TATA CONSULTANCY SERVICES LIMITED
Condensed Interim Balance Sheet

	Note	As at December 31, 2018 (₹ crores)	As at March 31, 2018 (₹ crores)
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	9,479	9,430
(b) Capital work-in-progress		926	1,238
(c) Intangible assets	4	84	10
(d) Financial assets			
(i) Investments	5(A)	2,189	2,186
(ii) Trade receivables		72	94
(iii) Unbilled receivables (Previous year: Unbilled revenue)		335	179
(iv) Loans	6(A)	2	1,503
(v) Other financial assets	7(A)	857	504
(e) Income tax assets (net)		3,327	3,824
(f) Deferred tax assets (net)		1,706	3,051
(g) Other assets	8(A)	944	815
Total non-current assets		**19,921**	**22,834**
Current assets			
(a) Inventories		12	25
(b) Financial assets			
(i) Investments	5(B)	28,838	35,073
(ii) Trade receivables		24,637	18,882
(iii) Unbilled receivables (Previous year: Unbilled revenue)		3,978	5,330
(iv) Cash and cash equivalents	9	1,287	1,278
(v) Other balances with banks	10	1,423	2,209
(vi) Loans	6(B)	6,518	2,793
(vii) Other financial assets	7(B)	1,811	807
(c) Other assets	8(B)	4,622	1,825
Total current assets		**73,126**	**68,222**
TOTAL ASSETS		**93,047**	**91,056**
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	11	375	191
(b) Other equity		72,426	75,675
Total Equity		**72,801**	**75,866**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings		35	39
(ii) Other financial liabilities	12(A)	228	246
(b) Employee benefit obligations		69	62
(c) Provisions		21	26
(d) Deferred tax liabilities (net)		549	424
(e) Other liabilities	13(A)	352	335
Total non-current liabilities		**1,254**	**1,132**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings		-	181
(ii) Trade payables			
1. Dues of micro enterprises and small enterprises		4	6
2. Dues of creditors other than micro enterprises and small enterprises		7,833	4,769
(iii) Other financial liabilities	12(B)	3,045	2,739
(b) Unearned and deferred revenue		2,254	1,711
(c) Income tax liabilities(net)		1,754	1,144
(d) Employee benefit obligations		1,844	1,478
(e) Provisions		208	171
(f) Other liabilities	13(B)	2,050	1,859
Total current liabilities		**18,992**	**14,058**
TOTAL EQUITY AND LIABILITIES		**93,047**	**91,056**

Figures may not add up due to rounding.

NOTES FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS 1-25

As per our report of even date attached

For and on behalf of the Board

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration no: 101248W/W-100022

Rajesh Gopinathan
CEO and Managing Director

N. Ganapathy Subramaniam
COO and Executive Director

Yezdi Nagporewalla
Partner
Membership No: 049265

V. Ramakrishnan
CFO

Rajendra Moholkar
Company Secretary

Mumbai, January 10, 2019

TATA CONSULTANCY SERVICES LIMITED
Condensed Interim Statements of Profit and Loss

(₹ crores)

		Note	For the quarter ended December 31, 2018	For the quarter ended December 31, 2017	For the nine months ended December 31, 2018	For the nine months ended December 31, 2017
I.	Revenue from operations	14	30,964	24,278	91,124	71,786
II.	Other income	15	1,873	1,043	5,979	4,264
III.	**TOTAL INCOME**		**32,837**	**25,321**	**97,103**	**76,050**
IV.	**Expenses**					
	(a) Employee benefit expenses	16	15,175	12,669	44,113	38,305
	(b) Cost of equipment and software licences	17	477	541	1,506	1,544
	(c) Other operating expenses	18	6,760	3,951	19,583	11,621
	(d) Finance costs		8	2	150	27
	(e) Depreciation and amortisation expense		430	419	1,269	1,227
	TOTAL EXPENSES		**22,850**	**17,582**	**66,621**	**52,724**
V.	**PROFIT BEFORE TAX**		**9,987**	**7,739**	**30,482**	**23,326**
VI.	**Tax expense**					
	(a) Current tax		2,285	1,622	6,953	5,073
	(b) Deferred tax		216	48	1,287	(232)
	TOTAL TAX EXPENSE		**2,501**	**1,670**	**8,240**	**4,841**
VII.	**PROFIT FOR THE PERIOD**		**7,486**	**6,069**	**22,242**	**18,485**
VIII.	**OTHER COMPREHENSIVE INCOME / (LOSSES)**					
(A)	**(i) Items that will be reclassified subsequently to profit or loss**					
	(a) Net change in fair values of investments other than equity shares carried at fair value through OCI		1,009	(571)	274	(649)
	(b) Net change in intrinsic value of derivatives designated as cash flow hedges		491	41	486	(98)
	(c) Net change in time value of derivatives designated as cash flow hedges		127	123	55	(42)
	(ii) Income tax on items that will be reclassified subsequently to profit or loss		(458)	178	(183)	241
(B)	**(i) Items that will not be reclassified subsequently to profit or loss**					
	(a)Remeasurement of defined employee benefit plans		60	(47)	(27)	29
	(b) Net change in fair values of investments in equity shares carried at fair value through OCI		-	-	(1)	-
	(ii) Income tax on items that will not be reclassified subsequently to profit or loss		-	-	-	-
	TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)		**1,229**	**(276)**	**604**	**(519)**
IX.	**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD**		**8,715**	**5,793**	**22,846**	**17,966**
X.	**Earnings per equity share:- Basic and diluted (₹)**	20	19.95	15.85	58.50	47.94
	Weighted average number of equity shares		375,23,84,706	382,85,75,182	380,19,77,779	385,59,30,843

Figures may not add up due to rounding.

NOTES FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS 1-25

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration no: 101248W/W-100022

Yezdi Nagporewalla
Partner
Membership No: 049265

Mumbai, January 10, 2019

For and on behalf of the Board

Rajesh Gopinathan
CEO and Managing Director

N. Ganapathy Subramaniam
COO and Executive Director

V. Ramakrishnan
CFO

Rajendra Moholkar
Company Secretary

TATA CONSULTANCY SERVICES LIMITED
Condensed Interim Statements of Changes in Equity
For the periods ended December 31, 2017 and 2018

A. EQUITY SHARE CAPITAL

(₹ crores)

Balance as at April 1, 2017	Changes in equity share capital during the period*	Balance as at December 31, 2017
197	(6)	191

(₹ crores)

Balance as at April 1, 2018	Changes in equity share capital during the period *	Balance as at December 31, 2018
191	184	375

* Refer note 11

TATA CONSULTANCY SERVICES LIMITED
Condensed Interim Statements of Changes in Equity
For the periods ended December 31, 2017 and 2018

B. OTHER EQUITY

(₹ crores)

	Reserves and surplus						Items of other comprehensive			Total Equity
	Capital reserve#	Securities premium	Capital redemption reserve	General reserve	Special Economic Zone re-investment reserve	Retained earnings	Investment revaluation reserve	Cash flow hedging reserve Intrinsic value	Cash flow hedging reserve Time value	
Balance as at April 1, 2017	**-**	**1,919**	**100**	**9,118**	**97**	**65,965**	**538**	**105**	**(17)**	**77,825**
Profit for the period	-	-	-	-	-	18,485	-	-	-	18,485
Other comprehensive income / (losses)	-	-	-	-	-	29	(424)	(86)	(38)	(519)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**18,514**	**(424)**	**(86)**	**(38)**	**17,966**
Dividend (including tax on dividend of ₹ 1,321 crores)	-	-	-	-	-	(9,265)	-	-	-	(9,265)
Transfer to Special Economic Zone re-investment reserve	-	-	-	-	1,135	(1,135)	-	-	-	-
Transfer from Special Economic Zone re-investment reserve	-	-	-	-	(98)	98	-	-	-	-
Buy -back of equity shares *	-	(1,919)	6	(9,118)	-	(4,963)	-	-	-	(15,994)
Expenses for buy -back of equity shares *	-	-	-	-	-	(43)	-	-	-	(43)
Balance as at December 31, 2017	**-**	**-**	**106**	**-**	**1,134**	**69,171**	**114**	**19**	**(55)**	**70,489**
Balance as at April 1, 2018	**-**	**-**	**106**	**-**	**1,578**	**74,080**	**(18)**	**(2)**	**(69)**	**75,675**
Profit for the period	-	-	-	-	-	22,242	-	-	-	22,242
Other comprehensive income / (losses)	-	-	-	-	-	(27)	178	403	50	604
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**22,215**	**178**	**403**	**50**	**22,846**
Dividend (including tax on dividend of ₹ 1282 crores)	-	-	-	-	-	(9,866)	-	-	-	(9,866)
Realised loss on equity shares carried at fair value through OCI	-	-	-	-	-	(1)	1	-	-	-
Buy-back of equity shares*	-	-	8	-	-	(16,000)	-	-	-	(15,992)
Expenses for buy -back of equity shares *	-	-	-	-	-	(45)	-	-	-	(45)
Issue of bonus shares*	-	-	(106)	-	-	(86)	-	-	-	(192)
Balance as at December 31, 2018	**-**	**-**	**8**	**-**	**1,578**	**70,297**	**161**	**401**	**(19)**	**72,426**

*Refer Note 11

#Represents values less than ₹ 0.50 crore.

Figures may not add up due to rounding.

TATA CONSULTANCY SERVICES LIMITED
Condensed Interim Statements of Changes in Equity
For the periods ended December 31, 2017 and 2018

Nature and purpose of reserves

(a) Capital reserve

The Company recognises profit and loss on purchase, sale, issue or cancellation of the Group's own equity instruments to capital reserve.

(b) Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.

(c) Capital redemption reserve

As per Companies Act, 2013, capital redemption reserve is created when company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve. The reserve is utilized in accordance with the provisions of section 69 of the Companies Act, 2013.

(d) General reserve

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to statement of profit and loss.

(e) Special Economic Zone re-investment reserve

The Special Economic Zone re-investment reserve has been created out of the profit of eligible SEZ units in terms of the provisions of section 10AA(1)(ii) of the Income-tax Act,1961. The reserve should be utilised by the Company for acquiring new plant and machinery for the purpose of its business in the terms of the section 10AA(2) of Income-tax Act,1961.

(f) Investment revaluation reserve

This reserve represents the cumulative gains and losses arising on the revaluation of equity / debt instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.

(g) Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the hedged transaction occurs.

NOTES FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS 1-25

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration no: 101248W/W-100022

Yezdi Nagporewalla
Partner
Membership No: 049265

Mumbai, January 10, 2019

For and on behalf of the Board

Rajesh Gopinathan
CEO and Managing Director

N. Ganapathy Subramaniam
COO and Executive Director

V. Ramakrishnan
CFO

Rajendra Moholkar
Company Secretary

TATA CONSULTANCY SERVICES LIMITED
Condensed Interim Statements of Cash Flows

		For the nine months ended December 31, 2018	For the nine months ended December 31, 2017
		(₹ crores)	
I	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit for the period	22,242	18,485
	Adjustments to reconcile profit and loss to net cash provided by operating activities		
	Depreciation and amortisation expense	1,269	1,227
	Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	123	72
	Tax expense	8,240	4,841
	Finance costs	150	27
	Net gain on disposal of property, plant and equipment	(31)	(1)
	Exchange difference on translation of foreign currency cash and cash equivalents	11	(26)
	Dividend income (Including exchange gain)	(3,111)	(1,618)
	Interest income	(1,962)	(1,629)
	Net gain on investments	(368)	(692)
	Operating profit before working capital changes	**26,563**	**20,686**
	Net change in		
	Inventories	13	(6)
	Trade receivables	(5,851)	(2,296)
	Unbilled receivables (Previous period: Unbilled revenue)	1,196	(785)
	Loans and other financial assets	(560)	302
	Other assets	(2,955)	(377)
	Trade payables	3,061	477
	Unearned and deferred revenue	542	226
	Other financial liabilities	350	292
	Other liabilities and provisions	615	740
	Cash generated from operations	**22,974**	**19,259**
	Taxes paid (net of refunds)	(5,846)	(4,573)
	Net cash provided by operating activities	**17,128**	**14,686**
II	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Bank deposits placed	(1,550)	(80)
	Inter-corporate deposits placed	(12,722)	(3,500)
	Purchase of investments	(71,845)	(71,954)
	Payment for purchase of property, plant and equipment	(1,049)	(1,256)
	Payment for purchase of intangible assets	(90)	-
	Earmarked deposits placed with banks	(290)	(150)
	Proceeds from bank deposits	2,000	415
	Proceeds from inter-corporate deposits	10,472	2,425
	Proceeds from disposal / redemption of investments	78,662	81,627
	Proceeds from disposal of property, plant and equipment	42	2
	Proceeds from earmarked deposits with banks	340	135
	Dividend received from subsidiaries (including exchange gain)	3,111	1,613
	Dividend received from other investments	-	5
	Interest received	2,123	1,883
	Acquisition of subsidiary	(66)	-
	Net cash provided by investing activities	**9,138**	**11,165**

TATA CONSULTANCY SERVICES LIMITED
Condensed Interim Statements of Cash Flows

		(₹ crores)	
		For the nine months ended December 31, 2018	**For the nine months ended December 31, 2017**
III	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Buy-back of equity shares	(16,000)	(16,000)
	Expenses for buy-back of equity shares	(45)	(42)
	Short-term borrowings (net)	(181)	(200)
	Dividend paid (including tax on dividend)	(9,866)	(9,265)
	Repayment of finance lease obligations	(4)	(5)
	Interest paid	(150)	(27)
	Net cash used in financing activities	**(26,246)**	**(25,539)**
	Net change in cash and cash equivalents	20	312
	Cash and cash equivalents at the beginning of the period	1,278	790
	Exchange difference on translation of foreign currency cash and cash equivalents	(11)	26
	Cash and cash equivalents at the end of the period	**1,287**	**1,128**
	Figures may not add up due to rounding.		
IV	**NOTES FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS** **1-25**		

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration no: 101248W/W-100022

Yezdi Nagporewalla
Partner
Membership No: 049265

Mumbai, January 10, 2019

For and on behalf of the Board

Rajesh Gopinathan
CEO and Managing Director

N. Ganapathy Subramaniam
COO and Executive Director

V. Ramakrishnan
CFO

Rajendra Moholkar
Company Secretary

1) Corporate information

Tata Consultancy Services Limited (referred to as "TCS Limited" or "the Company") provides IT services, consulting and business solutions that has been partnering with many of the world's largest businesses in their transformation journeys for the last fifty years. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions. This is delivered through its unique Location-Independent Agile delivery model recognized as a benchmark of excellence in software development.

The Company is a public limited company incorporated and domiciled in India. The address of its corporate office is TCS House, Raveline Street, Fort, Mumbai - 400001. As at December 31, 2018, Tata Sons Limited, the holding company owned 72.02% of the Company's equity share capital.

The condensed interim financial statements for the nine months period ended December 31, 2018 were approved by the Board of Directors and authorised for issue on January 10, 2019.

2) Significant accounting policies

(a) Statement of compliance

The condensed interim financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") 34 Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

(b) Basis of preparation

The condensed interim financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(c) Use of estimates and judgements

The preparation of condensed interim financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of the condensed interim financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key sources of estimation of uncertainty at the date of the condensed interim financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities and fair value measurement of financial instruments has been discussed below. Key source of estimation of uncertainty in respect of revenue recognition and employee benefits has been discussed in their respective policies.

Impairment of investments in subsidiaries

The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy has been explained under note 2(i).

Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The policy has been further explained under note 2(j).

(d) Revenue recognition

The Company earns revenue primarily from providing IT services, consulting and business solutions. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions.

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the condensed interim statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. Refer note 2(d) – Significant accounting policies – Revenue recognition in the Annual report of the Company for the year ended March 31, 2018, for the revenue recognition policy as per Ind AS 18 and Ind AS 11. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method .

- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.

- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

Use of significant judgements in revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for

performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

- Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

- Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

(e) Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.

(f) Leases

Finance lease

Assets taken on lease by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in the condensed interim statement of profit and loss, unless the lease agreement explicitly states that increase is on account of inflation.

(g) Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their nature.

The costs of the Company are broadly categorised in employee benefit expenses, cost of equipment and software licenses, depreciation and amortisation expense and other operating expenses. Employee benefit expenses include salaries, incentives and allowances, contributions to provident and other funds and staff welfare expenses. Other operating expenses mainly include fees to external consultants, facility expenses, travel expenses, communication expenses, bad debts and advances written off, allowance for doubtful trade receivable and advances (net) and other expenses. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, recruitment and training, entertainment, etc.

(h) Foreign currency

The functional currency of the Company is Indian rupee (₹).

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the condensed interim statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

(i) Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in condensed interim statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income taxes

The current income tax expense includes income taxes payable by the Company and its branches in India and overseas. The current tax payable by the Company in India is Indian income tax payable on worldwide income after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

Current income tax payable by overseas branches of the Company is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Company's worldwide income.
Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

(j) Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in condensed interim statement of profit and loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.

Hedge accounting

The Company designates certain foreign exchange forward, currency options and futures contracts as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges.

The Company uses hedging instruments that are governed by the policies of the Company which are approved by the Board of Directors. The policies provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company.

The hedge instruments are designated and documented as hedges at the inception of the contract. The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified in net foreign exchange gains in the condensed interim statement of profit and loss.

The effective portion of change in the fair value of the designated hedging instrument is recognised in the other comprehensive income and accumulated under the heading cash flow hedging reserve.

The Company separates the intrinsic value and time value of an option and designates as hedging instruments only the change in intrinsic value of the option. The change in fair value of the time value and intrinsic value of an option is recognised in the statement of other comprehensive income and accounted as a separate component of equity. Such amounts are reclassified into the condensed interim statement of profit and loss when the related hedged items affect profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and is recognised in condensed interim statement of profit and loss when the forecasted transaction ultimately affects the profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the condensed interim statement of profit and loss.

(k) Investment in subsidiaries

Investment in subsidiaries are measured at cost less impairment loss, if any.

(l) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment so as to expense the cost less residual value over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

Type of asset	Method	Useful lives
Buildings	Straight line	20 years
Leasehold improvements	Straight line	Lease term
Plant and equipment	Straight line	10 years
Computer equipment	Straight line	4 years
Vehicles	Straight line	4 years
Office equipment	Straight line	5 years
Electrical installations	Straight line	10 years
Furniture and fixtures	Straight line	5 years

Assets held under finance lease are depreciated over the shorter of the lease term and their useful lives.

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

(m) Intangible assets

Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of rights under licensing agreement and software licences which are amortised over license period which equates the useful life ranging between 2-5 years on a straight line basis.

(n) Impairment

(i) Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the condensed interim statement of profit and loss.

(o) Employee benefits

(i) Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Past service cost, both vested and unvested, is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

(ii) Defined contribution plans

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

(iii) Compensated absences

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the balance sheet date. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

(p) Inventories

Inventories consists of a) Raw materials, sub-assemblies and components, b) Work-in-progress, c) Stores and spare parts and d) Finished goods. Inventories are carried at lower of cost and net realisable value. The cost of raw materials, sub-assemblies and components is determined on a weighted average basis. Cost of finished goods produced or purchased by the Company includes direct material and labour cost and a proportion of manufacturing overheads.

(q) Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years presented.

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3) Property, plant and equipment

Property, plant and equipment consist of the following:

(₹ crores)

	Freehold land	Buildings	Leasehold Improvements	Plant and equipment	Computer equipment	Vehicles	Office equipment	Electrical Installations	Furniture and fixtures	Total
Cost as at April 1, 2018	327	7,026	1,702	489	5,695	32	2,038	1,711	1,308	20,328
Additions	(4)	294	184	39	484	3	112	100	101	1,313
Disposals	-	(5)	(93)	(3)	(98)	-	(28)	(23)	(22)	(272)
Cost as at December 31, 2018	**323**	**7,315**	**1,793**	**525**	**6,081**	**35**	**2,122**	**1,788**	**1,387**	**21,369**
Accumulated depreciation as at April 1, 2018	**-**	**(1,792)**	**(970)**	**(116)**	**(4,526)**	**(26)**	**(1,572)**	**(910)**	**(986)**	**(10,898)**
Depreciation for the period	-	(276)	(102)	(39)	(462)	(3)	(156)	(107)	(108)	(1,253)
Disposals	-	3	93	2	98	-	28	16	21	261
Accumulated depreciation as at December 31, 2018	**-**	**(2,065)**	**(979)**	**(153)**	**(4,890)**	**(29)**	**(1,700)**	**(1,001)**	**(1,073)**	**(11,890)**
Net carrying amount as at December 31, 2018	**323**	**5,250**	**814**	**372**	**1,191**	**6**	**422**	**787**	**314**	**9,479**

(₹ crores)

	Freehold land	Buildings	Leasehold Improvements	Plant and equipment	Computer equipment	Vehicles	Office equipment	Electrical Installations	Furniture and fixtures	Total
Cost as at April 1, 2017	327	6,637	1,412	392	5,130	31	1,943	1,601	1,208	18,681
Additions	-	394	311	98	673	2	139	122	120	1,859
Disposals	-	(5)	(21)	(1)	(108)	(1)	(44)	(12)	(20)	(212)
Cost as at March 31, 2018	**327**	**7,026**	**1,702**	**489**	**5,695**	**32**	**2,038**	**1,711**	**1,308**	**20,328**
Accumulated depreciation as at April 1, 2017	-	(1,444)	(862)	(73)	(4,005)	(22)	(1,401)	(778)	(882)	(9,467)
Depreciation for the year	-	(352)	(129)	(44)	(629)	(5)	(215)	(143)	(123)	(1,640)
Disposals	-	4	21	1	108	1	44	11	19	209
Accumulated depreciation as at March 31, 2018	-	**(1,792)**	**(970)**	**(116)**	**(4,526)**	**(26)**	**(1,572)**	**(910)**	**(986)**	**(10,898)**
Net carrying amount as at March 31, 2018	**327**	**5,234**	**732**	**373**	**1,169**	**6**	**466**	**801**	**322**	**9,430**

Net book value of leasehold improvements of ₹ 26 crores (March 31, 2018: ₹ 30 crores) is under finance lease.

4) Intangible assets

Intangible assets consist of the following:

	(₹ crores) Rights under licensing agreement and software licences
Cost as at April 1, 2018	**68**
Additions	90
Disposals / Derecognised	-
Cost as at December 31, 2018	**158**
Accumulated amortisation as at April 1, 2018	**(58)**
Amortisation for the period	(16)
Disposals / Derecognised	-
Accumulated amortisation as at December 31, 2018	**(74)**
Net carrying amount as at December 31, 2018	**84**

	(₹ crores) Rights under licensing agreement and software licences
Cost as at April 1, 2017	**68**
Additions	-
Disposals / Derecognised	-
Cost as at March 31, 2018	**68**
Accumulated amortisation as at April 1, 2017	**(51)**
Amortisation for the year	(7)
Disposals / Derecognised	-
Accumulated amortisation as at March 31, 2018	**(58)**
Net carrying amount as at March 31, 2018	**10**

5) Investments

Investments consist of the following:

(A) Investments – Non-current

		(₹ crores)
	As at December 31, 2018	**As at March 31, 2018**
(a) Investment in subsidiaries		
Fully paid equity shares (unquoted)	2,189	2,124
(b) Investments carried at fair value through profit or loss		
Mutual fund units (unquoted)	-	59
(c) Investments designated at fair value through OCI		
Fully paid equity shares (unquoted)	-	3
	2,189	**2,186**

(B) Investments – Current

		(₹ crores)
	As at December 31, 2018	**As at March 31, 2018**
(a) Investments carried at fair value through profit or loss		
Mutual fund units (unquoted)	4,414	9,101
(b) Investments carried at fair value through OCI		
Government bonds and securities (quoted)	23,462	25,217
Corporate bonds (quoted)	962	755
	28,838	**35,073**

Aggregate value of quoted and unquoted investments is as follows:

		(₹ crores)
	As at December 31, 2018	**As at March 31, 2018**
Aggregate value of quoted investments	24,424	25,972
Aggregate value of unquoted investments (net of impairment)	6,603	11,287
Aggregate market value of quoted investments	24,424	25,972

	As at December 31, 2018	As at March 31, 2018
		(₹ crores)
Investment in subsidiaries		
Fully paid equity shares (unquoted)		
TCS Iberoamerica SA	461	461
APTOnline Limited	-	-
Tata Consultancy Services Belgium	1	1
Tata Consultancy Services Netherlands BV	403	403
Tata Consultancy Services Sverige AB	19	19
Tata Consultancy Services Deutschland GmbH	2	2
Tata America International Corporation	453	453
Tata Consultancy Services Asia Pacific Pte Ltd.	19	19
TCS FNS Pty Limited	212	212
Diligenta Limited	429	429
Tata Consultancy Services Canada Inc. *	-	-
Tata Consultancy Services Canada Inc.	31	31
C-Edge Technologies Limited	5	5
MP Online Limited	1	1
Tata Consultancy Services (Africa) (PTY) Ltd.	66	66
MahaOnline Limited	2	2
Tata Consultancy Services Qatar S.S.C.	2	2
CMC Americas, Inc.	8	8
TCS e-Serve International Limited	10	10
TCS Foundation	-	-
W12 Studios Limited	66	-
	2,189	2,124
Investments designated at fair value through OCI		
Fully paid equity shares (unquoted)		
Taj Air Limited	19	19
KOOH Sports Private Limited	-	3
Less : Impairment of investments	(19)	(19)
	-	3

TCS Limited acquired W12 Studios Limited, an award-winning digital design studio based in London. The Company paid ₹ 66 crores (GBP 7 million) to acquire 100% equity shares of W12 Studios Limited.

* Represents value less than ₹ 0.50 crore.

6) Loans

Loans (unsecured) consist of the following:

(A) Loans – Non-current

	As at December 31, 2018	As at March 31, 2018
		(₹ crores)
Considered good		
(a) Loans and advances to employees	2	3
(b) Inter-corporate deposits	-	1,500
	2	**1,503**

(B) Loans - Current

		(₹ crores)	
		As at December 31, 2018	**As at March 31, 2018**
	Considered good		
(a)	Loans and advances to employees	268	293
(b)	Inter-corporate deposits	6,250	2,500
	Loans - Significant increase in Credit Risk		
	Loans and advances to employees	67	61
	Less: Allowance on loans and advances to employees	(67)	(61)
		6,518	**2,793**

Inter-corporate deposits placed with financial institutions yield fixed interest rate.

7) Other financial assets

Other financial assets consist of the following:

(A) Other financial assets – Non-current

		(₹ crores)	
		As at December 31, 2018	**As at March 31, 2018**
(a)	Security deposits	557	504
(b)	Long-term bank deposits	300	-
		857	**504**

(B) Other financial assets - Current

		(₹ crores)	
		As at December 31, 2018	**As at March 31, 2018**
(a)	Security deposits	110	181
(b)	Fair value of foreign exchange derivative assets	1,138	89
(c)	Interest receivable	479	520
(d)	Others	84	17
		1,811	**807**

8) Other assets

Other assets consist of the following:

(A) Other assets – Non-current

		(₹ crores)	
		As at December 31, 2018	**As at March 31, 2018**
	Considered good		
(a)	Contract assets	136	-
(b)	Prepaid expenses	200	237
(c)	Prepaid rent	352	373
(d)	Contract fulfillment costs	154	95
(e)	Capital advances	99	105
(f)	Advances to related parties	2	2
(g)	Others	1	3
		944	**815**
	Advances to related parties, considered good, comprise :		
	Voltas Limited	1	2
	Tata Realty and Infrastructure Ltd*	-	-
	Concorde Motors (India) Limited	1	-

* Represents value less than ₹ 0.50 crore.

(B) Other assets - Current

		(₹ crores)	
		As at December 31, 2018	**As at March 31, 2018**
	Considered good		
(a)	Contract assets	2,562	-
(b)	Prepaid expenses	399	735
(c)	Prepaid rent	37	39
(d)	Contract fulfillment costs	586	427
(e)	Advance to suppliers	130	84
(f)	Advance to related parties	10	4
(g)	Indirect taxes recoverable	815	482
(h)	Other advances	27	20
(i)	Others	56	34
	Considered doubtful		
(a)	Advance to suppliers	3	3
(b)	Indirect taxes recoverable	2	2
(c)	Other advances	3	3
Less: Allowance on doubtful assets		(8)	(8)
		4,622	**1,825**
	Advance to related parties, considered good comprise		
	TCS e-Serve International Limited	7	-
	The Titan Company Limited	2	2
	Tata Consultancy Services Danmark ApS	-	1
	Tata AIG General Insurance Company Limited	-	1
	TCS FNS Pty Limited	1	-
	APTOnline Limited*	-	-

* Represents value less than ₹ 0.50 crore.

9) Cash and cash equivalents

Cash and cash equivalents consist of the following:

		(₹ crores)
	As at December 31, 2018	**As at March 31, 2018**
(a) Balances with banks		
In current accounts	1,277	1,211
In deposit accounts	8	2
(b) Cheques on hand	1	3
(c) Cash on hand*	-	-
(d) Remittances in transit	1	62
	1,287	**1,278**

* Represents value less than ₹ 0.50 crore.

10) Other balances with banks

Other balances with banks consist of the following:

		(₹ crores)
	As at December 31, 2018	**As at March 31, 2018**
(a) Earmarked balances with banks	173	209
(b) Short-term bank deposits	1,250	2,000
	1,423	**2,209**

Earmarked balances with banks significantly pertains to margin money for purchase of investments, margin money for derivative contracts and unclaimed dividends.

11) Share capital

The authorised, issued, subscribed and fully paid-up share capital comprises of the following:

		(₹ crores)
	As at December 31, 2018	**As at March 31, 2018**
Authorised		
(a) 460,05,00,000 equity shares of ₹ 1 each (March 31, 2018: 460,05,00,000 equity shares of ₹ 1 each)	460	460
(b) 105,02,50,000 preference shares of ₹ 1 each (March 31, 2018: 105,02,50,000 preference shares of ₹ 1 each)	105	105
	565	**565**
Issued, Subscribed and Fully paid up		
(a) 375,23,84,706 equity shares of ₹ 1 each (March 31, 2018: 191,42,87,591 equity shares of ₹ 1 each)	375	191
	375	**191**

The Company allotted 191,42,87,591 equity shares as fully paid up bonus shares by capitalisation of profits transferred from retained earnings amounting to ₹ 86 crores and capital redemption reserve amounting to ₹ 106 crores, pursuant to an ordinary resolution passed after taking the consent of shareholders through postal ballot.

The Company bought back 7,61,90,476 equity shares for an aggregate amount of ₹16,000 crores being 1.99% of the total paid up equity share capital at ₹2,100 per equity share. The equity shares bought back were extinguished on September 26, 2018.

In the previous year, the Company bought back 5,61,40,350 equity shares for an aggregate amount of ₹ 16,000 crores being 2.85% of the total paid up equity share capital at ₹ 2,850 per equity share. The equity shares bought back were extinguished on June 7, 2017.

12) Other financial liabilities

Other financial liabilities consist of the following:

(A) Other financial liabilities – Non-current

		(₹ crores)
	As at December 31, 2018	**As at March 31, 2018**
(a) Capital creditors	1	18
(b) Others	227	228
	228	**246**

Others include advance taxes paid of ₹ 226 crores (March 31, 2018: ₹ 227 crores) by the seller of TCS e-Serve Limited (merged with the Company) which on refund by the tax authorities is payable to the seller.

(B) Other financial liabilities – Current

		(₹ crores)
	As at December 31, 2018	**As at March 31, 2018**
(a) Accrued payroll	1,763	1,667
(b) Current maturities of finance lease obligations	6	5
(c) Unclaimed dividends	41	28
(d) Fair value of foreign exchange derivative liabilities	57	91
(e) Capital creditors	208	245
(f) Liability towards customer contracts	928	669
(g) Others	42	34
	3,045	**2,739**

Finance lease obligations are secured against property, plant and equipment obtained under finance lease arrangements.

13) Other liabilities

Other liabilities consist of the following:

(A) Other liabilities – Non-current

		(₹ crores)
	As at December 31, 2018	**As at March 31, 2018**
(a) Operating lease liabilities	352	335
	352	**335**

(B) Other liabilities - Current

		(₹ crores)
	As at December 31, 2018	**As at March 31, 2018**
(a) Advance received from customers	571	556
(b) Indirect taxes payable and other statutory liabilities	1,359	1,111
(c) Operating lease liabilities	48	84
(d) Others	72	108
	2,050	**1,859**

14) Revenue from operations

Revenue from operations includes ₹ 534 crores for quarter ended December 31, 2018 (December 31, 2017: ₹ 599 crores) towards sale of equipment and software licences.

Revenue from operations includes ₹ 1,604 crores for nine months ended December 31, 2018 (December 31, 2017: ₹ 1,727 crores) towards sale of equipment and software licences.

Revenue disaggregation by industry vertical is as follows:

(₹ crores)

Industry vertical	For the quarter ended December 31, 2018	For the quarter ended December 31, 2017	For the nine months ended December 31, 2018	For the nine months ended December 31, 2017
Banking, Financial Services and Insurance	11,449	8,928	33,924	27,031
Manufacturing	2,891	2,278	8,579	6,736
Retail and Consumer Business	5,721	4,437	16,715	12,788
Communication, Media and Technology	5,347	4,442	15,737	13,088
Others	5,556	4,193	16,169	12,143
Total	**30,964**	**24,278**	**91,124**	**71,786**

Revenue disaggregation by geography is as follows:

(₹ crores)

Geography	For the quarter ended December 31, 2018	For the quarter ended December 31, 2017	For the nine months ended December 31, 2018	For the nine months ended December 31, 2017
Americas	18,103	13,666	53,345	40,470
Europe	7,964	6,326	23,365	18,440
India	2,095	1,850	6,067	5,660
Others	2,802	2,436	8,347	7,216
Total	**30,964**	**24,278**	**91,124**	**71,786**

Geographical revenue is allocated based on the location of the customers.

15) Other income

Other income consist of the following:

(₹ crores)

	For the quarter ended December 31, 2018	For the quarter ended December 31, 2017	For the nine months ended December 31, 2018	For the nine months ended December 31, 2017
(a) Interest income	556	631	1,962	1,629
(b) Dividend income	761	155	3,108	1,617
(c) Net gain on investments carried at fair value through profit or loss	72	122	368	496
(d) Net gain on sale of investments other than equity shares carried at fair value through OCI	-	-	-	196
(e) Net gain on disposal of property, plant and equipment	4	1	31	1
(f) Net foreign exchange gains	465	120	465	284
(g) Rent income	2	2	6	4
(h) Other income	13	12	39	37
	1,873	**1,043**	**5,979**	**4,264**
Interest income comprises :				
Interest on bank balances and bank deposits	11	3	71	25
Interest income on financial assets carried at amortised cost	87	60	353	133
Interest income on financial assets carried at fair value through OCI	447	428	1,389	1,257
Other interest (including interest on income tax refunds)	11	140	149	214
Dividend income comprise :				
Dividends from subsidiaries	761	155	3,108	1,612
Dividend from mutual fund units / other investments	-	-	-	5

16) Employee benefits

Employee benefit expenses consist of the following:

(₹ crores)

	For the quarter ended December 31, 2018	For the quarter ended December 31, 2017	For the nine months ended December 31, 2018	For the nine months ended December 31, 2017
(a) Salaries, incentives and allowances	13,872	11,581	40,265	35,006
(b) Contributions to provident and other funds	921	768	2,711	2,334
(c) Staff welfare expenses	382	320	1,137	965
	15,175	**12,669**	**44,113**	**38,305**

17) Cost of equipment and software licenses

Cost of equipment and software licenses consist of the following:

(₹ crores)

	For the quarter ended December 31, 2018	For the quarter ended December 31, 2017	For the nine months ended December 31, 2018	For the nine months ended December 31, 2017
(a) Raw materials, sub-assemblies and components consumed	9	18	33	77
(b) Equipment and software licences purchased	468	523	1,473	1,466
	477	**541**	**1,506**	**1,543**
Finished goods and work-in-progress				
Opening stock*	-	-	-	1
Less: Closing stock*	-	-	-	-
	-	-	-	1
	477	**541**	**1,506**	**1,544**

* Represents value less than ₹ 0.50 crore.

18) Other operating expenses

Other operating expenses consist of the following:

(₹ crores)

	For the quarter ended December 31, 2018	For the quarter ended December 31, 2017	For the nine months ended December 31, 2018	For the nine months ended December 31, 2017
(a) Fees to external consultants	3,143	1,582	8,937	4,683
(b) Facility expenses	817	769	2,462	2,272
(c) Travel expenses	663	513	2,031	1,632
(d) Communication expenses	212	163	629	527
(e) Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	43	22	123	72
(f) Other expenses	1,882	902	5,401	2,435
	6,760	**3,951**	**19,583**	**11,621**

Other expenses include ₹ 1,039 crores for the quarter ended December 31, 2018 (December 31, 2017: ₹ 65 crores) and ₹ 2,987 crores for nine months ended December 31, 2018 (December 31, 2017: ₹ 181 crores) towards sales, marketing and advertisement expenses.

19) Financial instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(j) to the condensed interim financial statements.

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as of December 31, 2018 is as follows:

(₹ crores)

	Fair value through profit or loss	Fair value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total carrying value
Financial assets						
Cash and cash equivalents	-	-	-	-	1,287	1,287
Bank deposits	-	-	-	-	1,250	1,250
Earmarked balances with banks	-	-	-	-	173	173
Investments (other than in subsidiary)	4,414	24,424	-	-	-	28,838
Trade receivables	-	-	-	-	24,709	24,709
Unbilled receivables	-	-	-	-	4,313	4,313
Loans	-	-	-	-	6,520	6,520
Other financial assets	-	-	582	556	1,530	2,668
Total	**4,414**	**24,424**	**582**	**556**	**39,782**	**69,758**
Financial liabilities						
Trade payables	-	-	-	-	7,837	7,837
Borrowings	-	-	-	-	35	35
Other financial liabilities	-	-	-	57	3,216	3,273
Total	**-**	**-**	**-**	**57**	**11,088**	**11,145**

The carrying value of financial instruments by categories as of March 31, 2018 is as follows:

(₹ crores)

	Fair value through profit or loss	Fair value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total carrying value
Financial assets						
Cash and cash equivalents	-	-	-	-	1,278	1,278
Bank deposits	-	-	-	-	2,000	2,000
Earmarked balances with banks	-	-	-	-	209	209
Investments (other than in subsidiary)	9,160	25,975	-	-	-	35,135
Trade receivables	-	-	-	-	18,976	18,976
Unbilled revenue	-	-	-	-	5,509	5,509
Loans	-	-	-	-	4,296	4,296
Other financial assets	-	-	34	55	1,222	1,311
Total	**9,160**	**25,975**	**34**	**55**	**33,490**	**68,714**
Financial liabilities						
Trade payables	-	-	-	-	4,775	4,775
Borrowings	-	-	-	-	220	220
Other financial liabilities	-	-	25	66	2,894	2,985
Total	**-**	**-**	**25**	**66**	**7,889**	**7,980**

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables (previous year: unbilled revenue), loans and trade payables as at December 31, 2018 and March 31, 2018 approximate the fair value. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the periods presented.

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

• Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

• Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The investments included in Level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a range of possible fair value measurements and the cost represents estimate of fair value within that range.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosure are required):

				(₹ crores)
As at December 31, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Mutual fund units	4,414	-	-	4,414
Equity shares	-	-	-	-
Government bonds and securities	23,462			23,462
Corporate bonds	962	-	-	962
Derivative financial assets	-	1,138	-	1,138
Total	**28,838**	**1,138**	**-**	**29,976**
Financial liabilities				
Derivative financial liabilities	-	57	-	57
Total	**-**	**57**	**-**	**57**

				(₹ crores)
As at March 31, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Mutual fund units	9,101	59	-	9,160
Equity shares	-	-	3	3
Government bonds and securities	25,217	-	-	25,217
Corporate bonds	755	-	-	755
Derivative financial assets	-	89	-	89
Total	**35,073**	**148**	**3**	**35,224**
Financial liabilities				
Derivative financial liabilities	-	91	-	91
Total	**-**	**91**	**-**	**91**

(b) Derivative financial instruments and hedging activity

The Company's revenue is denominated in foreign currency predominantly US Dollar, Great Britain Pound and Euro. In addition to these currencies, the Company also does business in Australian Dollar, Canadian Dollar, Swiss Franc, Japanese Yen, Norwegian Krone, Swedish Krona, South African Rand, Singapore Dollar, Saudi Arabian Riyal, Danish Kroner and Brazilian Real. Given the nature of the business, a large portion of the costs are denominated in Indian Rupee. This exposes the Company to currency fluctuations.

The Board of Directors of the Company has constituted a Risk Management Committee (RMC) to frame, implement and monitor the risk management plan of the Company which inter-alia covers risks arising out of exposure to foreign currency fluctuations. Under the guidance and framework provided by the RMC, the Company uses various derivative instruments such as foreign exchange forwards, currency option and futures contracts in which the counter party is generally a bank.

The following are outstanding currency options contracts, which have been designated as cash flow hedges:

	As at December 31, 2018			As at March 31, 2018		
Foreign currency	**No. of contracts**	**Notional amount of contracts (In millions)**	**Fair value (₹ crores)**	**No. of contracts**	**Notional amount of contracts (In millions)**	**Fair value (₹ crores)**
US Dollar	28	1,595	321	24	1,466	20
Great Britain Pound	27	308	99	34	263	(23)
Euro	27	248	76	26	216	1
Australian Dollar	15	176	39	21	150	12
Canadian dollar	14	104	47	-	-	-

The movement in cash flow hedging reserve for derivatives designated as cash flow hedges is as follows:

	Period ended December 31, 2018		Year ended March 31, 2018	
	Intrinsic Value	**Time Value**	**Intrinsic Value**	**Time Value**
Balance at the beginning of the period	(2)	(69)	105	(17)
(Gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	(98)	338	(127)	340
Deferred tax on (gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	17	(28)	15	(40)
Change in the fair value of effective portion of cash flow hedges	584	(283)	5	(399)
Deferred tax on fair value of effective portion of cash flow hedges	(100)	23	-	47
Balance at the end of the period	**401**	**(19)**	**(2)**	**(69)**

In addition to the above cash flow hedges, the Company has outstanding foreign exchange forward, currency options and futures contracts with notional amount aggregating ₹ 35,428 crores as at December 31, 2018 (March 31, 2018: ₹ 22,404 crores) whose fair value showed a net gain of ₹ 499 crores as at December 31, 2018 (March 31, 2018 : net loss of ₹ 12 crores). Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting.

Exchange gain of ₹ 1,054 crores for the quarter ended December 31, 2018 (December 31, 2017: Exchange gain of ₹ 425 crores) on foreign exchange forward contracts and currency options and futures contracts that do not qualify for hedge accounting have been recognised in the condensed consolidated interim statement of profit and loss.

Exchange gain of ₹ 136 crores for the nine months ended December 31, 2018 (December 31, 2017: Exchange gain of ₹ 218 crores) on foreign exchange forward contracts and currency options and futures contracts that do not qualify for hedge accounting have been recognised in the condensed consolidated interim statement of profit and loss.

Net foreign exchange gains include loss of ₹ 57 crores for the quarter ended December 31, 2018 (December 31, 2017: Exchange loss of ₹ 70 crores) transferred from cash flow hedging reserve.
Net foreign exchange gains include loss of ₹ 240 crores for the nine months ended December 31, 2018 (December 31, 2017: Exchange loss of ₹ 118 crores) transferred from cash flow hedging reserve.

20) Earnings Per Share (EPS)

	For the quarter ended December 31, 2018	For the quarter ended December 31, 2017	For the nine months ended December 31, 2018	For the nine months ended December 31, 2017
Profit for the period (₹ crores)	7,486	6,069	22,242	18,485
Weighted average number of equity shares	375,23,84,706	382,85,75,182	380,19,77,779	385,59,30,843
Earnings per share basic and diluted (₹)	19.95	15.85	58.50	47.94
Face value per equity share (₹)	1	1	1	1

Pursuant to issue of bonus shares, the weighted average number of shares and earnings per share of the previous periods have been accordingly re-stated.

21) Segment information

The Company publishes the condensed interim financial statements of the Company along with the condensed consolidated interim financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the condensed consolidated interim financial statements.

22) Commitments and Contingencies

Capital commitments

The Company has contractually committed (net of advances) ₹ 771 crores as at December 31, 2018 (March 31, 2018: ₹ 760 crores) for purchase of property, plant and equipment.

Contingencies

Direct tax matters

The Company has ongoing disputes with Income Tax authorities in India and in some of the jurisdictions where it operates. The disputes relate to tax treatment of certain expenses claimed as deductions, computation or eligibility of tax incentives or allowances, and characterisation of fees for services received. As at December 31, 2018, the Company has contingent liability of ₹ 1,594 crores (March 31, 2018: ₹ 5,616 crores) in respect of tax demands which are being contested by the Company based on the management evaluation and on the advice of tax consultants. In respect of tax contingencies of ₹ 318 crores (March 31, 2018: ₹ 318 crores), not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited.

Indirect tax matters

The Company has ongoing disputes with tax authorities mainly relating to treatment of characterisation and classification of certain items. As at December 31, 2018, the Company has demands amounting to ₹ 323 crores (March 31, 2018: ₹ 275 crores) from various indirect tax authorities which are being contested by the Company based on the management evaluation and on the advice of tax consultants.

Other claims

As at December 31, 2018, claims aggregating ₹ 3,208 crores (March 31, 2018: ₹ 2,977 crores) against the Company have not been acknowledged as debts.

In October 2014, Epic Systems Corporation (referred to as Epic) filed a legal claim against the Company in the Court of Western District Madison, Wisconsin for alleged infringement of Epic's proprietary information. In April 2016, the Company received an unfavorable jury verdict awarding damages totaling ₹ 6,558 crores (US $ 940 million) to Epic. In September 2017, the Company received a Court order reducing the damages from ₹ 6,558 crores (US $ 940 million) to ₹ 2,930 crores (US $ 420 million) to Epic. The Company has received legal advice to the effect that the order and the reduced damages awarded are not supported by evidence presented during the trial and a strong appeal can be made to superior Court to fully set aside the Order. Pursuant to US Court procedures, a Letter of Credit has been made available to Epic for ₹ 3,070 crores (US $ 440 million) as financial security in order to stay execution of the judgment pending post-judgment proceedings and appeal. Accordingly, an amount of ₹ 3,070 crores (US $ 440 million) is disclosed as contingent liability which is included in the claims not acknowledged as debts.

Bank guarantees and letters of comfort

*T*he Company has given letter of comfort to bank for credit facilities availed by its subsidiary Tata America International Corporation. As per the terms of letter of comfort, the Company undertakes not to divest its ownership interest directly or indirectly in the subsidiary and provide such managerial, technical and financial assistance to ensure continued successful operations of the subsidiary.

The Company has provided guarantees to third parties on behalf of its subsidiaries aggregating ₹ 4,197 crores (March 31, 2018: ₹ 4,343 crores). The Company does not expect any outflow of resources in respect of the above.

The amounts assessed as contingent liability do not include interest that could be claimed by counter parties.

23) Related party transactions

The Company paid an amount of ₹ 3,991 crores to Tata Sons Limited, the holding company, towards final dividend for the year ended March 31, 2018, as approved by the shareholders in the Annual General Meeting. Additionally, the Company also paid an amount of ₹ 2,182 crores towards Interim dividend as approved by the Board of Directors at its meeting.

The Company paid ₹ 10,455 crores towards buy-back of equity shares to Tata Sons Limited, the holding company.

Other than above, the Company's material related party transactions during the period and outstanding balances as on date are with its subsidiaries with whom the Company routinely enters into transactions in the ordinary course of business.

24) The numbers presented throughout this condensed interim financial statements may not add up precisely to the totals provided due to rounding.

25) Subsequent event

The Board of Directors at its meeting held on January 10, 2019 has recommended an interim dividend of ₹ 4.00 per equity share.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration no: 101248W/W-100022

Yezdi Nagporewalla
Partner
Membership No: 049265

Mumbai, January 10, 2019

For and on behalf of the Board

Rajesh Gopinathan
CEO and Managing Director

N. Ganapathy Subramaniam
COO and Executive Director

V. Ramakrishnan
CFO

Rajendra Moholkar
Company Secretary