

MANAGING DIRECTOR'S STATEMENT



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FY 2022-23, marked with the Diamond Jubilee of the Company, was remarkable for Tata Consulting Engineers (TCE) in more ways than one. Today, TCE is a 1000+ Crores Revenue turnover and 100% Debt-free Company – A Milestone year in TCE's journey. As the Company enters the new financial year amidst rapidly evolving international macroeconomics, socio-political dynamics, energy security concerns, realignment of global supply chains and increasing focus on sustainability. TCE is cautious of the possible and probable global growth deceleration. On one hand, cost pressures on global Owners/OEMs in developed economies could lead to an increase in engineering outsourcing; on the other hand, increased protectionism may offset business potential.

TCE is also acutely aware of the possible risks in the global environment with the continuation of the Russia-Ukraine war, deepening debt crisis in developing countries, decoupling of the world economy and climate change impacts. However, on the positive side, these dynamics also provide renewed thrust by nations globally to explore energy security, realign their supply chains for critical and core materials with possible local production strategies and invest in keeping with the evolving decarbonisation thrust.

The Company has factored these actively into its business continuity plans and organisational strategies. In parallel, the India growth story continues to be robust, with strong domestic consumer demand, steady forex reserves and strong credit growth. FY 2023-24 budget was a huge positive with its continued focus on increasing capital expenditure, the higher outlay for infrastructure development in rail transportation, urban development and schemes to stimulate investments in the manufacturing sector (PLI).

FY 2022-23 also saw significant movement on the ground with respect to Sustainability and Energy Transition initiatives. With the Indian Government's strong commitment to Energy Transition and the launch of the National Green Hydrogen Mission, most Government organisations and private enterprise have initiated their journeys to achieving the stringent net-zero targets.

TCE is also witnessing a rapid evolution in related technologies and business models with an "Energy as a Service" approach combining renewables, energy storage, efficient and smart grids and integrated energy markets. This creates challenges and opportunities for TCE's customers from the 'hard to abate' industries in terms of investments to reduce their carbon footprint and search for newer business and growth models. In almost all sectors where TCE operates, it will assist its customers in preparing their transition strategies, green pathways and plans in line with the GHG emissions-related targets.

With India hosting the G20, Government and Industry Leaders will unveil many policies, strategies and plans this year. TCE aspires to be a leading player in shaping sustainable infrastructure and the Net Zero journey by working with its customers, partnering with leading academic institutes and industry process and technology leaders and working closely with policymakers. The Company will also leverage deeper collaboration with the Tata Group Companies and thought leaders to deliver its Engineering Sustainable Solutions for a Better Tomorrow promise.

PERFORMANCE REVIEW

FY 2022-23 saw the highest growth in the Company's 60-year history. Total revenues grew 27% over the previous year closing at Rs 1137 crores. A well-balanced portfolio and the right mix of domestic and international projects helped achieve these numbers. In FY 2022-23, the new sales order intake closed at Rs 1586 Crores at the consolidated level.

- TCE deepened its strategic connect with Tata Steel, Aramco-Sabic, Reliance, Adani and Vedanta, to name a few, working across projects ranging from Circularity, Decarbonisation and Green Energy focus across multiple projects and global locations.
- Talent retention is an essential aspect of any consulting business. In FY 2022-23, the attrition increased from around 16% to around 20%. The Company has laid out a detailed plan to arrest the situation and the results will be seen in the coming years.
- TCE moved up in ranks in the ENR Top 225 International Design Firms to 111. In FY 2022-23, 38% of revenues and 34% of the business acquisition came from international markets.
- TCE's efforts in mapping the evolving Energy transition over the last five years have yielded promising results with multiple pilot plant projects made possible through leadership participation with policymakers and industry leaders. The projects are in various stages and focus on Hydrogen, Methanol Ammonia, Renewables, Nuclear and related areas of Circular Economy and Waste Management.
- TCE achieved the best-ever score of 600+ in the Tata Business Excellence journey. This score validates TCE's business potential and organisational maturity, led by experienced leadership and driven by a motivated workforce.
- TCE accelerated its Non-Fossil fuel Energy focus with the NPCIL 5 & 6 – 2 x 700MW PHWR and expansion at ITER-France. The Company is also taking leadership in creating the roadmap for the emerging area of Small Modular Nuclear Reactors.
- TCE expanded its partnership with the industry leader in Paints for engineering services for a new plant and multiple ongoing paint manufacturing plants in their portfolio.
- At present, two major copper smelters are being implemented globally and both are being engineered by TCE – a 500 KTPA plant in India and another 250 KTPA plant in Indonesia.
- TCE procured an order from a large Japanese firm for a Dedicated engineering team to work on Petrochemical Process units for providing 3D integrated engineering services for Process, Piping & Instrumentation work.
- TCE's other large projects, like High-Speed Rail, Ayodhya temple, CIDCO etc., are progressing well and are on track.



- The Company is also working on various strategic projects with multiple central and state entities across Infrastructure, Transportation, Education and Energy sectors.
- TCE teams won awards at various forums for the Company's Best in Class and Benchmarked practices in CSR, Ethics, HR, Risk Management, Project Execution and Work Practices.

TCE'S CORE ASSET - PEOPLE

TCE firmly believes that people are its core assets. The Company's robust Employee Value Proposition is centred on its commitment towards the growth and development of its employees.

As part of TCE's commitment to providing better career growth opportunities, in FY 2022-23, the Company launched "COMPASS" - TCE's career architecture and competency framework. Further, STAR, a flagship career acceleration program, also provides opportunities for growth and development to high-performing and high-potential employees to leap in their careers.

TCE is committed to creating a diverse and inclusive workplace that values and respects differences. The Company constantly fosters an environment where everyone feels included, respected and valued.

TCE's leadership spirit embodies empowerment, empathy and two-way communication and it encourages its leaders to tread the path of constant self-improvement and lead the way by example.

Guided by the Tata Code of Conduct (TCoC), TCE has deployed the Leadership of Business Ethics (LBE) framework that reflects its commitment to shared values and principles. In 2022, TCE attained an “Advanced” level of maturity rating in all pillars of the LBE framework, a first for its sector in the Tata Group.

FUTURE OUTLOOK

Integrated, Sustainable Offerings

While India continues its growth trajectory, the recent commitments at COP27 and its focus on milestone based Net Zero commitments will be the key drivers of growth planning and actions in the coming years for both policymakers and corporates. The Company sees the future with tremendous opportunities for growth, inventions and innovations.

With a focus on Sustainable Infrastructure, Energy transition, increased electrification across all industries, shift to green chemicals, circular economy, new modes of energy pathways and re-emergence of Nuclear – the focus on Decarbonisation and low Carbon solutions are driving a renewed focus on R&D, IP creation, basic research and related future investments and growth strategies.

By 2030, India will be doubling its Electricity generation and tripling its Steel production and will have a strong semiconductor, energy storage and chemicals domestic manufacturing ecosystem alongside world-class Infrastructure. TCE is uniquely positioned given its capabilities in all these diverse domains (Infrastructure, Power Utilities, Nuclear, Chemicals, Mining & Metals, PMC and Digital). By leveraging these diverse capabilities and offering integrated solutions, TCE shall enable creation of sustainable infrastructure, smart factories, smart plants, smart cities, smart transportation and mobility solutions.

Value and Volume Driven Growth

As a consulting organisation, TCE faces the typical conundrum of addressing divergent customer needs. On one hand, the Company needs to maintain technological leadership and invest in creating high-end capabilities to serve complex and bespoke customer requirements, which require the involvement of highly experienced SMEs and flexible delivery approaches.

On the other hand, large-scale engineering engagements require TCE to offer capabilities at scale with efficiency, systemic delivery mechanisms and competitive pricing. TCE leverages its organisational experience, business model innovation and people expertise to address this dual challenge.

TCE has created dedicated teams of experienced SMEs across sectors and actively promotes the accumulation of intellectual capital, knowledge sharing and industry participation to emerge as one of the leading thought leaders in India today.

A relentless focus on delivering value engineering and a strategic focus on creating business in new areas has further enabled TCE to move in this direction and create ‘Value’ driven growth. TCE has also invested in creating robust engineering delivery systems, recruiting and training a young workforce and leveraging digital platforms to deliver projects at scale cost-effectively.

TCE’s Dedicated Engineering Center (DEC) approach to long-term customer engagements and focus on providing capabilities across the project lifecycle, including operations, has helped TCE become a consultant of choice for ‘Volume’ driven engagements from global customers.

TCE’s Vision is to be the leading player in shaping Sustainable Infrastructure and the NetZero journey by working with its customers, partnering with leading academic institutes and industry process and technology leaders and working closely with the policymakers. The Company will also leverage deeper collaboration with the Group Companies.

As the world discovers new solutions and technologies, TCE will focus on differentiated, benchmarked and value-engineered solutions for its customers to ensure their sustainability efforts and desired outcomes.

Aligned with its Vision, TCE continues to invest in its key assets – its PEOPLE – and will strive to provide a safe, happy learning environment. While being a 60-year-old consulting organisation has its benefits in terms of the experience and pedigree it brings, TCE visualises itself as a 60-year ‘young’ organisation with the vigour and vibrancy to fuel growth and prosperity for its stakeholders for the next century and beyond.