCS has scaled its business. With AI, **TCS aspires to be the World's largest AI led Tech Services company**. This aspiration is powered by:

- **Capitalizing on AI led renewals, vendor consolidation and cost optimization deals resulting in market share gains.**
- **Using new age services & adjacencies that enable enterprises to 'Get ready for AI'**
- **Becoming a full stack AI services player – Infrastructure to Intelligence;** thereby, delivering maximum ROI to clients on their AI investments through end-to-end industry value chain reimagination; and
- **Building new revenue streams** such as building AI infrastructure

In FY26, we made good progress across all the above opportunities.

The strong order book closures were led by Vendor consolidation, AI led modernization, scaling AI across the enterprise, Digital core and data

platform modernization, Operating Model transformation, and regulatory compliance.

Let me now share specific details of our industry-wise performance during the quarter.

- The **BFSI** vertical continued to grow this quarter.
  - Client demand across BFSI remained technology-led and outcome focused through Q4, shaped by heightened macro and geopolitical volatility. Increased uncertainty around interest rates, inflation, and central bank actions influenced client sentiment, resulting in cautious investment decision-making. Despite this backdrop, BFSI clients continued to prioritize core and legacy modernization, data estate transformation, cloud migration, and scaled AI/GenAI deployments, productivity led operating model transformation and vendor consolidation. Spending patterns increasingly shifted from experimentation to industrialized business driven transformation, with strong emphasis on cost discipline, regulatory resilience, and measurable outcomes.
- Our **Consumer Business Group** saw another quarter of good growth, supported by market share gains and emerging pockets of technology conviction, resilience and guarded optimism. Retail globally and TTH in UK/EMEA led the growth, while CPG and TTH North America segments declined.
  - Enterprises continued to tightly align spending to initiatives delivering near-term efficiency, cost control, and operational resilience, with growing emphasis on vendor consolidation, technology simplification, legacy modernization, and selective AI and GenAI adoption.

- CBG had 2 mega deal wins this quarter, which helped propel its TCV to an all-time high. One of the two mega deals was the renewal and expansion of our services to Marks & Spencer, a customer of TCS, for well over a decade. The deal is a testimony to the deep trust and strong partnership between the two organizations. The other mega deal is with a leading American healthcare and pharmacy retailer, another longstanding and trusted strategic partnership with TCS, that we are proud to have retained.
- Clients are appreciating TCS's track record of successfully delivering transformation programs, more than ever. An excellent example is as follows:
- A leading American healthcare and pharmacy retailer partnered with TCS to modernize its mission-critical claims processing platform. Operating at a massive scale - processing over 5 Mn prescriptions daily - the platform underpins core pharmacy operations including claims validation, accumulation and tracking of a patient's out-of-pocket (OOP) expenses, ordering, replenishment and reporting. As prescription volumes continued to rise, the legacy architecture began to limit performance, real-time visibility and scalability, creating operational bottlenecks across the ecosystem.
- Leveraging deep domain expertise and contextual knowledge, TCS reimagined process flows and led the comprehensive cloud native re-architecture of the platform. The transformation introduced event driven processing, complex multisystem integrations and world-class, enterprise grade security to ensure resilience and compliance. This has enabled near real-time processing, compressing claims cycles from 48 hours to just 12 hours, data-driven decisioning leveraging AI, and autoscaling to support growing prescription volumes and rapid

onboarding of new entities, positioning the client for sustained future growth.

- **Life Sciences and Healthcare** saw marginal growth this quarter:
  - Healthcare payers are managing rising costs and growing friction with providers due to preauthorization and claims issues. Key priorities include affordability, transparency, simplicity, and better patient experiences. Organizations are focusing on data marketplaces, cyber resilience, and AI to boost productivity, while regulatory changes add to compliance costs and administrative burdens, prompting selective modernization focused on efficiency.
  - The pharmaceutical industry is streamlining pipelines and adopting AI to tackle growth and pricing pressures. Companies in the Americas and UK/EU are focusing on efficiency through vendor consolidation, tech modernization, and enterprise-wide transformation.
- The **Manufacturing** vertical also saw good growth this quarter despite the macro uncertainties and the impact to the global supply chains.
  - Client demand across Manufacturing remained cautious in Q4, shaped by macroeconomic uncertainty, tariff volatility, recalibration of EV demand, and continued restraint in capital expenditure across Automotive, Industrial, and Chemicals. Customers prioritized near-term cost optimization and operational resilience, with sustained focus on AI-led productivity, including predictive maintenance and quality automation, alongside ERP and cloud modernization to streamline operations and improve reliability.
- The **Technology** and software segment saw reasonable growth this quarter given the environment.

- Client demand in Q4 remained disciplined amid a challenging macro environment, shaped by heightened geopolitical tensions, tariff-related uncertainty, and increasingly stringent manufacturing and data-sovereignty requirements. Customers continued to prioritize cost rationalization to fund a strategic pivot towards AI-led transformation, with spend focused on vendor consolidation, GCC expansion, and structural efficiency, and the resulting savings reinvested into scaling AI across core operations and product portfolios. Incremental investments were also directed towards digital sovereignty and supply-chain resilience.
- **CMI** saw a modest decline this quarter, but we are witnessing promising signs of a rebound in IT spending in CMI. Telecommunications companies are advancing their journeys to expand into adjacent businesses while simultaneously enhancing the efficiency of their core operations. This strategic shift is paving the way for growth and innovation.
  - Momentum remains strong in securing large deals within the telecommunications sector. We have signed our first mega deal in CMI this quarter - a significant expansion of its long-standing partnership with a leading UK-based telecom operator. This five-year contract will see TCS lead the operator's comprehensive IT transformation journey for its consumer business, leveraging advanced AI, Cloud, and Digital Engineering capabilities. The expansion, built on the strength of years of trusted partnership and demonstrated delivery, will see TCS take end-to-end responsibility for running the entire IT systems of the operator's consumer base and become its strategic technology partner, consolidating the entire landscape previously spread across multiple service providers.

- **ERU** demonstrated robust growth this quarter. Within ERU, the Energy & Resources segment performed well, led by supply chain modernization initiatives gathering momentum in the near term. However, the Utilities segment is experiencing stress, and significant cost optimization opportunities are opening up.

In summary, even in a year marked by global uncertainty, we have demonstrated resilience, discipline, and the ability to lead through complexity. Our performance in FY26 reflects not just strong execution, but enduring trust—from clients who are committing to longer-term partnerships, and from associates who continue to drive transformation at scale. With a robust order book, expanding client relationships across revenue bands, accelerating AI momentum, and foundational investments like HyperVault, we are building the next phase of TCS with conviction. As enterprises increasingly seek partners who can deliver certainty, accountability, and outcomes end-to-end, TCS stands exceptionally well positioned combining technology excellence, deep contextual knowledge, and scale to help our clients navigate change and create sustainable value. We enter the new year with confidence, clarity of purpose, and an unwavering focus on delivering growth with resilience and trust.

With this, I will now open the line for questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. We'll take a first question from the line of Sudheer Guntupalli from Kotak Mahindra AMC. Please go ahead.

**Sudheer Guntupalli:** Hi Krithi, thanks for the opportunity. My first question, is there any foreseeable change in quantity or quality of client inquiries or even bookings around agentic AI implementation post first week of Feb when Anthropic announced a string of agentic AI launches?

**K Krithivasan:** Sudheer, definitely clients are curious to know about expanding capabilities of all the models. And they also want to leverage their models to achieve both productivity as well as business value chain re-imagination, but is it because post Anthropic, I won't say that. As the model capability improves, there'll be more interest in seeing how they can leverage.

**Aarthi Subramanian:** Client interest and demand actually increases with new capabilities coming out of the model providers.

**Sudheer Guntupalli:** Fair enough. The second question, many of these frontier model companies, they're just announcing a new project or agent, which may be in their development pipeline, but not yet launched. The latest example being Claude Mythos. Is this in any way leading to client's sort of deferring their existing IT spends to maybe wait and watch, once the product actually hits the shelf, maybe a few months or years down the line?

**K Krithivasan:** We have not seen that, Sudheer. It's been, as I said, our clients are quite interested in leveraging it. They know this will be constantly evolving. And there is no major benefit in waiting for the next best model to come. So, clients are willing to invest now, and we have been helping them with the overall philosophy that their architecture is built for change. We are helping them in building that architecture so that they can exploit and leverage the models as they come in.

**Sudheer Guntupalli:** Sure, sir. Last question from my side. How do we think of FY27 growth, given the exit run rate and where our order booking is and also high expectations around some AI-led deflation?

**K Krithivasan:** As we mentioned, we have a good order book getting into FY27. We have strong three mega deals booked in this quarter. And as we also described, most of the industry verticals, we see a positive momentum and our new

age services are also gaining traction. So overall, we are getting into our next year with a lot of positivity and confidence.

**Sudheer Guntupalli:** That's it from my side.

**K Krithivasan:** Thank you, Sudheer.

**Moderator:** Thank you. We'll take our next question from the line of Kumar Rakesh from BNP Paribas. Please go ahead.

**Kumar Rakesh:** Hi, good evening and thank you for taking my question. My first question was around what you were just talking about, that getting into FY27, we are exiting at a healthy growth. We are also exiting with a bulk of multiple mega deals and across verticals as well, it seems demand has started improving, at least growth for TCS has started improving. Would you call out and say that we should start getting back to 3- 4% sort of a growth in the international business where we used to be or better than that or the recovery is going to be far more gradual this year?

**K Krithivasan:** Kumar, I don't want to put a number, but I would say that, again, as I was telling Sudheer, we are quite positive about FY27, quite positive about the international growth.

**Kumar Rakesh:** Got it. Thanks for that and my second question was around margins, so SG&A in the second half has been elevated. So, is this the new normal we should now start looking at or it should normalize back to below 15% where it used to be?

**Samir Seksaria:** As you know, we have been investing on the 'Build-Partner-Acquire' strategy and incremental investments on partnerships, on recruitment and training, on the new businesses are all reflecting on the SG&A. Some part of it will see an elevated increase, both in the absolute amount as well as in percentage of revenue.

- Kumar Rakesh:** Got that. And just for a clarification, our restructuring is done or there's more cost associated to that which has to come through?
- Samir Seksaria:** So if you look at Q4, we have not called out any one-offs, so it is business as usual.
- Kumar Rakesh:** Yeah. But there is a restructuring charge, which you have booked in the quarter, right?
- Samir Seksaria:** We have not called out any one-off for Q4. The combined one-off for the year is ₹1,300 crores; there are no one offs in this quarter.
- K Krithivasan:** But Kumar, just to get the clarity, I will be specific. The restructuring program that we started, we have completed that program. The program towards restructuring has been completed.
- Kumar Rakesh:** Got it. Perfect. Thanks a lot for that.
- Moderator:** Thank you. We'll take our next question from the line of Yogesh Aggarwal from HSBC Securities. Please go ahead.
- Yogesh Aggarwal:** Hi. Thanks. Krithi, just firstly on the next few quarters, can we expect the similar type of seasonality going forward? Because the reason I'm asking is there's not been much headcount addition, so the typical seasonality of better first half, does that still work going forward?
- K Krithivasan:** We are looking at a regular Q1, regular Q2 that we are used to seeing, and this is the way we are looking at as we stand now, Yogesh.
- Yogesh Aggarwal:** No, Krithi, I was asking, so usually the first and the second quarter are stronger than Q4, right?
- K Krithivasan:** That is what I said. We are also expecting a stronger 1H. Our planning assumption is along those lines only.

**Yogesh Aggarwal:** Okay, great. And secondly, just going back to this AI stuff. So usually in the past, you had all these historical relationships and partnerships with software companies like SAP and all these diamonds, platinum ratings. Can you talk a little bit about what are these partnerships with the AI models, especially Anthropic? What is the level of tiering with them? And does it really matter anymore? Thanks.

**Aarthi Subramanian:** Yogesh, I think with all the model companies, we are building strategic partnerships. We have announced with OpenAI, we are already working significantly with Anthropic and will be announcing strategic partnerships with them in the near future. We are very closely working with Mistral. With all model companies, it's extremely important for us to build a strategic partnership.

But I would say that we are also trying to shape these partnerships differently than the traditional GTM partnerships of the past. So, we want to make them 360-degree partnerships. Also because of our investment in HyperVault, we have a very unique opportunity where they can become our customers.

You saw the announcement that we made with OpenAI, where there is a committed capacity of 100 MW and the opportunity to grow that to 1 GW. So, we are having similar conversations on our opportunities with these model companies and hyperscalers. So that's one new pillar of strategic collaboration.

Apart from that, using their products, ChatGPT Enterprise, we made an announcement, so using Anthropic Claude, so that's the second pillar of our collaboration. Third is industry specific solutions with them. The fourth one is very specific GTM motions, which is similar to strategic partnerships of the past. So that is a pillar, like I said, we are trying to

shape this partnership differently, more deep, more strategic and value for both.

**Yogesh Aggarwal:** Got it. Thank you. Thank you so much.

**Moderator:** Thank you. We'll take our next question from the line of Nitin Padmanabhan from Investec. Please go ahead.

**Nitin Padmanabhan:** Yeah. Hi. Good evening. Thank you for the opportunity. Krithi, initially, you mentioned some caution in BFSI during the quarter. I just wanted your thoughts on how clients are thinking about spending going forward, considering the macro.

Do you think this ends up like last year where you had the Liberation Day and we thought we were probably getting into good start, but then you had all these headwinds. So, in the context of what you see today, what are the conversations with clients? It would be great to have your perspective there, maybe across a few key sectors at least.

**K Krithivasan:** See, at this time, if you look at our direct impact from the geopolitical situation, so far has been restricted to Middle East and to some extent into our travel and transportation industry and we have not seen major impact in other industries so far.

But Nitin, as you would know, if things continue and if it results in further supply chain disruption or any other secondary issues, it may have an impact. But at this time, I think the impact will be limited to our travel and transportation and probably the work we do in Middle East. We have not been hearing any other specific concerns from our clients in other industries or other geographies.

**Nitin Padmanabhan:** The caution that you mentioned was very geo specific, it's not a broad-based caution?

**K Krithivasan:** Yes, that's correct.

**Nitin Padmanabhan:** That's very helpful. The second is on, from a margin perspective, how should we think about margins going forward? Because on one hand, you do have the currency giving you a tailwind and on the other side, you have to invest on capabilities and multiple other things. So just how should we broadly think from a margin perspective as we get into the next year?

**Samir Seksaria:** Nitin, we are exiting FY26 at a four-year high on annual margins at 25%. And we see continued positive momentum. Our focus will be to ensure growth with profitability, so we'll not be shying away from making the right investments for ensuring strategic growth.

Stepping into FY27, the immediate headwinds would be the annual increments which we have talked about. And also, as you rightly mentioned, we'll continue our focus on the build, acquire and partner framework and investments around that would be part of it.

While some of those we would want to mitigate with better operational rigor, with the help of the usual levers which we have called out and also look at optimization on some of the non-employee expenses. As you rightly called out, the rupee depreciation does help, not guaranteed always. Overall, we'd want to balance it and keep margins within a tighter reach. We'd like to move towards 26%, but on a longer-term basis.

**Nitin Padmanabhan:** Perfect. That's helpful. Just one last from my end. Overall, coming out of last year and getting into the next, do you believe that all known client-specific headwinds are behind, and we should see better revenue accretion from deal wins and from a deal win momentum perspective as well? But do you think that is on an accelerating trajectory.

**K Krithivasan:** By and large, most of the headwinds we know probably are behind us, excepting few that may come up or that we have already accounted for. But at this time, we are not expecting. Of course, nobody can predict what will happen down the line, but I think most of the issues are behind us.

**Nitin Padmanabhan:** That's helpful. Thank you so much and all the best.

**Moderator:** We'll take our next question from the line of Vibhor Singhal from Nuvama Equities. Please go ahead.

**Vibhor Singhal:** Hi, thanks for taking my question. Just two questions from my side. One is, Krithi, we mentioned our AI revenue to be around \$2.3 billion annualized, that's basically almost 6.5% to 7% of our total revenue. Wanted to basically understand, if I were to draw a parallel to the last digital cycle, there also, I think after a certain stage, we had started quantifying our digital revenue.

The way we saw that cycle play out is that initially there was cannibalization of revenue. And at the same time, we had growth from the digital revenues. And gradually the growth from the digital revenue was able to more than compensate the cannibalization of revenue.

Are we seeing a similar trend this time? Do we expect a similar cycle to follow this time also, that there are productivity gains that we are passing on to the clients because of which we are losing out revenue? On the other hand, your \$2.3 billion is going to grow much strongly.

And at some point, of time in the coming quarters, we'll probably reach an inflection point. Is that a good way to look at the GenAI cycle? How similar or different would it be from the last cycle? That would be really helpful.

**K Krithivasan:** Structurally what you are saying is correct, however, I don't know whether it will be the same time period in which the whole thing will change. You would expect the AI revenues to increase going forward, along with some

of the traditional revenues to slowly taper down and AI revenue to overcompensate for the reduction in the revenue in other parts of the service line.

But the timelines probably can vary. I'm not able to predict the timelines on how all these different cycles will move. Aarthi, you want to add?

**Aarthi Subramanian:** Vibhor, if I may just add to that, if you have to compare to the digital transformation that you alluded to, where is the transformation budget, right, largely bucketed as AI going?

There are three buckets, one is, Enterprise transformation. There is still a lot to be done on digital, which is still to be done in companies, whether it's cloud adoption, migrating to cloud, data modernization, cyber security, enterprise systems upgrade, whether it's S/4HANA, Salesforce, so all those are ongoing, So that's a transformation bucket.

The second one, which is very purely AI-led, is the modernization opportunities that we see. Tech debt reduction was always a priority, but that was always postponed by enterprises because it would take long, it would cost a lot, but I think AI is playing in there and helping customers clear tech debt better, faster. So that's begun. Long way to go, but that's the second vector of opportunity.

The third is the pure play AI transformation, what Krithi earlier alluded to as industry value chain transformation, where you're really doing AI engagements that create direct business impact.

**Vibhor Singhal:** That was really helpful, Aarthi. Krithi, one more question from my side and it's probably more at a strategy level, maybe you and basically the team can answer on that. If you look at FY26, we ended the year at -2.4% CC YoY decline. If I compare our revenue growth this year with our closest

competitor, the difference would be almost 5 to 6 percentage points. That's probably the widest that the gap has ever been.

But on the other side, our margins are very, very strong, probably one of the highest margins that we have. We, of course, remain at the highest margin level in the industry, and we are very strong in margins while the entire industry is facing a lot of margin pressure.

What is the company level strategy at this point of time, like, we want to continue to focus on the profitable growth part. Have we ever discussed that? Should we be ready to compromise a bit of margins to maybe boost growth? What is the direction in which the board and management is thinking in terms of balance between a better growth and profitability?

**K Krithivasan:** Vibhor, I get the question. Fundamentally, we believe our focus on margin is not affecting our revenue growth. Of course, at the same time, in fact, we believe the good margins we have, gives us greater flexibility to approach new deals and be more competitive in gaining market share. And we have been able to prove that time and again. We don't lose deals on pricing. We work with our customers, we ensure that we give the best solution, and we've been able to win deals.

This is our overall thesis. We believe margin and growth are not conflicting with one another. We should be able to do well on both. And we continue to stay close to our customers. We continue to invest, the margin we have helps us to invest, like what you saw in the last two acquisitions and investment on HyperVault. They are all possible because we are able to generate margin and it gives us the ability to invest for growth. We don't believe these are at loggerheads with one another.

**Vibhor Singhal:** Okay. Thank you so much for answering my question and all the best.

- Moderator:** Thank you. Our next question is from the line of Ashwin Mehta from Ambit Capital. Please go ahead.
- Ashwin Mehta:** Hi, thanks for the opportunity. One question Samir, what is the impact of wage hikes that we see in terms of our margins next quarter? And secondly, any color in terms of this deal flow that we've announced, which is pretty strong? What is the renewal share in terms of that, given that there are quite a few deals in the press release where we have extended our relationship with these clients?
- Samir Seksaria:** On the wage increments, you should expect a similar impact on what we have seen in the past annual increment cycle, which had been in the range of 150 to 200 basis points.
- K Krithivasan:** In terms of colour or the characteristics of the deals of TCV, I would say about mostly a 50-50 or 45-55 in terms of between renewals and new programs. I think this quarter maybe about 50% to 55% could be on renewals, around 40% to 45% would be on new programs. And this varies typically in a smaller band, between 40% to 60% band, it varies one way or another.
- Ashwin Mehta:** Thanks, Krithi. And just one follow-up, in terms of deals, are you seeing early renewals wherein vendors like yourself as well are going in for early renewals or the deals are largely getting renewed on time?
- K Krithivasan:** By and large on time, but when we also see an opportunity to go back to a customer and ensure that there is really a renewal can be done with greater AI infusion, greater productivity delivered, and at the same time, with expansion in scope. We do go to the customers, and we offer to renew early whenever they see value and whenever it's mutually beneficial as well.
- Ashwin Mehta:** Thanks, Krithi. Thanks, Samir. And all the best.

**Moderator:** Thank you. Our next question is from the line of Rishi Jhunjunwala from IIFL. Please go ahead.

**Rishi Jhunjunwala:** Yes, thanks for the opportunity. I think my questions have been answered, but maybe just a quick clarification. Just if we think about your thought process around wage hikes, right? So, we've deferred it twice in the last five, six years since COVID. This time, we have reinstated it after when we announced it in September, back to the April cycle.

Just wanted to understand what's the thought process behind that, given that the overall demand environment, the supply side environment, and the macro uncertainties largely remain there and haven't seemed to be changing materially over the past six to nine months.

**K Krithivasan:** Rishi, it's a reflection as a first is we want to ensure that we properly reward all the associates who have been working tirelessly for us. And as you know, that while in September, we were able to give increments to 80% of associates, for the senior executive associates we were unable to give increments at that time.

We wanted to ensure that when we restart our increment cycle, we reset it and start for everyone. But it's also a reflection of the fact that we believe that we have enough deal momentum and demand on our side, so that we'll be able to handle the increased wage cost, wage bill, because of increments.

**Rishi Jhunjunwala:** While you've started giving annualized AI revenues, would it be possible to throw some color on AI deals as well, just to get some sense of how those are progressing?

**Aarthi Subramanian:** Rishi, if you look at it, AI deals are -- I would say of two kinds, one is many of the mega deals that Krithi spoke about today, they have a

significant amount of AI embedded into them, in terms of how we deliver the service, also in terms of how we transform clients' business.

But apart from this, when we are saying AI revenue, we are only calling out the specific AI for business transformation revenue, which we said has exceeded \$2.3 billion on an annualized basis and when you look at the nature of programs, it's across industries, across markets.

And we see that a lot of these programs are rapid build, 12-to-16-week delivery type of solutions. These are high impact problems that the customers are choosing, that we can deliver in faster cycles with forward deployment engineers. So that is included. Some of the AI modernization I talked about, which is starting to gain momentum is all included as part of that.

**Rishi Jhunjunwala:** Understood. Thank you.

**Aarthi Subramanian:** And one last thing is agentic BPS, which I missed talking about. I think that's something which is gaining traction. Agentic AI in business process services and we see that earlier in FY25, the time taken to implement AI in business process versus this year, we are seeing faster adoption cycles from customers, because customers are more confident of now putting AI into production. But obviously, with all the guardrails, focus on security, governance and all of that.

**Moderator:** Thank you. Our next question is from the line of Gaurav Rateria from Morgan Stanley. Please go ahead.

**Gaurav Rateria:** Hi, thank you for taking my questions. I have two questions for Krithi and one for Samir. My first question for Krithi is your comment that you made on the growth in the client's band of revenue bands in mid and large size and you talked about stability returning.

Is this due to a lower leakage compared to the past or is it more led by better macro, which is improving the spend in these accounts? The second question is on AI. If you keep the macro aside for the moment, would you expect the new AI services to be accretive to revenue growth in fiscal '27, net of all the deflation that you see in your renewals existing business or is it too early to confirm any such trend?

And the last question for Samir is that AI for business, when you look at the revenue productivity and the margins in that portion of the business, how does it compare to company average? Is it better? Is it in line? Is it lower? Thank you.

**K Krithivasan:**

So, Gaurav, first on the client metric improvement. See it's a combination of all the factors, because you will not be able to grow if there's no stability or there's no revenue coming in and essentially, it's a reflection of the fact, overall at a high level, the clients are more comfortable in getting into larger transformation programs or some amount of discretionary spend improving.

And, of course, it's also possible there are some cases of vendor consolidation happening where you gain market share, but definitely, it indicates that the stability and the increased confidence from the clients as well. For your question about AI, again, our expectation is AI will be net accretive, like to see the initial year, our attempt would be to ensure that we arrest the degrowth while the AI revenue increase.

But, of course, over a period of time, AI revenue or AI related revenue, because it will become very difficult to classify after some time on what is AI, what is AI adjacent revenue, but ensure that they all grow, we will expect them to grow much faster. At that time, the deflation in the other part may not matter materially like same cycle with whatever happened during the digital transformation cycle that trend will resume.

**Samir Seksaria:** Gaurav, on the AI and data part, the revenue productivity is definitely much better than the TCS average or the traditional business, both at onsite and offshore. Margins, I will not call out because there would be investments which would be temporary or in the initial phase, so it wouldn't be like to like for comparison.

**Gaurav Rateria:** Thank you very much and all the very best.

**K Krithivasan:** Thank you, Gaurav.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to management for closing comments. Over to you.

**K Krithivasan:** Thank you, operator.

- We are very pleased with the continuous revenue growth momentum we have seen in the last 3 quarters. In Q4, our Revenue grew by **1.2%** QoQ in constant currency, with an operating margin of **25.3%** and a net margin of **19.4%**.
- We had a very strong TCV of **\$12 billion** in Q4, with 3 mega deals.
- Annualized AI services revenue crossed **US \$2.3 billion**.

We remain dedicated to our goal of establishing ourselves as the world's premier AI-driven technology services provider. Our robust five-pillar strategy, combined with sustained investments across Infrastructure to Intelligence, continues to advance this objective.

I extend my appreciation to all TCS employees for their unwavering commitment and professionalism, which have been instrumental to the company's continued success.

This concludes our call today.

Thank you for your participation.

**Moderator:** Thank you, members of the management. On behalf of TCS, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

**Note:** This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings.