TATA CONSULTANCY SERVICES LIMITED
Condensed Interim Balance Sheet

	Note	As at June 30, 2019	As at March 31, 2019
		(₹ crore)	
ASSETS			
Non-current assets			
(a) Property, plant and equipment	7(a)	9,338	9,522
(b) Capital work-in-progress		1,017	834
(c) Right-of-use asset	6	4,634	-
(d) Intangible assets	7(b)	177	139
(e) Financial assets			
(i) Investments	5(a)	2,189	2,189
(ii) Trade receivables	5(b)	74	95
(iii) Unbilled receivables		373	387
(iv) Loans receivables	5(e)	16	2
(v) Other financial assets	5(f)	571	565
(f) Income tax assets (net)		2,828	3,598
(g) Deferred tax assets (net)		2,538	2,097
(h) Other assets	7(c)	1,410	1,040
Total non-current assets		**25,165**	**20,468**
Current assets			
(a) Inventories	7(d)	6	10
(b) Financial assets			
(i) Investments	5(a)	29,643	28,280
(ii) Trade receivables	5(b)	25,587	24,029
(iii) Unbilled receivables		4,673	4,389
(iv) Cash and cash equivalents	5(c)	2,104	3,327
(v) Other balances with banks	5(d)	6,378	5,573
(vi) Loans receivables	5(e)	5,729	7,018
(vii) Other financial assets	5(f)	1,440	1,613
(c) Other assets	7(c)	5,145	4,793
Total current assets		**80,705**	**79,032**
TOTAL ASSETS		**105,870**	**99,500**
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	5(k)	375	375
(b) Other equity		79,076	78,523
Total equity		**79,451**	**78,898**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings and lease liabilities		4,364	33
(ii) Other financial liabilities	5(g)	235	232
(b) Unearned and deferred revenue		369	662
(c) Employee benefit obligations	10	76	82
(d) Provisions		-	-
(e) Deferred tax liabilities (net)		360	339
(f) Other liabilities	7(e)	-	358
Total non-current liabilities		**5,404**	**1,706**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings and lease liabilities		713	-
(ii) Trade payables			
1. Dues of micro enterprises and small enterprises		22	22
2. Dues of creditors other than micro enterprises and small enterprises		7,530	7,670
(iii) Other financial liabilities	5(g)	2,734	3,351
(b) Unearned and deferred revenue		2,111	1,804
(c) Income tax liabilities (net)		3,560	2,157
(d) Employee benefit obligations	10	1,933	1,776
(e) Provisions		178	174
(f) Other liabilities	7(e)	2,234	1,942
Total current liabilities		**21,015**	**18,896**
TOTAL EQUITY AND LIABILITIES		**105,870**	**99,500**

NOTES FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

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

V Ramakrishnan
CFO

Yezdi Nagporewalla
Partner
Membership No: 049265

N Ganapathy Subramaniam
COO and Executive Director

Rajendra Moholkar
Company Secretary

Mumbai, July 9, 2019

TATA CONSULTANCY SERVICES LIMITED
Condensed Interim Statement of Profit and Loss

		Note	Three month period ended June 30, 2019	Three month period ended June 30, 2018
			(₹crore)	
I.	Revenue	8	32,657	29,368
II.	Other income	9	2,205	2,381
III.	**TOTAL INCOME**		**34,862**	**31,749**
IV.	**Expenses**			
	(a) Employee benefit expenses	10	15,723	14,126
	(b) Cost of equipment and software licences	11(a)	475	565
	(c) Depreciation and amortisation expense		636	415
	(d) Other expenses	11(b)	6,798	6,289
	(e) Finance costs	12	233	12
	TOTAL EXPENSES		**23,865**	**21,407**
V.	**PROFIT BEFORE TAX**		**10,997**	**10,342**
VI.	**Tax expense**			
	(a) Current tax		2,672	2,473
	(b) Deferred tax		(389)	733
	TOTAL TAX EXPENSE		**2,283**	**3,206**
VII.	**PROFIT FOR THE YEAR**		**8,714**	**7,136**
VIII.	**OTHER COMPREHENSIVE INCOME (OCI)**			
(A)	**(i) Items that will not be reclassified subsequently to profit or loss**			
	(a)Remeasurement of defined employee benefit plans		1	(43)
	(b) Net change in fair values of investments in equity shares carried at fair value through OCI		-	-
	(ii) Income tax on items that will not be reclassified subsequently to profit or loss		-	-
(B)	**(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		362	(667)
	(b) Net change in intrinsic value of derivatives designated as cash flow hedges		(54)	31
	(c) Net change in time value of derivatives designated as cash flow hedges		(33)	13
	(ii) Income tax on items that will be reclassified subsequently to profit or loss		(117)	230
	TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)		**159**	**(436)**
IX.	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		**8,873**	**6,700**
X.	**Earnings per equity share:- Basic and diluted (₹)**	14	23.22	18.64
	Weighted average number of equity shares		375,23,84,706	382,85,75,182
XI.	**NOTES FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**			

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, July 9, 2019

For and on behalf of the Board

Rajesh Gopinathan
CEO and Managing Director

V Ramakrishnan
CFO

N Ganapathy Subramaniam
COO and Executive Director

Rajendra Moholkar
Company Secretary

TATA CONSULTANCY SERVICES LIMITED
Condensed Interim Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

(₹crore)

Balance as at April 1, 2018	Changes in equity share capital during the period*	Balance as at June 30, 2018
191	192	383

(₹ crore)

Balance as at April 1, 2019	Changes in equity share capital during the period	Balance as at June 30, 2019
375	-	375

*Refer note 5(k)

TATA CONSULTANCY SERVICES LIMITED
Condensed Interim Statement of Changes in Equity

B. OTHER EQUITY

(₹crore)

	Reserves and surplus						Items of other comprehensive income			Total Equity
	Capital reserve[3]	Securities premium	Capital redemption reserve	General reserve	Special Economic Zone re-investment reserve	Retained earnings	Investment revaluation reserve	Cash flow hedging reserve		
								Intrinsic value	Time value	
Balance as at April 1, 2018	**-**	**-**	**106**	**-**	**1,578**	**74,080**	**(18)**	**(2)**	**(69)**	**75,675**
Profit for the year	-	-	-	-	-	7,136	-	-	-	7,136
Other comprehensive income / (losses)	-	-	-	-	-	(43)	(434)	26	15	(436)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**7,093**	**(434)**	**26**	**15**	**6,700**
Dividend (including tax on dividend of ₹ 868 crore)	-	-	-	-	-	(6,419)	-	-	-	(6,419)
Issue of bonus shares[1]	-	-	(106)	-	-	(86)	-	-	-	(192)
Balance as at June 30, 2018	**-**	**-**	**-**	**-**	**1,578**	**74,668**	**(452)**	**24**	**(54)**	**75,764**
Balance as at April 1, 2019	**-**	**-**	**8**	**-**	**994**	**77,159**	**258**	**134**	**(30)**	**78,523**
Transition impact of Ind AS 116[2]	-	-	-	-	-	(330)	-	-	-	**(330)**
Restated balance as at April 1, 2019	**-**	**-**	**8**	**-**	**994**	**76,829**	**258**	**134**	**(30)**	**78,193**
Profit for the year	-	-	-	-	-	8,714	-	-	-	8,714
Other comprehensive income / (losses)	-	-	-	-	-	1	235	(48)	(29)	159
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**8,715**	**235**	**(48)**	**(29)**	**8,873**
Dividend (including tax on dividend of ₹ 1,235 crore)	-	-	-	-	-	(7990)	-	-	-	(7990)
Transfer to Special Economic Zone re-investment reserve	-	-	-	-	765	(765)	-	-	-	-
Transfer from Special Economic Zone re-investment reserve	-	-	-	-	(389)	389	-	-	-	-
Balance as at June 30, 2019	**-**	**-**	**8**	**-**	**1,370**	**77,178**	**493**	**86**	**(59)**	**79,076**

[1]Refer note 5(k)

[2]Refer note 6

[3]Represents values less than ₹ 0.50 crore.

Nature and purpose of reserves

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

(b) Securities premium
Securities premium 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 (SEZ) 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 will be utilised by the Company for acquiring new assets for the purpose of its business as per the terms of 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 / profit and loss 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 underlying hedged transaction occurs.

NOTES FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

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

V Ramakrishnan
CFO

Yezdi Nagporewalla
Partner
Membership No: 049265

N Ganapathy Subramaniam
COO and Executive Director

Rajendra Moholkar
Company Secretary

Mumbai, July 9, 2019

TATA CONSULTANCY SERVICES LIMITED

Condensed Interim Statement of Cash Flows

		(₹ crore)	
		Three month period ended June 30, 2019	**Three month period ended June 30, 2018**
I	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit for the year	8,714	7,136
	Adjustments to reconcile profit and loss to net cash provided by operating activities		
	Depreciation and amortisation expense	636	415
	Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	49	36
	Tax expense	2,283	3,206
	Finance costs	233	12
	Net gain on disposal of property, plant and equipment	(3)	(22)
	Exchange difference on translation of foreign currency cash and cash equivalents	1	(2)
	Dividend income (Including exchange gain)	(743)	(1,352)
	Interest income	(957)	(778)
	Net gain on investments	(92)	(154)
	Operating profit before working capital changes	**10,121**	**8,497**
	Net change in		
	Inventories	4	3
	Trade receivables	(1,581)	(5,473)
	Unbilled receivables	(270)	1,776
	Loans receivables and other financial assets	19	(203)
	Other assets	(823)	(2,368)
	Trade payables	(140)	1,736
	Unearned and deferred revenue	14	351
	Other financial liabilities	(680)	(13)
	Other liabilities and provisions	478	258
	Cash generated from operations	**7,142**	**4,564**
	Taxes paid (net of refunds)	(499)	(368)
	Net cash generated from operating activities	**6,643**	**4,196**
II	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Bank deposits placed	(800)	-
	Inter-corporate deposits placed	(2,944)	(4,100)
	Purchase of investments	(21,248)	(20,761)
	Payment for purchase of property, plant and equipment	(285)	(341)
	Payment for acquiring right-of-use of assets	(545)	-
	Payment for purchase of intangible assets	(52)	(15)
	Proceeds from bank deposits	-	500
	Proceeds from inter-corporate deposits	4,250	-
	Proceeds from disposal / redemption of investments	20,328	24,748
	Proceeds from disposal of property, plant and equipment	79	23
	Dividend received from subsidiaries (including exchange gain)	743	1,342
	Interest received	1,000	748
	Net cash generated from investing activities	**526**	**2,144**

TATA CONSULTANCY SERVICES LIMITED
Condensed Interim Statement of Cash Flows

		Three month period ended June 30, 2019	Three month period ended June 30, 2018
			(₹crore)
III	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Short-term borrowings (net)	-	(181)
	Dividend paid (including tax on dividend)	(7,990)	(6,419)
	Repayment of lease liabilities	(268)	(1)
	Interest paid	(133)	(12)
	Net cash used in financing activities	**(8,391)**	**(6,613)**
	Net change in cash and cash equivalents	**(1,222)**	**(273)**
	Cash and cash equivalents at the beginning of the period	3,327	1,278
	Exchange difference on translation of foreign currency cash and cash equivalents	(1)	2
	Cash and cash equivalents at the end of the period (Refer note 5(c))	**2,104**	**1,007**

NOTES FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

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, July 9, 2019

For and on behalf of the Board

Rajesh Gopinathan
CEO and Managing Director

V Ramakrishnan
CFO

N Ganapathy Subramaniam
COO and Executive Director

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 recognised 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 June 30, 2019, Tata Sons Private Limited, the holding company owned 72.02% of the Company's equity share capital.

The Board of Directors approved the condensed interim financial statements for the period ended June 30, 2019 and authorised for issue on July 9, 2019.

2) Statement of compliance

These 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.

3) Basis of preparation

These condensed interim financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value or amortised cost 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. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method.

These condensed interim financial statements have been prepared in Indian Rupee (₹) which is the functional currency of the Company. 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 statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

4) Use of estimates and judgements

The preparation of these 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 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.

The Company uses the following critical accounting estimates in preparation of its financial statements:

(a) 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. Such costs are amortised over the contractual period or useful life of licence whichever is less. 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.

(b) 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.

(c) 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.

(d) 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 5.

(e) 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 13.

(f) Provisions and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.
The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

(g) Employee benefits

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.

(h) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5) Financial assets, financial liabilities and equity 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.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired.

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 statement of profit and loss.

Investment in subsidiaries

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

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.

Derivative accounting

- **Instruments in hedging relationship**

  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 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 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 statement of profit and loss when the forecasted transaction ultimately affects the profit or loss.

- **Instruments not in hedging relationship**
  The Company enters into contracts that are effective as hedges from an economic perspective, but they do not qualify for hedge accounting. The change in the fair value of such instrument is recognised in statement of profit and loss.

Impairment of 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 allowance 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.

(a) Investments

Investments consist of the following:

Investments – Non-current

		(₹crore)
	As at June 30, 2019	**As at March 31, 2019**
Investment in subsidiaries		
Fully paid equity shares (unquoted)	2,189	2,189
Investments designated at fair value through OCI		
Fully paid equity shares (unquoted)	-	-
	2,189	**2,189**

Investments – Current

		(₹crore)
	As at June 30, 2019	**As at March 31, 2019**
Investments carried at fair value through profit or loss		
Mutual fund units (quoted)	1,597	2,955
Mutual fund units (unquoted)	-	63
Investments carried at fair value through OCI		
Government bonds and securities (quoted)	24,376	23,566
Corporate bonds (quoted)	2,975	1,206
Investment carried at amortised cost		
Certificate of deposits (quoted)	500	490
Commercial papers (quoted)	195	-
	29,643	**28,280**

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Interim Financial Statements

Aggregate value of quoted and unquoted investments is as follows:

	As at June 30, 2019	As at March 31, 2019
		(₹crore)
Aggregate value of quoted investments	29,643	28,217
Aggregate value of unquoted investments (net of impairment)	2,189	2,252
Aggregate market value of quoted investments	29,643	28,218
Aggregate value of impairment of investments	19	19

Market value of quoted investments carried at amortised cost is as follows:

	As at June 30, 2019	As at March 31, 2019
		(₹crore)
Certificate of deposits	500	491
Commercial Paper	195	-

In Numbers	Currency	Face value per share	Investment in subsidiaries	As at June 30, 2019	As at March 31, 2019
					(₹crore)
			Fully paid equity shares (unquoted)		
212,27,83,424	UYU	1	TCS Iberoamerica SA	461	461
15,75,300	INR	10	APTOnline Limited*	-	-
1,300	EUR	-	Tata Consultancy Services Belgium	1	1
66,000	EUR	1,000	Tata Consultancy Services Netherlands BV	403	403
1,000	SEK	100	Tata Consultancy Services Sverige AB	19	19
1	EUR	-	Tata Consultancy Services Deutschland GmbH	2	2
20,000	USD	10	Tata America International Corporation	453	453
75,82,820	SGD	1	Tata Consultancy Services Asia Pacific Pte Ltd.	19	19
3,72,58,815	AUD	1	TCS FNS Pty Limited	212	212
10,00,001	GBP	1	Diligenta Limited	429	429
1,000	USD	-	Tata Consultancy Services Canada Inc.*	-	-
100	CAD	70,653.61	Tata Consultancy Services Canada Inc.	31	31
51,00,000	INR	10	C-Edge Technologies Limited	5	5
8,90,000	INR	10	MP Online Limited	1	1
1,40,00,000	ZAR	1	Tata Consultancy Services (Africa) (PTY) Ltd.	66	66
18,89,005	INR	10	MahaOnline Limited	2	2
-	QAR	-	Tata Consultancy Services Qatar S.S.C.	2	2
16,00,01,000	USD	0.01	CMC Americas, Inc.	8	8
10,00,000	INR	100	TCS e-Serve International Limited	10	10
1,00,500	GBP	0.00001	W12 Studios Limited (w.e.f. October 31, 2018)	66	66
10,00,000	INR	10	TCS Foundation	-	-
				2,189	2,189

In Numbers	Currency	Face value per share	Investments designated at fair value through OCI	As at June 30, 2019	As at March 31, 2019
					(₹crore)
			Fully paid equity shares (unquoted)		
1,90,00,000	INR	10	Taj Air Limited	19	19
			Less : Impairment in value of investments	(19)	(19)
				-	-

*Represents value less than ₹0.50 crore.

(b) Trade receivables

Trade receivables (unsecured) consist of the following:

Trade receivables – Non-current

	As at June 30, 2019	As at March 31, 2019
		(₹crore)
Considered good	609	569
Less: Allowance for doubtful trade receivables	(535)	(474)
	74	**95**

Trade receivables – Current

	As at June 30, 2019	As at March 31, 2019
		(₹crore)
Considered good	25,765	24,227
Less: Allowance for doubtful trade receivables	(219)	(222)
	25,546	24,005
Credit impaired	168	165
Less: Allowance for doubtful trade receivables	(127)	(141)
	41	24
	25,587	**24,029**

(c) Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As at June 30, 2019	As at March 31, 2019
		(₹crore)
Balances with banks		
In current accounts	1,652	2,919
In deposit accounts	433	406
Cheques on hand	1	2
Cash on hand*	-	-
Remittances in transit	18	-
	2,104	**3,327**

***Represents value less than ₹0.50 crore.

(d) Other balances with banks

Other balances with banks consist of the following:

	As at June 30, 2019	As at March 31, 2019
		(₹crore)
Earmarked balances with banks	178	173
Short-term bank deposits	6,200	5,400
	6,378	**5,573**

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

(e) Loans receivables

Loans receivables (unsecured) consist of the following:

Loans receivables – Non-current

	As at June 30, 2019	As at March 31, 2019
		(₹crore)
Considered good		
Loans and advances to employees	16	2
	16	**2**

Loans receivables – Current

	As at June 30, 2019	As at March 31, 2019
		(₹crore)
Considered good		
Inter-corporate deposits	5,444	6,750
Loans and advances to employees	285	268
Credit impaired		
Loans and advances to employees	15	61
Less: Allowance on loans and advances to employees	(15)	(61)
	5,729	**7,018**

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

(f) Other financial assets

Other financial assets consist of the following:

Other financial assets – Non-current

	As at June 30, 2019	As at March 31, 2019
		(₹crore)
Security deposits	571	565
	571	**565**

Other financial assets – Current

	As at June 30, 2019	As at March 31, 2019
		(₹crore)
Security deposits	79	101
Fair value of foreign exchange derivative assets	493	584
Interest receivable	738	770
Others	130	158
	1,440	**1,613**

(g) Other financial liabilities

Other financial liabilities consist of the following:

Other financial liabilities – Non-current

	(₹crore)	
	As at June 30, 2019	As at March 31, 2019
Capital creditors	7	3
Others	228	229
	235	**232**

Others include advance taxes paid of ₹226 crore and ₹226 crore as at June 30, 2019 and March 31, 2019, respectively, by the seller of TCS e-Serve Limited (merged with the Company) which, on refund by the tax authorities is payable to the seller.

Other financial liabilities – Current

	(₹crore)	
	As at June 30, 2019	As at March 31, 2019
Accrued payroll	1,414	2,151
Current maturities of finance lease obligations	-	6
Unclaimed dividends	46	41
Fair value of foreign exchange derivative liabilities	82	59
Capital creditors	308	257
Liability towards customer contracts	814	810
Others	70	27
	2,734	**3,351**

(h) Financial instruments by category

The carrying value of financial instruments by categories as at June 30, 2019 is as follows:

(₹crore)

	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	-	-	-	-	2,104	2,104
Bank deposits	-	-	-	-	6,200	6,200
Earmarked balances with banks	-	-	-	-	178	178
Investments (other than in subsidiary)	1,597	27,351	-	-	695	29,643
Trade receivables	-	-	-	-	25,661	25,661
Unbilled receivables	-	-	-	-	5,046	5,046
Loans receivables	-	-	-	-	5,745	5,745
Other financial assets	-	-	199	294	1,518	2,011
Total	**1,597**	**27,351**	**199**	**294**	**47,147**	**76,588**
Financial liabilities						
Trade payables	-	-	-	-	7,552	7,552
Borrowings and lease liabilities	-	-	-	-	5,077	5,077
Other financial liabilities	-	-	-	82	2,887	2,969
Total	**-**	**-**	**-**	**82**	**15,516**	**15,598**

The carrying value of financial instruments by categories as at March 31, 2019 is as follows:

(₹crore)

	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	-	-	-	-	3,327	3,327
Bank deposits	-	-	-	-	5,400	5,400
Earmarked balances with banks	-	-	-	-	173	173
Investments (other than in subsidiary)	3,018	24,772	-	-	490	28,280
Trade receivables	-	-	-	-	24,124	24,124
Unbilled receivables	-	-	-	-	4,776	4,776
Loans receivables	-	-	-	-	7,020	7,020
Other financial assets	-	-	237	347	1,594	2,178
Total	**3,018**	**24,772**	**237**	**347**	**46,904**	**75,278**
Financial liabilities						
Trade payables	-	-	-	-	7,692	7,692
Borrowings	-	-	-	-	33	33
Other financial liabilities	-	-	-	59	3,524	3,583
Total	**-**	**-**	**-**	**59**	**11,249**	**11,308**

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables, loans receivables and trade payables as at June 30, 2019 and March 31, 2019 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.

(i) 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 cost of unquoted investments included in Level 3 of fair value hierarchy approximate their fair value because there is a wide 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):

(₹crore)

As at June 30, 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Mutual fund units	1,597	-	-	1,597
Equity shares	-	-	-	-
Government bonds and securities	24,376			24,376
Certificate of deposits	500	-	-	500
Commercial papers	195	-	-	195
Corporate bonds	2,975	-	-	2,975
Derivative financial assets	-	493	-	493
Total	**29,643**	**493**	**-**	**30,136**
Financial liabilities				
Derivative financial liabilities	-	82	-	82
Other financial liabilities	-	-	-	-
Total	**-**	**82**	**-**	**82**

(₹crore)

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual fund units	2,955	63	-	3,018
Equity shares	-	-	-	-
Government bonds and securities	23,566	-	-	23,566
Certificate of deposits	491	-	-	491
Corporate bonds	1,206	-	-	1,206
Derivative financial assets	-	584	-	584
Total	**28,218**	**647**	**-**	**28,865**
Financial liabilities				
Derivative financial liabilities	-	59	-	59
Other financial liabilities	-	-	-	-
Total	**-**	**59**	**-**	**59**

(j) Derivative financial instruments and hedging activity

The Company's revenue is denominated in various foreign currencies. 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 June 30, 2019			As at March 31, 2019		
Foreign currency	**No. of contracts**	**Notional amount of contracts (In millions)**	**Fair value (₹crore)**	**No. of contracts**	**Notional amount of contracts (In millions)**	**Fair value (₹crore)**
US Dollar	43	1,168	76	28	1,000	128
Great Britain Pound	71	535	94	24	177	23
Euro	51	403	10	33	239	50
Australian Dollar	45	299	15	26	181	22
Canadian Dollar	33	183	4	21	99	14

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

(₹crore)

	Three month period ended June 30, 2019		Year ended March 31, 2019	
	Intrinsic value	**Time value**	**Intrinsic value**	**Time value**
Balance at the beginning of the period	134	(30)	(2)	(69)
(Gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	(216)	120	(488)	458
Deferred tax on (gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	23	(14)	94	(25)
Change in the fair value of effective portion of cash flow hedges	162	(153)	641	(414)
Deferred tax on fair value of effective portion of cash flow hedges	(17)	18	(111)	20
Balance at the end of the period	**86**	**(59)**	**134**	**(30)**

The Company has entered into derivative instruments not in hedging relationship by way of foreign exchange forward, currency options and futures contracts. As at June 30, 2019 and March 31, 2019, the notional amount of outstanding contracts aggregated to ₹34,960 crore and ₹34,593 crore, respectively and the respective fair value of these contracts have a net gain of ₹212 crore and ₹288 crore.

Exchange gain of ₹352 crore and exchange loss of ₹82 crore on foreign exchange forward, currency options and futures contracts that do not qualify for hedge accounting have been recognised in the condensed interim statement of profit and loss for the three month periods ended June 30, 2019 and 2018, respectively.

Net foreign exchange gains include gain of ₹96 crore and exchange loss of ₹91 crore transferred from cash flow hedging reserve for three month periods ended on June 30, 2019 and 2018, respectively.

(k) Equity instruments

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

		(₹ crore)
	As at June 30, 2019	**As at March 31, 2019**
Authorised		
460,05,00,000 equity shares of ₹ 1 each (March 31, 2019: 460,05,00,000 equity shares of ₹ 1 each)	460	460
105,02,50,000 preference shares of ₹ 1 each (March 31, 2019: 105,02,50,000 preference shares of ₹ 1 each)	105	105
	565	**565**
Issued, Subscribed and Fully paid up		
375,23,84,706 equity shares of ₹ 1 each (March 31, 2019: 375,23,84,706 equity shares of ₹ 1 each)	375	375
	375	**375**

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

In the previous year, 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 crore and capital redemption reserve amounting to ₹106 crore.

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

6) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue to allocate the consideration in the contract.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Refer note 2(f) – Significant accounting policies – Leases in the Annual report of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

As a lessee:

Operating leases

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of ₹4,786 crore and a corresponding lease liability of ₹5,179 crore has been recognized. The cumulative effect on transition in retained earnings net off taxes is ₹330 crore (including a deferred tax of ₹147 crore). The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 7.80% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

Finance lease

The Company has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17. Accordingly, an amount of ₹25 crore has been reclassified from property, plant and equipment to right-of-use assets. An amount of ₹6 crore has been reclassified from other current financial liabilities to lease liability – current and an amount of ₹33 crore has been reclassified from borrowings – non-current to lease liability – non-current.

As a lessor:

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor, except for a sub-lease. The Company accounted for its leases in accordance with Ind AS 116 from the date of initial application. The Company does not have any significant impact on account of sub-lease on the application of this standard.

The details of the right-of-use asset held by the Company is as follows:

		(₹crore)
	Additions for the period	**Net carrying amount as at June 30, 2019**
Leasehold land	-	230
Buildings	68	4,375
Leasehold improvement	-	24
Vehicles	-	5
Total	**68**	**4,634**

The following table presents the various components of lease costs:

	(₹crore)
	Three month period ended June 30, 2019
Depreciation	204
Interest on lease liabilities	100

7) Non-financial assets and non-financial liabilities

(a) Property, plant and equipment

Property, plant and equipment are stated at cost comprising of purchase price and any initial directly attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment on a straight line basis 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	Useful lives
Buildings	20 years
Leasehold improvements	Lease term
Plant and equipment	10 years
Computer equipment	4 years
Vehicles	4 years
Office equipment	5 years
Electrical installations	10 years
Furniture and fixtures	5 years

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

Property, plant and equipment 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 statement of profit and loss.

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Property, plant and equipment consist of the following:

(₹crore)

	Freehold land	Buildings	Leasehold improvements	Plant and equipment	Computer equipment	Vehicles	Office equipment	Electrical installations	Furniture and fixtures	Total
Cost as at April 1, 2019	323	7,347	1,820	539	6,276	36	2,164	1,802	1,420	21,727
Additions	-	10	12	7	244	2	31	11	18	335
Disposals	-	(1)	(113)	-	(42)	(1)	(7)	-	(8)	(172)
Transition impact of Ind AS 116	-	-	(61)	-	-	-	-	-	-	(61)
Cost as at June 30, 2019	**323**	**7,356**	**1,658**	**546**	**6,478**	**37**	**2,188**	**1,813**	**1,430**	**21,829**
Accumulated depreciation as at April 1, 2019	**-**	**(2,151)**	**(1,010)**	**(167)**	**(4,974)**	**(29)**	**(1,740)**	**(1,029)**	**(1,104)**	**(12,204)**
Depreciation for the period	-	(93)	(28)	(13)	(164)	(1)	(50)	(34)	(35)	(418)
Disposals	-	-	36	-	42	1	7	-	8	94
Transition impact of Ind AS 116	-	-	37	-	-	-	-	-	-	37
Accumulated depreciation as at June 30, 2019	**-**	**(2,244)**	**(965)**	**(180)**	**(5,096)**	**(29)**	**(1,783)**	**(1,063)**	**(1,131)**	**(12,491)**
Net carrying amount as at June 30, 2019	**323**	**5,112**	**693**	**366**	**1,382**	**8**	**405**	**750**	**299**	**9,338**

(₹crore)

	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)	335	212	53	758	6	171	120	139	1,790
Disposals	-	(13)	(94)	(3)	(180)	(2)	(45)	(29)	(27)	(393)
Cost as at March 31, 2019	**323**	**7,348**	**1,820**	**539**	**6,273**	**36**	**2,164**	**1,802**	**1,420**	**21,725**
Accumulated depreciation as at April 1, 2018	-	(1,792)	(970)	(116)	(4,526)	(26)	(1,572)	(910)	(986)	(10,898)
Depreciation for the year	-	(368)	(134)	(52)	(626)	(4)	(213)	(142)	(145)	(1,684)
Disposals	-	10	94	2	177	1	45	23	27	379
Accumulated depreciation as at March 31, 2019	-	**(2,150)**	**(1,010)**	**(166)**	**(4,975)**	**(29)**	**(1,740)**	**(1,029)**	**(1,104)**	**(12,203)**
Net carrying amount as at March 31, 2019	**323**	**5,198**	**810**	**373**	**1,298**	**7**	**424**	**773**	**316**	**9,522**

Net book value of leasehold improvements of ₹25 crore as at March 31, 2019 were under finance lease.

(b) 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 licence period which equates the useful life ranging between 2-5 years on a straight line basis over the period of its economic useful life.

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 statement of profit and loss.

Intangible assets consist of the following:

	(₹ crore) Rights under licensing agreement and software licences
Cost as at April 1, 2019	**229**
Additions	52
Disposals / Derecognised	-
Cost as at June 30, 2019	**281**
Accumulated amortisation as at April 1, 2019	**(90)**
Amortisation for the period	(14)
Disposals / Derecognised	-
Accumulated amortisation as at June 30, 2019	**(104)**
Net carrying amount as at June 30, 2019	**177**

	(₹ crore) Rights under licensing agreement and software licences
Cost as at April 1, 2018	**68**
Additions	161
Disposals / Derecognised	-
Cost as at March 31, 2019	**229**
Accumulated amortisation as at April 1, 2018	**(58)**
Amortisation for the year	(32)
Disposals / Derecognised	-
Accumulated amortisation as at March 31, 2019	**(90)**
Net carrying amount as at March 31, 2019	**139**

(c) Other assets

Other assets consist of the following:

Other assets – Non-current

	As at June 30, 2019	As at March 31, 2019
	(₹crore)	
Considered good		
Contract assets	105	100
Prepaid expenses	316	151
Prepaid rent	-	339
Contract fulfillment costs	165	174
Capital advances	51	272
Advances to related parties	2	3
Others	771	1
	1,410	**1,040**
Advances to related parties, considered good, comprise:		
Voltas Limited	1	2
Tata Realty and Infrastructure Ltd*	-	-
Concorde Motors (India) Limited	1	1

*Represents value less than ₹0.50 crore.

Other assets – Current

	As at June 30, 2019	As at March 31, 2019
	(₹crore)	
Considered good		
Contract assets	3,177	2,723
Prepaid expenses	354	344
Prepaid rent	-	35
Contract fulfillment costs	460	468
Advance to suppliers	79	79
Advance to related parties	26	8
Indirect taxes recoverable	806	962
Other advances	163	123
Others	80	51
Considered doubtful		
Advance to suppliers	3	3
Indirect taxes recoverable	2	2
Other advances	3	3
Less: Allowance on doubtful assets	(8)	(8)
	5,145	**4,793**
Advance to related parties, considered good comprise:		
TCS e-Serve International Limited	-	7
The Titan Company Limited	25	1
Tata AIG General Insurance Company Limited	1	1

Prepaid rent of ₹366 crore has been reclassified to right-to-use asset pursuant to transition to Ind AS 116.
Others includes advance of ₹771 crore towards acquiring right-of-use of leasehold land.

(d) 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.

Inventories consist of the following:

		(₹crore)
	As at June 30, 2019	As at March 31, 2019
Raw materials, sub-assemblies and components	6	9
Stores and spares	-	1
	6	**10**

*Represents values less than ₹0.50 crore

(e) Other liabilities

Other liabilities consist of the following:

Other liabilities – Non-current

		(₹crore)
	As at June 30, 2019	As at March 31, 2019
Operating lease liabilities	-	358
	-	**358**

Other liabilities – Current

		(₹crore)
	As at June 30, 2019	As at March 31, 2019
Advance received from customers	364	269
Indirect taxes payable and other statutory liabilities	1,784	1,556
Operating lease liabilities	12	47
Others	74	70
	2,234	**1,942**

Operating lease liability of ₹395 crore has been reclassified to retained earnings pursuant to transition to Ind AS 116.

8) 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.

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.

Revenue from subsidiaries is recognised based on transaction price which is at arm's length.

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.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

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 nature of services, industry verticals and geography.

Revenue disaggregation by nature of services is as follows:

(₹crore)

	Three month period ended June 30, 2019	**Three month period ended June 30, 2018**
Consultancy services	32,129	28,784
Sale of equipment and software licences	528	584
Total	**32,657**	**29,368**

Revenue disaggregation by industry vertical is as follows:

		(₹ crore)
Industry vertical	**Three month period ended June 30, 2019**	**Three month period ended June 30, 2018**
Banking, Financial Services and Insurance	11,834	10,944
Manufacturing	2,974	2,778
Retail and Consumer Business	5,658	5,337
Communication, Media and Technology	5,535	5,112
Others	6,656	5,197
Total	**32,657**	**29,368**

Revenue disaggregation by geography is as follows:

		(₹ crore)
Geography	**Three month period ended June 30, 2019**	**Three month period ended June 30, 2018**
Americas	18,347	17,295
Europe	9,189	7,434
India	2,220	1,958
Others	2,901	2,681
Total	**32,657**	**29,368**

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

9) Other Income

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

Other income consist of the following:

	Three month period ended June 30, 2019 (₹crore)	Three month period ended June 30, 2018 (₹crore)
Interest income	957	778
Dividend income	744	1,346
Net gain on investments carried at fair value through profit or loss	92	154
Net gain on disposal of property, plant and equipment	3	22
Net foreign exchange gains	398	67
Rent income	1	2
Other income	10	12
	2,205	**2,381**
Interest income comprise:		
Interest on bank balances and bank deposits	135	39
Interest income on financial assets carried at amortised cost	148	126
Interest income on financial assets carried at fair value through OCI	478	475
Other interest (including interest on income tax refunds)	196	138
Dividend income comprise:		
Dividends from subsidiaries	744	1,346

10) Employee benefits

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.

The Company provides benefits such as gratuity, pension and provident fund (Company managed fund) to its employees, which are treated as defined benefit plans.

Defined contribution plans

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

The Company provides benefits such as superannuation, provident fund (other than Company managed fund) and foreign defined contribution plans to its employees which are treated as defined benefit plans.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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.

Employee benefit expenses consist of the following:

		(₹ crore)
	Three month period ended June 30, 2019	**Three month period ended June 30, 2018**
Salaries, incentives and allowances	14,334	12,906
Contributions to provident and other funds	981	854
Staff welfare expenses	408	366
	15,723	**14,126**

Employee benefit obligation consist of the following:

Employee benefit obligation – Non-current

		(₹ crore)
	As at June 30, 2019	**As at March 31, 2019**
Gratuity liability	-	7
Other employee benefit obligations	76	75
	76	**82**

Employee benefit obligation – Current

		(₹ crore)
	As at June 30, 2019	**As at March 31, 2019**
Compensated absences	1,916	1,756
Other employee benefit obligations	17	20
	1,933	**1,776**

11) 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 expenses. Other 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.

(a) Cost of equipment and software licenses

Cost of equipment and software licenses consist of the following:

(₹crore)

	Three month period ended June 30, 2019	Three month period ended June 30, 2018
Raw materials, sub-assemblies and components consumed	8	12
Equipment and software licences purchased	467	553
	475	**565**
Finished goods and work-in-progress		
Opening stock*	-	-
Less: Closing stock*	-	-
	-	-

*Represents value less than ₹0.50 crore.

(b) Other expenses

Other expenses consist of the following:

(₹crore)

	Three month period ended June 30, 2019	Three month period ended June 30, 2018
Fees to external consultants	3,405	2,813
Facility expenses	543	797
Travel expenses	731	635
Communication expenses	240	190
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	49	36
Other expenses	1,830	1,818
	6,798	**6,289**

Other expenses include ₹901crore and ₹1,061crore for the three month periods ended June 30, 2019 and 2018, respectively, towards sales, marketing and advertisement expenses.

12) Finance costs

Finance costs consist of the following:

(₹crore)

	Three month period ended June 30, 2019	Three month period ended June 30, 2018
Interest on lease liabilities	100	2
Interest on tax matters	132	10
Other interest costs	1	-
	233	12

13) 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 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, to the extent it would be available for set off against future current 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.

Direct tax contingencies

The Company has ongoing disputes with income tax authorities relating to tax treatment of certain items. These mainly include disallowed expenses, tax treatment of certain expenses claimed by the Company as deductions, and computation of, or eligibility of, certain tax incentives or allowances.

The Company has contingent liability in respect of demands from direct tax authorities in India and other jurisdictions, which are being contested by the Company on appeal amounting ₹1,532 crore and ₹1,501 crore as at June 30, 2019 and March 31, 2019 respectively. In respect of tax contingencies of ₹318 crore and ₹318 crore as at June 30, 2019 and March 31, 2019, respectively, not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited.

14) 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.

	Three month period ended June 30, 2019	Three month period ended June 30, 2018
Profit for the period (₹ crore)	8,714	7,136
Weighted average number of equity shares	375,23,84,706	382,85,75,182
Basic and diluted earnings per share (₹)	23.22	18.64
Face value per equity share (₹)	1	1

15) Segment information

The Company publishes the unconsolidated 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.

16) Commitments and Contingencies

Capital commitments

The Company has contractually committed (net of advances) ₹852 crore and ₹1,258 crore as at June 30, 2019 and March 31, 2019, respectively, for purchase of property, plant and equipment.

Contingencies

- **Direct tax matters**

Refer note 13.

- **Indirect tax matters**

The Company has ongoing disputes with tax authorities mainly relating to treatment of characterisation and classification of certain items. The Company has demands amounting to ₹310 crore and ₹325 crore as at June 30, 2019 and March 31, 2019, respectively 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**

Claims aggregating ₹3,133 crore and ₹3,138 crore as at June 30, 2019 and March 31, 2019, respectively, 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 unfavourable jury verdict awarding damages totaling ₹6,489 crore (US $940 million) to Epic. In September 2017, the Company received a Court order reducing the damages from ₹ 6,489 crore (US $940 million) to ₹2,899 crore (US $ 420 million) to Epic. Pursuant to US Court procedures, a Letter of Credit has been made available to Epic for ₹3,037 crore (US $440 million) as financial security in order to stay execution of the judgment pending post-judgment proceedings and appeal. Pursuant to reaffirmation of the court order in March 2019, the Company has filed a notice of appeal in the superior Court to fully set aside the Order. 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. Accordingly, an amount of ₹3,037 crore (US $440 million) is disclosed as contingent liability which is included in the claims not acknowledged as debts.

- **Bank guarantees and letters of comfort**

The 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. 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.

17) The Supreme Court of India, through a ruling in February 2019, provided guidelines for interpreting the scope of compensation on which the organisation and its employees are to contribute towards Provident Fund. There is significant uncertainty and ambiguity in interpreting and giving effect to the guidelines of Supreme Court. The Company believes that there will be no significant impact on its contributions to Provident Fund due to the Supreme Court Order. The Company will evaluate its position and act as clarity emerges on impact of the ruling.

18) Related party transactions

The Company paid an amount of ₹4,864 crore to Tata Sons Private Limited, the holding company, towards final dividend for the year ended March 31, 2019, as approved by the shareholders in the Annual General Meeting.

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.

19) Subsequent event

The Board of Directors at its meeting held on July 9, 2019 has recommended an interim dividend of ₹5 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

For and on behalf of the Board

Rajesh Gopinathan
CEO and Managing Director

V Ramakrishnan
CFO

N Ganapathy Subramaniam
COO and Executive Director

Rajendra Moholkar
Company Secretary

Mumbai, July 9, 2019