

Standalone Balance Sheet

		(₹ crore)				(₹ crore)	
	Note	As at March 31, 2022	As at March 31, 2021		Note	As at March 31, 2022	As at March 31, 2021
ASSETS							
Non-current assets							
Property, plant and equipment	8(a)	9,669	9,821	Current assets			
Capital work-in-progress	8(a)	1,146	861	Inventories	8(d)	19	7
Right-of-use assets	7	5,837	5,876	Financial assets			
Intangible assets	8(b)	1,018	362	Investments	6(a)	29,262	28,324
Financial assets				Trade receivables			
Investments	6(a)	2,405	2,405	Billed	6(b)	29,852	25,222
Trade receivables				Unbilled		6,250	5,399
Billed	6(b)	90	55	Cash and cash equivalents	6(c)	8,197	1,112
Unbilled		53	260	Other balances with banks	6(d)	5,495	2,030
Loans	6(e)	8	2	Loans	6(e)	5,653	10,486
Other financial assets	6(f)	626	645	Other financial assets	6(f)	1,432	1,363
Income tax assets (net)		1,643	1,501	Other assets	8(c)	8,032	9,217
Deferred tax assets (net)	15	2,779	3,160	Total current assets		94,192	83,160
Other assets	8(c)	1,797	1,273	TOTAL ASSETS		1,21,263	1,09,381
Total non-current assets		27,071	26,221	EQUITY AND LIABILITIES			
Equity							
Share capital				Share capital	6(n)	366	370
Other equity	9			Other equity	9	76,807	74,424
				Total equity		77,173	74,794

Standalone Balance Sheet

	Note	As at March 31, 2022	As at March 31, 2021	(₹ crore)
Liabilities				
Non-current liabilities				
Financial liabilities				
Lease liabilities		4,879	5,077	
Other financial liabilities	6(i)	518	228	
Employee benefit obligations	12	103	108	
Deferred tax liabilities (net)	15	129	365	
Unearned and deferred revenue		<u>560</u>	<u>284</u>	
Total non-current liabilities		6,189	6,062	
Current liabilities				
Financial liabilities				
Lease liabilities		976	835	
Trade payables				
Dues of small enterprises and micro enterprises	6(g)	-	-	
Dues of creditors other than small enterprises and micro enterprises	6(h)	10,082	7,962	
Other financial liabilities	6(i)	5,826	4,473	
Unearned and deferred revenue		3,013	2,877	
Other liabilities	8(e)	7,033	2,720	
Provisions	8(f)	1,377	1,350	
Employee benefit obligations	12	2,844	2,598	
Income tax liabilities (net)		<u>6,750</u>	<u>5,710</u>	
Total current liabilities		37,901	28,525	
TOTAL EQUITY AND LIABILITIES		1,21,263	1,09,381	

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

Samir Seksaria

CFO

Pradeep Manohar Gaitonde

Company Secretary

Mumbai, April 11, 2022

Mumbai, April 11, 2022

Standalone Statement of Profit and Loss

	Note	(₹ crore)	
		Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations	10	1,60,341	1,35,963
Other income	11	7,486	5,400
TOTAL INCOME		1,67,827	1,41,363
Expenses			
Employee benefit expenses	12	81,097	69,046
Cost of equipment and software licences	13(a)	1,010	1,230
Finance costs	14	486	537
Depreciation and amortisation expense		3,522	3,053
Other expenses	13(b)	31,989	25,377
TOTAL EXPENSES		1,18,104	99,243
PROFIT BEFORE EXCEPTIONAL ITEM AND TAX		49,723	42,120
Exceptional item			
Provision towards legal claim	19	-	1,218
PROFIT BEFORE TAX		49,723	40,902
Tax expense			
Current tax	15	11,931	10,300
Deferred tax	15	(395)	(358)
TOTAL TAX EXPENSE		11,536	9,942
PROFIT FOR THE YEAR		38,187	30,960
OTHER COMPREHENSIVE INCOME (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined employee benefit plans		180	(16)
Income tax on items that will not be reclassified subsequently to profit or loss		(39)	3

	Note	(₹ crore)	
		Year ended March 31, 2022	Year ended March 31, 2021
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		(516)	51
Net change in intrinsic value of derivatives designated as cash flow hedges		(37)	14
Net change in time value of derivatives designated as cash flow hedges		(34)	53
Income tax on items that will be reclassified subsequently to profit or loss		196	(32)
TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)		(250)	73
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		37,937	31,033
Earnings per equity share:- Basic and diluted (₹)	16	103.24	82.78
Weighted average number of equity shares		369,88,32,195	374,01,10,733

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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Company Secretary

Mumbai, April 11, 2022

Mumbai, April 11, 2022

Standalone Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

(₹ 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

(₹ crore)				
Balance as at April 1, 2020	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2020	Changes in equity share capital during the year*	Balance as at March 31, 2021
375	-	375	(5)	370

*Refer note 6(n).

B. OTHER EQUITY

	Reserves and surplus				Items of other comprehensive income			Total Equity (₹ crore)
	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, 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 ¹	-	-	-	(49)	-	-	-	(49)
Tax on buy-back of equity shares ¹	-	-	-	(4,192)	-	-	-	(4,192)
Buy-back of equity shares ¹	-	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

Standalone Statement of Changes in 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	
Balance as at April 1, 2020	-	8	1,594	71,532	882	45	(68)	73,993
Profit for the year	-	-	-	30,960	-	-	-	30,960
Other comprehensive income / (losses)	-	-	-	(13)	34	11	41	73
Total comprehensive income	-	-	-	30,947	34	11	41	31,033
Dividend	-	-	-	(10,850)	-	-	-	(10,850)
Expenses for buy-back of equity shares ¹	-	-	-	(31)	-	-	-	(31)
Tax on buy-back of equity shares ¹	-	-	-	(3,726)	-	-	-	(3,726)
Buy-back of equity shares ¹	-	5	-	(16,000)	-	-	-	(15,995)
Transfer to Special Economic Zone re-investment reserve	-	-	5,058	(5,058)	-	-	-	-
Transfer from Special Economic Zone re-investment reserve	-	-	(4,114)	4,114	-	-	-	-
Balance as at March 31, 2021	-	13	2,538	70,928	916	56	(27)	74,424

*Represents values less than ₹0.50 crore.

¹Refer Note 6(n).

Gain of ₹141 crore and loss of ₹13 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, 2022 and 2021, respectively.

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

For and on behalf of the Board

Rajesh Gopinathan **N Ganapathy Subramaniam**
CEO and COO and Executive Director
Managing Director

Amit Somani
Partner
Membership No: 060154

Samir Seksaria **Pradeep Manohar Gaitonde**
CFO
Company Secretary

Mumbai, April 11, 2022

Mumbai, April 11, 2022

Standalone Statement of Cash Flows

	(₹ crore)			(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021		Year ended March 31, 2022	Year ended March 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the year	38,187	30,960		747	(2,432)
Adjustments for:				2,120	(771)
Depreciation and amortisation expense	3,522	3,053		412	246
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	107	185		968	(171)
Provision towards legal claim (Refer note 19)	-	1,218		388	1,127
Tax expense	11,536	9,942		46,463	41,627
Net gain on lease modification	(2)	(89)		(10,336)	(7,805)
Unrealised foreign exchange gain	(119)	(20)		36,127	33,822
Net gain on disposal of property, plant and equipment	(25)	(19)			
Net gain on disposal / fair valuation of investments	(186)	(193)			
Interest income	(2,555)	(2,383)			
Dividend income (including exchange impact)	(3,554)	(2,211)			
Finance costs	486	537			
Realised foreign exchange gain on proceeds from liquidation of wholly owned subsidiary	-	(5)			
Operating profit before working capital changes	47,397	40,975			
Net change in					
Inventories	(12)	(3)			
Trade receivables					
Billed	(4,761)	3,282			
Unbilled	(644)	(572)			
Loans and other financial assets	(152)	(54)			
Other assets					
Trade payables					
Unearned and deferred revenue					
Other financial liabilities					
Other liabilities and provisions					
Cash generated from operations					
Taxes paid (net of refunds)					
Net cash generated from operating activities					
CASH FLOWS FROM INVESTING ACTIVITIES					
Bank deposits placed				(14,653)	(5,678)
Inter-corporate deposits placed				(13,655)	(20,139)
Purchase of investments				(70,826)	(51,822)
Payment for purchase of property, plant and equipment				(2,147)	(2,071)
Payment including advances for acquiring right-of-use assets				(13)	(101)
Payment for purchase of intangible assets				(457)	(242)
Payment towards subscription of shares in wholly owned subsidiary				-	(224)
Proceeds from bank deposits				11,201	4,617
Proceeds from inter-corporate deposits				18,560	16,892
Proceeds from disposal / redemption of investments				69,451	49,333
Proceeds from sub-lease receivable				4	-
Proceeds from disposal of property, plant and equipment				29	31

Standalone Statement of Cash Flows

	(₹ crore)			
	Year ended March 31, 2022	Year ended March 31, 2021	(₹ crore)	(₹ crore)
Proceeds from liquidation of wholly owned subsidiary	-	12		
Interest received	2,594	2,605		
Dividend received from subsidiaries	3,554	2,211		
Net cash generated from / (used in) investing activities	3,642	(4,576)		
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of lease liabilities	(935)	(879)		
Interest paid	(478)	(537)		
Dividend paid	(13,317)	(10,850)		
Transfer of funds to buy-back escrow account	(180)	(160)		
Transfer of funds from buy-back escrow account	162	160		
Expenses for buy-back of equity shares (Refer note 6(n))	(49)	(31)		
Tax on buy-back of equity shares (Refer note 6(n))	-	(3,726)		
Buy-back of equity shares (Refer note 6(n))	(18,000)	(16,000)		
Net cash used in financing activities	(32,797)	(32,023)		
Net change in cash and cash equivalents	6,972	(2,777)		
Cash and cash equivalents at the beginning of the year	1,112	3,852		
Exchange difference on translation of foreign currency cash and cash equivalents	113	37		
Cash and cash equivalents at the end of the year	8,197	1,112		

Components of cash and cash equivalents

Balances with banks

- In current accounts
- In deposit accounts
- Cheques on hand
- Cash on hand
- Remittances in transit

	Year ended March 31, 2022	Year ended March 31, 2021
	809	1,032
	7,388	77
	-*	-*
	-*	-*
	-*	3
	8,197	1,112

*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, 2022 and 2021 on construction / acquisition of any asset and other purposes relating to CSR activities.

As per our report of even date attached

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

Amit Somani
Partner
Membership No: 060154

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 11, 2022

Mumbai, April 11, 2022

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, 2022, 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, 2022 and authorised for issue on April 11, 2022.

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 have been prepared under indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

These 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.

Notes forming part of Standalone Financial Statements

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.

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.

Notes forming part of Standalone Financial Statements

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.

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

to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

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

(i) Impact of COVID-19 (pandemic)

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

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 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

Notes forming part of Standalone Financial Statements

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 116 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the 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. 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.

Notes forming part of Standalone Financial Statements

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.

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.

Notes forming part of Standalone Financial Statements

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

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

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and is recognised in 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.

Notes forming part of Standalone Financial Statements

(a) Investments

Investments consist of the following:

Investments – Non-current

Investment in subsidiaries

Fully paid equity shares (unquoted)

Investments designated at fair value through OCI

Fully paid equity shares (unquoted)

Taj Air Limited

Less: Impairment in value of investments

	As at March 31, 2022	As at March 31, 2021
	2,405	2,405
	19 (19)	19 (19)
	<u>2,405</u>	<u>2,405</u>

Investments – Current

Investments carried at fair value through profit or loss

Mutual fund units (quoted)

Investments carried at fair value through OCI

Government bonds and securities (quoted)

Corporate bonds (quoted)

Investments carried at amortised cost

Certificate of deposits (quoted)

Commercial papers (quoted)

Treasury bills (quoted)

	As at March 31, 2022	As at March 31, 2021
	884	4,068
	25,667	23,670
	1,242	450
	99	-
	381	136
	<u>989</u>	<u>-</u>
	<u>29,262</u>	<u>28,324</u>

Government bonds and securities includes bonds pledged with bank for credit facility and with manager to the buy-back amounting to ₹3,560 crore and ₹1,650 crore as at March 31, 2022 and 2021, respectively.

Aggregate value of quoted and unquoted investments is as follows:

	As at March 31, 2022	As at March 31, 2021
Aggregate value of quoted investments	29,262	28,324
Aggregate value of unquoted investments (net of impairment)	2,405	2,405
Aggregate market value of quoted investments	29,263	28,324
Aggregate value of impairment of investments	19	19

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

	As at March 31, 2022	As at March 31, 2021
Certificate of deposits	99	-
Commercial papers	381	136
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, 2022	As at March 31, 2021
212,27,83,424	UYU	1	Fully paid equity shares (unquoted)	461	461
15,75,300	INR	10	TCS Iberoamerica SA	-	-
1,300	EUR	-	APTOnline Limited	1	1
		-	Tata Consultancy Services Belgium		

Notes forming part of Standalone Financial Statements

In Numbers	Currency	Face value per share	Investment in subsidiaries	(₹ crore)	
				As at March 31, 2022	As at March 31, 2021
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

In Numbers	Currency	Face value per share	Investment in subsidiaries	(₹ crore)	
				As at March 31, 2022	As at March 31, 2021
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	-	-
				<u>2,405</u>	<u>2,405</u>

In Numbers	Currency	Face value per share	Equity instruments designated at fair value through OCI	(₹ crore)	
				As at March 31, 2022	As at March 31, 2021
1,90,00,000	INR	10	Fully paid equity shares (unquoted) Taj Air Limited Less : Impairment in value of investments	19 (19)	19 (19)

*Represents value less than ₹0.50 crore.

Notes:

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

Notes forming part of Standalone Financial Statements

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

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Balance at the beginning of the year	916	882
Net gain / (loss) arising on revaluation of investments other than equities carried at fair value through other comprehensive income	(516)	51
Deferred tax relating to net gain / (loss) arising on revaluation of investments other than equities carried at fair value through other comprehensive income	180	(17)
Balance at the end of the year	580	916

(b) Trade receivables - Billed

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

Trade receivables - Billed – Non-current

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Trade receivables - Billed	932	787
Less: Allowance for doubtful trade receivables - Billed	(842)	(732)
Considered good	90	55

Ageing for trade receivables – non-current outstanding as at March 31, 2022 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	93	227	584	916
Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	-	16	16
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
Less: Allowance for doubtful trade receivables - Billed	-	-	12	93	227	600	932
						(842)	90
Trade receivables - Unbilled							
						53	53
						143	143

Notes forming part of Standalone Financial Statements

Ageing for trade receivables – non-current outstanding as at March 31, 2021 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	-	-	17	154	86	514	771	
Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	
Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-	
Disputed trade receivables – considered good	-	-	-	-	-	16	16	
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-	
Less: Allowance for doubtful trade receivables - Billed	-	-	17	154	86	530	787	
							(732)	
							55	
							260	
Trade receivables - Unbilled								
							315	

Trade receivables - Billed – Current

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Trade receivables - Billed	30,010	25,361
Less: Allowance for doubtful trade receivables - Billed	(173)	(183)
	29,837	25,178
Considered good	137	211
Trade receivables - Billed	(122)	(167)
	15	44
Credit impaired	29,852	25,222

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

Notes forming part of Standalone Financial Statements

Ageing for trade receivables – 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 – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	-	-	-	57	6	67	130
Disputed trade receivables – considered good	-	-	-	-	-	24	24
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	7	7
Less: Allowance for doubtful trade receivables - Billed	23,985	4,069	903	651	230	309	30,147
							(295)
							29,852
							6,250
Trade receivables - Unbilled							36,102

Ageing for trade receivables – current outstanding as at March 31, 2021
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	18,966	4,714	437	792	279	148	25,336
Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	-	4	81	12	74	33	204
Disputed trade receivables – considered good	-	5	-	-	15	5	25
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	7	7
Less: Allowance for doubtful trade receivables - Billed	18,966	4,723	518	804	368	193	25,572
							(350)
							25,222
Trade receivables - Unbilled							5,399
							30,621

Notes forming part of Standalone Financial Statements

(c) Cash and cash equivalents

Cash and cash equivalents consist of the following:

	(₹ crore)	(₹ crore)
	As at March 31, 2022	As at March 31, 2021
Balances with banks		
In current accounts	809	1,032
In deposit accounts	7,388	77
Cheques on hand	-*	-*
Cash on hand	-*	-*
Remittances in transit	-*	3
	8,197	1,112

*Represents value less than ₹0.50 crore.

(d) Other balances with banks

Other balances with banks consist of the following:

	(₹ crore)	(₹ crore)
	As at March 31, 2022	As at March 31, 2021
Earmarked balances with banks	195	182
Short-term bank deposits	5,300	1,848
	5,495	2,030

Earmarked balances with banks primarily relate to margin money for purchase of investments, margin money for derivative contracts, unclaimed dividends and balance in escrow account for buy-back of equity shares.

(e) Loans

Loans (unsecured) consist of the following:

Loans – Non-current

	(₹ crore)	(₹ crore)
	As at March 31, 2022	As at March 31, 2021
Considered good		
Loans and advances to employees	8	2
	8	2

Loans – Current

	(₹ crore)	(₹ crore)
	As at March 31, 2022	As at March 31, 2021
Considered good		
Inter-corporate deposits	5,386	10,291
Loans and advances to employees	267	195
Credit impaired		
Loans and advances to employees	22	15
Less: Allowance on loans and advances to employees	(22)	(15)
	5,653	10,486

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

Notes forming part of Standalone Financial Statements

(f) Other financial assets

Other financial assets consist of the following:

Other financial assets – Non-current

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Security deposits	613	632
Others	<u>13</u>	<u>13</u>
	<u>626</u>	<u>645</u>

Other financial assets – Current

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Security deposits	161	143
Fair value of foreign exchange derivative assets	388	495
Interest receivable	<u>597</u>	<u>566</u>
Others	<u>286</u>	<u>159</u>
	<u>1,432</u>	<u>1,363</u>

(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, 2022 and March 31, 2021 is as under:

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
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	33	39
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.

Notes forming part of Standalone Financial Statements

(h) Trade payables

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

(₹ crore)

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						
MSME*	-	-	-	-	-	-
Others	2,673	2,541	46	27	80	5,367
Disputed dues - MSME*	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	32	32
	2,673	2,541	46	27	112	5,399
Accrued expenses						
						4,683
						10,082

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

Ageing for trade payables outstanding as at March 31, 2021 is as follows:

(₹ crore)

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						
MSME*	-	-	-	-	-	-
Others	1,591	1,884	153	16	62	3,706
Disputed dues - MSME*	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	32	32
	1,591	1,884	153	16	94	3,738
Accrued expenses						4,224
						7,962

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

(i) Other financial liabilities

Other financial liabilities consist of the following:

Other financial liabilities – Non-current

	(₹ crore)	(₹ crore)
	As at March 31, 2022	As at March 31, 2021
Capital creditors	289	-
Others	229	228
	518	228

Others include advance taxes paid of ₹226 crore and ₹226 crore as at March 31, 2022 and 2021, respectively, by the seller of TCS e-Serve Limited (merged with the Company) which, on refund by tax authorities is payable to the seller.

Other financial liabilities – Current

	(₹ crore)	(₹ crore)
	As at March 31, 2022	As at March 31, 2021
Accrued payroll	3,914	3,029
Unclaimed dividends	46	50
Fair value of foreign exchange derivative liabilities	128	92
Capital creditors	723	347
Liabilities towards customer contracts	972	860
Others	43	95
	5,826	4,473

Notes forming part of Standalone Financial Statements

(j) Financial instruments by category

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	Total carrying value (₹ crore)
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						
	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.

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

Loans include inter-corporate deposits of ₹10,291 crore, with original maturity period within 9 months.

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade payables as at March 31, 2022 and 2021, 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 ₹1,470 crore and ₹136 crore as at March 31, 2022 and 2021, respectively.

Notes forming part of Standalone Financial Statements

(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.

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

(₹ crore)				
As at March 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual fund units	884	-	-	884
Equity shares	-	-	-	-
Government bonds and securities	25,667	-	-	25,667
Corporate bonds	1,242	-	-	1,242

(₹ crore)				
	Level 1	Level 2	Level 3	Total
Certificate of deposits	99	-	-	99
Commercial papers	381	-	-	381
Treasury bills	990	-	-	990
Fair value of foreign exchange derivative assets	-	388	-	388
Financial liabilities	29,263	388	-	29,651
Fair value of foreign exchange derivative liabilities	-	128	-	128
	-	128	-	128

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

Notes forming part of Standalone Financial Statements

(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.

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

Foreign currency	As at March 31, 2022			As at March 31, 2021		
	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	63	1,635	44	63	1,615	51
Great Britain Pound	41	338	55	64	330	14
Euro	53	382	25	60	346	78
Australian Dollar	30	202	(21)	38	206	16
Canadian Dollar	25	137	(1)	23	114	2

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

	Year ended March 31, 2022		Year ended March 31, 2021	
	Intrinsic value	Time value	Intrinsic value	Time value
Balance at the beginning of the year	56	(27)	45	(68)
(Gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	(636)	525	(341)	530
Deferred tax on (gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	139	(122)	73	(125)
Change in the fair value of effective portion of cash flow hedges	599	(559)	355	(477)
Deferred tax on change in the fair value of effective portion of cash flow hedges	(131)	130	(76)	113
Balance at the end of the year	27	(53)	56	(27)

The Company has entered into derivative instruments not in hedging relationship by way of foreign exchange forward, currency options and futures contracts. As at March 31, 2022 and 2021, the notional amount of outstanding contracts aggregated to ₹46,392 crore and ₹37,615 crore, respectively, and the respective fair value of these contracts have a net gain of ₹158 crore and ₹242 crore.

Exchange gain of ₹645 crore and ₹490 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, 2022 and 2021, respectively.

Notes forming part of Standalone Financial Statements

Net foreign exchange gain include gain of ₹111 crore and loss of ₹189 crore transferred from cash flow hedging reserve for the years ended March 31, 2022 and 2021, respectively.

Net loss on derivative instruments of ₹26 crore recognised in cash flow hedging reserve as at March 31, 2022, is expected to be transferred to the statement of profit and loss by March 31, 2023. The maximum period over which the exposure to cash flow variability has been hedged is through calendar year 2022.

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, 2022	As at March 31, 2021
10% Appreciation of the underlying foreign currencies	(387)	(306)
10% Depreciation of the underlying foreign currencies	2,034	1,906

(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

Notes forming part of Standalone Financial Statements

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, 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.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2021:

	(₹ crore)			
	USD	EUR	GBP	Others
Net financial assets	3,981	(9)	264	1,390
Net financial liabilities	(3,053)	(564)	(608)	(774)

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 ₹63 crore for the year ended March 31, 2021.

- **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 of 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. Inter-corporate deposits of ₹5,386 crore are with a financial institution having a high credit-rating assigned by credit-rating agencies. Bank deposits include an amount of ₹4,800 crore held with three Indian 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, 2022. 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 ₹90,388 crore and ₹77,949 crore as at March 31, 2022 and 2021, 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.

Notes forming part of Standalone Financial Statements

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, 2022 and March 31, 2021.

- 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, 2022		As at March 31, 2021	
	Gross%	Net%	Gross%	Net%
United States of America	52.43	53.78	48.67	49.97
India	12.73	10.68	15.32	13.27
United Kingdom	16.47	16.84	17.05	17.42

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, 2022 and 2021 was ₹96 crore and ₹176 crore, respectively. The reconciliation of allowance for doubtful trade receivables is as follows:

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Balance at the beginning of the year	1,082	938
Change during the year	96	176
Bad debts written off	(39)	(30)
Translation Exchange difference	(2)	(2)
Balance at the end of the year	1,137	1,082

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:

March 31, 2022	(₹ crore)				
	Due in 1 st year	Due in 2 nd year	Due in 3 rd to 5 th year	Due after 5 th year	Total
Non-derivative financial liabilities					
Trade payables	10,082	-	-	-	10,082
Borrowings	-	-	-	-	-
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

March 31, 2021	(₹ crore)				
	Due in 1 st year	Due in 2 nd year	Due in 3 rd to 5 th year	Due after 5 th year	Total
Non-derivative financial liabilities					
Trade payables	7,962	-	-	-	7,962
Lease liabilities	1,239	1,157	2,590	3,098	8,084
Other financial liabilities	4,381	-	228	-	4,609
	13,582	1,157	2,818	3,098	20,655
Derivative financial liabilities					
	92	-	-	-	92
	13,674	1,157	2,818	3,098	20,747

Notes forming part of Standalone Financial Statements

(n) Equity instruments

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

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Authorised		
460,05,00,000 equity shares of ₹1 each (March 31, 2021: 460,05,00,000 equity shares of ₹1 each)	460	460
105,02,50,000 preference shares of ₹1 each (March 31, 2021: 105,02,50,000 preference shares of ₹1 each)	105	105
	565	565
Issued, Subscribed and Fully paid up		
365,90,51,373 equity shares of ₹1 each (March 31, 2021: 369,90,51,373 equity shares of ₹1 each)	366	370
	366	370

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

The Board of Directors at its meeting held on January 12, 2022, approved a proposal to buy-back upto 4,00,00,000 equity shares of the Company for an aggregate amount not exceeding ₹18,000 crore, being 1.08% of the total paid up equity share capital at ₹4,500 per equity share. The shareholders approved the same on February 12, 2022, by way of a special resolution through postal ballot. A Letter of Offer was made to all eligible shareholders. The Company bought back 4,00,00,000 equity shares out of the shares that were tendered by eligible shareholders and extinguished the equity shares on March 29, 2022. Capital redemption reserve was created to the extent of share capital extinguished (₹4 crore). The excess cost of buy-back of ₹18,049 crore (including ₹49 crore towards transaction cost of buy-back) over par value of shares and corresponding tax on buy-back of ₹4,192 crore were offset from retained earnings.

I. Reconciliation of number of shares

	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount (₹ crore)	Number of shares	Amount (₹ crore)
Equity shares				
Opening balance	369,90,51,373	370	375,23,84,706	375
Shares extinguished on buy-back	(4,00,00,000)	(4)	(5,33,33,333)	(5)
Closing balance	365,90,51,373	366	369,90,51,373	370

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

Notes forming part of Standalone Financial Statements

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, 2022	As at March 31, 2021
Equity shares		
Holding company		
264,43,17,117 equity shares (March 31, 2021: 266,91,25,829 equity shares) are held by Tata Sons Private Limited	264	267
Subsidiaries and Associates of Holding company		
7,220 equity shares (March 31, 2021: 7,220 equity shares) are held by Tata Industries Limited*	-	-
10,14,172 equity shares (March 31, 2021: 10,23,685 equity shares) are held by Tata Investment Corporation Limited*	-	-
46,798 equity shares (March 31, 2021: 46,798 equity shares) are held by Tata Steel Limited*	-	-
766 equity shares (March 31, 2021: 766 equity shares) are held by The Tata Power Company Limited*	-	-
	264	267

*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, 2022	As at March 31, 2021
Equity shares		
Tata Sons Private Limited, the holding company	264,43,17,117	266,91,25,829
% of shareholding	72.27%	72.16%

V. Equity shares movement during the 5 years preceding March 31, 2022

- 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.

- 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.

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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.

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

VI. Disclosure of Shareholding of Promoters

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%	

Disclosure of shareholding of promoters as at March 31, 2021 is as follows:

Promoter name	Shares held by promoters				% Change during the year	
	As at March 31, 2021		As at March 31, 2020			
	No. of shares	% of total shares	No. of shares	% of total shares		
Tata Sons Private Limited	266,91,25,829	72.16%	270,24,50,947	72.02%	0.14%	
Total	266,91,25,829	72.16%	270,24,50,947	72.02%	0.14%	

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

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payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

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

Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight-line basis

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

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

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

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

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

	Year ended March 31, 2022	Year ended March 31, 2021	(₹ crore)
Leasehold land	9	8	
Buildings	991	995	
Leasehold improvement	3	3	
Computer equipment	15	3	
Software licences	38	1	
Vehicles	1	1	
	1,057	1,011	

Interest on lease liabilities is ₹451 crore and ₹450 crore for the years ended March 31, 2022 and 2021, respectively.

The Company incurred ₹162 crore and ₹189 crore for the years ended March 31, 2022 and 2021, respectively, towards expenses relating to short-term leases and leases of low-value assets.

The total cash outflow for leases is ₹1,561 crore and ₹1,619 crore for the years ended March 31, 2022 and 2021, 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 ₹722 crore and ₹660 crore as at March 31, 2022 and 2021, respectively.

Lease contracts entered by the Company majorly pertains 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

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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.

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, 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.

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

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

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Capital work-in-progress

- Capital work-in-progress ageing**

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

Capital work-in-progress	Amount in capital work-in-progress for a period of				Total
	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

Ageing for capital work-in-progress as at March 31, 2021 is as follows:
(₹ crore)

Capital work-in-progress	Amount in capital work-in-progress for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	423	60	41	337	861
	423	60	41	337	861

- 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	580
Additions	961
Disposals / Derecognised	(11)
Cost as at April 1, 2021	1,530
Accumulated amortisation as at April 1, 2021	(218)
Amortisation	(305)
Disposals / Derecognised	11
Cost as at March 31, 2022	(512)
Accumulated amortisation as at March 31, 2021	(305)
Net carrying amount as at March 31, 2022	1,018

Notes forming part of Standalone Financial Statements

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

The estimated amortisation for years subsequent to March 31, 2022 is as follows:

	(₹ crore)
Year ending March 31,	Amortisation expense
2023	421
2024	375
2025	203
2026	19
	1,018

(c) Other assets

Other assets consist of the following:

Other assets – Non-current

Considered good

	As at March 31, 2022	As at March 31, 2021
Capital advances	75	65
Advances to related parties	23	33
Contract assets	136	120
Prepaid expenses	1,197	527
Contract fulfillment costs	81	137
Others	285	391
	1,797	1,273

Advances to related parties, considered good, comprise:

Voltas Limited	-*	2
Tata Realty and Infrastructure Ltd	-*	-*
Tata Projects Limited	23	30
Titan Engineering and Automation Limited	-*	-*

*Represents value less than ₹0.50 crore.

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Other assets – Current

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Considered good		
Advance to suppliers	117	83
Advance to related parties	8	10
Contract assets	3,334	2,931
Prepaid expenses	2,735	4,260
Prepaid rent	7	6
Contract fulfillment costs	616	534
Indirect taxes recoverable	1,001	1,172
Others	214	221
Considered doubtful		
Advance to suppliers	2	3
Other advances	2	2
Less: Allowance on doubtful assets	<u>(4)</u>	<u>(5)</u>
	<u>8,032</u>	<u>9,217</u>
Advance to related parties, considered good comprise:		
The Titan Company Limited	-	2
Tata AIG General Insurance Company Limited	1	1
Tata Sons Private Limited	7	7

Non-current – Others includes advance of ₹271 crore and ₹369 crore towards acquiring right-of-use of leasehold land as at March 31, 2022 and 2021, respectively.

Contract fulfillment costs of ₹564 crore and ₹358 crore for the years ended March 31, 2022 and 2021, 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, 2022	As at March 31, 2021
Raw materials, sub-assemblies and components	16	7
Finished goods and work-in-progress	3	-*
	<u>19</u>	<u>7</u>

*Represents value less than ₹0.50 crore.

Notes forming part of Standalone Financial Statements

(e) Other liabilities

Other liabilities consist of the following:

Other liabilities – Current

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Advance received from customers	473	156
Indirect taxes payable and other statutory liabilities	2,271	2,537
Tax liability on buy-back of equity shares*	4,192	-
Others	97	27
	7,033	2,720

*Refer note 6(n).

(f) Provisions

Provisions consist of the following:

Provisions – Current

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Provision towards legal claim (Refer note 19)	1,249	1,211
Provision for foreseeable loss	125	127
Other provisions	3	12
	1,377	1,350

9) Other equity

Other equity consist of the following:

	As at March 31, 2022	As at March 31, 2021
Capital reserve*	-	-
Capital redemption reserve		
Opening balance	13	8
Transfer from retained earnings	4	5
	17	13
Special Economic Zone re-investment reserve		
Opening balance	2,538	1,594
Transfer from retained earnings	9,407	5,058
Transfer to retained earnings	(4,658)	(4,114)
	7,287	2,538
Retained earnings		
Opening balance	70,928	71,532
Profit for the year	38,187	30,960
Remeasurement of defined employee benefit plans	141	(13)
Expenses for buy-back of equity shares ¹	(49)	(31)
Tax on buy-back of equity shares ¹	(4,192)	(3,726)
Buy-back of equity shares ¹	(17,996)	(15,995)
Transfer from Special Economic Zone re-investment reserve	4,658	4,114
	91,677	86,841

Notes forming part of Standalone Financial Statements

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Less: Appropriations		
Dividend on equity shares	13,317	10,850
Transfer to capital redemption reserve ¹	4	5
Transfer to Special Economic Zone re-investment reserve	9,407	5,058
	68,949	70,928
Investment revaluation reserve		
Opening balance	916	882
Change during the year (net)	(336)	34
	580	916
Cash flow hedging reserve (Refer note 6(l))		
Opening balance	29	(23)
Change during the year (net)	(55)	52
	(26)	29
	76,807	74,424

*Represents value less than ₹0.50 crore.

¹Refer Note 6(n).

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 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

Notes forming part of Standalone Financial Statements

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.

Notes forming part of Standalone Financial Statements

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

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

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

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

Revenue disaggregation by nature of services is as follows:

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Consultancy services	1,59,106	1,34,585
Sale of equipment and software licences	1,235	1,378
	1,60,341	1,35,963

Revenue disaggregation by industry vertical is as follows:

	(₹ crore)	Year ended March 31, 2022	Year ended March 31, 2021
Banking, Financial Services and Insurance		58,614	51,189
Manufacturing		14,576	11,747
Retail and Consumer Business		26,966	22,219
Communication, Media and Technology		28,778	24,243
Life Sciences and Healthcare		18,341	14,920
Others		13,066	11,645
		1,60,341	1,35,963

Revenue disaggregation by geography is as follows:

	(₹ crore)	Year ended March 31, 2022	Year ended March 31, 2021
Americas			
North America		90,630	76,510
Latin America		314	288
Europe			
United Kingdom		27,595	22,913
Continental Europe		17,595	15,364
Asia Pacific		11,178	9,839
India		9,547	8,102
Middle East and Africa		3,482	2,947
		1,60,341	1,35,963

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

Notes forming part of Standalone Financial Statements

Information about major customers

No single customer represents 10% or more of the Company's total revenue during the years ended March 31, 2022 and 2021.

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 ₹93,546 crore out of which 56.71% 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.

Changes in contract assets are as follows:

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Balance at the beginning of the year	3,051	3,486
Invoices raised that were included in the contract assets balance at the beginning of the year	(2,464)	(2,795)
	2,828	2,332
Increase due to revenue recognised during the year, excluding amounts billed during the year	55	28
Translation exchange difference		
Balance at the end of the year	3,470	3,051

Changes in unearned and deferred revenue are as follows:

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Balance at the beginning of the year	3,161	2,915
Revenue recognised that was included in the contract liability balance at the beginning of the year	(2,311)	(2,388)
	2,735	2,602
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	(12)	32
Translation exchange difference		
Balance at the end of the year	3,573	3,161

Notes forming part of Standalone Financial Statements

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

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Contracted price	1,62,898	1,38,292
Reductions towards variable consideration components	(2,557)	(2,329)
Revenue recognised	1,60,341	1,35,963

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

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, 2022	Year ended March 31, 2021
Interest income	2,555	2,383
Dividend income	3,548	2,213
Net gain on disposal / fair valuation of investments carried at fair value through profit or loss	186	193
Net gain on disposal of property, plant and equipment	25	19
Net gain on lease modification	2	89

	Year ended March 31, 2022	Year ended March 31, 2021
Net foreign exchange gain	1,068	428
Rent income	21	7
Other income	81	68
Interest income comprise:	7,486	5,400
Interest on bank balances and bank deposits	256	107
Interest on financial assets carried at amortised cost	481	500
Interest on financial assets carried at fair value through OCI	1,818	1,762
Other interest (including interest on tax refunds)	-	14
Dividend income comprise:	3,548	2,213

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.

Notes forming part of Standalone Financial Statements

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

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

Defined contribution plans

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

The Company provides benefits such as superannuation and foreign defined contribution plans to its employees which are treated as defined contribution plans.

Short-term employee benefits

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

Compensated absences

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related

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

Employee benefit expenses consist of the following:

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, incentives and allowances	73,115	63,006
Contributions to provident and other funds	5,734	4,321
Staff welfare expenses	2,248	1,719
	81,097	69,046

Employee benefit obligations consist of the following:

Employee benefit obligations – Non-current

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Foreign defined benefit plans	25	19
Other employee benefit obligations	78	89
	103	108

Notes forming part of Standalone Financial Statements

Employee benefit obligations – Current

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Compensated absences	2,802	2,558
Other employee benefit obligations	42	40
	2,844	2,598

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.

Notes forming part of Standalone Financial Statements

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

(₹ crore)

Change in benefit obligations
Benefit obligations, beginning of the year
 Translation exchange difference
 Changes due to inter-company transfers
 Service cost
 Interest cost
 Remeasurement of the net defined benefit liability
 Benefits paid
Benefit obligations, end of the year

	As at March 31, 2022				As at March 31, 2021			
	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total
Benefit obligations, beginning of the year	4,313	1	19	4,333	3,636	2	16	3,654
Translation exchange difference	-	-	1	1	-	-	-	-
Changes due to inter-company transfers	(3)	-	-	(3)	-	-	-	-
Service cost	536	-	5	541	460	-	4	464
Interest cost	296	-	-	296	244	-	-	244
Remeasurement of the net defined benefit liability	(190)	-	5	(185)	135	-	-	135
Benefits paid	(488)	-	(5)	(493)	(162)	(1)	(1)	(164)
Benefit obligations, end of the year	4,464	1	25	4,490	4,313	1	19	4,333

(₹ crore)

Change in plan assets
Fair value of plan assets, beginning of the year
 Changes due to inter-company transfers
 Interest income
 Employers' contributions
 Benefits paid
 Remeasurement - return on plan assets excluding amount included in interest income
Fair value of plan assets, end of the year

	As at March 31, 2022				As at March 31, 2021			
	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total
Fair value of plan assets, beginning of the year	4,704	1	-	4,705	3,641	2	-	3,643
Changes due to inter-company transfers	(3)	-	-	(3)	-	-	-	-
Interest income	334	-	-	334	269	-	-	269
Employers' contributions	975	-	-	975	837	-	-	837
Benefits paid	(488)	-	-	(488)	(162)	(1)	-	(163)
Remeasurement - return on plan assets excluding amount included in interest income	(5)	-	-	(5)	119	-	-	119
Fair value of plan assets, end of the year	5,517	1	-	5,518	4,704	1	-	4,705

Notes forming part of Standalone Financial Statements

Funded status

Deficit of plan assets over obligations
Surplus of plan assets over obligations

	As at March 31, 2022				As at March 31, 2021				(₹ crore)
	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total	
	-	-	(25)	(25)	-	-	(19)	(19)	
	1,053	-	-	1,053	391	-	-	391	
	<u>1,053</u>	<u>-</u>	<u>(25)</u>	<u>1,028</u>	<u>391</u>	<u>-</u>	<u>-</u>	<u>(19)</u>	<u>372</u>

Category of assets

Corporate bonds
Equity instruments
Government bonds and securities
Insurer managed funds
Bank balances
Others

	As at March 31, 2022				As at March 31, 2021				(₹ crore)
	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total	
Corporate bonds	1,696	-	-	1,696	1,408	-	-	1,408	
Equity instruments	66	-	-	66	29	-	-	29	
Government bonds and securities	2,624	-	-	2,624	2,257	-	-	2,257	
Insurer managed funds	981	1	-	982	909	1	-	910	
Bank balances	5	-	-	5	2	-	-	2	
Others	<u>145</u>	<u>-</u>	<u>-</u>	<u>145</u>	<u>99</u>	<u>-</u>	<u>-</u>	<u>99</u>	
	<u>5,517</u>	<u>1</u>	<u>-</u>	<u>5,518</u>	<u>4,704</u>	<u>1</u>	<u>-</u>	<u>4,705</u>	

Notes forming part of Standalone Financial Statements

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

	As at March 31, 2022				As at March 31, 2021				(₹ crore)
	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total	
Service cost	536	-	5	541	460	-	4	464	
Net interest on net defined benefit asset	(38)	-	-	(38)	(25)	-	-	(25)	
Net periodic gratuity / pension cost	498	-	5	503	435	-	4	439	
Actual return on plan assets	329	-	-	329	388	-	-	388	

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

	As at March 31, 2022				As at March 31, 2021				(₹ crore)
	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total	Domestic plans Funded	Foreign plans Funded	Foreign plans Unfunded	Total	
Actuarial (gains) and losses arising from changes in demographic assumptions	(20)	-	2	(18)	Actuarial losses arising from changes in demographic assumptions	24	-	-	24
Actuarial gains arising from changes in financial assumptions	(165)	-	(1)	(166)	Actuarial gains arising from changes in financial assumptions	(32)	-	-	(32)
Actuarial (gains) and losses arising from changes in experience adjustments	(5)	-	4	(1)	Actuarial losses arising from changes in experience adjustments	143	-	-	143
Remeasurement of the net defined benefit liability	(190)	-	5	(185)	Remeasurement of the net defined benefit liability	135	-	-	135
Remeasurement - return on plan assets excluding amount included in interest income	5	-	-	5	Remeasurement - return on plan assets excluding amount included in interest income	(119)	-	-	(119)
	(185)	-	5	(180)		16	-	-	16

Notes forming part of Standalone Financial Statements

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

	As at March 31, 2022		As at March 31, 2021	
	Domestic plans	Foreign plans	Domestic plans	Foreign plans
Discount rate	7.00%	1.50%-2.70%	6.50%	0.50%-2.00%
Rate of increase in compensation levels of covered employees	6.00%	2.24%-3.80%	6.00%	1.83%-3.45%
Rate of return on plan assets	7.00%	1.50%-2.70%	6.50%	0.50%-2.00%
Weighted average duration of defined benefit obligations	8 years	3-6.4 years	10 years	3-6.9 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, 2022. The Company does not expect to contribute to defined benefit plan obligations funds for year ending March 31, 2023 in view of adequate surplus plan assets as at March 31, 2022.

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, 2022	As at March 31, 2021
(159)	(190)
170	206

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

(₹ crore)	
As at March 31, 2022	As at March 31, 2021
171	206
(161)	(192)

Notes forming part of Standalone Financial Statements

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.

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, 2022 as follows:

Year ending March 31,	(₹ crore)
Defined benefit obligations	
2023	455
2024	377
2025	396
2026	386
2027	392
2028-2032	1,909

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:

	(₹ crore)	As at March 31, 2022	As at March 31, 2021
Fair value of plan assets		22,814	20,003
Present value of defined benefit obligations		(22,814)	(20,003)
Net excess / (shortfall)		<u>-</u>	<u>-</u>

Notes forming part of Standalone Financial Statements

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

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

	As at March 31, 2022	As at March 31, 2021
Discount rate	7.00%	6.50%
Average remaining tenure of investment portfolio	8 years	8 years
Guaranteed rate of return	8.10%	8.50%

The Company expensed ₹1,372 crore and ₹1,078 crore for the years ended March 31, 2022 and 2021, 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 ₹271 crore and ₹254 crore for the years ended March 31, 2022 and 2021, respectively, towards Employees' Superannuation Fund.

Foreign defined contribution plan

The Company expensed ₹885 crore and ₹658 crore for the years ended March 31, 2022 and 2021, 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, 2022	Year ended March 31, 2021
Raw materials, sub-assemblies and components consumed		29	14
Equipment and software licences purchased		984	1,215
	<hr/>	<hr/>	<hr/>
	1,013	1,229	
Finished goods and work-in-progress			
Opening stock		-*	1
Less: Closing stock		3	-*
	<hr/>	<hr/>	<hr/>
	(3)	1	
	<hr/>	<hr/>	<hr/>
	1,010	1,230	

*Represents value less than ₹0.50 crore.

Notes forming part of Standalone Financial Statements

(b) Other expenses

Other expenses consist of the following:

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Fees to external consultants	19,338	14,527
Facility expenses	1,707	1,708
Travel expenses	1,361	919
Communication expenses	1,303	1,254
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	107	185
Other expenses	<u>8,173</u>	<u>6,784</u>
	<u>31,989</u>	<u>25,377</u>

Other expenses include ₹3,733 crore and ₹2,944 crore for the years ended March 31, 2022 and 2021, respectively, towards sales, marketing and advertisement expenses.

(c) Corporate Social Responsibility (CSR) expenditure

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
1 Amount required to be spent by the company during the year	716	663
2 Amount of expenditure incurred on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	727	674
3 Shortfall at the end of the year	-	-

- 4 Total of previous years shortfall
- 5 Reason for shortfall
- 6 Nature of CSR activities
- 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

(₹ crore)	Year ended March 31, 2022	Year ended March 31, 2021
-	-	-
NA	NA	NA
Disaster Relief, Education, Skilling, Employment, Entrepreneurship, Health, Wellness and Water, Sanitation and Hygiene, Heritage		
680	351	

14) Finance costs

Finance costs consist of the following:

(₹ crore)	Year ended March 31, 2022	Year ended March 31, 2021
Interest on lease liabilities		
Interest on tax matters	7	85
Other interest costs	28	2
	<u>486</u>	<u>537</u>

Notes forming part of Standalone Financial Statements

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 worldwide income after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

Current income tax payable by overseas branches of the Company is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Company's worldwide income.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

Deferred income taxes

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

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

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

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

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

Notes forming part of Standalone Financial Statements

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, 2022	Year ended March 31, 2021
Current tax		
Current tax expense for current year	12,912	10,404
Current tax benefit pertaining to prior years	<u>(981)</u>	<u>(104)</u>
	11,931	10,300
Deferred tax		
Deferred tax benefit for current year	(395)	(294)
Deferred tax benefit pertaining to prior years	<u>-</u>	<u>(64)</u>
	(395)	(358)
	11,536	9,942

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, 2022	Year ended March 31, 2021
Profit before taxes		49,723	40,902
Indian statutory income tax rate		34.94%	34.94%
Expected income tax expense		17,375	14,293
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense			
Tax holidays		(4,604)	(4,708)
Income exempt from tax		(1,240)	(773)
Undistributed earnings in branches		(232)	26
Tax on income at different rates		1,107	1,103
Tax pertaining to prior years		(981)	(168)
Others (net)		111	169
Total income tax expense		11,536	9,942

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

Notes forming part of Standalone Financial Statements

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, 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)		
As at March 31, 2022	Assets	Liabilities	Net
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

Notes forming part of Standalone Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2021 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	162	128	-	-	290
Provision for employee benefit obligations	468	171	-	-	639
Cash flow hedges	7	-	(15)	-	(8)
Receivables, financial assets at amortised cost	327	9	-	-	336
MAT credit entitlement	1,049	64	-	597	1,710
Branch profit tax	(284)	(26)	-	-	(310)
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income	(483)	-	(17)	-	(500)
Lease liabilities	308	(98)	-	-	210
Others	318	110	-	-	428
	1,872	358	(32)	597	2,795

Gross deferred tax assets and liabilities are as follows:

	(₹ crore)		
	Assets	Liabilities	Net
As at March 31, 2021			
Deferred tax assets / (liabilities) in relation to			
Property, plant and equipment and Intangible assets	345	55	290
Provision for employee benefit obligations	639	-	639
Cash flow hedges	(8)	-	(8)
Receivables, financial assets at amortised cost	336	-	336
MAT credit entitlement	1,710	-	1,710
Branch profit tax	-	310	(310)
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income	(500)	-	(500)
Lease liabilities	210	-	210
Others	428	-	428
	3,160	365	2,795

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.

Notes forming part of Standalone Financial Statements

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 ₹1,616 crore and ₹891 crore as at March 31, 2022 and 2021, 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, 2022 and 2021, respectively, not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited.

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

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 2018 are generally subject to examination by the tax authorities. In United States of America, the federal statute of limitation applies to fiscals 2018 and earlier and applicable state statutes of limitation vary by state. In United Kingdom, the statute of limitation generally applies to fiscal 2018 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 year. The Company did not have any potentially dilutive securities in any of the years presented.

Year ended March 31, 2022	Year ended March 31, 2021
Profit for the year (₹ crore)	38,187
Weighted average number of equity shares	369,88,32,195
Basic and diluted earnings per share (₹)	103.24
Face value per equity share (₹)	1

17) Auditor's remuneration

Auditor's remuneration consists of the following:

(₹ crore)	Year ended March 31, 2022	Year ended March 31, 2021
Auditor	9	9
For taxation matters	1	1
For company law matters	-	-
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.

Notes forming part of Standalone Financial Statements

19) Commitments and contingencies

Capital commitments

The Company has contractually committed (net of advances) ₹1,315 crore and ₹1,009 crore as at March 31, 2022 and 2021, 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 ₹500 crore and ₹495 crore as at March 31, 2022 and 2021, respectively, from various indirect tax authorities which are being contested by the Company based on the management evaluation and advice of tax consultants.

- **Other claims**

Claims aggregating ₹235 crore and ₹105 crore as at March 31, 2022 and 2021, respectively, against the Company have not been acknowledged as debts.

In addition to above, in October 2014, Epic Systems Corporation (referred to as Epic) filed a legal claim against the Company in the Court of Western District Madison, Wisconsin alleging unauthorised access to and download of their confidential information and use thereof in the development of the Company's product MedMantra. In April 2016, the Company received an unfavourable jury verdict awarding damages of

₹7,115 crore (US \$940 million) to Epic which was thereafter reduced by the Trial Court to ₹3,179 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 ₹757 crore (US \$100 million) award and ₹1,514 crore (US \$200 million) in punitive damages. On August 20, 2020, the Appeals Court vacated the award of ₹2,119 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 ₹1,060 crore (US \$140 million), affirmed the District Court's decision vacating the jury's award of ₹757 crore (US \$100 million) in compensatory damages for alleged use of "other confidential information" by the Company, and affirmed the District Court's decision upholding the jury's award of ₹1,060 crore (US \$140 million) in compensatory damages for use of the comparative analysis by the Company. The proceedings for assessing punitive damages have been remanded back to the District Court. Both the Company and Epic have filed their briefs at the District Court in relation to punitive damages. The matter is under consideration by the District Court. On April 8, 2021, Epic approached the Supreme Court seeking review of the order of the Appeals Court vacating the award of ₹2,119 crore (US \$280 million) towards punitive damages and remanding back to District Court with an instruction to reassess the punitive damages, to no more than ₹1,060 crore (US \$140 million). On March 21, 2022, Supreme Court denied Epic's petition seeking review of the order. The Company will continue to pursue all legal options available in the matter. Considering all the facts and various legal precedence, on a conservative and prudent basis, the Company provided ₹1,218 crore (US \$165 million) towards this legal claim in its statement of profit

Notes forming part of Standalone Financial Statements

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.

Pursuant to US Court procedures, a Letter of Credit has been made available to Epic for ₹3,331 crore (US \$440 million) as financial security in order to stay execution of the judgement pending post-appeal proceedings and conclusion.

- **Guarantees and letter of comfort**

The Company has given letter of comfort to banks for credit facilities availed by its subsidiaries. As per the terms of letter of comfort, the

Company undertakes not to divest its ownership interest directly or indirectly in the subsidiary and provide such managerial, technical and financial assistance to ensure continued successful operations of the subsidiary.

The Company has provided guarantees to third parties on behalf of its subsidiaries. The Company does not expect any outflow of resources in respect of the above.

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

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, 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
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

Notes forming part of Standalone Financial Statements

	Year ended March 31, 2021						(₹ 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	35	18,245	591	1,752	-	20,623	
Dividend income	-	2,215	-	-	-	2,215	
Rent income	-	12	-	-	-	12	
Other income	-	40	-	-	-	40	
Purchases of goods and services (including reimbursements)	1	8,798	444	355	-	9,598	
Brand equity contribution	100	-	-	-	-	100	
Facility expenses	-	87	17	42	-	146	
Lease rental	1	-	36	45	-	82	
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	-	-	3	-	-	3	
Contribution and advance to post employment benefit plans	-	-	-	-	5,913	5,913	
Purchase of property, plant and equipment	-	-	3	88	-	91	
Advances given	-	-	1	6	-	7	
Advances recovered	-	-	1	10	-	11	
Advances taken	-	3	1	4	-	8	
Dividend paid	7,817	-	4	3	-	7,824	
Guarantees given	-	1	-	-	-	1	
Buy-back of shares	9,998	-	4	-	-	10,002	
Sale / Redemption of investments	-	12	-	-	-	12	
Purchase of investments	-	224	-	-	-	224	
Cost recovery	-	2,840	-	-	-	2,840	

Notes forming part of Standalone Financial Statements

Balances receivable from related parties are as follows:

	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

	As at March 31, 2021					(₹ 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	8	4,392	255	519	-	5,174
Loans, other financial assets and other assets	9	65	21	62	-	157
	17	4,457	276	581	-	5,331

Notes forming part of Standalone Financial Statements

Balances payable to related parties are as follows:

	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	

	As at March 31, 2021						(₹ 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	91	3,604	296	393	-	4,384	
Commitments and guarantees	-	4,669	10	270	-	4,949	

Notes forming part of Standalone Financial Statements

Material related party transactions are as follows:

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations		
Tata Consultancy Services Sverige AB	2,172	1,939
Tata Consultancy Services Canada Inc.	2,804	2,034
Tata Consultancy Services Deutschland GmbH	3,038	2,504
Tata Consultancy Services Netherlands BV	3,006	2,848
Jaguar Land Rover Limited	1,500	1,093
Tata Consultancy Services Switzerland Ltd.	2,285	1,786
Purchases of goods and services (including reimbursements)		
Tata America International Corporation	3,156	2,803
Tata Consultancy Services De Mexico S.A.,De C.V.	2,130	1,637
TCS Foundation	679	350
Dividend income		
Tata America International Corporation	707	1,002
Tata Consultancy Services Canada Inc.	649	193
Tata Consultancy Services Netherlands BV	646	405
TCS Iberoamerica SA	682	374

Material related party balances are as follows:

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Trade receivables and contract assets		
Tata America International Corporation	1,291	456
Tata Consultancy Services Sverige AB	88	219
Tata Consultancy Services France	1,063	1,028
Tata Consultancy Services Netherlands BV	594	244
Tata Consultancy Services Asia Pacific Pte Ltd.	345	271
Diligenta Limited	745	594
Jaguar Land Rover Limited	379	290
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities		
Tata America International Corporation	2,044	1,519
Tata Consultancy Services De Mexico S.A.,De C.V.	433	168

Transactions with key management personnel are as follows:

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Short-term benefits	53	43
Dividend paid during the year	1	1
	54	44

Notes forming part of Standalone Financial Statements

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.

- 21)** The sitting fees and commission paid to non-executive directors is ₹12 crore and ₹10 crore as at March 31, 2022 and 2021, respectively.
- 22)** 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, and invited suggestions from stakeholders which are under consideration by the Ministry. 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.

23) Additional Regulatory Information

- Ratios**

Ratio	Numerator	Denominator	Current year	Previous year
Current ratio (in times)	Total current assets	Total current liabilities	2.5	2.9
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	23.2	20.4
Return on equity ratio (in %)	Profit for the year less Preference dividend (if any)	Average total equity	50.3%	41.5%
Trade receivables turnover ratio (in times)	Revenue from operations	Average trade receivables	4.8	4.2
Trade payables turnover ratio (in times)	Cost of equipment and software licences + Other expenses	Average trade payables	3.7	3.2
Net capital turnover ratio (in times)	Revenue from operations	Average working capital (i.e. Total current assets less Total current liabilities)	2.9	2.5

Ratio	Numerator	Denominator	Current year	Previous year
Net profit ratio (in %)	Profit for the year	Revenue from operations	23.8%	22.8%
Return on capital employed (in %)	Profit before tax and finance costs	Capital employed = Net worth + Lease liabilities + Deferred tax liabilities	60.4%	51.1%
Return on investment (in %)	Income generated from invested funds	Average invested funds in treasury investments	6.1%	6.5%

24) Dividends

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. Dividends paid during the year ended March 31, 2021 include an amount of ₹6.00 per equity share towards final dividend for the year ended March 31, 2020 and an amount of ₹23.00 per equity share towards interim dividends (including special dividend) for the year ended March 31, 2021.

Dividends declared by the Company are based on the profit available for distribution. On April 11, 2022, the Board of Directors of the Company have proposed a final dividend of ₹22.00 per share in respect of the year ended March 31, 2022 subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately ₹8,050 crore.

As per our report of even date attached

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

For and on behalf of the Board

Rajesh Gopinathan
CEO and Managing Director

N Ganapathy Subramaniam
COO and Executive Director

Amit Somani
Partner
Membership No: 060154

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, April 11, 2022

Mumbai, April 11, 2022

**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	₹ crore					
1	APTONline Limited	August 9, 2004	April 1, 2021	March 31, 2022	INR	1.000000	2	108	190	80	32	135	21	3	18	-	89%	India						
2	MP Online Limited	September 8, 2006	April 1, 2021	March 31, 2022	INR	1.000000	1	120	158	37	121	77	24	6	18	-	89%	India						
3	C-Edge Technologies Limited	January 19, 2006	April 1, 2021	March 31, 2022	INR	1.000000	10	303	394	81	-	322	98	25	73	-	51%	India						
4	MahaOnline Limited	September 23, 2010	April 1, 2021	March 31, 2022	INR	1.000000	3	77	134	54	34	3	2	1	1	-	74%	India						
5	TCS e-Serve International Limited	December 31, 2008	April 1, 2021	March 31, 2022	INR	1.000000	10	146	1,052	896	90	1,889	115	27	88	-	100%	India						
6	Diligenta Limited	August 23, 2005	January 1, 2021	December 31, 2021	GBP	99.374057	10	1,392	2,696	1,294	293	3,730	8	-	8	-	100%	U.K.						
7	Tata Consultancy Services Canada Inc.	October 1, 2009	April 1, 2021	March 31, 2022	CAD	60.450647	43	791	2,412	1,578	-	8,022	664	172	492	-	100%	Canada						
8	Tata America International Corporation	August 9, 2004	April 1, 2021	March 31, 2022	USD	75.696300	2	1,217	4,061	2,842	305	3,845	983	253	730	-	100%	USA.						
9	Tata Consultancy Services Asia Pacific Pte Ltd.	August 9, 2004	April 1, 2021	March 31, 2022	USD	75.696300	33	864	1,560	663	819	2,458	206	17	189	-	100%	Singapore						
10	Tata Consultancy Services (China) Co., Ltd.	November 16, 2006	January 1, 2021	December 31, 2021	CNY	11.933644	241	19	396	136	-	884	25	10	15	-	93.2%	China						
11	Tata Consultancy Services Japan, Ltd.	July 1, 2014	April 1, 2021	March 31, 2022	JPY	0.620894	269	1,207	2,676	1,200	-	4,663	358	111	247	-	66%	Japan						
12	Tata Consultancy Services Malaysia Sdn Bhd	August 9, 2004	April 1, 2021	March 31, 2022	MYR	17.995935	4	70	196	122	-	430	4	3	1	-	100%	Malaysia						
13	PT Tata Consultancy Services Indonesia	October 5, 2006	April 1, 2021	March 31, 2022	IDR	0.005268	1	31	84	52	-	100	21	8	13	-	100%	Indonesia						
14	Tata Consultancy Services (Philippines) Inc.	September 19, 2008	April 1, 2021	March 31, 2022	PHP	1.462589	(40)	153	443	330	-	775	61	8	53	-	100%	Philippines						
15	Tata Consultancy Services (Thailand) Limited	May 12, 2008	April 1, 2021	March 31, 2022	THB	2.270265	2	6	52	44	-	110	3	1	2	-	100%	Thailand						
16	Tata Consultancy Services Belgium	August 9, 2004	April 1, 2021	March 31, 2022	EUR	84.302958	2	424	809	383	-	2,241	129	34	95	-	100%	Belgium						
17	Tata Consultancy Services Deutschland GmbH	August 9, 2004	April 1, 2021	March 31, 2022	EUR	84.302958	1	630	1,795	1,164	-	6,018	470	145	325	-	100%	Germany						

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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
₹ crore																		
18	Tata Consultancy Services Sverige AB	August 9, 2004	April 1, 2021	March 31, 2022	SEK	81.60446	-	887	1,290	403	-	3,786	196	43	153	-	100%	Sweden
19	Tata Consultancy Services Netherlands BV	August 9, 2004	April 1, 2021	March 31, 2022	EUR	84.302958	556	2,080	4,081	1,445	1,645	5,794	599	79	520	-	100%	Netherlands
20	Tata Consultancy Services Italia s.r.l.	August 9, 2004	April 1, 2021	March 31, 2022	EUR	84.302958	19	55	175	101	-	386	30	14	16	-	100%	Italy
21	Tata Consultancy Services Luxembourg S.A.	October 28, 2005	April 1, 2021	March 31, 2022	EUR	84.302958	47	62	214	105	-	716	74	22	52	-	100%	Capellen (G.D. de Luxembourg)
22	Tata Consultancy Services Switzerland Ltd.	October 31, 2006	April 1, 2021	March 31, 2022	CHF	81.771956	12	693	1,469	764	-	3,716	250	42	208	-	100%	Switzerland
23	Tata Consultancy Services Osterreich GmbH	March 9, 2012	April 1, 2021	March 31, 2022	EUR	84.302958	-	3	43	40	-	67	(2)	(1)	(1)	-	100%	Austria
24	Tata Consultancy Services Danmark ApS	March 16, 2012	April 1, 2021	March 31, 2022	DKK	11.333308	1	5	6	-	-	11	-	-	-	-	100%	Denmark
25	Tata Consultancy Services De Espana S.A.	August 9, 2004	April 1, 2021	March 31, 2022	EUR	84.302958	1	69	176	106	-	385	21	3	18	-	100%	Spain
26	Tata Consultancy Services (Portugal) Unipessoal, Limitada	July 4, 2005	April 1, 2021	March 31, 2022	EUR	84.302958	-	13	40	27	-	54	10	1	9	-	100%	Portugal
27	Tata Consultancy Services France	June 28, 2013	April 1, 2021	March 31, 2022	EUR	84.302958	4	(389)	1,387	1,772	-	2,441	37	4	33	-	100%	France
28	Tata Consultancy Services Saudi Arabia	July 2, 2015	January 1, 2021	December 31, 2021	SAR	20.178147	8	104	202	90	-	345	(1)	4	(5)	-	100%	Saudi Arabia
29	Tata Consultancy Services (Africa) (PTY) Ltd.	October 23, 2007	January 1, 2021	December 31, 2021	ZAR	5.231149	7	49	56	-	56	-	38	-	38	-	100%	South Africa
30	Tata Consultancy Services (South Africa) (PTY) Ltd.	October 31, 2007	January 1, 2021	December 31, 2021	ZAR	5.231149	9	83	519	427	-	1,038	58	17	41	-	100%	South Africa
31	TCS FNS Pty Limited	October 17, 2005	April 1, 2021	March 31, 2022	AUD	56.598124	211	(64)	147	-	2	-	42	-	42	-	100%	Australia
32	TCS Financial Solutions Beijing Co., Ltd.	December 29, 2006	January 1, 2021	December 31, 2021	CNY	11.933644	44	(3)	56	15	-	62	3	2	1	-	100%	China
33	TCS Financial Solutions Australia Pty Limited	October 19, 2005	April 1, 2021	March 31, 2022	AUD	56.598124	-	87	131	44	41	68	54	7	47	-	100%	Australia

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34	TCS Iberoamerica SA	August 9, 2004	April 1, 2021	March 31, 2022	USD	75.696300	745	933	1,679	1	1,645	-	763	32	731	-	-	100%	Uruguay							
35	TCS Solution Center S.A.	August 9, 2004	January 1, 2021	December 31, 2021	UYU	1845126	66	291	498	141	-	904	160	33	127	-	-	100%	Uruguay							
36	Tata Consultancy Services Argentina S.A.	August 9, 2004	January 1, 2021	December 31, 2021	ARS	0.682634	3	(1)	43	41	-	44	1	-	1	-	-	100%	Argentina							
37	Tata Consultancy Services Do Brasil Ltda	August 9, 2004	January 1, 2021	December 31, 2021	BRL	15.864257	279	45	587	263	-	1,082	116	42	74	-	-	100%	Brazil							
38	Tata Consultancy Services De Mexico S.A., De C.V.	August 9, 2004	January 1, 2021	December 31, 2021	MXN	3.808006	1	605	1,768	1,162	-	3,178	321	322	(1)	-	-	100%	Mexico							
39	Tata Consultancy Services Chile S.A.	August 9, 2004	January 1, 2021	December 31, 2021	CLP	0.095933	163	221	528	144	53	682	100	11	89	-	-	100%	Chile							
40	TCS Inversiones Chile Limitada	August 9, 2004	January 1, 2021	December 31, 2021	CLP	0.095933	147	168	324	9	308	35	87	1	86	-	-	100%	Chile							
41	TATASOLUTION CENTER S.A.	December 28, 2006	January 1, 2021	December 31, 2021	USD	75.696300	23	81	216	112	-	469	74	25	49	-	-	100%	Ecuador							
42	TCS Uruguay SA	January 1, 2010	January 1, 2021	December 31, 2021	UYU	1.845126	-	117	223	106	65	510	120	8	112	-	-	100%	Uruguay							
43	MGDC S.C.	January 1, 2010	January 1, 2021	December 31, 2021	MXN	3.808006	65	(22)	131	88	-	46	(51)	32	(83)	-	-	100%	Mexico							
44	Tata Consultancy Services Qatar LLC	December 20, 2011	January 1, 2021	December 31, 2021	QAR	20.787692	4	29	45	12	-	52	1	-	1	-	-	100%	Qatar							
45	Tata Consultancy Services UK Limited	October 31, 2018	January 1, 2021	December 31, 2021	GBP	99.374057	-	27	28	1	-	-	-	-	-	-	-	100%	U.K.							
46	TCS Business Services GmbH	March 9, 2020	April 1, 2021	March 31, 2022	EUR	84.302958	-	20	135	115	56	148	21	7	14	-	-	100%	Germany							
47	Tata Consultancy Services Ireland Limited	December 2, 2020	January 1, 2021	December 31, 2021	EUR	84.302958	211	34	408	163	-	817	25	5	20	-	-	100%	Ireland							
48	TCS Technology Solutions AG	January 1, 2021	January 1, 2021	December 31, 2021	EUR	84.302958	27	203	1,279	1,049	-	1,717	221	9	212	-	-	100%	Germany							
49	Saudi Desert Rose Holding B.V.	May 26, 2021	January 1, 2021	December 31, 2021	EUR	84.302958	-	2	2	-	-	-	34	2	32	-	-	100%	Netherlands							
50	Tata Consultancy Services Bulgaria EOOD	August 31, 2021	January 1, 2021	December 31, 2021	BGN	43.139169	-	9	25	16	-	19	10	1	9	-	-	100%	Bulgaria							

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							₹ crore											
51	Tata Consultancy Services Guatemala, S.A.	September 1, 2021	January 1, 2021	December 31, 2021	GTQ	9.849876	8	4	25	13	-	22	5	1	4	-	100%	Guatemala
52	TCS Foundation	March 25, 2015	April 1, 2021	March 31, 2022	INR	1.000000	1	1,466	1,476	9	85	-	379	-	379	-	100%	India

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, 2022.
2. Tata Consultancy Services Qatar S.S.C. renamed as Tata Consultancy Services Qatar L.L.C..
3. W12 Studios Limited renamed as Tata Consultancy Services UK Limited.
4. Equity stake increased to 100% in Tata Consultancy Services Saudi Arabia on acquisition of Saudi Desert Rose Holding B.V. w.e.f. May 26, 2021.
5. Tata Consultancy Services Ireland Limited incorporated a wholly owned subsidiary, Tata Consultancy Services Bulgaria EOOD in Bulgaria on August 31, 2021.
6. TCS Iberoamerica SA incorporated a subsidiary, Tata Consultancy Services Guatemala, S.A. in Guatemala on September 1, 2021.
7. Postbank Systems AG renamed as TCS Technology Solutions AG.

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 11, 2022