

TATA CONSULTANCY SERVICES LIMITED
Standalone Balance Sheet

	Note	As at March 31, 2023	As at March 31, 2022	(₹ crore)
ASSETS				
Non-current assets				
Property, plant and equipment	8(a)	9,186	9,669	
Capital work-in-progress	8(a)	1,103	1,146	
Right-of-use assets	7	5,695	5,837	
Intangible assets	8(b)	809	1,018	
Financial assets				
Investments	6(a)	2,405	2,405	
Trade receivables				
Billed	6(b)	125	90	
Unbilled		196	53	
Loans	6(e)	3	8	
Other financial assets	6(f)	532	626	
Income tax assets (net)		2,115	1,643	
Deferred tax assets (net)	15	2,464	2,779	
Other assets	8(c)	2,410	1,797	
Total non-current assets		27,043	27,071	
Current assets				
Inventories	8(d)	27	19	
Financial assets				
Investments	6(a)	35,738	29,262	
Trade receivables				
Billed	6(b)	35,534	29,852	
Unbilled		7,264	6,250	
Cash and cash equivalents	6(c)	1,462	8,197	
Other balances with banks	6(d)	3,081	5,495	
Loans	6(e)	332	5,653	
Other financial assets	6(f)	1,557	1,432	
Other assets	8(c)	7,789	8,032	
Total current assets		92,784	94,192	
TOTAL ASSETS		1,19,827	1,21,263	
EQUITY AND LIABILITIES				
Equity				
Share capital	6(n)	366	366	
Other equity	9	74,172	76,807	
Total equity		74,538	77,173	
Liabilities				
Non-current liabilities				
Financial liabilities				
Lease liabilities		4,698	4,879	
Other financial liabilities	6(i)	340	518	
Employee benefit obligations	12	95	103	
Deferred tax liabilities (net)	15	190	129	
Unearned and deferred revenue		642	560	
Total non-current liabilities		5,965	6,189	
Current liabilities				
Financial liabilities				
Lease liabilities		961	976	
Trade payables				
Dues of small enterprises and micro enterprises	6(g)	-	-	
Dues of creditors other than small enterprises and micro enterprises	6(h)	13,768	10,082	
Other financial liabilities	6(i)	6,948	5,826	
Unearned and deferred revenue		2,962	3,013	
Other liabilities				
Provisions	8(e)	3,113	7,033	
Employee benefit obligations	8(f)	279	1,377	
Income tax liabilities (net)	12	3,022	2,844	
Total current liabilities		39,324	37,901	
TOTAL EQUITY AND LIABILITIES		1,19,827	1,21,263	

NOTES FORMING PART OF STANDALONE 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
Mumbai, April 12, 2023

Samir Seksaria
CFO
Mumbai, April 12, 2023

Pradeep Manohar Gaitonde
Company Secretary

TATA CONSULTANCY SERVICES LIMITED
Standalone Statement of Profit and Loss

	(₹ crore)	
Note	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from operations	10	1,90,354
Other income	11	5,328
TOTAL INCOME		1,95,682
Expenses		1,67,827
Employee benefit expenses	12	96,218
Cost of equipment and software licences	13(a)	1,416
Finance costs	14	695
Depreciation and amortisation expense		3,940
Other expenses	13(b)	41,723
TOTAL EXPENSES		1,43,992
PROFIT BEFORE TAX		51,690
Tax expense		49,723
Current tax	15	12,946
Deferred tax	15	(362)
TOTAL TAX EXPENSE		12,584
PROFIT FOR THE YEAR		39,106
OTHER COMPREHENSIVE INCOME (OCI)		38,187
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined employee benefit plans		54
Income tax on items that will not be reclassified subsequently to profit or loss		180
(12)		(39)
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		(679)
Net change in intrinsic value of derivatives designated as cash flow hedges		(25)
Net change in time value of derivatives designated as cash flow hedges		32
Income tax on items that will be reclassified subsequently to profit or loss		236
TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)		(394)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(250)
Earnings per equity share:- Basic and diluted (₹)	16	38,712
Weighted average number of equity shares		106.88
		365,90,51,373
		103.24
		369,88,32,195

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Rajesh Gopinathan
CEO and Managing Director

N Ganapathy Subramaniam
COO and Executive Director

Amit Soman
Partner
Membership No: 060154
Mumbai, April 12, 2023

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, April 12, 2023

TATA CONSULTANCY SERVICES LIMITED
Standalone Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

(₹ crore)

Balance as at April 1, 2022	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2022	Changes in equity share capital during the year	Balance as at March 31, 2023
366	-	366	-	366

(₹ 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 year*	Balance as at March 31, 2022
370	-	370	(4)	366

*Refer note 6(n).

TATA CONSULTANCY SERVICES LIMITED
Standalone 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	Time value		
Balance as at April 1, 2022	-	17	7,287	68,949	580	27	(53)	76,807
Profit for the year	-	-	-	39,106	-	-	-	39,106
Other comprehensive income / (losses)	-	-	-	42	(442)	(19)	25	(394)
Total comprehensive income	-	-	-	39,148	(442)	(19)	25	38,712
Dividend	-	-	-	(41,347)	-	-	-	(41,347)
Transfer to Special Economic Zone re-investment reserve	-	-	8,380	(8,380)	-	-	-	-
Transfer from Special Economic Zone re-investment reserve	-	-	-	(3,858)	3,858	-	-	-
Balance as at March 31, 2023	-	17	11,809	62,228	138	8	(28)	74,172
Balance as at April 1, 2021	-	13	2,538	70,928	916	56	(27)	74,424
Profit for the year	-	-	-	38,187	-	-	-	38,187
Other comprehensive income / (losses)	-	-	-	141	(336)	(29)	(26)	(250)
Total comprehensive income	-	-	-	38,328	(336)	(29)	(26)	37,937
Dividend	-	-	-	(13,317)	-	-	-	(13,317)
Expenses for buy-back of equity shares	-	-	-	(49)	-	-	-	(49)
Tax on buy-back of equity shares	-	-	-	(4,192)	-	-	-	(4,192)
Buy-back of equity shares	-	4	-	(18,000)	-	-	-	(17,996)
Transfer to Special Economic Zone re-investment reserve	-	-	9,407	(9,407)	-	-	-	-
Transfer from Special Economic Zone re-investment reserve	-	-	-	(4,658)	4,658	-	-	-
Balance as at March 31, 2022	-	17	7,287	68,949	580	27	(53)	76,807

*Represents values less than ₹0.50 crore.

Gain of ₹42 crore and ₹141 crore on remeasurement of defined employee benefit plans (net of tax) is recognised as a part of retained earnings for the years ended March 31, 2023 and 2022, respectively.

TATA CONSULTANCY SERVICES LIMITED
Standalone Statement of Changes in Equity

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 STANDALONE 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 Soman
Partner
Membership No: 060154
Mumbai, April 12, 2023

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, April 12, 2023

TATA CONSULTANCY SERVICES LIMITED
Standalone Statement of Cash Flows

	(₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	39,106	38,187
Adjustments for:		
Depreciation and amortisation expense	3,940	3,522
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	110	107
Tax expense	12,584	11,536
Net (gain) / loss on lease modification	3	(2)
Net gain on sub-lease	(7)	-
Unrealised foreign exchange gain	(185)	(119)
Net gain on disposal of property, plant and equipment	(27)	(25)
Net gain on disposal / fair valuation of investments	(209)	(186)
Interest income	(3,046)	(2,555)
Dividend income (including exchange impact)	(2,112)	(3,554)
Finance costs	695	486
Operating profit before working capital changes	50,852	47,397
Net change in		
Inventories	(8)	(12)
Trade receivables		
Billed	(5,817)	(4,761)
Unbilled	(1,157)	(644)
Loans and other financial assets	192	(152)
Other assets	(384)	747
Trade payables	3,686	2,120
Unearned and deferred revenue	31	412
Other financial liabilities	1,222	968
Other liabilities and provisions	(654)	388
Cash generated from operations	47,963	46,463
Taxes paid (net of refunds)	(10,934)	(10,336)
Net cash generated from operating activities	37,029	36,127
CASH FLOWS FROM INVESTING ACTIVITIES		
Bank deposits placed	(3,528)	(14,653)
Inter-corporate deposits placed	(7,580)	(13,655)
Purchase of investments	(1,22,721)	(70,826)
Payment for purchase of property, plant and equipment	(2,041)	(2,147)
Payment including advances for acquiring right-of-use assets	(94)	(13)
Payment for purchase of intangible assets	(340)	(457)
Proceeds from bank deposits	5,930	11,201
Proceeds from inter-corporate deposits	12,966	18,560
Proceeds from disposal / redemption of investments	1,15,825	69,451
Proceeds from sub-lease receivable	5	4
Proceeds from disposal of property, plant and equipment	29	29
Interest received	2,933	2,594
Dividend received from subsidiaries	1,866	3,554
Net cash generated from investing activities	3,250	3,642

TATA CONSULTANCY SERVICES LIMITED
Standalone Statement of Cash Flows

	(₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(1006)	(935)
Interest paid	(697)	(478)
Dividend paid	(41,347)	(13,317)
Transfer of funds to buy-back escrow account	-	(180)
Transfer of funds from buy-back escrow account	18	162
Expenses for buy-back of equity shares	-	(49)
Tax on buy-back of equity shares	(4,192)	-
Buy-back of equity shares	-	(18,000)
Net cash used in financing activities	(47,224)	(32,797)
Net change in cash and cash equivalents	(6,945)	6,972
Cash and cash equivalents at the beginning of the year	8,197	1,112
Exchange difference on translation of foreign currency cash and cash equivalents	210	113
Cash and cash equivalents at the end of the year	1,462	8,197

Components of cash and cash equivalents

Balances with banks		
In current accounts	776	809
In deposit accounts	686	7,388
Cheques on hand	-*	-*
Cash on hand	-*	-*
Remittances in transit	-*	-*
	1,462	8,197

*Represents values less than ₹0.50 crore.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

Refer note 13(c) for amount spent during the years ended March 31, 2023 and 2022 on construction / acquisition of any asset and other purposes relating to CSR activities.

As per our report of even date attached

For and on behalf of the Board

For **B S R & Co. LLP**
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CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, April 12, 2023

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of Standalone Financial Statements

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 March 31, 2023, Tata Sons Private Limited, the holding company owned 72.27% of the Company’s equity share capital.

The Board of Directors approved the standalone financial statements for the year ended March 31, 2023 and authorised for issue on April 12, 2023.

2) Statement of compliance

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as “Ind AS”) as prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

3) Basis of preparation

These standalone 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 has 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 standalone 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 standalone financial statements have been discussed in the respective notes.

4) Use of estimates and judgements

The preparation of standalone 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 standalone 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.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of Standalone Financial Statements

The Company uses the following critical accounting estimates in preparation of its standalone 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 assess contingent liabilities. Contingent liabilities are recognised 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 standalone 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.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of Standalone Financial Statements

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

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

5) Recent pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment 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, except for trade receivables which are initially measured at transaction price. 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 investments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of Standalone Financial Statements

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

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of Standalone Financial Statements

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

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Investment in subsidiaries		
Fully paid equity shares (unquoted)	2,405	2,405
Investments designated at fair value through OCI		
Fully paid equity shares (unquoted)	19	19
Taj Air Limited	(19)	(19)
Less: Impairment in value of investments	2,405	2,405

Investments – Current

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Investments carried at fair value through profit or loss		
Mutual fund units (quoted)	1,147	884
Investments carried at fair value through OCI		
Government bonds and securities (quoted)	26,128	25,667
Corporate bonds (quoted)	3,110	1,242
Investments carried at amortised cost		
Certificate of deposits (quoted)	2,955	99
Commercial papers (quoted)	2,398	381
Treasury bills (quoted)	-	989
	35,738	29,262

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Government bonds and securities includes bonds pledged with bank for credit facility and with manager to the buy-back amounting to ₹1,650 crore and ₹3,560 crore as at March 31, 2023 and 2022, respectively.

Aggregate value of quoted and unquoted investments is as follows:

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Aggregate value of quoted investments	35,738	29,262
Aggregate value of unquoted investments (net of impairment)	2,405	2,405
Aggregate market value of quoted investments	35,736	29,263
Aggregate value of impairment of investments	19	19

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

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Certificate of deposits	2,951	99
Commercial papers	2,400	381
Treasury bills	-	990

Carrying value of investment in equity instruments is as follows:

In Numbers	Currency	Face value per share	Investment in subsidiaries	As at March 31, 2023	As at March 31, 2022	(₹ crore)
Fully paid equity shares (unquoted)						
212,27,83,424	UYU	1	TCS Iberoamerica SA	461	461	
15,75,300	INR	10	APTOnline Limited	-	-	
1,300	EUR	-	Tata Consultancy Services Belgium	1	1	
66,000	EUR	1,000	Tata Consultancy Services Netherlands BV	403	403	
1,000	SEK	100	Tata Consultancy Services Sverige AB	19	19	
1	EUR	-	Tata Consultancy Services Deutschland GmbH	2	2	
20,000	USD	10	Tata America International Corporation	453	453	
75,82,820	SGD	1	Tata Consultancy Services Asia Pacific Pte Ltd.	19	19	
3,72,58,815	AUD	1	TCS FNS Pty Limited	212	212	
10,00,001	GBP	1	Diligenta Limited	429	429	
1,000	USD	-	Tata Consultancy Services Canada Inc.	-*	-*	
100	CAD	70,653.61	Tata Consultancy Services Canada Inc.	31	31	
51,00,000	INR	10	C-Edge Technologies Limited	5	5	
8,90,000	INR	10	MP Online Limited	1	1	
1,40,00,000	ZAR	1	Tata Consultancy Services (Africa) (PTY) Ltd.	66	66	
18,89,005	INR	10	MahaOnline Limited	2	2	
-	QAR	-	Tata Consultancy Services Qatar 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	

In Numbers	Currency	Face value per share	Equity instruments designated at fair value through OCI	As at March 31, 2023	As at March 31, 2022	(₹ crore)
Fully paid equity shares (unquoted)						
1,90,00,000	INR	10	Taj Air Limited	19	19	
			Less : Impairment in value of investments	(19)	(19)	
				-	-	

*Represents value less than ₹0.50 crore.

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The movement in fair value of investments carried / designated at fair value through OCI is as follows:

	(₹ crore)	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning of the year		580	916
Net loss arising on revaluation of investments other than equities carried at fair value through other comprehensive income		(675)	(516)
Deferred tax relating to net loss arising on revaluation of investments other than equities carried at fair value through other comprehensive income		236	180
Net cumulative gain reclassified to statement of profit and loss on sale of investments other than equities carried at fair value through other comprehensive income		(4)	-
Deferred tax relating to net cumulative gain reclassified to statement of profit and loss on sale of investments other than equities carried at fair value through other comprehensive income		1	-
Balance at the end of the year		138	580

(b) Trade receivables - Billed

Trade receivables - Billed (unsecured) consist of the following:

Trade receivables - Billed – Non-current

	(₹ crore)	As at March 31, 2023	As at March 31, 2022
Trade receivables - Billed		771	932
Less: Allowance for doubtful trade receivables - Billed		(646)	(842)
Considered good		125	90

Ageing for trade receivables - billed – non-current outstanding as at March 31, 2023 is as follows:

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade receivables - Billed							
Undisputed trade receivables – considered good	-	-	12	39	75	613	739
Disputed trade receivables – considered good	-	-	-	-	8	24	32
	-	-	12	39	83	637	771
Less: Allowance for doubtful trade receivables - Billed							(646)
Trade receivables - Unbilled							125
							196
							321

TATA CONSULTANCY SERVICES LIMITED
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Ageing for trade receivables - billed – non-current outstanding as at March 31, 2022 is as follows:

Particulars	Not due	Outstanding for following periods from due date of payment					(₹ crore)
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade receivables - Billed							
Undisputed trade receivables – considered good	-	-	12	93	227	584	916
Disputed trade receivables – considered good	-	-	-	-	-	16	16
	-	-	12	93	227	600	932
Less: Allowance for doubtful trade receivables - Billed							(842)
Trade receivables - Unbilled							90
							53
							<u>143</u>

Trade receivables - Billed – Current

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Trade receivables - Billed	35,731	30,010
Less: Allowance for doubtful trade receivables - Billed	(275)	(173)
Considered good	35,456	29,837
Trade receivables - Billed	256	137
Less: Allowance for doubtful trade receivables - Billed	(178)	(122)
Credit impaired	78	15
	35,534	29,852

Above balances of trade receivables - billed include balances with related parties (Refer note 20).

Ageing for trade receivables - billed – current outstanding as at March 31, 2023 is as follows:

Particulars	Not due	Outstanding for following periods from due date of payment					(₹ crore)
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade receivables - Billed							
Undisputed trade receivables – considered good	28,935	5,292	1124	135	16	191	35,693
Undisputed trade receivables – credit impaired	66	42	-	11	18	119	256
Disputed trade receivables – considered good	-	-	12	1	-	25	38
	29,001	5,334	1136	147	34	335	35,987
Less: Allowance for doubtful trade receivables - Billed							(453)
Trade receivables - Unbilled							<u>35,534</u>
							<u>7,264</u>
							<u>42,798</u>

TATA CONSULTANCY SERVICES LIMITED
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Ageing for trade receivables - billed – current outstanding as at March 31, 2022 is as follows:

Particulars	Not due	Outstanding for following periods from due date of payment					(₹ crore)
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade receivables - Billed							
Undisputed trade receivables – considered good	23,985	4,069	903	594	224	211	29,986
Undisputed trade receivables – credit impaired	-	-	-	57	6	67	130
Disputed trade receivables – considered good	-	-	-	-	-	24	24
Disputed trade receivables – credit impaired	-	-	-	-	-	7	7
	23,985	4,069	903	651	230	309	30,147
Less: Allowance for doubtful trade receivables - Billed							(295)
Trade receivables - Unbilled							29,852
							6,250
							36,102

(c) Cash and cash equivalents

Cash and cash equivalents consist of the following:

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Balances with banks		
In current accounts	776	809
In deposit accounts	686	7,388
Cheques on hand	-*	-*
Cash on hand	-*	-*
Remittances in transit	-*	-*
	1,462	8,197

*Represents value less than ₹0.50 crore.

(d) Other balances with banks

Other balances with banks consist of the following:

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Earmarked balances with banks		
Short-term bank deposits	653	195
	2,428	5,300
	3,081	5,495

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

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(e) Loans

Loans (unsecured) consist of the following:

Loans – Non-current

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Considered good		
Loans and advances to employees	3	8
	3	8

Loans – Current

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Considered good		
Inter-corporate deposits	-	5,386
Loans and advances to employees	332	267
Credit impaired		
Loans and advances to employees	31	22
Less: Allowance on loans and advances to employees	(31)	(22)
	332	5,653

Inter-corporate deposits yield fixed interest rate and are placed with financial institutions, who are authorized to accept and use such inter-corporate deposits as per regulations applicable to them.

(f) Other financial assets

Other financial assets consist of the following:

Other financial assets – Non-current

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Security deposits	508	613
Others	24	13
	532	626

Other financial assets – Current

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Security deposits	296	161
Fair value of foreign exchange derivative assets	190	388
Interest receivable	624	597
Others	447	286
	1,557	1,432

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(g) Dues of small enterprises and micro enterprises

The disclosure pursuant to the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) for dues to micro enterprises and small enterprises as at March 31, 2023 and March 31, 2022 is as under:

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Dues remaining unpaid to any supplier		
Principal	-	-
Interest on the above	-	-
Amount of interest paid in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	32	33
Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
Amount of interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006	*	*

*Represents value less than ₹0.50 crore.

(h) Trade payables

Ageing for trade payables outstanding as at March 31, 2023 is as follows:

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade payables						
Others	3,774	4,715	18	7	42	8,556
Disputed dues - Others	-	-	-	-	29	29
	3,774	4,715	18	7	71	8,585
Accrued expenses						
						5,183
						13,768

*MSME as per the Micro, Small and Medium Enterprises Development Act, 2006.

Ageing for trade payables outstanding as at March 31, 2022 is as follows:

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade payables						
Others	2,673	2,541	46	27	80	5,367
Disputed dues - Others	-	-	-	-	32	32
	2,673	2,541	46	27	112	5,399
Accrued expenses						
						4,683
						10,082

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Notes forming part of Standalone Financial Statements

(i) Other financial liabilities

Other financial liabilities consist of the following:

Other financial liabilities – Non-current

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Capital creditors	111	289
Others	229	229
	340	518

Others include advance taxes paid of ₹226 crore and ₹226 crore as at March 31, 2023 and 2022, 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

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Accrued payroll	4,970	3,914
Unclaimed dividends	51	46
Fair value of foreign exchange derivative liabilities	141	128
Capital creditors	635	723
Liabilities towards customer contracts	1,075	972
Others	76	43
	6,948	5,826

(j) Financial instruments by category

The carrying value of financial instruments by categories as at March 31, 2023 is as follows:

	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	-	-	-	-	1,462	1,462
Bank deposits	-	-	-	-	2,428	2,428
Earmarked balances with banks	-	-	-	-	653	653
Investments (other than in subsidiary)	1,147	29,238	-	-	5,353	35,738
Trade receivables						
Billed	-	-	-	-	35,659	35,659
Unbilled	-	-	-	-	7,460	7,460
Loans	-	-	-	-	335	335
Other financial assets	-	-	37	153	1,899	2,089
	1,147	29,238	37	153	55,249	85,824
Financial liabilities						
Trade payables	-	-	-	-	13,768	13,768
Lease liabilities	-	-	-	-	5,659	5,659
Other financial liabilities	-	-	-	141	7,147	7,288
	-	-	-	141	26,574	26,715

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The carrying value of financial instruments by categories as at March 31, 2022 is as follows:

	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	(₹ crore) Total carrying value
Financial assets						
Cash and cash equivalents	-	-	-	-	8,197	8,197
Bank deposits	-	-	-	-	5,300	5,300
Earmarked balances with banks	-	-	-	-	195	195
Investments (other than in subsidiary)	884	26,909	-	-	1,469	29,262
Trade receivables						
Billed	-	-	-	-	29,942	29,942
Unbilled	-	-	-	-	6,303	6,303
Loans	-	-	-	-	5,661	5,661
Other financial assets	-	-	124	264	1,670	2,058
	884	26,909	124	264	58,737	86,918
Financial liabilities						
Trade payables	-	-	-	-	10,082	10,082
Lease liabilities	-	-	-	-	5,855	5,855
Other financial liabilities	-	-	22	106	6,216	6,344
	-	-	22	106	22,153	22,281

Loans include inter-corporate deposits of ₹5,386 crore, with original maturity period within 10 months.

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade payables as at March 31, 2023 and 2022, approximate the fair value due to their nature. Carrying amounts of bank deposits, earmarked balances with banks, other financial assets and other financial liabilities which are subsequently measured at amortised cost also approximate the fair value due to their nature in each of the periods presented. Fair value measurement of lease liabilities is not required. Fair value of investments carried at amortised cost is ₹5,351 crore and ₹1,470 crore as at March 31, 2023 and 2022, respectively.

(k) 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.

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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):

As at March 31, 2023	(₹ crore)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual fund units				
Mutual fund units	1,147	-	-	1,147
Equity shares	-	-	-	-
Government bonds and securities	26,128	-	-	26,128
Corporate bonds	3,110	-	-	3,110
Certificate of deposits	2,951	-	-	2,951
Commercial papers	2,400	-	-	2,400
Treasury bills	-	-	-	-
Fair value of foreign exchange derivative assets	-	190	-	190
	35,736	190	-	35,926
Financial liabilities				
Fair value of foreign exchange derivative liabilities				
Fair value of foreign exchange derivative liabilities	-	141	-	141
	-	141	-	141
As at March 31, 2022	(₹ crore)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual fund units				
Mutual fund units	884	-	-	884
Equity shares	-	-	-	-
Government bonds and securities	25,667	-	-	25,667
Corporate bonds	1,242	-	-	1,242
Certificate of deposits	99	-	-	99
Commercial papers	381	-	-	381
Treasury bills	990	-	-	990
Fair value of foreign exchange derivative assets	-	388	-	388
	29,263	388	-	29,651
Financial liabilities				
Fair value of foreign exchange derivative liabilities				
Fair value of foreign exchange derivative liabilities	-	128	-	128
	-	128	-	128

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

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

Foreign currency	As at March 31, 2023			As at March 31, 2022		
	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	8	225	13	63	1,635	44
Great Britain Pound	22	200	14	41	338	55
Euro	22	203	10	53	382	25
Australian Dollar	-	-	-	30	202	(21)
Canadian Dollar	-	-	-	25	137	(1)

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

	(₹ crore)			
	Year ended March 31, 2023		Year ended March 31, 2022	
	Intrinsic value	Time value	Intrinsic value	Time value
Balance at the beginning of the year	27	(53)	56	(27)
(Gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	(376)	488	(636)	525
Deferred tax on (gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	90	(144)	139	(122)
Change in the fair value of effective portion of cash flow hedges	351	(456)	599	(559)
Deferred tax on change in the fair value of effective portion of cash flow hedges	(84)	137	(131)	130
Balance at the end of the year	8	(28)	27	(53)

The Company has entered into derivative instruments not in hedging relationship by way of foreign exchange forward, currency options and futures contracts. As at March 31, 2023 and 2022, the notional amount of outstanding contracts aggregated to ₹46,102 crore and ₹46,392 crore, respectively, and the respective fair value of these contracts have a net gain of ₹12 crore and ₹158 crore.

Exchange loss of ₹1,159 crore and gain of ₹645 crore on foreign exchange forward, currency options and futures contracts that do not qualify for hedge accounting have been recognised in the standalone statement of profit and loss for the years ended March 31, 2023 and 2022, respectively.

Net foreign exchange gain / (loss) include loss of ₹112 crore and gain of ₹111 crore transferred from cash flow hedging reserve for the years ended March 31, 2023 and 2022, respectively.

Net loss on derivative instruments of ₹20 crore recognised in cash flow hedging reserve as at March 31, 2023, is expected to be transferred to the statement of profit and loss by March 31, 2024. The maximum period over which the exposure to cash flow variability has been hedged is through calendar year 2023.

Following table summarises approximate gain / (loss) on the Company's other comprehensive income on account of appreciation / depreciation of the underlying foreign currencies:

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
10% Appreciation of the underlying foreign currencies	-	(387)
10% Depreciation of the underlying foreign currencies	544	2,034

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(m) Financial risk management

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

• Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the Company. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. Further, any movement in the functional currency of the various operations of the Company against major foreign currencies may impact the Company's revenue in international business.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the functional currency of the Company.

The following analysis has been worked out based on the net exposures of the Company as of the date of balance sheet which could affect the statements of profit and loss and other comprehensive income and equity. Further the exposure as indicated below is mitigated by some of the derivative contracts entered into by the Company as disclosed in note 6(l).

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2023:

	(₹ crore)			
	USD	EUR	GBP	Others
Net financial assets	2,747	91	436	2,736
Net financial liabilities	(12,419)	(723)	(1,923)	(1,108)

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in increase / decrease in the Company's profit before taxes by approximately ₹1,016 crore for the year ended March 31, 2023.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2022:

	(₹ crore)			
	USD	EUR	GBP	Others
Net financial assets	515	89	147	1,709
Net financial liabilities	(8,981)	(513)	(1,403)	(1,049)

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in increase / decrease in the Company's profit before taxes by approximately ₹949 crore for the year ended March 31, 2022.

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- **Interest rate risk**

The Company's investments are primarily in fixed rate interest bearing investments. Hence, the Company is not significantly exposed to interest rate risk.

Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. Bank deposits include an amount of ₹2,428 crore held with three banks having high credit rating which is individually in excess of 10% or more of the Company's total bank deposits as at March 31, 2023. None of the other financial instruments of the Company result in material concentration of credit risk.

- **Exposure to credit risk**

The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹90,655 crore and ₹90,388 crore as at March 31, 2023 and 2022, respectively, being the total of the carrying amount of balances with banks, bank deposits, investments excluding equity and preference investments, trade receivables, loans, contract assets and other financial assets.

The Company's exposure to customers is diversified and no single customer contributes to more than 10% of outstanding trade receivable and contract assets as at March 31, 2023 and March 31, 2022.

- **Geographic concentration of credit risk**

Geographic concentration of trade receivables (gross and net of allowances) and contract assets is as follows:

	As at March 31, 2023		As at March 31, 2022	
	Gross%	Net%	Gross%	Net%
United States of America	54.14	55.13	52.43	53.78
India	12.03	10.37	12.73	10.68
United Kingdom	15.48	15.80	16.47	16.84

Geographic concentration of trade receivables (gross and net of allowances) and contract assets is allocated based on the location of the customers.

The allowance for lifetime expected credit loss on trade receivables for the years ended March 31, 2023 and 2022 was ₹98 crore and ₹96 crore, respectively. The reconciliation of allowance for doubtful trade receivables is as follows:

	(₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning of the year	1,137	1,082
Change during the year	98	96
Bad debts written off	(137)	(39)
Translation Exchange difference	1	(2)
Balance at the end of the year	1,099	1,137

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Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generated sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as at:

	(₹ crore)				
	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
March 31, 2023					
Non-derivative financial liabilities					
Trade payables	13,768	-	-	-	13,768
Lease liabilities	1,333	1,129	2,430	2,531	7,423
Other financial liabilities	6,828	42	301	9	7,180
	21,929	1,171	2,731	2,540	28,371
Derivative financial liabilities					
	141	-	-	-	141
	22,070	1,171	2,731	2,540	28,512
March 31, 2022					
Non-derivative financial liabilities					
Trade payables	10,082	-	-	-	10,082
Lease liabilities	1,345	1,186	2,460	2,732	7,723
Other financial liabilities	5,721	294	228	5	6,248
	17,148	1,480	2,688	2,737	24,053
Derivative financial liabilities					
	128	-	-	-	128
	17,276	1,480	2,688	2,737	24,181

(n) Equity instruments

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

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Authorised		
460,05,00,000 equity shares of ₹1 each	460	460
(March 31, 2022: 460,05,00,000 equity shares of ₹1 each)		
105,02,50,000 preference shares of ₹1 each	105	105
(March 31, 2022: 105,02,50,000 preference shares of ₹1 each)		
	565	565
Issued, Subscribed and Fully paid up		
365,90,51,373 equity shares of ₹1 each	366	366
(March 31, 2022: 365,90,51,373 equity shares of ₹1 each)		
	366	366

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 4,00,00,000 equity shares for an aggregate amount of ₹18,000 crore being 1.08% of the total paid up equity share capital at ₹4,500 per equity share in the previous year. The equity shares bought back were extinguished on March 29, 2022.

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I. Reconciliation of number of shares

	As at March 31, 2023	As at March 31, 2022
	Number of shares (₹ crore)	Number of shares (₹ crore)
Equity shares		
Opening balance	365,90,51,373	369,90,51,373
Shares extinguished on buy-back	-	(4,00,00,000)
Closing balance	365,90,51,373	366

II. Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹1 each. Each shareholder is eligible for one vote per share held and carry a right to dividend. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

III. Shares held by Holding Company, its Subsidiaries and Associates

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Equity shares		
Holding company		
264,43,17,117 equity shares (March 31, 2022: 264,43,17,117 equity shares) are held by Tata Sons Private Limited	264	264
Subsidiaries and Associates of Holding company		
7220 equity shares (March 31, 2022: 7,220 equity shares) are held by Tata Industries Limited*	-	-
10,14,172 equity shares (March 31, 2022: 10,14,172 equity shares) are held by Tata Investment Corporation Limited*	-	-
46,798 equity shares (March 31, 2022: 46,798 equity shares) are held by Tata Steel Limited*	-	-
766 equity shares (March 31, 2022: 766 equity shares) are held by The Tata Power Company Limited*	-	-
	264	264

*Equity shares having value less than ₹0.50 crore.

IV. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2023	As at March 31, 2022
Equity shares		
Tata Sons Private Limited, the holding company	264,43,17,117	264,43,17,117
% of shareholding	72.27%	72.27%

V. Equity shares movement during the 5 years preceding March 31, 2023

• Equity shares issued as bonus

The Company allotted 191,42,87,591 equity shares as fully paid up bonus shares by capitalisation of profits transferred from retained earnings amounting to ₹86 crore and capital redemption reserve amounting to ₹106 crore in three month period ended June 30, 2018, pursuant to an ordinary resolution passed after taking the consent of shareholders through postal ballot.

TATA CONSULTANCY SERVICES LIMITED
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- **Equity shares extinguished on buy-back**

The Company bought back 4,00,00,000 equity shares for an aggregate amount of ₹18,000 crore being 1.08% of the total paid up equity share capital at ₹4,500 per equity share. The equity shares bought back were extinguished on March 29, 2022.

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. The equity shares bought back were extinguished on January 6, 2021.

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

VI. Disclosure of Shareholding of Promoters

Disclosure of shareholding of promoters as at March 31, 2023 is as follows:

Promoter name	Shares held by promoters				% Change during the year	
	As at March 31, 2023		As at March 31, 2022			
	No. of shares	% of total shares	No. of shares	% of total shares		
Tata Sons Private Limited	264,43,17,117	72.27%	264,43,17,117	72.27%	-	
Total	264,43,17,117	72.27%	264,43,17,117	72.27%	-	

Disclosure of shareholding of promoters as at March 31, 2022 is as follows:

Promoter name	Shares held by promoters				% Change during the year	
	As at March 31, 2022		As at March 31, 2021			
	No. of shares	% of total shares	No. of shares	% of total shares		
Tata Sons Private Limited	264,43,17,117	72.27%	266,91,25,829	72.16%	0.11%	
Total	264,43,17,117	72.27%	266,91,25,829	72.16%	0.11%	

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 asset 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 asset 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

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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 the year ended March 31, 2023	Net carrying amount as at March 31, 2023
Leasehold land	179	940
Buildings	799	4,608
Leasehold improvement	-	2
Computer equipment	-	49
Software licences	-	96
Vehicles	-	-*
	978	5,695

*Represents value less than ₹0.50 crore.

	(₹ crore)	
	Additions for the year ended March 31, 2022	Net carrying amount as at March 31, 2022
Leasehold land	100	774
Buildings	779	4,860
Leasehold improvement	-	4
Computer equipment	3	66
Software licences	145	133
Vehicles	-*	-*
	1,027	5,837

*Represents value less than ₹0.50 crore.

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

	(₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Leasehold land	10	9
Buildings	1,034	991
Leasehold improvement	2	3
Computer equipment	16	15
Software licences	37	38
Vehicles	-*	1
	1,099	1,057

*Represents value less than ₹0.50 crore.

Interest on lease liabilities is ₹421 crore and ₹451 crore for the years ended March 31, 2023 and 2022, respectively.

The Company incurred ₹211 crore and ₹162 crore for the years ended March 31, 2023 and 2022, respectively, towards expenses relating to short-term leases and leases of low-value assets.

The total cash outflow for leases is ₹1,732 crore and ₹1,561 crore for the years ended March 31, 2023 and 2022, respectively, including cash outflow for short term and low value leases.

The Company has lease term extension options that are not reflected in the measurement of lease liabilities. The present value of future cash outflows for such extension periods is ₹786 crore and ₹722 crore as at March 31, 2023 and 2022, respectively.

Lease contracts entered by the Company majorly pertain for buildings taken on lease to conduct its business in the ordinary course.

The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

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	2-5 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.

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

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

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Property, plant and equipment consist of the following:

	₹ crore									
	Freehold land	Buildings	Leasehold improvements	Plant and equipment	Computer equipment	Vehicles	Office equipment	Electrical installations	Furniture and fixtures	Total
Cost as at April 1, 2022	323	7,737	1,885	752	9,925	35	2,395	1,872	1,512	26,436
Additions	-	234	48	56	1,291	8	151	63	53	1,904
Disposals	-	(5)	(8)	-	(269)	(3)	(54)	(9)	(12)	(360)
Cost as at March 31, 2023	323	7,966	1,925	808	10,947	40	2,492	1,926	1,553	27,980
Accumulated depreciation as at April 1, 2022	-	(3,286)	(1,221)	(366)	(7,061)	(33)	(2,085)	(1,367)	(1,348)	(16,767)
Depreciation	-	(393)	(127)	(78)	(1,386)	(4)	(186)	(130)	(81)	(2,385)
Disposals	-	4	8	-	268	3	54	9	12	358
Accumulated depreciation as at March 31, 2023	-	(3,675)	(1,340)	(444)	(8,179)	(34)	(2,217)	(1,488)	(1,417)	(18,794)
Net carrying amount as at March 31, 2023	323	4,291	585	364	2,768	6	275	438	136	9,186
Capital work-in-progress*										1,103
Total										10,289

*₹1,904 crore has been capitalised and transferred to property, plant and equipment during the year ended March 31, 2023.

	₹ 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	-	51	86	35	1,606	-	160	33	41	2,012
Disposals	-	(2)	(18)	(1)	(462)	(1)	(67)	(44)	(38)	(633)
Cost as at March 31, 2022	323	7,737	1,885	752	9,925	35	2,395	1,872	1,512	26,436
Accumulated depreciation as at April 1, 2021	-	(2,897)	(1,108)	(293)	(6,349)	(31)	(2,001)	(1,270)	(1,287)	(15,236)
Depreciation	-	(391)	(131)	(73)	(1,172)	(3)	(151)	(140)	(99)	(2,160)
Disposals	-	2	18	-	460	1	67	43	38	629
Accumulated depreciation as at March 31, 2022	-	(3,286)	(1,221)	(366)	(7,061)	(33)	(2,085)	(1,367)	(1,348)	(16,767)
Net carrying amount as at March 31, 2022	323	4,451	664	386	2,864	2	310	505	164	9,669
Capital work-in-progress*										1,146
Total										10,815

*₹2,012 crore has been capitalised and transferred to property, plant and equipment during the year ended March 31, 2022.

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Capital work-in-progress

- **Capital work-in-progress ageing**

Ageing for capital work-in-progress as at March 31, 2023 is as follows:

Capital work-in-progress	Amount in capital work-in-progress for a period of				(₹ crore)
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	543	203	37	320	1,103
	543	203	37	320	1,103

Ageing for capital work-in-progress as at March 31, 2022 is as follows:

Capital work-in-progress	Amount in capital work-in-progress for a period of				(₹ crore)
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	639	97	37	373	1,146
	639	97	37	373	1,146

- Project execution plans are modulated basis capacity requirement assessment on an annual basis and all the projects are executed as per rolling annual plan.

(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, 2022	1,530
Additions	247
Disposals / Derecognised	(50)
Cost as at March 31, 2023	1,727
Accumulated amortisation as at April 1, 2022	(512)
Amortisation	(456)
Disposals / Derecognised	50
Accumulated amortisation as at March 31, 2023	(918)
Net carrying amount as at March 31, 2023	809

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	(₹ crore)
Rights under licensing agreement and software licences	
Cost as at April 1, 2021	580
Additions	961
Disposals / Derecognised	(11)
Cost as at March 31, 2022	1,530
Accumulated amortisation as at April 1, 2021	(218)
Amortisation	(305)
Disposals / Derecognised	11
Accumulated amortisation as at March 31, 2022	(512)
Net carrying amount as at March 31, 2022	1,018

The estimated amortisation for years subsequent to March 31, 2023 is as follows:

	(₹ crore)
Year ending March 31,	
2024	434
2025	259
2026	76
2027	40
	809

(c) Other assets

Other assets consist of the following:

Other assets – Non-current

	(₹ crore)		(₹ crore)
	As at March 31, 2023		As at March 31, 2022
Considered good			
Capital advances	67		75
Advances to related parties	63		23
Contract assets	153		136
Prepaid expenses	1,907		1,197
Contract fulfillment costs	33		81
Others	187		285
	2,410		1,797

Advances to related parties, considered good, comprise:

Voltas Limited	-*	-*
Tata Realty and Infrastructure Ltd	-*	-*
Tata Projects Limited	54	23
Titan Engineering and Automation Limited	-	-*
Saankhya Labs Private Limited	8	-
Universal MEP Projects & Engineering Services Limited	1	-

*Represents value less than ₹0.50 crore.

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Other assets – Current

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Considered good		
Advance to suppliers	48	117
Advance to related parties	18	8
Contract assets	4,678	3,334
Prepaid expenses	1,332	2,735
Prepaid rent	4	7
Contract fulfillment costs	531	616
Indirect taxes recoverable	853	1,001
Others	325	214
Considered doubtful		
Advance to suppliers	2	2
Other advances	2	2
Less: Allowance on doubtful assets	(4)	(4)
	7,789	8,032
Advance to related parties, considered good comprise:		
Tata Sons Private Limited	7	7
Tata AIG General Insurance Company Limited	1	1
Tata Consultancy Services Deutschland GmbH	7	-
Tata Consultancy Services De Mexico S.A., De C.V.	2	-
Titan Company Limited	1	-

Non-current – Others includes advance of ₹177 crore and ₹271 crore towards acquiring right-of-use of leasehold land as at March 31, 2023 and 2022, respectively.

Contract fulfillment costs of ₹631 crore and ₹564 crore for the years ended March 31, 2023 and 2022, respectively, have been amortised in the standalone statement of profit and loss. Refer note 10 for the changes in contract asset.

(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 March 31, 2023	As at March 31, 2022
Raw materials, sub-assemblies and components		
Raw materials, sub-assemblies and components	22	16
Finished goods and work-in-progress	5	3
	27	19

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(e) Other liabilities

Other liabilities consist of the following:

Other liabilities – Current

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Advance received from customers	457	473
Indirect taxes payable and other statutory liabilities	2,429	2,271
Tax liability on buy-back of equity shares	-	4,192
Others	227	97
	3,113	7,033

(f) Provisions

Provisions consist of the following:

Provisions – Current

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Provision towards legal claim (Refer note 19)	206	1,249
Provision for foreseeable loss	70	125
Other provisions	3	3
	279	1,377

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9) Other equity

Other equity consist of the following:

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Capital reserve*	-	-
Capital redemption reserve		
Opening balance	17	13
Transfer from retained earnings	-	4
	<u>17</u>	<u>17</u>
Special Economic Zone re-investment reserve		
Opening balance	7,287	2,538
Transfer from retained earnings	8,380	9,407
Transfer to retained earnings	(3,858)	(4,658)
	<u>11,809</u>	<u>7,287</u>
Retained earnings		
Opening balance	68,949	70,928
Profit for the year	39,106	38,187
Remeasurement of defined employee benefit plans	42	141
Expenses for buy-back of equity shares	-	(49)
Tax on buy-back of equity shares	-	(4,192)
Buy-back of equity shares	-	(17,996)
Transfer from Special Economic Zone re-investment reserve	3,858	4,658
	<u>1,11,955</u>	<u>91,677</u>
Less: Appropriations		
Dividend on equity shares	41,347	13,317
Transfer to capital redemption reserve	-	4
Transfer to Special Economic Zone re-investment reserve	8,380	9,407
	<u>62,228</u>	<u>68,949</u>
Investment revaluation reserve		
Opening balance	580	916
Change during the year (net)	(442)	(336)
	<u>138</u>	<u>580</u>
Cash flow hedging reserve (Refer note 6(l))		
Opening balance	(26)	29
Change during the year (net)	6	(55)
	<u>(20)</u>	<u>(26)</u>
	<u>74,172</u>	<u>76,807</u>

*Represents value less than ₹0.50 crore.

10) 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

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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 are excess of revenues 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 are 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.

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Revenue disaggregation by nature of services is as follows:

	(₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Consultancy services	1,88,748	1,59,106
Sale of equipment and software licences	1,606	1,235
	1,90,354	1,60,341

Revenue disaggregation by industry vertical is as follows:

	(₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Banking, Financial Services and Insurance	68,240	58,614
Manufacturing	16,905	14,576
Retail and Consumer Business	33,169	26,966
Communication, Media and Technology	33,606	28,778
Life Sciences and Healthcare	22,398	18,341
Others	16,036	13,066
	1,90,354	1,60,341

Revenue disaggregation by geography is as follows:

	(₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Americas		
North America	1,13,208	90,630
Latin America	382	314
Europe		
United Kingdom	30,676	27,595
Continental Europe	19,209	17,595
Asia Pacific	12,017	11,178
India	10,941	9,547
Middle East and Africa	3,921	3,482
	1,90,354	1,60,341

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

Information about major customers

No single customer represents 10% or more of the Company's total revenue during the years ended March 31, 2023 and March 31, 2022.

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially) satisfied performance obligations, along with the broad time band for the expected time to recognise those revenues, the Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ₹1,13,145 crore out of which 55.41% is expected to be recognised as revenue in the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

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Changes in contract assets are as follows:

	(₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning of the year	3,470	3,051
Invoices raised that were included in the contract assets balance at the beginning of the year	(2,632)	(2,464)
Increase due to revenue recognised during the year, excluding amounts billed during the year	3,826	2,828
Translation exchange difference	167	55
Balance at the end of the year	4,831	3,470

Changes in unearned and deferred revenue are as follows:

	(₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning of the year	3,573	3,161
Revenue recognised that was included in the contract liability balance at the beginning of the year	(2,643)	(2,311)
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	2,589	2,735
Translation exchange difference	85	(12)
Balance at the end of the year	3,604	3,573

Reconciliation of revenue recognised with the contracted price is as follows:

	(₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Contracted price	1,93,451	1,62,898
Reductions towards variable consideration components	(3,097)	(2,557)
Revenue recognised	1,90,354	1,60,341

The reduction towards variable consideration comprises of volume discounts, service level credits, etc.

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11) 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)	
	Year ended March 31, 2023	Year ended March 31, 2022
Interest income	3,046	2,555
Dividend income	2,106	3,548
Net gain on disposal / fair valuation of investments carried at fair value through profit or loss	205	186
Net gain on sale of investments other than equity shares carried at fair value through OCI	4	-
Net gain on disposal of property, plant and equipment	27	25
Net gain / (loss) on lease modification	(3)	2
Net gain on sub-lease	7	-
Net foreign exchange gain / (loss)	(173)	1,068
Rent income	22	21
Other income	87	81
	5,328	7,486

Interest income comprise:

Interest on bank balances and bank deposits	173	256
Interest on financial assets carried at amortised cost	574	481
Interest on financial assets carried at fair value through OCI	2,131	1,818
Other interest (including interest on tax refunds)	168	-

Dividend income comprise:

Dividend from subsidiaries	2,106	3,548
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12) 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.

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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 using the Projected Unit Credit Method.

Employee benefit expenses consist of the following:

	(₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, incentives and allowances	87,049	73,115
Contributions to provident and other funds	6,450	5,734
Staff welfare expenses	2,719	2,248
	96,218	81,097

Employee benefit obligations consist of the following:

Employee benefit obligations – Non-current

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Foreign defined benefit plans	28	25
Other employee benefit obligations	67	78
	95	103

Employee benefit obligations – Current

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Compensated absences	2,991	2,802
Other employee benefit obligations	31	42
	3,022	2,844

Employee benefit plans consist of the following:

Gratuity and pension

In accordance with Indian law, the Company operates a scheme of gratuity which is a defined benefit plan. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days' salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service. The Company manages the plan through a trust. Trustees administer contributions made to the trust. Certain overseas branches of the Company also provide for retirement benefit plans in accordance with the local laws.

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The following table sets out the details of the defined benefit retirement plans and the amounts recognised in the financial statements:

	(₹ crore)							
	As at March 31, 2023				As at March 31, 2022			
	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total
Change in benefit obligations								
Benefit obligations, beginning of the year	4,464	1	25	4,490	4,313	1	19	4,333
Translation exchange difference	-	-	2	2	-	-	1	1
Changes due to inter-company transfers	(3)	-	-	(3)	(3)	-	-	(3)
Service cost	512	-	5	517	536	-	5	541
Interest cost	330	-	1	331	296	-	-	296
Remeasurement of the net defined benefit liability	(158)	-	1	(157)	(190)	-	5	(185)
Benefits paid	(502)	-	(6)	(508)	(488)	-	(5)	(493)
Benefit obligations, end of the year	4,643	1	28	4,672	4,464	1	25	4,490
 Change in plan assets								
Fair value of plan assets, beginning of the year	5,517	1	-	5,518	4,704	1	-	4,705
Changes due to inter-company transfers	(3)	-	-	(3)	(3)	-	-	(3)
Interest income	424	-	-	424	334	-	-	334
Employers' contributions	1,056	-	-	1,056	975	-	-	975
Benefits paid	(502)	-	-	(502)	(488)	-	-	(488)
Remeasurement - return on plan assets excluding amount included in interest income	(103)	-	-	(103)	(5)	-	-	(5)
Fair value of plan assets, end of the year	6,389	1	-	6,390	5,517	1	-	5,518
 Funded status								
Deficit of plan assets over obligations	-	-	(28)	(28)	-	-	(25)	(25)
Surplus of plan assets over obligations	1,746	-	-	1,746	1,053	-	-	1,053
	1,746	-	(28)	1,718	1,053	-	(25)	1,028

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	(₹ crore)							
	As at March 31, 2023				As at March 31, 2022			
	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total
Category of assets								
Corporate bonds	1,832	-	-	1,832	1,696	-	-	1,696
Equity instruments	121	-	-	121	66	-	-	66
Government bonds and securities	2,917	-	-	2,917	2,624	-	-	2,624
Insurer managed funds	1,387	1	-	1,388	981	1	-	982
Bank balances	6	-	-	6	5	-	-	5
Others	126	-	-	126	145	-	-	145
	6,389	1	-	6,390	5,517	1	-	5,518

Net periodic gratuity cost, included in employee cost consists of the following components:

	(₹ crore)							
	As at March 31, 2023				As at March 31, 2022			
	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total
Service cost	512	-	5	517	536	-	5	541
Net interest on net defined benefit asset	(94)	-	1	(93)	(38)	-	-	(38)
Net periodic gratuity / pension cost	418	-	6	424	498	-	5	503
Actual return on plan assets	321	-	-	321	329	-	-	329

Remeasurement of the net defined benefit (asset) / liability:

	(₹ crore)							
	As at March 31, 2023				As at March 31, 2022			
	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total
Actuarial losses arising from changes in demographic assumptions		30	-	1		1	-	31
Actuarial gains arising from changes in financial assumptions		(164)	-	(3)		(3)	-	(167)
Actuarial (gains) and losses arising from changes in experience adjustments		(24)	-	3		3	-	(21)
Remeasurement of the net defined benefit liability		(158)	-	1		1	-	(157)
Remeasurement - return on plan assets excluding amount included in interest income		103	-	-		-	-	103
	(55)	-	1	(54)				

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	(₹ crore)			
	As at March 31, 2022			
	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total
Actuarial (gains) and losses arising from changes in demographic assumptions	(20)	-	2	(18)
Actuarial gains arising from changes in financial assumptions	(165)	-	(1)	(166)
Actuarial (gains) and losses arising from changes in experience adjustments	(5)	-	4	(1)
Remeasurement of the net defined benefit liability	(190)	-	5	(185)
Remeasurement - return on plan assets excluding amount included in interest income	5	-	-	5
	(185)	-	5	(180)

The assumptions used in accounting for the defined benefit plan are set out below:

	As at March 31, 2023		As at March 31, 2022	
	Domestic plans	Foreign plans	Domestic plans	Foreign plans
Discount rate	7.50%	3.90%-4.80%	7.00%	1.50%-2.70%
Rate of increase in compensation levels of covered employees	6.00%	1.95%-3.62%	6.00%	2.24%-3.80%
Rate of return on plan assets	7.50%	3.90%-4.80%	7.00%	1.50%-2.70%
Weighted average duration of defined benefit obligations	7 Years	3-8 Years	8 years	3-6.4 years

Future mortality assumptions are taken based on the published statistics by the Insurance Regulatory and Development Authority of India.

The expected benefits are based on the same assumptions as are used to measure the Company's defined benefit plan obligations as at March 31, 2023. The Company does not expect to contribute to defined benefit plan obligations funds for year ending March 31, 2024 in view of adequate surplus plan assets as at March 31, 2023.

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Increase of 0.50%	(121)	(159)
Decrease of 0.50%	127	170

If the expected salary growth increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Increase of 0.50%	129	171
Decrease of 0.50%	(123)	(161)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

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Each year an Asset - Liability matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk and return profiles. Investment and contribution policies are integrated within this study.

The defined benefit obligations shall mature after the year ended March 31, 2023 as follows:

Year ending March 31,	(₹ crore)
2024	636
2025	556
2026	534
2027	523
2028	508
2029-2033	2,106

Provident fund

In accordance with Indian law, all eligible employees of the Company in India are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly to a trust set up by the Company to manage the investments and distribute the amounts entitled to employees. This plan is a defined benefit plan as the Company is obligated to provide its members a rate of return which should, at the minimum, meet the interest rate declared by Government administered provident fund. A part of the Company's contribution is transferred to Government administered pension fund. The contributions made by the Company and the shortfall of interest, if any, are recognised as an expense in statement of profit and loss under employee benefit expenses. In accordance with an actuarial valuation of provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the assumptions as mentioned below, there is no deficiency in the interest cost as the present value of the expected future earnings of the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of Government administered provident fund.

The details of fund and plan assets are given below:

	As at March 31, 2023	As at March 31, 2022	(₹ crore)
Fair value of plan assets	25,511	22,814	
Present value of defined benefit obligations	(25,511)	(22,814)	
Net excess / (shortfall)	-	-	(₹ crore)

The plan assets have been primarily invested in Government securities and corporate bonds.

The principal assumptions used in determining the present value obligation of interest guarantee under the deterministic approach are as follows:

	As at March 31, 2023	As at March 31, 2022
Discount rate	7.50%	7.00%
Average remaining tenure of investment portfolio	7 Years	8 years
Guaranteed rate of return	8.15%	8.10%

The Company expensed ₹1,614 crore and ₹1,372 crore for the years ended March 31, 2023 and 2022, respectively, towards provident fund.

Superannuation

All eligible employees on Indian payroll are entitled to benefits under Superannuation, a defined contribution plan. The Company makes monthly contributions until retirement or resignation of the employee. The Company recognises such contributions as an expense when incurred. The Company has no further obligation beyond its monthly contribution.

The Company expensed ₹278 crore and ₹271 crore for the years ended March 31, 2023 and 2022, respectively, towards Employees' Superannuation Fund.

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Foreign defined contribution plan

The Company expensed ₹1,070 crore and ₹885 crore for the years ended March 31, 2023 and 2022, respectively, towards foreign defined contribution plans.

13) 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 are 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)	
	Year ended March 31, 2023	Year ended March 31, 2022
Raw materials, sub-assemblies and components consumed	37	29
Equipment and software licences purchased	1,381	984
	1,418	1,013
Finished goods and work-in-progress		
Opening stock	3	-*
Less: Closing stock	5	3
	(2)	(3)
	1,416	1,010

*Represents value less than ₹0.50 crore.

(b) Other expenses

Other expenses consist of the following:

	(₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Fees to external consultants	25,539	19,338
Facility expenses	2,178	1,707
Travel expenses	2,100	1,361
Communication expenses	1,588	1,303
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	110	107
Other expenses	10,208	8,173
	41,723	31,989

Other expenses include ₹4,777 crore and ₹3,733 crore for the years ended March 31, 2023 and 2022, respectively, towards sales, marketing and advertisement expenses and ₹2,544 crore and ₹1,708 crore for the years ended March 31, 2023 and 2022, respectively, towards project expenses.

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(c) Corporate Social Responsibility (CSR) expenditure

	(₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
1 Amount required to be spent by the company during the year	773	716
2 Amount of expenditure incurred on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	783	727
3 Shortfall at the end of the year	-	-
4 Total of previous years shortfall	-	-
5 Reason for shortfall	NA	NA
6 Nature of CSR activities	Disaster Relief, Education, Skilling, Employment, Entrepreneurship, Health, Wellness and Water, Sanitation and Hygiene, Heritage	
7 Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard:		
Contribution to TCS Foundation in relation to CSR expenditure	543	680

14) Finance costs

Finance costs consist of the following:

	(₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Interest on lease liabilities	421	451
Interest on tax matters	49	7
Other interest costs	225	28
	695	486

15) 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 having its branches in India and overseas where it operates. The current tax payable by the Company in India is Indian income tax payable on 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.

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

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

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

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

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

Deferred tax assets include Minimum 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.

The income tax expense consists of the following:

	(₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Current tax		
Current tax expense for current year	13,623	12,912
Current tax benefit pertaining to prior years	(677)	(981)
	12,946	11,931
Deferred tax		
Deferred tax benefit for current year	(362)	(395)
Deferred tax benefit pertaining to prior years	-	-
	(362)	(395)
	12,584	11,536

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

	(₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Profit before taxes	51,690	49,723
Indian statutory income tax rate	34.94%	34.94%
Expected income tax expense	18,063	17,375
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax holidays	(5,097)	(4,604)
Income exempt from tax	(736)	(1,240)
Undistributed earnings in branches	58	(232)
Tax on income at different rates	963	1,107
Tax pertaining to prior years	(677)	(981)
Others (net)	10	111
Total income tax expense	12,584	11,536

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of Standalone Financial Statements

The Company benefits from the tax holiday available for units set up under the Special Economic Zone Act, 2005. These tax holidays are available for a period of fifteen years from the date of commencement of operations. Under the SEZ scheme, the unit which begins providing services on or after April 1, 2005 will be eligible for deductions of 100% of profits or gains derived from export of services for the first five years, 50% of such profit or gains for a further period of five years and 50% of such profits or gains for the balance period of five years subject to fulfillment of certain conditions. From April 1, 2011 profits from units set up under SEZ scheme are subject to Minimum Alternate Tax (MAT).

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2023 are as follows:

	(₹ crore)				
	Opening balance	Recognised in profit and loss	Recognised in / reclassified from other comprehensive income	Adjustments / utilisation	Closing balance
Deferred tax assets / (liabilities) in relation to					
Property, plant and equipment and intangible assets	374	223	-	-	597
Provision for employee benefit obligations	733	53	-	-	786
Cash flow hedges	8	-	(1)	-	7
Receivables, financial assets at amortised cost	372	31	-	-	403
MAT credit entitlement	974	-	-	(974)	-
Branch profit tax	(77)	(58)	-	-	(135)
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income	(320)	-	237	-	(83)
Lease liabilities	181	7	-	-	188
Others	405	106	-	-	511
	2,650	362	236	(974)	2,274

Gross deferred tax assets and liabilities are as follows:

	(₹ crore)			
As at March 31, 2023		Assets	Liabilities	Net
Deferred tax assets / (liabilities) in relation to				
Property, plant and equipment and Intangible assets		651	54	597
Provision for employee benefit obligations		786	-	786
Cash flow hedges		7	-	7
Receivables, financial assets at amortised cost		403	-	403
Branch profit tax		-	135	(135)
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income		(83)	-	(83)
Lease liabilities		188	-	188
Others		512	1	511
		2,464	190	2,274

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of Standalone Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2022 are as follows:

	(₹ crore)	Opening balance	Recognised in profit and loss	Recognised in / reclassified from other comprehensive income	Adjustments / Utilisation	Closing balance
Deferred tax assets / (liabilities) in relation to						
Property, plant and equipment and intangible assets	290	84	-	-	-	374
Provision for employee benefit obligations	639	94	-	-	-	733
Cash flow hedges	(8)	-	16	-	-	8
Receivables, financial assets at amortised cost	336	36	-	-	-	372
MAT credit entitlement	1,710	-	-	(736)	974	
Branch profit tax	(310)	233	-	-	-	(77)
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income	(500)	-	180	-	-	(320)
Lease liabilities	210	(29)	-	-	-	181
Others	428	(23)	-	-	-	405
	2,795	395	196	(736)	2,650	

Gross deferred tax assets and liabilities are as follows:

	(₹ crore)	Assets	Liabilities	Net
As at March 31, 2022				
Deferred tax assets / (liabilities) in relation to				
Property, plant and equipment and Intangible assets	426	52	374	
Provision for employee benefit obligations	733	-	733	
Cash flow hedges	8	-	8	
Receivables, financial assets at amortised cost	372	-	372	
MAT credit entitlement	974	-	974	
Branch profit tax	-	77	(77)	
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income	(320)	-	(320)	
Lease liabilities	181	-	181	
Others	405	-	405	
	2,779	129	2,650	

Under the Income-tax Act, 1961, the Company is liable to pay Minimum Alternate Tax in the tax holiday period. MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities. MAT is recognised as a deferred tax asset only 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 in India and in some of the other jurisdictions where it operates. The disputes relate to tax treatment of certain expenses claimed as deduction, computation or eligibility of tax incentives and allowances and characterisation of fees for services received. The Company has recognised contingent liability in respect of tax demands received from direct tax authorities in India and other jurisdictions of ₹1,471 crore and ₹1,616 crore as at March 31, 2023 and 2022, respectively. These demand orders are being contested by the Company based on the management evaluation and advise of tax consultants. In respect of tax contingencies of ₹318 crore and ₹318 crore as at March 31, 2023 and 2022, respectively, not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of Standalone Financial Statements

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.

The number of years that are subject to tax assessments varies depending on tax jurisdiction. The major tax jurisdictions of Tata Consultancy Services Limited include India, United States of America and United Kingdom. In India, tax filings from fiscal 2020 are generally subject to examination by the tax authorities. In United States of America, the federal statute of limitation applies to fiscals 2019 and earlier and applicable state statutes of limitation vary by state. In United Kingdom, the statute of limitation generally applies to fiscal 2019 and earlier.

16) 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.

	Year ended March 31, 2023	Year ended March 31, 2022
Profit for the year (₹ crore)	39,106	38,187
Weighted average number of equity shares	365,90,51,373	369,88,32,195
Basic and diluted earnings per share (₹)	106.88	103.24
Face value per equity share (₹)	1	1

17) Auditor's remuneration

Auditor's remuneration consists of the following:

	(₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Auditor	11	9
For taxation matters	1	1
For other services	4	4
For reimbursement of expenses	1	1

18) Segment information

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

19) Commitments and contingencies

Capital commitments

The Company has contractually committed (net of advances) ₹1,454 crore and ₹1,315 crore as at March 31, 2023 and 2022, respectively, for purchase of property, plant and equipment.

Contingencies

• **Direct tax matters**

Refer note 15.

• **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 ₹500 crore as at March 31, 2023 and 2022, respectively, from various indirect tax authorities which are being contested by the Company based on the management evaluation and advice of tax consultants.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of Standalone Financial Statements

• **Other claims**

Claims aggregating ₹218 crore and ₹235 crore as at March 31, 2023 and 2022, 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 ₹7,730 crore (US \$940 million) to Epic which was thereafter reduced by the Trial Court to ₹3,454 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 ₹822 crore (US \$100 million) award and ₹1,645 crore (US \$200 million) in punitive damages.

On August 20, 2020, the Appeals Court (a) vacated the award of ₹2,303 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 ₹1,151 crore (US \$140 million), (b) affirmed the District Court's decision vacating the jury's award of ₹822 crore (US \$100 million) in compensatory damages for alleged use of "other confidential information" by the Company, and, (c) affirmed the District Court's decision upholding the jury's award of ₹1,151 crore (US \$140 million) in compensatory damages for use of the comparative analysis by the Company. 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 standalone statement of profit and loss. On April 8, 2021, Epic approached the Supreme Court seeking review of the Order of the Appeals Court which was denied by the Supreme Court on March 21, 2022.

On April 21, 2022, Epic invoked payment of ₹1,151 crore (US \$140 million) out of ₹3,618 crore (US \$440 million) Letter of Credit provided as security, towards compensatory damages awarded by the District Court and confirmed by the Appeals Court, already provided for in the earlier years.

On July 1, 2022, the District Court passed an Order affirming the punitive damages at ₹1,151 crore (US \$140 million). The Company has filed an appeal on November 16, 2022, in the Appeals Court to reduce the punitive damages awarded by the District Court, which is pending.

Pursuant to encashment of the Letter of Credit towards compensatory damages, the value of Letter of Credit made available to Epic stands reduced to ₹1,250 crore (US \$152 million).

• **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.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of Standalone Financial Statements

20) Related party transactions

The Company's principal related parties consist of its holding company, Tata Sons Private Limited and its subsidiaries, its own subsidiaries, affiliates and key managerial personnel. The Company's material related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business. Refer note 21 of consolidated financial statement for list of subsidiaries of the Company.

Transactions with related parties are as follows:

	Year ended March 31, 2023					(₹ crore)
	Tata Sons Private Limited	Subsidiaries of the Company	Subsidiaries of Tata Sons Private Limited	Associates / joint ventures of Tata Sons Private Limited and their subsidiaries	Other related parties	Total
Revenue from operations	38	23,753	1,152	2,506	-	27,449
Dividend income	-	2,106	-	-	-	2,106
Rent income	-	33	-	-	-	33
Other income	-	36	-	-	-	36
Purchases of goods and services (including reimbursements)	-	15,069	564	226	-	15,859
Brand equity contribution	99	-	-	-	-	99
Facility expenses	1	109	23	59	-	192
Lease rental	-	-	56	47	-	103
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	-	-	(1)	1	-	-
Contribution and advance to post employment benefit plans	-	-	-	-	2,955	2,955
Purchase of property, plant and equipment	-	1	13	137	-	151
Advances given	-	-	1	45	-	46
Advances recovered	-	-	1	15	-	16
Advances taken	-	2	25	5	-	32
Dividend paid	29,881	-	16	6	-	29,903
Guarantees given	-	237	-	-	-	237
Cost recovery	-	3,591	-	-	-	3,591
Transfer out of employee benefit obligations	-	6	-	-	-	6
Transfer in of employee benefit obligations	-	1	-	-	-	1

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of Standalone Financial Statements

(₹ crore)

	Year ended March 31, 2022					Total
	Tata Sons Private Limited	Subsidiaries of the Company	Subsidiaries of Tata Sons Private Limited	Associates / joint ventures of Tata Sons Private Limited and their subsidiaries	Other related parties	
Revenue from operations	40	21,358	770	2,233	-	24,401
Dividend income	-	3,548	-	-	-	3,548
Rent income	-	26	-	-	-	26
Other income	-	44	-	-	-	44
Purchases of goods and services (including reimbursements)	-	11,045	534	159	-	11,738
Brand equity contribution	100	-	-	-	-	100
Facility expenses	1	101	19	45	-	166
Lease rental	-	-	73	24	-	97
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	-	-	(3)	1	-	(2)
Contribution and advance to post employment benefit plans	-	-	-	-	2,322	2,322
Purchase of property, plant and equipment	-	-	15	147	-	162
Advances given	-	2	3	6	-	11
Advances recovered	-	1	3	17	-	21
Advances taken	-	158	-	1	-	159
Dividend paid	9,609	-	5	2	-	9,616
Guarantees given	-	29	-	-	-	29
Buy-back of shares	11,164	-	4	6	-	11,174
Cost recovery	-	2,799	-	-	-	2,799
Sale of property, plant and equipment	-	1	-	-	-	1

Balances receivable from related parties are as follows:

(₹ crore)

	As at March 31, 2023					Total
	Tata Sons Private Limited	Subsidiaries of the Company	Subsidiaries of Tata Sons Private Limited	Associates / joint ventures of Tata Sons Private Limited and their subsidiaries	Other related parties	
Trade receivables and contract assets	2	7,279	429	794	-	8,504
Loans, other financial assets and other assets	10	458	95	85	-	648
	12	7,737	524	879	-	9,152

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of Standalone Financial Statements

	As at March 31, 2022					(₹ crore)
	Tata Sons Private Limited	Subsidiaries of the Company	Subsidiaries of Tata Sons Private Limited	Associates / joint ventures of Tata Sons Private Limited and their subsidiaries	Other related parties	
					Total	
Trade receivables and contract assets	11	6,704	242	673	-	7,630
Loans, other financial assets and other assets	10	157	52	30	-	249
	21	6,861	294	703	-	7,879

Balances payable to related parties are as follows:

	As at March 31, 2023					(₹ crore)
	Tata Sons Private Limited	Subsidiaries of the Company	Subsidiaries of Tata Sons Private Limited	Associates / joint ventures of Tata Sons Private Limited and their subsidiaries	Other related parties	
					Total	
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities	90	6,771	364	314	278	7,817
Commitments and guarantees	-	4,427	12	50	-	4,489
						(₹ crore)
	As at March 31, 2022					(₹ crore)
	Tata Sons Private Limited	Subsidiaries of the Company	Subsidiaries of Tata Sons Private Limited	Associates / joint ventures of Tata Sons Private Limited and their subsidiaries	Other related parties	
					Total	
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities	92	5,067	499	111	-	5,769
Commitments and guarantees	-	4,610	37	201	-	4,848

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of Standalone Financial Statements

Material related party transactions are as follows:

	(₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from operations		
Tata Consultancy Services Deutschland GmbH	3,221	3,038
Tata Consultancy Services Netherlands BV	3,402	3,006
Tata Consultancy Services Canada Inc.	3,544	2,804
Tata Consultancy Services Switzerland Ltd.	2,699	2,285
Tata Consultancy Services Sverige AB	2,274	2,172
Jaguar Land Rover Limited	1,706	1,500
Tata Digital Private Limited	502	269
Purchases of goods and services (including reimbursements) and net of cost recovery		
Tata America International Corporation	3,824	3,156
Tata Consultancy Services De Mexico S.A., De C.V.	2,946	2,130
TCS Foundation	542	679
Tata Consultancy Services Canada Inc.	1,280	495
Dividend income		
Tata America International Corporation	643	707
TCS Iberoamerica SA	190	682
Tata Consultancy Services Canada Inc.	304	649
Tata Consultancy Services Netherlands BV	211	646

Material related party balances are as follows:

	(₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Trade receivables and contract assets		
Tata America International Corporation	1,366	1,291
Tata Consultancy Services France	1,227	1,063
Diligenta Limited	463	745
Tata Consultancy Services Netherlands BV	634	594
Tata Consultancy Services Asia Pacific Pte Ltd.	474	345
Tata Consultancy Services Sverige AB	185	88
Jaguar Land Rover Limited	482	379
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities		
Tata America International Corporation	2,688	2,044
Tata Consultancy Services De Mexico S.A., De C.V.	933	433

Transactions with key management personnel are as follows:

	(₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
	March 31, 2023	March 31, 2022
Short-term benefits	58	53
Dividend paid during the year	2	1
	60	54

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

The above figures do not include provisions for encashable leave, gratuity and premium paid for group health insurance, as separate actuarial valuation / premium paid are not available.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of Standalone Financial Statements

- 21)** No funds have been advanced / loaned / invested (from borrowed funds or from share premium or from any other sources / kind of funds) by the Company to any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

No funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding (whether recorded in writing or otherwise) that the Company shall (i) directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- 22)** The sitting fees and commission paid to non-executive directors is ₹13 crore and ₹12 crore as at March 31, 2023 and 2022, respectively.

- 23)** 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 had released draft rules for the Code on Social Security, 2020 on November 13, 2020. The Company will assess the impact and its evaluation once the subject rules are notified. The Company 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.

24) Additional Regulatory Information

- **Ratios**

Ratio	Numerator	Denominator	Current year	Previous year
Current ratio (in times)	Total current assets	Total current liabilities	2.4	2.5
Debt-Equity ratio (in times)	Debt consists of borrowings and lease liabilities.	Total equity	0.1	0.1
Debt service coverage ratio (in times)	Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses + Interest + Other non-cash adjustments	Debt service = Interest and lease payments + Principal repayments	23.4	23.2
Return on equity ratio (in %)	Profit for the year less Preference dividend (if any)	Average total equity	51.6%	50.3%
Trade receivables turnover ratio (in times)	Revenue from operations	Average trade receivables	4.8	4.8
Trade payables turnover ratio (in times)	Cost of equipment and software licences + Other expenses	Average trade payables	3.6	3.7
Net capital turnover ratio (in times)	Revenue from operations	Average working capital (i.e. Total current assets less Total current liabilities)	3.5	2.9
Net profit ratio (in %)	Profit for the year	Revenue from operations	20.5%	23.8%
Return on capital employed (in %)	Profit before tax and finance costs	Capital employed = Net worth + Lease liabilities + Deferred tax liabilities	65.2%	60.4%
Return on investment (in %)	Income generated from invested funds	Average invested funds in treasury investments	7.4%	6.1%

25) Dividend

Dividends paid during the year ended March 31, 2023 include an amount of ₹22.00 per equity share towards final dividend for the year ended March 31, 2022 and an amount of ₹91.00 per equity share towards interim dividends (including special dividend) for the year ended March 31, 2023. Dividends paid during the year ended March 31, 2022 include an amount of ₹15.00 per equity share towards final dividend for the year ended March 31, 2021 and an amount of ₹21.00 per equity share towards interim dividends for the year ended March 31, 2022.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of Standalone Financial Statements

Dividends declared by the Company are based on the profit available for distribution. On April 12, 2023, the Board of Directors of the Company have proposed a final dividend of ₹24.00 per share in respect of the year ended March 31, 2023 subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately ₹8,782 crore.

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
Mumbai, April 12, 2023

Samir Seksaria
CFO

Mumbai, April 12, 2023

Pradeep Manohar Gaitonde
Company Secretary

TATA CONSULTANCY SERVICES LIMITED
Statement pursuant to first proviso to sub-section (3) of section 129 of the Companies Act 2013, read with rule 5 of Companies (Accounts) Rules, 2014
in the prescribed Form AOC-1 relating to subsidiary companies

Sr. No.	Name of the Subsidiary Company	Date of becoming subsidiary	Start date of accounting period of subsidiary	End date of accounting period of subsidiary	Reporting Currency	Exchange Rate	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before Tax	Provision for Tax	Profit after Tax	Proposed Dividend	% of Shareholding	Country	
1	APTOnline Limited	August 9, 2004	April 1, 2022	March 31, 2023	INR	1.000000	2	114	179	63	25	134	22	6	16	-	89%	India	
2	MP Online Limited	September 8, 2006	April 1, 2022	March 31, 2023	INR	1.000000	1	126	181	54	47	92	35	9	26	-	89%	India	
3	C-Edge Technologies Limited	January 19, 2006	April 1, 2022	March 31, 2023	INR	1.000000	10	351	441	80	-	356	115	29	86	-	51%	India	
4	MahaOnline Limited	September 23, 2010	April 1, 2022	March 31, 2023	INR	1.000000	3	83	149	63	33	1	9	2	7	-	74%	India	
5	TCS e-Serve International Limited	December 31, 2008	April 1, 2022	March 31, 2023	INR	1.000000	10	239	1,087	838	155	2,046	128	35	93	-	100%	India	
6	Diligenta Limited	August 23, 2005	January 1, 2022	December 31, 2022	GBP	101.647598	10	1,515	2,838	1,313	391	4,258	153	23	130	-	100%	U.K.	
7	Tata Consultancy Services Canada Inc.	October 1, 2008	April 1, 2022	March 31, 2023	CAD	60.661331	43	1,324	3,241	1,874	-	10,217	1,133	299	834	-	100%	Canada	
8	Tata America International Corporation	August 9, 2004	April 1, 2022	March 31, 2023	USD	82.232500	2	1,640	5,000	3,358	412	5,017	1,314	337	977	-	100%	U.S.A.	
9	Tata Consultancy Services Asia Pacific Pte Ltd.	August 9, 2004	April 1, 2022	March 31, 2023	USD	82.232500	36	975	2,099	1,088	916	2,798	321	38	283	-	100%	Singapore	
10	Tata Consultancy Services (China) Co., Ltd.	November 16, 2006	January 1, 2022	December 31, 2022	CNY	11.965790	242	67	468	159	41	1,050	73	24	49	-	100%	China	
11	Tata Consultancy Services Japan, Ltd.	July 1, 2014	April 1, 2022	March 31, 2023	JPY	0.616829	267	1,410	2,996	1,319	-	5,260	488	154	334	-	66%	Japan	
12	Tata Consultancy Services Malaysia Sdn Bhd	August 9, 2004	April 1, 2022	March 31, 2023	MYR	18.634149	4	65	272	203	-	518	28	11	17	-	100%	Malaysia	
13	PT Tata Consultancy Services Indonesia	October 5, 2006	April 1, 2022	March 31, 2023	IDR	0.005484	1	30	100	69	-	105	21	6	15	-	100%	Indonesia	
14	Tata Consultancy Services (Philippines) Inc.	September 19, 2008	April 1, 2022	March 31, 2023	PHP	1.512530	(42)	169	542	415	-	991	94	10	84	-	100%	Philippines	
15	Tata Consultancy Services (Thailand) Limited	May 12, 2008	April 1, 2022	March 31, 2023	THB	2.405866	2	4	40	34	-	90	1	-	1	-	100%	Thailand	
16	Tata Consultancy Services Belgium	August 9, 2004	April 1, 2022	March 31, 2023	EUR	89.444305	2	463	998	533	-	2,626	140	37	103	-	100%	Belgium	
17	Tata Consultancy Services Deutschland GmbH	August 9, 2004	April 1, 2022	March 31, 2023	EUR	89.444305	1	803	2,309	1,505	-	6,812	415	132	283	-	100%	Germany	
18	Tata Consultancy Services Sverige AB	August 9, 2004	April 1, 2022	March 31, 2023	SEK	7.937348	-	906	1,528	622	-	4,258	258	55	203	-	100%	Sweden	
19	Tata Consultancy Services Netherlands BV	August 9, 2004	April 1, 2022	March 31, 2023	EUR	89.444305	590	2,490	5,030	1,950	1,744	7,625	611	104	507	-	100%	Netherlands	
20	Tata Consultancy Services Italia s.r.l.	August 9, 2004	April 1, 2022	March 31, 2023	EUR	89.444305	20	58	211	133	-	400	9	9	-	-	100%	Italy	
21	Tata Consultancy Services Luxembourg S.A.	October 28, 2005	April 1, 2022	March 31, 2023	EUR	89.444305	50	68	313	195	-	798	80	23	57	-	100%	Capellen (G.D. de Luxembourg)	
22	Tata Consultancy Services Switzerland Ltd.	October 31, 2006	April 1, 2022	March 31, 2023	CHF	89.881408	13	831	1,757	913	-	4,708	272	51	221	-	100%	Switzerland	
23	Tata Consultancy Services Osterreich GmbH	March 9, 2012	April 1, 2022	March 31, 2023	EUR	89.444305	-	4	65	61	-	78	-	-	-	-	100%	Austria	
24	Tata Consultancy Services Denmark ApS	March 16, 2012	April 1, 2022	March 31, 2023	DKK	12.007023	-	-	-	-	-	(2)	(5)	-	(5)	-	0%	Denmark	
25	Tata Consultancy Services De Espana S.A.	August 9, 2004	April 1, 2022	March 31, 2023	EUR	89.444305	1	120	244	123	-	567	53	6	47	-	100%	Spain	
26	Tata Consultancy Services (Portugal) Unipessoal, Limitada	July 4, 2005	April 1, 2022	March 31, 2023	EUR	89.444305	-	35	73	38	-	107	26	5	21	-	100%	Portugal	
27	Tata Consultancy Services France	June 28, 2013	April 1, 2022	March 31, 2023	EUR	89.444305	4	(371)	1,674	2,041	-	2,849	34	8	26	-	100%	France	
28	Tata Consultancy Services Saudi Arabia	July 2, 2015	January 1, 2022	December 31, 2022	SAR	21.907052	8	126	290	156	-	597	14	3	11	-	100%	Saudi Arabia	
29	Tata Consultancy Services (Africa) (PTY) Ltd.	October 23, 2007	January 1, 2022	December 31, 2022	ZAR	4.616432	6	43	49	-	49	-	26	-	26	-	100%	South Africa	
30	Tata Consultancy Services (South Africa) (PTY) Ltd.	October 31, 2007	January 1, 2022	December 31, 2022	ZAR	4.616432	8	85	498	405	-	994	52	15	37	-	100%	South Africa	
31	TCS FNS Pty Limited	October 17, 2005	April 1, 2022	March 31, 2023	AUD	54.914864	205	(62)	143	2	-	44	-	44	-	44	-	100%	Australia
32	TCS Financial Solutions Beijing Co., Ltd.	December 29, 2006	January 1, 2022	December 31, 2022	CNY	11.965790	44	(7)	52	15	-	55	(3)	-	(3)	-	100%	China	
33	TCS Financial Solutions Australia Pty Limited	October 19, 2005	April 1, 2022	March 31, 2023	AUD	54.914864	-	74	121	47	-	60	49	16	33	-	100%	Australia	
34	TCS Iberoamerica SA	August 9, 2004	January 1, 2022	December 31, 2022	USD	82.232500	809	997	1,806	-	1,787	-	188	7	181	-	100%	Uruguay	
35	TCS Solution Center S.A.	August 9, 2004	January 1, 2022	December 31, 2022	UYU	2.120487	76	253	481	152	-	893	159	40	119	-	100%	Uruguay	
36	Tata Consultancy Services Argentina S.A.	August 9, 2004	January 1, 2022	December 31, 2022	ARS	0.394254	2	3	43	38	-	43	3	-	3	-	100%	Argentina	
37	Tata Consultancy Services Do Brasil Ltda	August 9, 2004	January 1, 2022	December 31, 2022	BRL	16.140477	284	122	724	318	-	1,495	142	53	89	-	100%	Brazil	
38	Tata Consultancy Services De Mexico S.A., De C.V.	August 9, 2004	January 1, 2022	December 31, 2022	MXN	4.544387	1	1,149	2,275	1,125	-	4,697	597	182	415	-	100%	Mexico	
39	Tata Consultancy Services Chile S.A.	August 9, 2004	January 1, 2022	December 31, 2022	CLP	0.104115	177	251	611	183	58	851	106	14	92	-	100%	Chile	
40	TCS Inversiones Chile Limitada	August 9, 2004	January 1, 2022	December 31, 2022	CLP	0.104115	159	185	362	18	334	36	87	2	85	-	100%	Chile	
41	TATASOLUTION CENTER S.A.	December 28, 2006	January 1, 2022	December 31, 2022	USD	82.232500	25	95	252	132	-	459	65	15	50	-	100%	Ecuador	
42	TCS Uruguay S.A.	January 1, 2010	January 1, 2022	December 31, 2022	UYU	2.120487	-	240	401	161	75	731	109	4	105	-	100%	Uruguay	
43	MGDC S.C.	January 1, 2010	January 1, 2022	December 31, 2022	MXN	4.544387	77	(18)	90	31	-	68	3	(5)	8	-	100%	Mexico	
44	Tata Consultancy Services Qatar L.L.C.	December 20, 2011	January 1, 2022	December 31, 2022	QAR	22.580800	5	30	55	20	-	42	(2)	-	(2)	-	100%	Qatar	
45	Tata Consultancy Services UK Limited	October 31, 2018	January 1, 2022	December 31, 2022	GBP	101.647598	-	29	29	-	-	-	(1)	1	-	100%	U.K.		
46	TCS Business Services GmbH	March 9, 2020	April 1, 2022	March 31, 2023	EUR	89.444305	-	76	156	80	56	138	5	2	3	-	100%	Germany	
47	Tata Consultancy Services Ireland Limited	December 02, 2020	January 1, 2022	December 31, 2022	EUR	89.444305	224	105	529	200	-	1,315	78	9	69	-	100%	Ireland	
48	TCS Technology Solutions AG	January 01, 2021	January 1, 2022	December 31, 2022	EUR	89.444305	29	687	1,767	1,051	-	1,907	385	70	315	-	100%	Germany	
49	Saudi Desert Rose Holding B.V.	May 26, 2021	January 1, 2022	December 31, 2022	EUR	89.444305	-	2	2	-	-	-	-	-	-	-	100%	Netherlands	
50	Tata Consultancy Services Bulgaria EOOD	August 31, 2021	January 1, 2022	December 31, 2022	BGN	45.763537	-	26	62	36	-	72	19	2	17	-	100%	Bulgaria	
51	Tata Consultancy Services Guatemala, S.A.	September 01, 2021	January 1, 2022	December 31, 2022	GTM	10.543439	8	12	46	26	-	59	10	3	7	-	100%	Guatemala	
52	TCS Foundation	March 25, 2015	April 1, 2022	March 31, 2023	INR	1.000000	1	1,305	1,857	551	33	-	(100)	61	(161)	-	100%	India	

TATA CONSULTANCY SERVICES LIMITED
Statement pursuant to first proviso to sub-section (3) of section 129 of the Companies Act 2013, read with rule 5 of Companies (Accounts) Rules, 2014
in the prescribed Form AOC-1 relating to subsidiary companies

Notes:

1. Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on March 31, 2023.
2. On May 18, 2022, Tata Consultancy Services Asia Pacific Pte Ltd. acquired additional 6.8% ownership interest in Tata Consultancy Services (China) Co., Ltd. for a purchase consideration of ₹25 crore thereby making it a wholly owned subsidiary.
3. Tata Consultancy Services Denmark ApS liquidated w.e.f. July 27, 2022.

For and on behalf of the Board

Rajesh Gopinathan
CEO and Managing Director

N Ganapathy Subramaniam
COO and Executive Director

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, April 12, 2023