TATA CONSULTANCY SERVICES LIMITED
Condensed Standalone Interim Balance Sheet

	Note	As at September 30, 2021	As at March 31, 2021
			(₹ crore)
ASSETS			
Non-current assets			
Property, plant and equipment	8(a)	9,578	9,821
Capital work-in-progress	8(a)	998	861
Right-of-use assets	7	6,120	5,876
Intangible assets	8(b)	396	362
Financial assets			
Investments	6(a)	2,405	2,405
Trade receivables	6(b)	69	55
Unbilled receivables		198	260
Loans	6(e)	17	2
Other financial assets	6(f)	671	645
Income tax assets (net)		1,609	1,501
Deferred tax assets (net)		2,218	3,160
Other assets	8(c)	1,777	1,273
Total non-current assets		**26,056**	**26,221**
Current assets			
Inventories	8(d)	13	7
Financial assets			
Investments	6(a)	36,983	28,324
Trade receivables	6(b)	28,398	25,222
Unbilled receivables		5,425	5,399
Cash and cash equivalents	6(c)	985	1,112
Other balances with banks	6(d)	4,653	2,030
Loans	6(e)	9,973	10,486
Other financial assets	6(f)	1,541	1,363
Other assets	8(c)	7,937	9,217
Total current assets		**95,908**	**83,160**
TOTAL ASSETS		**1,21,964**	**1,09,381**
EQUITY AND LIABILITIES			
Equity			
Share capital	6(k)	370	370
Other equity		84,727	74,424
Total equity		**85,097**	**74,794**
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities		5,236	5,077
Other financial liabilities	6(g)	239	228
Unearned and deferred revenue		197	284
Employee benefit obligations	11	111	108
Deferred tax liabilities (net)		371	365
Total non-current liabilities		**6,154**	**6,062**
Current liabilities			
Financial liabilities			
Lease liabilities		961	835
Trade payables			
Dues of small enterprises and micro enterprises		-	-
Dues of creditors other than small enterprises and micro enterprises		9,320	7,962
Other financial liabilities	6(g)	4,469	4,473
Unearned and deferred revenue		2,787	2,877
Other liabilities	8(e)	2,662	2,720
Provisions	8(f)	1,335	1,350
Employee benefit obligations	11	2,923	2,598
Income tax liabilities (net)		6,256	5,710
Total current liabilities		**30,713**	**28,525**
TOTAL EQUITY AND LIABILITIES		**1,21,964**	**1,09,381**

NOTES FORMING PART OF CONDENSED STANDALONE 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

N Ganapathy Subramaniam
COO and Executive Director

Amit Somani
Partner
Membership No: 060154

Samir Seksaria
CFO

Rajendra Moholkar
Company Secretary

Bengaluru, October 8, 2021

Mumbai, October 8, 2021

TATA CONSULTANCY SERVICES LIMITED

Condensed Standalone Interim Statement of Profit and Loss

	Note	Three month period ended September 30, 2021	Three month period ended September 30, 2020	Six month period ended September 30, 2021	Six month period ended September 30, 2020
					(₹ crore)
Revenue from operations	9	39,315	33,365	77,037	64,989
Other income	10	2,524	1,734	3,280	2,440
TOTAL INCOME		**41,839**	**35,099**	**80,317**	**67,429**
Expenses					
Employee benefit expenses	11	20,007	17,211	39,219	33,848
Cost of equipment and software licences	12(a)	181	224	405	508
Finance costs	13	117	149	237	267
Depreciation and amortisation expense		844	755	1,653	1,494
Other expenses	12(b)	7,492	5,844	14,585	11,953
TOTAL EXPENSES		**28,641**	**24,183**	**56,099**	**48,070**
PROFIT BEFORE EXCEPTIONAL ITEM AND TAX		**13,198**	**10,916**	**24,218**	**19,359**
Exceptional item					
Provision towards legal claim	17	-	1,218	-	1,218
PROFIT BEFORE TAX		**13,198**	**9,698**	**24,218**	**18,141**
Tax expense					
Current tax		3,066	2,522	5,859	4,845
Deferred tax		(20)	(272)	(74)	(248)
TOTAL TAX EXPENSE		**3,046**	**2,250**	**5,785**	**4,597**
PROFIT FOR THE PERIOD		**10,152**	**7,448**	**18,433**	**13,544**
OTHER COMPREHENSIVE INCOME (OCI)					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined employee benefit plans		79	1	(43)	137
Income tax on items that will not be reclassified subsequently to profit or loss		(17)	-	10	(29)
Items that will be reclassified subsequently to profit or loss					
Net change in fair values of investments other than equity shares carried at fair value through OCI		52	(284)	-	367
Net change in intrinsic value of derivatives designated as cash flow hedges		94	68	86	59
Net change in time value of derivatives designated as cash flow hedges		(25)	54	(32)	56
Income tax on items that will be reclassified subsequently to profit or loss		(34)	73	(13)	(153)
TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)		**149**	**(88)**	**8**	**437**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**10,301**	**7,360**	**18,441**	**13,981**
Earnings per equity share:- Basic and diluted (₹)	15	27.45	19.85	49.83	36.09
Weighted average number of equity shares		369,90,51,373	375,23,84,706	369,90,51,373	375,23,84,706

NOTES FORMING PART OF CONDENSED STANDALONE 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

Amit Somani
Partner
Membership No: 060154

Bengaluru, October 8, 2021

For and on behalf of the Board

Rajesh Gopinathan
CEO and Managing Director

N Ganapathy Subramaniam
COO and Executive Director

Samir Seksaria
CFO

Rajendra Moholkar
Company Secretary

Mumbai, October 8, 2021

TATA CONSULTANCY SERVICES LIMITED

Condensed Standalone Interim Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

(₹ crore)

Balance as at April 1, 2020	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2020	Changes in equity share capital during the period	Balance as at September 30, 2020
375	-	375	-	375

(₹ crore)

Balance as at April 1, 2021	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2021	Changes in equity share capital during the period	Balance as at September 30, 2021
370	-	370	-	370

TATA CONSULTANCY SERVICES LIMITED

Condensed Standalone Interim Statement of Changes in Equity

B. OTHER EQUITY

(₹ crore)

	Reserves and surplus				Items of other comprehensive income			Total Equity
	Capital reserve*	Capital redemption 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, 2020	**-**	**8**	**1,594**	**71,532**	**882**	**45**	**(68)**	**73,993**
Profit for the period	-	-	-	13,544	-	-	-	13,544
Other comprehensive income / (losses)	-	-	-	107	239	47	44	437
Total comprehensive income	**-**	**-**	**-**	**13,651**	**239**	**47**	**44**	**13,981**
Dividend	-	-	-	(4,128)	-	-	-	(4,128)
Transfer to Special Economic Zone re-investment reserve	-	-	2,553	(2,553)	-	-	-	-
Transfer from Special Economic Zone re-investment reserve	-	-	(1297)	1,297	-	-	-	-
Balance as at September 30, 2020	**-**	**8**	**2,850**	**79,799**	**1,121**	**92**	**(24)**	**83,846**
Balance as at April 1, 2021	**-**	**13**	**2,538**	**70,928**	**916**	**56**	**(27)**	**74,424**
Profit for the period	-	-	-	18,433	-	-	-	18,433
Other comprehensive income / (losses)	-	-	-	(33)	-	65	(24)	8
Total comprehensive income	**-**	**-**	**-**	**18,400**	**-**	**65**	**(24)**	**18,441**
Dividend	-	-	-	(8,138)	-	-	-	(8,138)
Transfer to Special Economic Zone re-investment reserve	-	-	4,784	(4,784)	-	-	-	-
Transfer from Special Economic Zone re-investment reserve	-	-	(2,948)	2,948	-	-	-	-
Balance as at September 30, 2021	**-**	**13**	**4,374**	**79,354**	**916**	**121**	**(51)**	**84,727**

*Represents values less than ₹0.50 crore.

Loss of ₹33 crore and gain of ₹107 crore on remeasurement of defined employee benefit plans (net of tax) is recognised as a part of retained earnings for six month periods ended September 30, 2021 and 2020, respectively.

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) 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 utilised in accordance with the provisions of section 69 of the Companies Act, 2013.

(c) Special Economic Zone re-investment reserve
The Special Economic Zone (SEZ) re-investment reserve is 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.

(d) Retained earnings
This reserve represents undistributed accumulated earnings of the Company as on the balance sheet date.

(e) Investment revaluation reserve
This reserve represents the cumulative gains and losses arising on the revaluation of equity and debt instruments on the balance sheet date measured at fair value through other comprehensive income. The reserves accumulated will be reclassified to retained earnings and profit and loss respectively, when such instruments are disposed.

(f) 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 CONDENSED STANDALONE 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

Amit Somani
Partner
Membership No: 060154

Bengaluru, October 8, 2021

For and on behalf of the Board

Rajesh Gopinathan
CEO and Managing Director

N Ganapathy Subramaniam
COO and Executive Director

Samir Seksaria
CFO

Rajendra Moholkar
Company Secretary

Mumbai, October 8, 2021

TATA CONSULTANCY SERVICES LIMITED

Condensed Standalone Interim Statement of Cash Flows

		(₹ crore)
	Six month period ended September 30, 2021	**Six month period ended September 30, 2020**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	18,433	13,544
Adjustments to reconcile profit and loss to net cash provided by operating activities		
Depreciation and amortisation expense	1,653	1,494
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	66	117
Provision towards legal claim (Refer note 17)	-	1,218
Tax expense	5,785	4,597
Net gain on lease modification	(1)	(1)
Unrealised foreign exchange (gain) / loss	34	(27)
Net gain on disposal of property, plant and equipment	(7)	(7)
Net gain on disposal / fair valuation of investments	(55)	(86)
Interest income	(1,224)	(1,214)
Dividend income (including exchange impact)	(1,459)	(861)
Finance costs	237	267
Operating profit before working capital changes	**23,462**	**19,041**
Net change in		
Inventories	(6)	-
Trade receivables	(3,259)	3,540
Unbilled receivables	36	(3)
Loans and other financial assets	(42)	(317)
Other assets	738	(549)
Trade payables	1,357	(1,536)
Unearned and deferred revenue	(177)	(183)
Other financial liabilities	29	(846)
Other liabilities and provisions	255	1,214
Cash generated from operations	**22,393**	**20,361**
Taxes paid (net of refunds)	(4,401)	(3,218)
Net cash generated from operating activities	**17,992**	**17,143**
CASH FLOWS FROM INVESTING ACTIVITIES		
Bank deposits placed	(4,473)	(3,830)
Inter-corporate deposits placed	(7,769)	(9,848)
Purchase of investments	(22,987)	(24,201)
Payment for purchase of property, plant and equipment	(966)	(873)
Payment including advances for acquiring right-of-use assets	(2)	(2)
Payment for purchase of intangible assets	(117)	(88)
Proceeds from bank deposits	1,848	787
Proceeds from inter-corporate deposits	8,266	6,744
Proceeds from disposal / redemption of investments	14,338	14,582
Proceeds from sub-lease receivable	2	-
Proceeds from disposal of property, plant and equipment	9	16
Interest received	1,134	1,259
Dividend received from subsidiaries	1,459	698
Net cash used in investing activities	**(9,258)**	**(14,756)**

TATA CONSULTANCY SERVICES LIMITED

Condensed Standalone Interim Statement of Cash Flows

		(₹ crore)
	Six month period ended September 30, 2021	**Six month period ended September 30, 2020**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(444)	(449)
Interest paid	(238)	(267)
Dividend paid	(8,138)	(4,128)
Net cash used in financing activities	**(8,820)**	**(4,844)**
Net change in cash and cash equivalents	**(86)**	**(2,457)**
Cash and cash equivalents at the beginning of the period	1,112	3,852
Exchange difference on translation of foreign currency cash and cash equivalents	(41)	38
Cash and cash equivalents at the end of the period	**985**	**1,433**
Components of cash and cash equivalents		
Balances with banks		
In current accounts	892	1,335
In deposit accounts	93	60
Cheques on hand	-*	-*
Cash on hand	-*	-*
Remittances in transit	-*	38
	985	**1,433**

*Represents values less than ₹0.50 crore.

NOTES FORMING PART OF CONDENSED STANDALONE 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

N Ganapathy Subramaniam
COO and Executive Director

Amit Somani
Partner
Membership No: 060154

Samir Seksaria
CFO

Rajendra Moholkar
Company Secretary

Bengaluru, October 8, 2021

Mumbai, October 8, 2021

1) Corporate information

Tata Consultancy Services Limited (referred to as “TCS Limited” or “the Company”) provides IT services, consulting and business solutions and has been partnering with many of the world’s largest businesses in their transformation journeys. 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 September 30, 2021, Tata Sons Private Limited, the holding company owned 72.16% of the Company's equity share capital.

The Board of Directors approved the condensed standalone interim financial statements for six month period ended September 30, 2021 and authorised for issue on October 8, 2021.

2) Statement of compliance

These condensed standalone 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 the Companies (Indian Accounting Standards) Rules as amended from time to time. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements, wherever applicable.

3) Basis of preparation

These condensed standalone interim financial statements have been prepared on historical cost basis except for certain financial instruments and defined benefit plans which are measured at fair value or amortised cost at the end of each reporting period. 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, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

These condensed standalone 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 dates 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 condensed standalone interim financial statements have been discussed in the respective notes.

4) Use of estimates and judgements

The preparation of condensed standalone interim financial statements in conformity with the recognition and measurement principles of Ind AS requires management of the Company to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of condensed standalone interim financial statements and the reported amounts of income and expenses 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 condensed standalone interim financial statements:

(a) Revenue recognition

Revenue for fixed-price contracts 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 degree of completion of the performance obligation.

(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 cost (net of impairment, if any) 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 in the statement of profit and loss.

(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.

(e) Provision for income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

(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 condensed standalone interim 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 judgement. 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.

(i) Impact of COVID-19 (pandemic)

The Company has taken into account all the possible impacts of COVID-19 in preparation of these condensed standalone interim financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition owing to changes in cost budgets of fixed price contracts, impact on leases and impact on effectiveness of its hedges. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these condensed standalone interim financial statements and believes that the impact of COVID-19 is not material to these condensed standalone interim financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the condensed standalone interim financial statements may differ from that estimated as at the date of approval of these condensed standalone interim financial statements owing to the nature and duration of COVID-19.

5) Recent pronouncements

On June 18, 2021, MCA through a notification has notified Companies (Indian Accounting Standards) Amendment Rules, 2021. The notification has made amendments to various Ind AS. Some of the key amendments are:

- **Ind AS 116 – COVID-19-Related Rent Concessions**

  The economic challenges presented by the COVID-19 pandemic have persisted longer than anticipated, and therefore the practical expedient relating to rent concessions arising as a consequence of COVID-19 has been modified. Accordingly, lessees are now exempted from assessing whether a COVID-19-related rent concession is a lease modification, if the reduction in lease payments affects only payments originally due on or before June 30, 2022. Earlier the practical expedient was allowed only for lease payments originally due on or before June 30, 2021. A lessee should apply the amendments for annual reporting periods beginning on or after April 1, 2021. The Company does not expect any impact on its financial statements due to this amendment.

- **Interest Rate Benchmark Reform – Phase 2**

  This amendment relates to 'Interest Rate Benchmark Reform — Phase 2 (Amendments to Ind AS 104, Ind AS 107, Ind AS 109 and Ind AS 116)' which addresses issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. Some of the key amendments arising from the interest rate benchmark are:

  Ind AS 109: New guidance has been included on changes in the basis for determining the contractual cashflows as a result of interest rate benchmark reform. An entity should apply the amendments for annual reporting periods beginning on or after April 1, 2021.

  Ind AS 107: Additional disclosures related to nature and extent of risks to which the entity is exposed from financial instruments subject to interest rate benchmark reform and how the entity manages these risks. An entity should apply the amendments when it applies amendments to Ind AS 109, Ind AS 104 or Ind AS 116.

  The Company does not expect the amendments to have any significant impact in its financial statements.

- **Amendments to Ind AS consequential to Conceptual Framework under Ind AS**

  The amendments relating to Ind AS 102, Share-based Payment; Ind AS 103, Business Combinations; Ind AS 106, Exploration for and Evaluation of Mineral Resources; Ind AS 114, Regulatory Deferral Accounts; Ind AS 1, Presentation of Financial Statements; Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors; Ind AS 34, Interim Financial Reporting; Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets; Ind AS 38, Intangible Assets, are consequential due to changes in the Conceptual Framework under Ind AS, made in August 2020. The revised Conceptual Framework introduced some new concepts and clarifications along with revision in definitions and changes in recognition criteria of assets and liabilities under Ind AS. The Company does not expect the consequential amendments to have any significant impact in its financial statements.

6) 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 in order 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 intrinsic value and time value of an option is recognised in the 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 and 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 and loss. Any gain or loss is recognised immediately in the statement of profit and loss when the hedge becomes ineffective.

- **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 the 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. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. 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

	As at September 30, 2021	As at March 31, 2021
		(₹ crore)
Investment in subsidiaries		
Fully paid equity shares (unquoted)	2,405	2,405
Investments designated at fair value through OCI		
Fully paid equity shares (unquoted)		
Taj Air Limited	19	19
Less: Impairment in value of investments	(19)	(19)
	2,405	**2,405**

Investments – Current

	As at September 30, 2021	As at March 31, 2021
		(₹ crore)
Investments carried at fair value through profit or loss		
Mutual fund units (quoted)	11,853	4,068
Investments carried at fair value through OCI		
Government bonds and securities (quoted)	23,925	23,670
Corporate bonds (quoted)	619	450
Investments carried at amortised cost		
Commercial papers (quoted)	586	136
	36,983	**28,324**

Government bonds and securities includes bonds pledged with bank for credit facility amounting to ₹1,650 crore and ₹1,650 crore as at September 30, 2021 and March 31, 2021, respectively.

Aggregate value of quoted and unquoted investments is as follows:

	As at September 30, 2021	As at March 31, 2021
		(₹ crore)
Aggregate value of quoted investments	36,983	28,324
Aggregate value of unquoted investments (net of impairment)	2,405	2,405
Aggregate market value of quoted investments	36,983	28,324
Aggregate value of impairment of investments	19	19

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

	As at September 30, 2021	As at March 31, 2021
		(₹ crore)
Commercial papers	586	136

Carrying value of investment in equity instruments is as follows:

(₹ crore)

In Numbers	Currency	Face value per share	Investment in subsidiaries	As at September 30, 2021	As at March 31, 2021
			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 L.L.C.	2	2
10,00,000	INR	100	TCS e-Serve International Limited	10	10
1,00,500	GBP	0.00001	Tata Consultancy Services UK Limited	66	66
2,50,00,000	EUR	1	Tata Consultancy Services Ireland Limited	224	224
10,00,000	INR	10	TCS Foundation	-	-
				2,405	**2,405**

(₹ crore)

In Numbers	Currency	Face value per share	Equity instruments designated at fair value through OCI	As at September 30, 2021	As at March 31, 2021
			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.

Notes:

1. Tata Consultancy Services Qatar S.S.C. renamed as Tata Consultancy Services Qatar L.L.C..
2. W12 Studios Limited renamed as Tata Consultancy Services UK Limited.

(b) Trade receivables

Trade receivables (unsecured) consist of the following:

Trade receivables – Non-current

(₹ crore)

	As at September 30, 2021	As at March 31, 2021
Trade receivables	866	787
Less: Allowance for doubtful trade receivables	(797)	(732)
Considered good	**69**	**55**

Trade receivables – Current

	As at September 30, 2021	As at March 31, 2021
		(₹ crore)
Trade receivables	28,487	25,361
Less: Allowance for doubtful trade receivables	(119)	(183)
Considered good	**28,368**	**25,178**
Trade receivables	263	211
Less: Allowance for doubtful trade receivables	(233)	(167)
Credit impaired	**30**	**44**
	28,398	**25,222**

(c) Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As at September 30, 2021	As at March 31, 2021
		(₹ crore)
Balances with banks		
In current accounts	892	1,032
In deposit accounts	93	77
Cheques on hand	-*	-*
Cash on hand	-*	-*
Remittances in transit	-*	3
	985	**1,112**

*Represents value less than ₹0.50 crore.

(d) Other balances with banks

Other balances with banks consist of the following:

	As at September 30, 2021	As at March 31, 2021
		(₹ crore)
Earmarked balances with banks	180	182
Short-term bank deposits	4,473	1,848
	4,653	**2,030**

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

(e) Loans

Loans (unsecured) consist of the following:

Loans – Non-current

	As at September 30, 2021	As at March 31, 2021
		(₹ crore)
Considered good		
Loans and advances to employees	17	2
	17	**2**

Loans – Current

	As at September 30, 2021	As at March 31, 2021
		(₹ crore)
Considered good		
Inter-corporate deposits	9,794	10,291
Loans and advances to employees	179	195
Credit impaired		
Loans and advances to employees	13	15
Less: Allowance on loans and advances to employees	(13)	(15)
	9,973	**10,486**

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 September 30, 2021	As at March 31, 2021
		(₹ crore)
Security deposits	660	632
Others	11	13
	671	**645**

Other financial assets – Current

	As at September 30, 2021	As at March 31, 2021
		(₹ crore)
Security deposits	113	143
Fair value of foreign exchange derivative assets	475	495
Interest receivable	684	566
Others	269	159
	1,541	**1,363**

(g) Other financial liabilities

Other financial liabilities consist of the following:

Other financial liabilities – Non-current

	As at September 30, 2021	As at March 31, 2021
		(₹ crore)
Capital creditors	11	-
Others	228	228
	239	**228**

Others include advance taxes paid of ₹226 crore and ₹226 crore as at September 30, 2021 and March 31, 2021, respectively, by the seller of TCS e-Serve Limited (merged with the Company) which, on refund by tax authorities is payable to the seller.

Other financial liabilities – Current

	As at September 30, 2021	As at March 31, 2021
		(₹ crore)
Accrued payroll	2,879	3,029
Unclaimed dividends	48	50
Fair value of foreign exchange derivative liabilities	156	92
Capital creditors	324	347
Liabilities towards customer contracts	987	860
Others	75	95
	4,469	**4,473**

(h) Financial instruments by category

The carrying value of financial instruments by categories as at September 30, 2021 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	-	-	-	-	985	985
Bank deposits	-	-	-	-	4,473	4,473
Earmarked balances with banks	-	-	-	-	180	180
Investments (other than in subsidiary)	11,853	24,544	-	-	586	36,983
Trade receivables	-	-	-	-	28,467	28,467
Unbilled receivables	-	-	-	-	5,623	5,623
Loans	-	-	-	-	9,990	9,990
Other financial assets	-	-	230	245	1,737	2,212
	11,853	**24,544**	**230**	**245**	**52,041**	**88,913**
Financial liabilities						
Trade payables	-	-	-	-	9,320	9,320
Lease liabilities	-	-	-	-	6,197	6,197
Other financial liabilities	-	-	-	156	4,552	4,708
	-	**-**	**-**	**156**	**20,069**	**20,225**

The carrying value of financial instruments by categories as at March 31, 2021 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	-	-	-	-	1,112	1,112
Bank deposits	-	-	-	-	1,848	1,848
Earmarked balances with banks	-	-	-	-	182	182
Investments (other than in subsidiary)	4,068	24,120	-	-	136	28,324
Trade receivables	-	-	-	-	25,277	25,277
Unbilled receivables	-	-	-	-	5,659	5,659
Loans	-	-	-	-	10,488	10,488
Other financial assets	-	-	163	332	1,513	2,008
	4,068	**24,120**	**163**	**332**	**46,215**	**74,898**
Financial liabilities						
Trade payables	-	-	-	-	7,962	7,962
Lease liabilities	-	-	-	-	5,912	5,912
Other financial liabilities	-	-	2	90	4,609	4,701
	-	**-**	**2**	**90**	**18,483**	**18,575**

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables, loans and trade payables as at September 30, 2021 and March 31, 2021 approximate the fair value. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets and other financial liabilities subsequently measured at amortised cost is not significant in each of the periods presented. Fair value measurement of lease liabilities is not required. Fair value of investments carried at amortised cost is ₹586 crore and ₹136 crore as at September 30, 2021 and March 31, 2021, respectively.

(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 disclosures are required):

				(₹ crore)
As at September 30, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Mutual fund units	11,853	-	-	11,853
Equity shares	-	-	-	-
Government bonds and securities	23,925	-	-	23,925
Corporate bonds	619	-	-	619
Commercial papers	586	-	-	586
Fair value of foreign exchange derivative assets	-	475	-	475
	36,983	**475**	**-**	**37,458**
Financial liabilities				
Fair value of foreign exchange derivative liabilities	-	156	-	156
	-	**156**	**-**	**156**

				(₹ crore)
As at March 31, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Mutual fund units	4,068	-	-	4,068
Equity shares	-	-	-	-
Government bonds and securities	23,670	-	-	23,670
Corporate bonds	450	-	-	450
Commercial papers	136	-	-	136
Fair value of foreign exchange derivative assets	-	495	-	495
	28,324	**495**	**-**	**28,819**
Financial liabilities				
Fair value of foreign exchange derivative liabilities	-	92	-	92
	-	**92**	**-**	**92**

(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 have 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 forward, currency options 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 September 30, 2021			**As at March 31, 2021**		
Foreign currency	**No. of contracts**	**Notional amount of contracts (In million)**	**Fair value (₹ crore)**	**No. of contracts**	**Notional amount of contracts (In million)**	**Fair value (₹ crore)**
US Dollar	64	1,723	56	63	1,615	51
Great Britain Pound	47	338	79	64	330	14
Euro	47	382	52	60	346	78
Australian Dollar	39	215	33	38	206	16
Canadian Dollar	21	118	10	23	114	2

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

				(₹ crore)
	Six month period ended September 30, 2021		Year ended March 31, 2021	
	Intrinsic value	Time value	Intrinsic value	Time value
Balance at the beginning of the period	**56**	**(27)**	**45**	**(68)**
(Gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	(273)	255	(341)	530
Deferred tax on (gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	57	(62)	73	(125)
Change in the fair value of effective portion of cash flow hedges	359	(287)	355	(477)
Deferred tax on change in the fair value of effective portion of cash flow hedges	(78)	70	(76)	113
Balance at the end of the period	**121**	**(51)**	**56**	**(27)**

The Company has entered into derivative instruments not in hedging relationship by way of foreign exchange forward, currency options and futures contracts. As at September 30, 2021 and March 31, 2021, the notional amount of outstanding contracts aggregated to ₹37,494 crore and ₹37,615 crore, respectively and the respective fair value of these contracts have a net gain of ₹89 crore and ₹242 crore.

Exchange gain of ₹413 crore and ₹386 crore on foreign exchange forward, currency options and futures contracts that do not qualify for hedge accounting have been recognised in the condensed standalone interim statement of profit and loss for three month periods ended September 30, 2021 and 2020, respectively.

Exchange gain of ₹398 crore and ₹372 crore on foreign exchange forward, currency options and futures contracts that do not qualify for hedge accounting have been recognised in the condensed standalone interim statement of profit and loss for six month periods ended September 30, 2021 and 2020, respectively.

Net foreign exchange gain include gain of ₹114 crore and loss of ₹10 crore transferred from cash flow hedging reserve for three month periods ended September 30, 2021 and 2020, respectively.

Net foreign exchange gain include gain of ₹18 crore and loss of ₹146 crore transferred from cash flow hedging reserve for six month periods ended September 30, 2021 and 2020, respectively.

(k) Equity instruments

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

		(₹ crore)
	As at September 30, 2021	As at March 31, 2021
Authorised		
460,05,00,000 equity shares of ₹1 each (March 31, 2021: 460,05,00,000 equity shares of ₹1 each)	460	460
105,02,50,000 preference shares of ₹1 each (March 31, 2021: 105,02,50,000 preference shares of ₹1 each)	105	105
	565	**565**
Issued, Subscribed and Fully paid up		
369,90,51,373 equity shares of ₹1 each (March 31, 2021: 369,90,51,373 equity shares of ₹1 each)	370	370
	370	**370**

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.

The Company bought back 5,33,33,333 equity shares for an aggregate amount of ₹16,000 crore being 1.42% of the total paid up equity share capital at ₹3,000 per equity share in the previous year. The equity shares bought back were extinguished on January 6, 2021.

7) 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 standalone price of the lease component and the aggregate standalone 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 due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. 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 Leases 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 recognised 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 from contracts with customers to allocate the consideration in the contract.

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

(₹ crore)

	Additions for six month period ended September 30, 2021	Net carrying amount as at September 30, 2021
Leasehold land	-	678
Buildings	621	5,211
Leasehold improvement	-	4
Computer equipment	3	74
Software licences	145	152
Vehicles	-	1
	769	**6,120**

(₹ crore)

	Additions for the year ended March 31, 2021	Net carrying amount as at March 31, 2021
Leasehold land	-	682
Buildings	840	5,083
Leasehold improvement	6	6
Computer equipment	81	79
Software licences	26	25
Vehicles	1	1
	954	**5,876**

Depreciation on right-of-use assets is as follows:

(₹ crore)

	Three month period ended September 30, 2021	Three month period ended September 30, 2020	Six month period ended September 30, 2021	Six month period ended September 30, 2020
Leasehold land	2	2	4	4
Buildings	250	254	492	507
Leasehold improvement	1	1	2	3
Computer equipment	3	-	7	-
Software licences	10	-	19	-
Vehicles	-	-	-	1
	266	**257**	**524**	**515**

Interest on lease liabilities is ₹114 crore and ₹113 crore for three month periods ended September 30, 2021 and 2020, respectively.

Interest on lease liabilities is ₹231 crore and ₹230 crore for six month periods ended September 30, 2021 and 2020, respectively.

8) 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 values 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	4-10 years
Furniture and fixtures	5 years

Depreciation is not recorded on capital work-in-progress until construction and installation are 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.

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

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, 2021	**323**	**7,688**	**1,817**	**718**	**8,781**	**36**	**2,302**	**1,883**	**1,509**	**25,057**
Additions	-	33	36	10	658	-	36	11	21	805
Disposals	-	(1)	(14)	(1)	(190)	-	(39)	(33)	(32)	(310)
Cost as at September 30, 2021	**323**	**7,720**	**1,839**	**727**	**9,249**	**36**	**2,299**	**1,861**	**1,498**	**25,552**
Accumulated depreciation as at April 1, 2021	**-**	**(2,897)**	**(1,108)**	**(293)**	**(6,349)**	**(31)**	**(2,001)**	**(1,270)**	**(1,287)**	**(15,236)**
Depreciation	-	(196)	(65)	(36)	(553)	(2)	(72)	(71)	(51)	(1,046)
Disposals	-	1	14	-	190	-	39	33	31	308
Accumulated depreciation as at September 30, 2021	**-**	**(3,092)**	**(1,159)**	**(329)**	**(6,712)**	**(33)**	**(2,034)**	**(1,308)**	**(1,307)**	**(15,974)**
Net carrying amount as at September 30, 2021	**323**	**4,628**	**680**	**398**	**2,537**	**3**	**265**	**553**	**191**	**9,578**
Capital work-in-progress*										998
Total										**10,576**

*₹805 crore has been capitalised and transferred to property, plant and equipment during six month period ended September 30, 2021.

(₹ 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, 2020	**323**	**7,628**	**1,824**	**667**	**7,273**	**39**	**2,263**	**1,882**	**1,510**	**23,409**
Additions	-	71	53	51	1,610	2	77	28	29	1,921
Disposals	-	(11)	(60)	-	(102)	(5)	(38)	(27)	(30)	(273)
Cost as at March 31, 2021	**323**	**7,688**	**1,817**	**718**	**8,781**	**36**	**2,302**	**1,883**	**1,509**	**25,057**
Accumulated depreciation as at April 1, 2020	-	**(2,518)**	**(1,042)**	**(224)**	**(5,536)**	**(32)**	**(1,868)**	**(1,152)**	**(1,202)**	**(13,574)**
Depreciation	-	(387)	(126)	(69)	(909)	(4)	(170)	(143)	(115)	(1,923)
Disposals	-	8	60	-	96	5	37	25	30	261
Accumulated depreciation as at March 31, 2021	**-**	**(2,897)**	**(1,108)**	**(293)**	**(6,349)**	**(31)**	**(2,001)**	**(1,270)**	**(1,287)**	**(15,236)**
Net carrying amount as at March 31, 2021	**323**	**4,791**	**709**	**425**	**2,432**	**5**	**301**	**613**	**222**	**9,821**
Capital work-in-progress*										861
Total										**10,682**

*₹1,921 crore has been capitalised and transferred to property, plant and equipment during the year ended March 31, 2021.

(b) Intangible assets

Intangible assets purchased are measured at cost as at 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 economic 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, 2021	**580**
Additions	117
Disposals / Derecognised	(10)
Cost as at September 30, 2021	**687**
Accumulated amortisation as at April 1, 2021	**(218)**
Amortisation	(83)
Disposals / Derecognised	10
Accumulated amortisation as at September 30, 2021	**(291)**
Net carrying amount as at September 30, 2021	**396**

	(₹ crore)
	Rights under licensing agreement and software licences
Cost as at April 1, 2020	**401**
Additions	242
Disposals / Derecognised	(63)
Cost as at March 31, 2021	**580**
Accumulated amortisation as at April 1, 2020	**(162)**
Amortisation	(119)
Disposals / Derecognised	63
Accumulated amortisation as at March 31, 2021	**(218)**
Net carrying amount as at March 31, 2021	**362**

(c) Other assets

Other assets consist of the following:

Other assets – Non-current

	As at September 30, 2021	As at March 31, 2021
		(₹ crore)
Considered good		
Contract assets	172	120
Prepaid expenses	1,018	527
Contract fulfillment costs	101	137
Capital advances	78	65
Advances to related parties	24	33
Others	384	391
	1,777	**1,273**
Advances to related parties, considered good, comprise:		
Voltas Limited	1	2
Tata Realty and Infrastructure Ltd	-*	-*
Tata Projects Limited	22	30
Titan Engineering and Automation Limited	-*	-*

*Represents value less than ₹0.50 crore.

Other assets – Current

	As at September 30, 2021	As at March 31, 2021
		(₹ crore)
Considered good		
Contract assets	3,332	2,931
Prepaid expenses	2,608	4,260
Prepaid rent	10	6
Contract fulfillment costs	482	534
Advance to suppliers	148	83
Advance to related parties	9	10
Indirect taxes recoverable	1,095	1,172
Others	253	221
Considered doubtful		
Advance to suppliers	2	3
Other advances	3	2
Less: Allowance on doubtful assets	(5)	(5)
	7,937	**9,217**
Advance to related parties, considered good comprise:		
The Titan Company Limited	-*	2
Tata AIG General Insurance Company Limited	1	1
Tata AIA Life Insurance Company Limited	-*	-
Tata Sons Private Limited	7	7
Tata America International Corporation	-*	-
Tata Consultancy Services de Mexico SA de CV	-*	-
TCS Financial Solutions Australia Pty Limited	1	-

*Represents value less than ₹0.50 crore.

Non-current – Others includes advance of ₹369 crore and ₹369 crore towards acquiring right-of-use of leasehold land as at September 30, 2021 and March 31, 2021, respectively.

(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 September 30, 2021	**As at March 31, 2021**
Raw materials, sub-assemblies and components	13	7
Finished goods and work-in-progress	-*	-*
	13	**7**

*Represents value less than ₹0.50 crore.

(e) Other liabilities

Other liabilities consist of the following:

Other liabilities – Current

		(₹ crore)
	As at September 30, 2021	**As at March 31, 2021**
Advance received from customers	186	156
Indirect taxes payable and other statutory liabilities	2,349	2,537
Others	127	27
	2,662	**2,720**

(f) Provisions

Provisions consist of the following:

Provisions – Current

		(₹ crore)
	As at September 30, 2021	**As at March 31, 2021**
Provision towards legal claim (Refer note 17)	1,225	1,211
Provision for foreseeable loss	108	127
Other provisions	2	12
	1,335	**1,350**

9) 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.

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 and to ascribe the transaction price to each distinct performance obligation. 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 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 from subsidiaries is recognised based on transaction price which is at arm's length.

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.

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 September 30, 2021	**Three month period ended September 30, 2020**	**Six month period ended September 30, 2021**	**Six month period ended September 30, 2020**
Consultancy services	39,096	33,110	76,545	64,415
Sale of equipment and software licences	219	255	492	574
	39,315	**33,365**	**77,037**	**64,989**

Revenue disaggregation by industry vertical is as follows:

(₹ crore)

	Three month period ended September 30, 2021	**Three month period ended September 30, 2020**	**Six month period ended September 30, 2021**	**Six month period ended September 30, 2020**
Banking, Financial Services and Insurance	14,419	12,735	28,469	24,725
Manufacturing	3,558	2,801	6,954	5,594
Retail and Consumer Business	6,579	5,512	12,866	10,645
Communication, Media and Technology	7,007	5,862	13,710	11,648
Life Sciences and Healthcare	4,472	3,652	8,759	7,084
Others	3,280	2,803	6,279	5,293
	39,315	**33,365**	**77,037**	**64,989**

Revenue disaggregation by geography is as follows:

(₹ crore)

	Three month period ended September 30, 2021	**Three month period ended September 30, 2020**	**Six month period ended September 30, 2021**	**Six month period ended September 30, 2020**
Americas				
North America	22,046	18,807	42,953	37,310
Latin America	79	90	150	148
Europe				
United Kingdom	6,898	5,569	13,562	10,784
Continental Europe	4,313	3,832	8,695	7,191
Asia Pacific	2,780	2,433	5,581	4,651
India	2,350	1,922	4,380	3,537
Middle East and Africa	849	712	1,716	1,368
	39,315	**33,365**	**77,037**	**64,989**

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

10) 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:

(₹ crore)

	Three month period ended September 30, 2021	Three month period ended September 30, 2020	Six month period ended September 30, 2021	Six month period ended September 30, 2020
Interest income	622	629	1,224	1,214
Dividend income	1,458	787	1,458	861
Net gain on disposal / fair valuation of investments carried at fair value through profit or loss	41	41	55	86
Net gain on disposal of property, plant and equipment	6	6	7	7
Net gain on lease modification	-	-	1	1
Net foreign exchange gain	368	261	488	242
Rent income	4	1	9	1
Other income	25	9	38	28
	2,524	**1,734**	**3,280**	**2,440**
Interest income comprise:				
Interest on bank balances and bank deposits	57	32	101	45
Interest on financial assets carried at amortised cost	131	152	255	283
Interest on financial assets carried at fair value through OCI	434	445	868	886
Dividend income comprise:				
Dividend from subsidiaries	1,458	787	1,458	861

11) 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 and foreign defined contribution plans to its employees which are treated as defined contribution 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 September 30, 2021	Three month period ended September 30, 2020	Six month period ended September 30, 2021	Six month period ended September 30, 2020
Salaries, incentives and allowances	18,066	15,788	35,359	30,975
Contributions to provident and other funds	1,419	1,035	2,804	2,067
Staff welfare expenses	522	388	1,056	806
	20,007	**17,211**	**39,219**	**33,848**

Employee benefit obligations consist of the following:

Employee benefit obligations – Non-current

(₹ crore)

	As at September 30, 2021	As at March 31, 2021
Foreign defined benefit plans	20	19
Other employee benefit obligations	91	89
	111	**108**

Employee benefit obligations – Current

(₹ crore)

	As at September 30, 2021	As at March 31, 2021
Compensated absences	2,882	2,558
Other employee benefit obligations	41	40
	2,923	**2,598**

12) 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 licences, 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 receivables 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 licences

Cost of equipment and software licences consist of the following:

(₹ crore)

	Three month period ended September 30, 2021	Three month period ended September 30, 2020	Six month period ended September 30, 2021	Six month period ended September 30, 2020
Raw materials, sub-assemblies and components consumed	6	7	13	7
Equipment and software licences purchased	172	217	392	501
	178	**224**	**405**	**508**
Finished goods and work-in-progress				
Opening stock	3	-*	-*	-*
Less: Closing stock	-*	-*	-*	-*
	3	-	-	-
	181	**224**	**405**	**508**

*Represents value less than ₹0.50 crore.

(b) Other expenses

Other expenses consist of the following:

(₹ crore)

	Three month period ended September 30, 2021	Three month period ended September 30, 2020	Six month period ended September 30, 2021	Six month period ended September 30, 2020
Fees to external consultants	4,633	3,404	8,876	6,791
Facility expenses	384	394	794	813
Travel expenses	346	238	661	484
Communication expenses	288	314	622	630
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	27	69	66	117
Other expenses	1,814	1,425	3,566	3,118
	7,492	**5,844**	**14,585**	**11,953**

Other expenses include ₹837 crore and ₹647 crore for three month periods ended September 30, 2021 and 2020, respectively, towards sales, marketing and advertisement expenses.

Other expenses include ₹1,689 crore and ₹1,365 crore for six month periods ended September 30, 2021 and 2020, respectively, towards sales, marketing and advertisement expenses.

13) Finance costs

Finance costs consist of the following:

(₹ crore)

	Three month period ended September 30, 2021	Three month period ended September 30, 2020	Six month period ended September 30, 2021	Six month period ended September 30, 2020
Interest on lease liabilities	114	113	231	230
Interest on tax matters	-*	35	2	36
Other interest costs	3	1	4	1
	117	**149**	**237**	**267**

*Represents value less than ₹0.50 crore.

14) 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 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 Alternate 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 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. 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 ₹1,744 crore and ₹891 crore as at September 30, 2021 and March 31, 2021, respectively. In respect of tax contingencies of ₹318 crore and ₹318 crore as at September 30, 2021 and March 31, 2021, respectively, not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited.

The Company periodically receives notices and inquiries from income tax authorities related to the Company's operations in the jurisdictions it operates in. The Company has evaluated these notices and inquiries and has concluded that any consequent income tax claims or demands by the income tax authorities will not succeed on ultimate resolution.

15) 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 period. The Company did not have any potentially dilutive securities in any of the periods presented.

	Three month period ended September 30, 2021	Three month period ended September 30, 2020	Six month period ended September 30, 2021	Six month period ended September 30, 2020
Profit for the period (₹ crore)	10,152	7,448	18,433	13,544
Weighted average number of equity shares	369,90,51,373	375,23,84,706	369,90,51,373	375,23,84,706
Basic and diluted earnings per share (₹)	27.45	19.85	49.83	36.09
Face value per equity share (₹)	1	1	1	1

16) Segment information

The Company publishes the condensed standalone 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.

17) Commitments and contingencies

Capital commitments

The Company has contractually committed (net of advances) ₹1,230 crore and ₹1,009 crore as at September 30, 2021 and March 31, 2021, respectively, for purchase of property, plant and equipment.

Contingencies

- **Direct tax matters**

  Refer note 14.

- **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 ₹498 crore and ₹495 crore as at September 30, 2021 and March 31, 2021, respectively, from various indirect tax authorities which are being contested by the Company based on the management evaluation and advice of tax consultants.

- **Other claims**

Claims aggregating ₹141 crore and ₹105 crore as at September 30, 2021 and March 31, 2021, respectively, against the Company have not been acknowledged as debts.

In addition to above, 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 alleging unauthorised access to and download of their confidential information and use thereof in the development of the Company's product MedMantra. In April 2016, the Company received an unfavourable jury verdict awarding damages of ₹6,978 crore (US $940 million) to Epic which was thereafter reduced by the Trial Court to ₹3,118 crore (US $420 million). Pursuant to reaffirmation of the District Court order in March 2019, the Company filed an appeal in the Appeals Court to fully set aside the Order. Epic also filed a cross appeal challenging the reduction by the District Court judge of ₹742 crore (US $100 million) award and ₹1,485 crore (US $200 million) in punitive damages. On August 20, 2020, the Appeals Court vacated the award of ₹2,079 crore (US $280 million) in punitive damages considering the award to be constitutionally excessive and remanded the case back to District Court with instructions to reassess and reduce the punitive damages award to at most ₹1,039 crore (US $140 million), affirmed the District Court's decision vacating the jury's award of ₹742 crore (US $100 million) in compensatory damages for alleged use of "other confidential information" by the Company, and affirmed the District Court's decision upholding the jury's award of ₹1,039 crore (US $140 million) in compensatory damages for use of the comparative analysis by the Company. The Company filed a petition for re-hearing of compensatory and punitive damages at the Appeals Court on September 3, 2020. Epic also filed for re-hearing that portion of the Appeals Court's decision that invalidated award of punitive damages. In November 2020, the petitions for re-hearing filed by the Company and Epic, respectively, were denied by the Appeals Court. The proceedings for assessing punitive damages have been remanded back to the District Court. Both the Company and Epic have filed their briefs at the District Court in relation to punitive damages. The matter is under consideration by the District Court. On April 8, 2021, Epic has approached the Supreme Court seeking review of the order of the Appeals Court vacating the award of ₹2,079 crore (US $280 million) towards punitive damages and remanding back to District Court with an instruction to reassess the punitive damages, to no more than ₹1,039 crore (US $140 million). The Company will continue to pursue all legal options available in the matter. Considering all the facts and various legal precedence, on a conservative and prudent basis, the Company provided ₹1,218 crore (US $165 million) towards this legal claim in its statement of profit and loss for three month period ended September 30, 2020. This was presented as an "exceptional item" in the condensed standalone interim statement of profit and loss.

Pursuant to US Court procedures, a Letter of Credit has been made available to Epic for ₹3,267 crore (US $440 million) as financial security in order to stay execution of the judgement pending post-appeal proceedings and conclusion.

- **Guarantees and letter of comfort**

The Company has given letter of comfort to banks for credit facilities availed by its subsidiaries. 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.

18) The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

19) Related party transactions

The Company paid an amount of ₹4,004 crore to Tata Sons Private Limited, the holding company, towards final dividend for the year ended March 31, 2021, as approved by the shareholders in the Annual General Meeting. Additionally, the Company also paid an amount of ₹1,868 crore towards interim dividend for the year ending March 31, 2022, as approved by the Board of Directors at its 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.

20) Dividend

The Board of Directors at its meeting held on October 8, 2021, has declared an interim dividend of ₹7.00 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

Amit Somani
Partner
Membership No: 060154

Bengaluru, October 8, 2021

For and on behalf of the Board

Rajesh Gopinathan
CEO and Managing Director

N Ganapathy Subramaniam
COO and Executive Director

Samir Seksaria
CFO

Rajendra Moholkar
Company Secretary

Mumbai, October 8, 2021