Enterprise Risk Management

Engineering reliable, sustainable and intelligent assets requires navigating an increasingly complex and rapidly evolving risk landscape. Geopolitical tensions, economic uncertainty, energy transition dynamics, climate related considerations and rapid advances in digital technologies continue to reshape the operating environment across industries and geographies. These developments influence investment decisions, project execution, supply chains and market opportunities, creating both risks and opportunities for engineering organisations.

Against this backdrop, risk management serves as a strategic enabler of Tata Consulting Engineers' long term growth and resilience. The Company's approach extends beyond compliance and risk mitigation to support informed decision-making, business continuity and sustainable value creation. Risk considerations are integrated across strategy development, business planning, project delivery and operational decision-making, enabling the organisation to respond proactively to emerging challenges while pursuing growth opportunities.

TCE has established a comprehensive Enterprise Risk Management (ERM) Framework aligned with globally recognised principles, including ISO 31000 and COSO. The framework is embedded across the business value chain and supports the systematic identification, assessment, monitoring and mitigation of strategic, operational, financial, contractual, technological and reputational risks. Oversight is provided through a structured governance framework involving the Board, leadership team, Corporate Risk Function and Business Unit Risk Officers, ensuring accountability and risk ownership across the organisation.

Risk management is integrated into key business processes, including strategy formulation, Annual Business Planning, bid evaluation, project execution and portfolio management. The organisation continuously evaluates emerging risks through country assessments, market intelligence, portfolio reviews, scenario analysis and stress testing, strengthening preparedness for changing market conditions, geopolitical developments, technology disruption and sustainability related challenges. A Business Continuity Plan, supported by an IT Disaster Recovery framework, further enhances operational resilience and business continuity.

During FY26, the Risk Management Function strengthened risk governance through enhanced country risk assessments, portfolio reviews, business planning inputs and specialised evaluations for emerging opportunities. Continued investments in digital risk platforms, data driven analysis and structured capability building programmes improved risk visibility and decision-making across Business Units. These initiatives have reinforced a culture of accountability, strengthened organisational resilience and supported consistent, risk informed decision-making across the enterprise.

Building on these initiatives, the Company continues to focus on a range of strategic, operational and emerging risks that could influence business performance, project delivery and long term growth. The Company's risk priorities reflect the realities of a multidisciplinary engineering business operating across sectors, clients and geographies. Economic uncertainty, shifts in capital expenditure cycles and geopolitical developments are monitored for their impact on order inflow, project viability, revenue realisation and cash flows.

The framework also addresses business acquisition and concentration risks through focused sector choices, stronger client engagement, selective partnerships and continued portfolio diversification.

Given the specialised nature of engineering services, people, safety and delivery excellence remain central to risk preparedness. The Company continues to focus on workforce planning, capability development, safe deployment of employees and robust project controls to manage execution, cost, liability and quality related exposures. Contract reviews, claims management, professional liability coverage and bid stage due diligence support stronger commercial discipline and improved project outcomes.

As TCE expands its international footprint and advances digital transformation, the risk agenda also covers country risk, regulatory changes, cross border compliance, cybersecurity, data protection, intellectual property, responsible use of digital and AI enabled tools, and ESG expectations. These areas are reviewed through established governance forums and supported by training, awareness, system controls and structured decision-making. This integrated approach helps the organisation protect value, strengthen stakeholder confidence and build resilience while pursuing growth in priority markets and emerging opportunities. It also ensures that risk insights are not reviewed in isolation, but are connected with business planning, client selection, project execution and long term organisational priorities, with clear ownership and timely action across the enterprise.

The key risk categories, potential business impacts and mitigation measures adopted by the Company are presented in the table on the following page.

“ Risk management is not about avoiding uncertainty, but about understanding it well enough to make good decisions and protect value. It helps us spot risks early, respond effectively and improve decision-making across the business. As we continue to grow, understanding risk remains important to creating long term value and maintaining trust.

Rajeev Tanna
Chief Risk Officer and Head - Internal Compliance

Managing exposure to economic volatility, revenue flow uncertainty and talent availability through diversification and workforce readiness.

Risk Category	Key Risk Areas	Areas Impacted	Mitigation Strategies
Economic Risk	• Demand for the Company's services is primarily linked to capital expenditure across client sectors. • Economic slowdowns, changes in government or private spending, and macroeconomic uncertainty may impact client sectors. • Geopolitical developments and global uncertainties, including international conflicts and Middle East tensions, may lead to deferment or slowdown of client capex decisions. • Inflationary pressures, supply chain disruptions and energy price volatility may affect project viability and clients' ability to make timely payments on existing projects.	• Ability to acquire new business and achieve revenue targets. • Timely revenue realisation and collections from ongoing projects. • Project schedules and cost management.	• Diversified presence across Business Units, sectors and geographies, reducing dependence on any single segment. • Thorough client and project due diligence, including assessment of project viability, funding arrangements and payment security. • Continuous monitoring of economic, market and geopolitical developments to support informed decision-making.
Business Acquisition & Revenue Flow	• Heightened geopolitical uncertainty, fiscal pressures, policy shifts and risk-averse client behaviour may slow decision-making, delay awards or reduce order inflows. • Internal planning, execution readiness and inability to deploy specialised skills may impact revenue generation.	• Decrease in order book and jobs in hand. • Volatility in revenues, cash flows and profitability.	• Identification of priority sectors, geographies and business models. • Development of new key and strategic client accounts and selective partnerships. • Strengthened customer engagement to build long term relationships and improve repeat business.
Human Resources	• Availability and retention of skilled manpower may be impacted by attrition, competition for specialised engineering talent and evolving skill requirements across business sectors. • Restrictions arising from unforeseen events, geopolitical developments, health emergencies or climate related events may affect manpower deployment at project sites, particularly in international and remote locations.	• Timely execution and delivery of projects • Increased manpower costs and resource inefficiencies. • Employee safety, productivity and overall business performance.	• Employee engagement, capability development and structured learning and reskilling programmes across levels. • Proactive workforce planning and recruitment strategies to address critical skill requirements. • Emphasis on employee safety, wellbeing and secure work environments.

Safeguarding liquidity, data and client diversity to maintain financial and operational stability.

Risk Category	Key Risk Areas	Areas Impacted	Mitigation Strategies
Working Capital and Cash Flow Risk	• Many of the Company's contracts have milestone-based payment terms, requiring project costs to be incurred before billing and collection. • Delays in project execution, approvals or client payments, including those arising from external disruptions, may result in fluctuations in project cash flows over the execution period.	• Higher working capital requirements and increased financing costs. • Volatility in cash flows at project and enterprise level. • Impact on liquidity and financial flexibility.	• Enhanced focus on contract and claims management to protect cash flows and project profitability. • Due diligence and factoring of locked capital or cash flow impact into bid pricing. • Negotiation of improved payment terms, especially with private clients or tenders where deviations are permitted.
Cybersecurity and Data Protection Risk	• The Company handles significant volumes of confidential and proprietary information, including client data and designs, which may be exposed to loss or unauthorised access despite established processes and controls. • Increasing use of digital platforms, remote collaboration and advanced technologies may heighten the risk of cyber incidents or data breaches.	• Loss of sensitive or confidential information. • Adverse impact on reputation, brand value and client trust. • Potential loss of business and regulatory exposure.	• Regular training and sensitisation of employees on information security and data protection practices. • Execution of appropriate NDAs and confidentiality agreements with employees, partners and vendors. • Continuous strengthening of IT and cybersecurity controls to safeguard information assets.
Concentration Risk	• Dependency on certain key clients, business models, geographies or sectors may adversely impact revenues. • Even with strong client relationships and performance, clients may defer, reduce or cancel projects due to changes in their business environment or investment priorities.	• Volatility in business performance. • Impact on order inflows, profitability and operational targets.	• Conscious efforts to reduce dependence on any single client, geography or sector through portfolio diversification. • Development of new key and large accounts to broaden the client base. • Strengthening business relationships with clients at all levels.

Strengthening project discipline, contractual safeguards and safety practices to protect execution quality and stakeholder wellbeing.

Risk Category	Key Risk Areas	Areas Impacted	Mitigation Strategies
Cost Overrun Risk	• Project costs may increase due to higher resource deployment, schedule delays or scope changes arising from estimation gaps, execution challenges or external disruptions. • Underutilisation of resources or prolonged execution timelines may lead to inefficiencies and cost escalation over the project lifecycle.	• Project profitability and margins. • Potential disputes with clients and impact on commercial outcomes.	• Strong bid-stage review processes, including detailed contractual assessment and analysis of primary and secondary data to identify and price risks appropriately. • Robust project management and contract administration practices to monitor progress, control costs and proactively address deviations.
Liability Risk	• Project execution activities may expose the Company to contractual and professional liabilities arising from service deficiencies, contractual obligations or non-compliance with agreed terms. • Force majeure events or unforeseen disruptions, including geopolitical developments or natural events, may result in claims, disputes or additional liability exposure.	• Unexpected costs to address deficiencies or claims. • Increased litigation or arbitration exposure. • Negative impact on profitability.	• Adequate professional liability insurance coverage at organisation level, including project-specific insurance where required. • Robust bid-stage due diligence to assess and limit liability exposure through appropriate contractual provisions. • Adherence to professional standards, quality controls and compliant delivery practices to minimise liability risks during execution.
Safety Risk	• Inadequate adherence to quality standards or processes during design and project execution may impact the safety of assets and facilities during construction and operations. • Deployment of employees in challenging or geopolitically sensitive locations, including areas affected by security concerns or difficult terrain, may expose personnel to safety and security risks.	• Reputational impact. • Risk of injuries or loss of life. • Safety and wellbeing of employees and project stakeholders.	• Stringent internal review and quality assurance processes by independent teams to ensure compliance with safety and design standards. • Safety training and awareness programmes for employees involved in design reviews and project execution. • Structured demobilisation strategies during elevated risk scenarios. • Assessment and preparation of country profiles covering security, political and legal aspects before entering new geographies.

Protecting intellectual property, partnership integrity and sustainability commitments across an expanding portfolio.

Risk Category	Key Risk Areas	Areas Impacted	Mitigation Strategies
Intellectual Property Risk	• Despite contractual and legal safeguards, the Company may not be able to fully prevent infringement or unauthorised use of its intellectual property, including designs, methodologies and proprietary information. • There is a risk of inadvertent or deliberate infringement of clients' or third-party intellectual property rights by employees or partners. Resolution of IP disputes may involve prolonged and costly litigation.	• Unexpected and significant legal and compliance costs. • Significant use of senior management time and attention. • Adverse impact on reputation, brand value and business relationships.	• Strengthened contractual protections, processes and controls to safeguard intellectual property, confidential information and trade secrets. • Periodic training and awareness programmes for employees on IP protection, compliance obligations and responsible handling of proprietary and third-party information.
Joint Ventures and Partnerships	• TCE undertakes certain projects through joint ventures, partnerships or similar arrangements, where partners may not fulfil contractual, financial or operational obligations. • The Company may have limited control over the actions of JV or consortium partners, including non-performance, financial distress, regulatory non-compliance or governance failures.	• Impact on timelines and quality of project deliverables. • Impact on cash flow, revenue and profitability. • Increased litigation exposure and reputational impact.	• Rigorous due diligence of JV and consortium partners during the bid stage, including assessment of financial strength, technical capability and track record. • Strong back-to-back contractual arrangements to allocate roles, responsibilities, liabilities and penalties. • Structured JV and partnership governance framework, supported by trained teams, to manage partnership risks across the project lifecycle.
ESG and Sustainability Risk	• Increasing environmental, social and governance expectations from clients, regulators, lenders and other stakeholders may impact project eligibility, sector participation and business opportunities, particularly in mining, hydrocarbons and heavy industry. • Changes in environmental regulations, sustainability norms, climate transition requirements or stakeholder expectations may affect project approvals, timelines or funding availability for client projects.	• Access to business opportunities in certain sectors and geographies. • Revenue visibility and project execution timelines. • Reputational perception among clients, partners and stakeholders.	• Embedding ESG considerations into bid, project and portfolio-level risk assessments to support informed decision-making. • Alignment with applicable environmental, social and regulatory requirements across projects and geographies. • Engagement with clients to support sustainable project outcomes and responsible engineering solutions.

Navigating global complexity and technological change with strong governance and continuous capability building.

Risk Category	Key Risk Areas	Areas Impacted	Mitigation Strategies
International Operations	• International operations expose the Company to political, economic and regulatory uncertainties, including changes in government policies, regulatory frameworks, taxation norms and contractual enforceability across jurisdictions. • Geopolitical developments, currency fluctuations and cross-border compliance requirements may impact business operations and performance. • Integration and management of overseas subsidiaries or acquisitions may create operational, governance and cultural challenges.	• Revenues and profitability of international operations. • Safety and security of personnel deployed overseas. • Achievement of global growth and geographic diversification objectives. • Operational efficiency and execution effectiveness due to integration challenges across systems, processes and culture. • Cash flows and capital deployment, including foreign investment and repatriation.	• Periodic and structured country risk assessments to support informed market entry and Go/No-Go decisions. • Robust due diligence at bid and investment stages, including evaluation of regulatory, legal, security and economic risks. • Strong governance and compliance frameworks with proactive engagement across overseas teams. • Structured engagement with overseas subsidiaries to support integration of systems, processes and organisational culture.
Digital and Artificial Intelligence Risk	• Increasing adoption of digital systems and AI-enabled tools across engineering, design and project delivery may expose the Company to risks related to model accuracy, reliability of outputs and over-reliance on automated systems. • Inadequate governance, awareness or misuse of digital platforms and AI tools may increase exposure to cyber, data security and intellectual property risks, including unauthorised access and data leakage.	• Quality, reliability and consistency of engineering deliverables. • Protection of intellectual property and confidential information. • Client confidence, regulatory compliance and brand reputation.	• Strengthening of cybersecurity, data protection and access controls across systems and platforms. • Governance frameworks and controls for adoption and use of digital and AI-enabled tools, including validation and review mechanisms for critical outputs. • Training and sensitisation of employees on responsible use of digital technologies and protection of intellectual property.
Strategic and Digital Transformation Risk	• Rapid changes in technology, digital engineering practices and business models may require continuous adaptation of capabilities, systems and delivery approaches to remain competitive. • Ineffective or delayed adoption of digital and advanced systems, including AI-enabled tools and emerging delivery models, may impact operational efficiency, quality of deliverables or return on transformation investments.	• Competitiveness, operational efficiency and cost structures. • Revenue growth and ability to capture new opportunities. • Ability to attract and retain digital and next-generation talent.	• Continuous upskilling and change management initiatives to support effective adoption across the organisation. • Ongoing investments in digital platforms, tools and capability building aligned with business strategy and delivery requirements. • Structured governance and oversight for digital and AI adoption to ensure alignment, value realisation and risk management.