

TATA CONSULTANCY SERVICES LIMITED
Condensed Standalone Interim Balance Sheet

		(₹ crore)	
	Note	As at June 30, 2022	As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	8(a)	9,556	9,669
Capital work-in-progress	8(a)	1,219	1,146
Right-of-use assets	7	5,795	5,837
Intangible assets	8(b)	923	1,018
Financial assets			
Investments	6(a)	2,405	2,405
Trade receivables			
Billed	6(b)	52	90
Unbilled		38	53
Loans	6(e)	-	8
Other financial assets	6(f)	624	626
Income tax assets (net)		1,714	1,643
Deferred tax assets (net)		2,578	2,779
Other assets	8(c)	1,699	1,797
Total non-current assets		26,603	27,071
Current assets			
Inventories	8(d)	24	19
Financial assets			
Investments	6(a)	30,441	29,262
Trade receivables			
Billed	6(b)	31,636	29,852
Unbilled		6,768	6,250
Cash and cash equivalents	6(c)	1,385	8,197
Other balances with banks	6(d)	4,826	5,495
Loans	6(e)	8,602	5,653
Other financial assets	6(f)	1,300	1,432
Other assets	8(c)	8,048	8,032
Total current assets		93,030	94,192
TOTAL ASSETS		1,19,633	1,21,263
EQUITY AND LIABILITIES			
Equity			
Share capital	6(k)	366	366
Other equity		76,860	76,807
Total equity		77,226	77,173
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities		4,852	4,879
Other financial liabilities	6(g)	521	518
Employee benefit obligations	11	104	103
Deferred tax liabilities (net)		166	129
Unearned and deferred revenue		587	560
Total non-current liabilities		6,230	6,189
Current liabilities			
Financial liabilities			
Lease liabilities		959	976
Trade payables			
Dues of small enterprises and micro enterprises		-	-
Dues of creditors other than small enterprises and micro enterprises		12,209	10,082
Other financial liabilities	6(g)	5,414	5,826
Unearned and deferred revenue		3,003	3,013
Other liabilities	8(e)	4,089	7,033
Provisions	8(f)	290	1,377
Employee benefit obligations	11	2,868	2,844
Income tax liabilities (net)		7,345	6,750
Total current liabilities		36,177	37,901
TOTAL EQUITY AND LIABILITIES		1,19,633	1,21,263

NOTES FORMING PART OF CONDENSED STANDALONE INTERIM FINANCIAL STATEMENTS

As per our report of even date attached

For and on behalf of the Board

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

Rajesh Gopinathan
CEO and Managing Director

N Ganapathy Subramaniam
COO and Executive Director

Amit Somani
Partner
Membership No: 060154
Mumbai, July 8, 2022

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, July 8, 2022

TATA CONSULTANCY SERVICES LIMITED
Condensed Standalone Interim Statement of Profit and Loss

		(₹ crore)	
	Note	Three month period ended June 30, 2022	Three month period ended June 30, 2021
Revenue from operations	9	44,480	37,722
Other income	10	715	756
TOTAL INCOME		45,195	38,478
Expenses			
Employee benefit expenses	11	22,971	19,212
Cost of equipment and software licences	12(a)	119	224
Finance costs	13	184	120
Depreciation and amortisation expense		960	809
Other expenses	12(b)	9,561	7,093
TOTAL EXPENSES		33,795	27,458
PROFIT BEFORE TAX		11,400	11,020
Tax expense			
Current tax		2,878	2,793
Deferred tax		(66)	(54)
TOTAL TAX EXPENSE		2,812	2,739
PROFIT FOR THE PERIOD		8,588	8,281
OTHER COMPREHENSIVE INCOME (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined employee benefit plans		(87)	(122)
Income tax on items that will not be reclassified subsequently to profit or loss		20	27
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		(685)	(52)
Net change in intrinsic value of derivatives designated as cash flow hedges		39	(8)
Net change in time value of derivatives designated as cash flow hedges		(3)	(7)
Income tax on items that will be reclassified subsequently to profit or loss		231	21
TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)		(485)	(141)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		8,103	8,140
Earnings per equity share:- Basic and diluted (₹)	15	23.47	22.39
Weighted average number of equity shares		365,90,51,373	369,90,51,373

NOTES FORMING PART OF CONDENSED STANDALONE INTERIM FINANCIAL STATEMENTS

As per our report of even date attached

For and on behalf of the Board

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

Rajesh Gopinathan
CEO and Managing Director

N Ganapathy Subramaniam
COO and Executive Director

Amit Somani
Partner
Membership No: 060154
Mumbai, July 8, 2022

Samir Seksaria
CFO
Mumbai, July 8, 2022

Pradeep Manohar Gaitonde
Company Secretary

TATA CONSULTANCY SERVICES LIMITED
Condensed Standalone Interim Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

(₹ crore)

Balance as at April 1, 2022	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2022	Changes in equity share capital during the period	Balance as at June 30, 2022
366	-	366	-	366

(₹ crore)

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

TATA CONSULTANCY SERVICES LIMITED
Condensed Standalone Interim Statement of Changes in Equity

B. OTHER EQUITY

(₹ crore)

	Reserves and surplus				Items of other comprehensive income			Total Equity
	Capital reserve*	Capital redemption reserve	Special Economic Zone re-investment reserve	Retained earnings	Investment revaluation reserve	Cash flow hedging reserve		
						Intrinsic value	Time value	
Balance as at April 1, 2022	-	17	7,287	68,949	580	27	(53)	76,807
Profit for the period	-	-	-	8,588	-	-	-	8,588
Other comprehensive income / (losses)	-	-	-	(67)	(446)	30	(2)	(485)
Total comprehensive income	-	-	-	8,521	(446)	30	(2)	8,103
Dividend	-	-	-	(8,050)	-	-	-	(8,050)
Transfer to Special Economic Zone re-investment reserve	-	-	1,998	(1,998)	-	-	-	-
Transfer from Special Economic Zone re-investment reserve	-	-	(1,282)	1,282	-	-	-	-
Balance as at June 30, 2022	-	17	8,003	68,704	134	57	(55)	76,860
Balance as at April 1, 2021	-	13	2,538	70,928	916	56	(27)	74,424
Profit for the period	-	-	-	8,281	-	-	-	8,281
Other comprehensive income / (losses)	-	-	-	(95)	(34)	(7)	(5)	(141)
Total comprehensive income	-	-	-	8,186	(34)	(7)	(5)	8,140
Dividend	-	-	-	(5,549)	-	-	-	(5,549)
Transfer to Special Economic Zone re-investment reserve	-	-	2,216	(2,216)	-	-	-	-
Transfer from Special Economic Zone re-investment reserve	-	-	(1,471)	1,471	-	-	-	-
Balance as at June 30, 2021	-	13	3,283	72,820	882	49	(32)	77,015

*Represents values less than ₹0.50 crore.

Loss of ₹67 crore and ₹95 crore on remeasurement of defined employee benefit plans (net of tax) is recognised as a part of retained earnings for three month periods ended June 30, 2022 and 2021, respectively.

TATA CONSULTANCY SERVICES LIMITED
Condensed Standalone Interim 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 CONDENSED STANDALONE INTERIM FINANCIAL STATEMENTS

As per our report of even date attached

For and on behalf of the Board

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

Rajesh Gopinathan
CEO and Managing Director

N Ganapathy Subramaniam
COO and Executive Director

Amit Somani
Partner
Membership No: 060154
Mumbai, July 8, 2022

Samir Seksaria
CFO
Mumbai, July 8, 2022

Pradeep Manohar Gaitonde
Company Secretary

TATA CONSULTANCY SERVICES LIMITED
Condensed Standalone Interim Statement of Cash Flows

	(₹ crore)	
	Three month period ended June 30, 2022	Three month period ended June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	8,588	8,281
Adjustments for:		
Depreciation and amortisation expense	960	809
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	8	39
Tax expense	2,812	2,739
Net gain on lease modification	-	(1)
Unrealised foreign exchange (gain) / loss	(28)	5
Net gain on disposal of property, plant and equipment	(5)	(1)
Net gain on disposal / fair valuation of investments	(23)	(14)
Interest income	(671)	(602)
Dividend income (including exchange impact)	(121)	-
Finance costs	184	120
Operating profit before working capital changes	11,704	11,375
Net change in		
Inventories	(5)	(2)
Trade receivables		
Billed	(1,755)	(747)
Unbilled	(503)	(403)
Loans and other financial assets	(747)	(606)
Other assets	(17)	6
Trade payables	2,127	549
Unearned and deferred revenue	17	(284)
Other financial liabilities	(317)	(633)
Other liabilities and provisions	188	1,361
Cash generated from operations	10,692	10,616
Taxes paid (net of refunds)	(1,798)	(1,344)
Net cash generated from operating activities	8,894	9,272
CASH FLOWS FROM INVESTING ACTIVITIES		
Bank deposits placed	-	(2,991)
Inter-corporate deposits placed	(4,780)	(3,400)
Purchase of investments	(19,903)	(9,070)
Payment for purchase of property, plant and equipment	(611)	(404)
Payment including advances for acquiring right-of-use assets	-	(1)
Payment for purchase of intangible assets	(16)	(48)
Proceeds from bank deposits	1,500	-
Proceeds from inter-corporate deposits	1,886	3,482
Proceeds from disposal / redemption of investments	18,044	8,330
Proceeds from sub-lease receivable	1	-
Proceeds from disposal of property, plant and equipment	5	1
Interest received	690	599
Dividend received from subsidiaries	121	-
Net cash used in investing activities	(3,063)	(3,502)

TATA CONSULTANCY SERVICES LIMITED
Condensed Standalone Interim Statement of Cash Flows

	(₹ crore)	
	Three month period ended June 30, 2022	Three month period ended June 30, 2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(257)	(199)
Interest paid	(177)	(120)
Dividend paid	(8,050)	(5,549)
Transfer of funds from buy-back escrow account	18	-
Tax on buy-back of equity shares	(4,192)	-
Net cash used in financing activities	(12,658)	(5,868)
Net change in cash and cash equivalents	(6,827)	(98)
Cash and cash equivalents at the beginning of the period	8,197	1,112
Exchange difference on translation of foreign currency cash and cash equivalents	15	7
Cash and cash equivalents at the end of the period	1,385	1,021
<u>Components of cash and cash equivalents</u>		
Balances with banks		
In current accounts	1,275	951
In deposit accounts	109	70
Cheques on hand	-*	-*
Cash on hand	-*	-*
Remittances in transit	1	-
	1,385	1,021

*Represents values less than ₹0.50 crore.

NOTES FORMING PART OF CONDENSED STANDALONE INTERIM FINANCIAL STATEMENTS

As per our report of even date attached

For and on behalf of the Board

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

Rajesh Gopinathan
CEO and Managing Director

N Ganapathy Subramaniam
COO and Executive Director

Amit Somani
Partner
 Membership No: 060154
 Mumbai, July 8, 2022

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, July 8, 2022

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of Condensed Standalone Interim 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 June 30, 2022, Tata Sons Private Limited, the holding company owned 72.27% of the Company’s equity share capital.

The Board of Directors approved the condensed standalone interim financial statements for the period ended June 30, 2022 and authorised for issue on July 8, 2022.

2) Statement of compliance

These condensed standalone interim financial statements have been prepared in accordance with the Indian Accounting Standard (referred to as “Ind AS”) 34 Interim Financial Reporting prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements, wherever applicable.

3) Basis of preparation

These condensed standalone interim financial statements have been prepared on historical cost basis except for certain financial instruments and defined benefit plans which are measured at fair value or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Company’s normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

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

These condensed standalone interim financial statements have been prepared in Indian Rupee (₹) which is the functional currency of the Company. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet dates and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

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

4) Use of estimates and judgements

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

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

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

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

(a) Revenue recognition

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

(b) Useful lives of property, plant and equipment

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

(c) Impairment of investments in subsidiaries

The Company reviews its carrying value of investments carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the statement of profit and loss.

(d) Fair value measurement of financial instruments

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

(e) Provision for income tax and deferred tax assets

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

(f) Provisions and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to 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 condensed standalone interim financial statements.

(g) Employee benefits

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

(h) Leases

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

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

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

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

5) Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. During three month period ended June 30, 2022, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

6) Financial assets, financial liabilities and equity instruments

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

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

Cash and cash equivalents

The Company considers all highly liquid 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.

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

Financial liabilities

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

Equity instruments

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

Derivative accounting

- **Instruments in hedging relationship**

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

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

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

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

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

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

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

(a) Investments

Investments consist of the following:

Investments – Non-current

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Investment in subsidiaries		
Fully paid equity shares (unquoted)	2,405	2,405
Investments designated at fair value through OCI		
Fully paid equity shares (unquoted)		
Taj Air Limited	19	19
Less: Impairment in value of investments	(19)	(19)
	2,405	2,405

Investments – Current

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Investments carried at fair value through profit or loss		
Mutual fund units (quoted)	3,422	884
Investments carried at fair value through OCI		
Government bonds and securities (quoted)	24,561	25,667
Corporate bonds (quoted)	1,104	1,242
Investments carried at amortised cost		
Certificate of deposits (quoted)	-	99
Commercial papers (quoted)	355	381
Treasury bills (quoted)	999	989
	30,441	29,262

Government bonds and securities includes bonds pledged with bank for credit facility and with manager to the buy-back amounting to ₹1,650 crore and ₹3,560 crore as at June 30, 2022 and March 31, 2022, respectively.

Aggregate value of quoted and unquoted investments is as follows:

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Aggregate value of quoted investments	30,441	29,262
Aggregate value of unquoted investments (net of impairment)	2,405	2,405
Aggregate market value of quoted investments	30,441	29,263
Aggregate value of impairment of investments	19	19

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

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Certificate of deposits	-	99
Commercial papers	355	381
Treasury bills	999	990

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

Carrying value of investment in equity instruments is as follows:

						(₹ crore)	
In Numbers	Currency	Face value per share	Investment in subsidiaries	As at June 30, 2022	As at March 31, 2022		
Fully paid equity shares (unquoted)							
212,27,83,424	UYU	1	TCS Iberoamerica SA	461	461		
15,75,300	INR	10	APTOnline Limited	-	-		
1,300	EUR	-	Tata Consultancy Services Belgium	1	1		
66,000	EUR	1,000	Tata Consultancy Services Netherlands BV	403	403		
1,000	SEK	100	Tata Consultancy Services Sverige AB	19	19		
1	EUR	-	Tata Consultancy Services Deutschland GmbH	2	2		
20,000	USD	10	Tata America International Corporation	453	453		
75,82,820	SGD	1	Tata Consultancy Services Asia Pacific Pte Ltd.	19	19		
3,72,58,815	AUD	1	TCS FNS Pty Limited	212	212		
10,00,001	GBP	1	Diligenta Limited	429	429		
1,000	USD	-	Tata Consultancy Services Canada Inc.	-*	-*		
100	CAD	70,653.61	Tata Consultancy Services Canada Inc.	31	31		
51,00,000	INR	10	C-Edge Technologies Limited	5	5		
8,90,000	INR	10	MP Online Limited	1	1		
1,40,00,000	ZAR	1	Tata Consultancy Services (Africa) (PTY) Ltd.	66	66		
18,89,005	INR	10	MahaOnline Limited	2	2		
-	QAR	-	Tata Consultancy Services Qatar L.L.C.	2	2		
10,00,000	INR	100	TCS e-Serve International Limited	10	10		
1,00,500	GBP	0.00001	Tata Consultancy Services UK Limited	66	66		
2,50,00,000	EUR	1	Tata Consultancy Services Ireland Limited	224	224		
10,00,000	INR	10	TCS Foundation	-	-		
				2,405	2,405		

						(₹ crore)	
In Numbers	Currency	Face value per share	Equity instruments designated at fair value through OCI	As at June 30, 2022	As at March 31, 2022		
Fully paid equity shares (unquoted)							
1,90,00,000	INR	10	Taj Air Limited	19	19		
Less : Impairment in value of investments				(19)	(19)		
				-	-		

*Represents value less than ₹0.50 crore.

(b) Trade receivables - Billed

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

Trade receivables - Billed – Non-current

			(₹ crore)	
	As at June 30, 2022	As at March 31, 2022		
Trade receivables - Billed	895	932		
Less: Allowance for doubtful trade receivables - Billed	(843)	(842)		
Considered good	52	90		

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

Trade receivables - Billed – Current

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Trade receivables - Billed	31,726	30,010
Less: Allowance for doubtful trade receivables - Billed	(90)	(173)
Considered good	31,636	29,837
Trade receivables - Billed	215	137
Less: Allowance for doubtful trade receivables - Billed	(215)	(122)
Credit impaired	-	15
	31,636	29,852

(c) Cash and cash equivalents

Cash and cash equivalents consist of the following:

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Balances with banks		
In current accounts	1,275	809
In deposit accounts	109	7,388
Cheques on hand	-*	-*
Cash on hand	-*	-*
Remittances in transit	1	-*
	1,385	8,197

*Represents value less than ₹0.50 crore.

(d) Other balances with banks

Other balances with banks consist of the following:

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Earmarked balances with banks	1,026	195
Short-term bank deposits	3,800	5,300
	4,826	5,495

Earmarked balances with banks primarily relate to margin money for purchase of investments, margin money for derivative contracts, tax deducted at source on dividend paid and unclaimed dividends.

(e) Loans

Loans (unsecured) consist of the following:

Loans – Non-current

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Considered good		
Loans and advances to employees	-	8
	-	8

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

Loans – Current

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Considered good		
Inter-corporate deposits	8,280	5,386
Loans and advances to employees	322	267
Credit impaired		
Loans and advances to employees	19	22
Less: Allowance on loans and advances to employees	(19)	(22)
	8,602	5,653

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

(f) Other financial assets

Other financial assets consist of the following:

Other financial assets – Non-current

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Security deposits	611	613
Others	13	13
	624	626

Other financial assets – Current

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Security deposits	164	161
Fair value of foreign exchange derivative assets	294	388
Interest receivable	587	597
Others	255	286
	1,300	1,432

(g) Other financial liabilities

Other financial liabilities consist of the following:

Other financial liabilities – Non-current

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Capital creditors	293	289
Others	228	229
	521	518

Others include advance taxes paid of ₹226 crore and ₹226 crore as at June 30, 2022 and March 31, 2022, respectively, by the seller of TCS e-Serve Limited (merged with the Company) which, on refund by tax authorities is payable to the seller.

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

Other financial liabilities – Current

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Accrued payroll	3,191	3,914
Unclaimed dividends	51	46
Fair value of foreign exchange derivative liabilities	508	128
Capital creditors	646	723
Liabilities towards customer contracts	966	972
Others	52	43
	5,414	5,826

(h) Financial instruments by category

The carrying value of financial instruments by categories as at June 30, 2022 is as follows:

	(₹ crore)					
	Fair value through profit or loss	Fair value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total carrying value
Financial assets						
Cash and cash equivalents	-	-	-	-	1,385	1,385
Bank deposits	-	-	-	-	3,800	3,800
Earmarked balances with banks	-	-	-	-	1,026	1,026
Investments (other than in subsidiary)	3,422	25,665	-	-	1,354	30,441
Trade receivables						
Billed	-	-	-	-	31,688	31,688
Unbilled	-	-	-	-	6,806	6,806
Loans	-	-	-	-	8,602	8,602
Other financial assets	-	-	137	157	1,630	1,924
	3,422	25,665	137	157	56,291	85,672
Financial liabilities						
Trade payables	-	-	-	-	12,209	12,209
Lease liabilities	-	-	-	-	5,811	5,811
Other financial liabilities	-	-	-	508	5,427	5,935
	-	-	-	508	23,447	23,955

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

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

						(₹ crore)
	Fair value through profit or loss	Fair value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total carrying value
Financial assets						
Cash and cash equivalents	-	-	-	-	8,197	8,197
Bank deposits	-	-	-	-	5,300	5,300
Earmarked balances with banks	-	-	-	-	195	195
Investments (other than in subsidiary)	884	26,909	-	-	1,469	29,262
Trade receivables						
Billed	-	-	-	-	29,942	29,942
Unbilled	-	-	-	-	6,303	6,303
Loans	-	-	-	-	5,661	5,661
Other financial assets	-	-	124	264	1,670	2,058
	884	26,909	124	264	58,737	86,918
Financial liabilities						
Trade payables	-	-	-	-	10,082	10,082
Lease liabilities	-	-	-	-	5,855	5,855
Other financial liabilities	-	-	22	106	6,216	6,344
	-	-	22	106	22,153	22,281

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade payables as at June 30, 2022 and March 31, 2022, approximate the fair value due to their nature. Carrying amounts of bank deposits, earmarked balances with banks, other financial assets and other financial liabilities which are subsequently measured at amortised cost also approximate the fair value due to their nature in each of the periods presented. Fair value measurement of lease liabilities is not required. Fair value of investments carried at amortised cost is ₹1,354 crore and ₹1,470 crore as at June 30, 2022 and March 31, 2022, respectively.

(i) Fair value hierarchy

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

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The cost of unquoted investments included in Level 3 of fair value hierarchy approximate their fair value because there is a wide range of possible fair value measurements and the cost represents estimate of fair value within that range.

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

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 June 30, 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual fund units	3,422	-	-	3,422
Equity shares	-	-	-	-
Government bonds and securities	24,561	-	-	24,561
Corporate bonds	1,104	-	-	1,104
Commercial papers	355	-	-	355
Treasury bills	999	-	-	999
Fair value of foreign exchange derivative assets	-	294	-	294
	30,441	294	-	30,735
Financial liabilities				
Fair value of foreign exchange derivative liabilities	-	508	-	508
	-	508	-	508
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
Certificate of deposits	99	-	-	99
Commercial papers	381	-	-	381
Treasury bills	990	-	-	990
Fair value of foreign exchange derivative assets	-	388	-	388
	29,263	388	-	29,651
Financial liabilities				
Fair value of foreign exchange derivative liabilities	-	128	-	128
	-	128	-	128

(j) Derivative financial instruments and hedging activity

The Company's revenue is denominated in various foreign currencies. Given the nature of the business, a large portion of the costs are denominated in Indian Rupee. This exposes the Company to currency fluctuations.

The Board of Directors 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.

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

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

Foreign currency	As at June 30, 2022			As at March 31, 2022		
	No. of contracts	Notional amount of contracts (In million)	Fair value (₹ crore)	No. of contracts	Notional amount of contracts (In million)	Fair value (₹ crore)
US Dollar	55	1,360	10	63	1,635	44
Great Britain Pound	60	390	96	41	338	55
Euro	58	383	31	53	382	25
Australian Dollar	-	-	-	30	202	(21)
Canadian Dollar	-	-	-	25	137	(1)

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

	(₹ crore)			
	Three month period ended June 30, 2022		Year ended March 31, 2022	
	Intrinsic value	Time value	Intrinsic value	Time value
Balance at the beginning of the period	27	(53)	56	(27)
(Gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	(191)	135	(636)	525
Deferred tax on (gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	46	(63)	139	(122)
Change in the fair value of effective portion of cash flow hedges	230	(138)	599	(559)
Deferred tax on change in the fair value of effective portion of cash flow hedges	(55)	64	(131)	130
Balance at the end of the period	57	(55)	27	(53)

The Company has entered into derivative instruments not in hedging relationship by way of foreign exchange forward, currency options and futures contracts. As at June 30, 2022 and March 31, 2022, the notional amount of outstanding contracts aggregated to ₹48,129 crore and ₹46,392 crore, respectively, and the respective fair value of these contracts have a net loss of ₹351 crore and gain of ₹158 crore.

Exchange loss of ₹402 crore and ₹15 crore on foreign exchange forward, currency options and futures contracts that do not qualify for hedge accounting have been recognised in the condensed standalone interim statement of profit and loss for three month periods ended June 30, 2022 and 2021, respectively.

Net foreign exchange gain / (loss) include gain of ₹56 crore and loss of ₹95 crore transferred from cash flow hedging reserve for three month periods ended June 30, 2022 and 2021, respectively.

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

(k) Equity instruments

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

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Authorised		
460,05,00,000 equity shares of ₹1 each	460	460
(March 31, 2022: 460,05,00,000 equity shares of ₹1 each)		
105,02,50,000 preference shares of ₹1 each	105	105
(March 31, 2022: 105,02,50,000 preference shares of ₹1 each)		
	565	565
Issued, Subscribed and Fully paid up		
365,90,51,373 equity shares of ₹1 each	366	366
(March 31, 2022: 365,90,51,373 equity shares of ₹1 each)		
	366	366

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

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

7) Leases

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

Company as a lessee

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

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

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for 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

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

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 three month period ended June 30, 2022	Net carrying amount as at June 30, 2022
Leasehold land	-	772
Buildings	230	4,834
Leasehold improvement	-	3
Computer equipment	-	62
Software licences	-	124
Vehicles	-	-*
	230	5,795

	(₹ 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.

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

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

	(₹ crore)	
	Three month period ended June 30, 2022	Three month period ended June 30, 2021
Leasehold land	2	2
Buildings	256	242
Leasehold improvement	1	1
Computer equipment	4	4
Software licences	9	9
Vehicles	-*	-*
	272	258

*Represents value less than ₹0.50 crore.

Interest on lease liabilities is ₹105 crore and ₹117 crore for three month periods ended June 30, 2022 and 2021, respectively.

8) Non-financial assets and non-financial liabilities

(a) Property, plant and equipment

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

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

The estimated useful lives are as mentioned below:

Type of asset	Useful lives
Buildings	20 years
Leasehold improvements	Lease term
Plant and equipment	10 years
Computer equipment	4 years
Vehicles	4 years
Office equipment	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.

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

Property, plant and equipment consist of the following:

(₹ crore)									
Freehold land	Buildings	Leasehold improvements	Plant and equipment	Computer equipment	Vehicles	Office equipment	Electrical installations	Furniture and fixtures	Total
323	7,737	1,885	752	9,925	35	2,395	1,872	1,512	26,436
-	-	15	4	399	-	38	4	4	464
-	-	(1)	-	(101)	-	(11)	-	(1)	(114)
323	7,737	1,899	756	10,223	35	2,422	1,876	1,515	26,786
-	(3,286)	(1,221)	(366)	(7,061)	(33)	(2,085)	(1,367)	(1,348)	(16,767)
-	(97)	(32)	(19)	(329)	(1)	(44)	(33)	(22)	(577)
-	-	1	-	101	-	11	-	1	114
-	(3,383)	(1,252)	(385)	(7,289)	(34)	(2,118)	(1,400)	(1,369)	(17,230)
323	4,354	647	371	2,934	1	304	476	146	9,556
									1,219
									10,775

*₹464 crore has been capitalised and transferred to property, plant and equipment during three month period ended June 30, 2022.

(₹ crore)									
Freehold land	Buildings	Leasehold improvements	Plant and equipment	Computer equipment	Vehicles	Office equipment	Electrical installations	Furniture and fixtures	Total
323	7,688	1,817	718	8,781	36	2,302	1,883	1,509	25,057
-	51	86	35	1,606	-	160	33	41	2,012
-	(2)	(18)	(1)	(462)	(1)	(67)	(44)	(38)	(633)
323	7,737	1,885	752	9,925	35	2,395	1,872	1,512	26,436
-	(2,897)	(1,108)	(293)	(6,349)	(31)	(2,001)	(1,270)	(1,287)	(15,236)
-	(391)	(131)	(73)	(1,172)	(3)	(151)	(140)	(99)	(2,160)
-	2	18	-	460	1	67	43	38	629
-	(3,286)	(1,221)	(366)	(7,061)	(33)	(2,085)	(1,367)	(1,348)	(16,767)
323	4,451	664	386	2,864	2	310	505	164	9,669
									1,146
									10,815

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

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

(b) Intangible assets

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

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

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

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

Intangible assets consist of the following:

	(₹ crore)
	Rights under licensing agreement and software licences
Cost as at April 1, 2022	1,530
Additions	16
Disposals / Derecognised	(42)
Cost as at June 30, 2022	1,504
Accumulated amortisation as at April 1, 2022	(512)
Amortisation	(111)
Disposals / Derecognised	42
Accumulated amortisation as at June 30, 2022	(581)
Net carrying amount as at June 30, 2022	923
	(₹ crore)
	Rights under licensing agreement and software licences
Cost as at April 1, 2021	580
Additions	961
Disposals / Derecognised	(11)
Cost as at March 31, 2022	1,530
Accumulated amortisation as at April 1, 2021	(218)
Amortisation	(305)
Disposals / Derecognised	11
Accumulated amortisation as at March 31, 2022	(512)
Net carrying amount as at March 31, 2022	1,018

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

(c) Other assets

Other assets consist of the following:

Other assets – Non-current

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Considered good		
Capital advances	77	75
Advances to related parties	16	23
Contract assets	127	136
Prepaid expenses	1,139	1,197
Contract fulfillment costs	57	81
Others	283	285
	1,699	1,797
Advances to related parties, considered good, comprise:		
Voltas Limited	_*	_*
Tata Realty and Infrastructure Ltd	_*	_*
Tata Projects Limited	16	23
Titan Engineering and Automation Limited	-	_*

*Represents value less than ₹0.50 crore.

Other assets – Current

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Considered good		
Advance to suppliers	98	117
Advance to related parties	17	8
Contract assets	4,000	3,334
Prepaid expenses	1,970	2,735
Prepaid rent	6	7
Contract fulfillment costs	701	616
Indirect taxes recoverable	974	1,001
Others	282	214
Considered doubtful		
Advance to suppliers	2	2
Other advances	3	2
Less: Allowance on doubtful assets	(5)	(4)
	8,048	8,032
Advance to related parties, considered good comprise:		
Tata Consultancy Services De Mexico S.A.,De C.V.	2	-
Tata AIG General Insurance Company Limited	_*	1
Tata Sons Private Limited	7	7
Tata Consultancy Services Deutschland GmbH	4	-
Tata Consultancy Services Canada Inc.	4	-

Non-current – Others includes advance of ₹271 crore and ₹271 crore towards acquiring right-of-use of leasehold land as at June 30, 2022 and March 31, 2022, respectively.

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

(d) Inventories

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

Inventories consist of the following:

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Raw materials, sub-assemblies and components	24	16
Finished goods and work-in-progress	-*	3
	24	19

*Represents value less than ₹0.50 crore.

(e) Other liabilities

Other liabilities consist of the following:

Other liabilities – Current

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Advance received from customers	414	473
Indirect taxes payable and other statutory liabilities	3,540	2,271
Tax liability on buy-back of equity shares	-	4,192
Others	135	97
	4,089	7,033

(f) Provisions

Provisions consist of the following:

Provisions – Current

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Provision towards legal claim (Refer note 17)	197	1,249
Provision for foreseeable loss	89	125
Other provisions	4	3
	290	1,377

9) Revenue recognition

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

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

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight-lined over the period of performance.

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

- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

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

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

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

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

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

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

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

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

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

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

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

Revenue disaggregation by nature of services is as follows:

	(₹ crore)	
	Three month period ended June 30, 2022	Three month period ended June 30, 2021
Consultancy services	44,320	37,449
Sale of equipment and software licences	160	273
	44,480	37,722

Revenue disaggregation by industry vertical is as follows:

	(₹ crore)	
	Three month period ended June 30, 2022	Three month period ended June 30, 2021
Banking, Financial Services and Insurance	16,036	14,050
Manufacturing	3,977	3,396
Retail and Consumer Business	7,828	6,287
Communication, Media and Technology	7,949	6,703
Life Sciences and Healthcare	5,168	4,287
Others	3,522	2,999
	44,480	37,722

Revenue disaggregation by geography is as follows:

	(₹ crore)	
	Three month period ended June 30, 2022	Three month period ended June 30, 2021
Americas		
North America	26,317	20,907
Latin America	89	71
Europe		
United Kingdom	7,201	6,664
Continental Europe	4,611	4,382
Asia Pacific	2,887	2,801
India	2,451	2,030
Middle East and Africa	924	867
	44,480	37,722

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

10) Other income

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

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

Other income consist of the following:

	(₹ crore)	
	Three month period ended June 30, 2022	Three month period ended June 30, 2021
Interest income	671	602
Dividend income	116	-
Net gain on disposal / fair valuation of investments carried at fair value through profit or loss	23	14
Net gain on disposal of property, plant and equipment	5	1
Net gain on lease modification	-	1
Net foreign exchange gain / (loss)	(121)	120
Rent income	5	5
Other income	16	13
	715	756
Interest income comprise:		
Interest on bank balances and bank deposits	88	44
Interest on financial assets carried at amortised cost	113	124
Interest on financial assets carried at fair value through OCI	470	434
Dividend income comprise:		
Dividend from subsidiaries	116	-

11) Employee benefits

Defined benefit plans

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

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

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

Defined contribution plans

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

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

Short-term employee benefits

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

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

Compensated absences

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

Employee benefit expenses consist of the following:

	(₹ crore)	
	Three month period ended June 30, 2022	Three month period ended June 30, 2021
Salaries, incentives and allowances	20,769	17,293
Contributions to provident and other funds	1,563	1,385
Staff welfare expenses	639	534
	22,971	19,212

Employee benefit obligations consist of the following:

Employee benefit obligations – Non-current

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Foreign defined benefit plans	28	25
Other employee benefit obligations	76	78
	104	103

Employee benefit obligations – Current

	(₹ crore)	
	As at June 30, 2022	As at March 31, 2022
Compensated absences	2,832	2,802
Other employee benefit obligations	36	42
	2,868	2,844

12) Cost recognition

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

The costs of the Company are broadly categorised in employee benefit expenses, cost of equipment and software licences, depreciation and amortisation expense and other expenses. Other expenses mainly include fees to external consultants, facility expenses, travel expenses, communication expenses, bad debts and advances written off, allowance for doubtful trade receivables and advances (net) and other expenses. Other expenses are aggregation of costs which are individually not material such as commission and brokerage, recruitment and training, entertainment, etc.

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

(a) Cost of equipment and software licences

Cost of equipment and software licences consist of the following:

	(₹ crore)	
	Three month period ended June 30, 2022	Three month period ended June 30, 2021
Raw materials, sub-assemblies and components consumed	3	7
Equipment and software licences purchased	113	220
	116	227
Finished goods and work-in-progress		
Opening stock	3	-*
Less: Closing stock	-*	3
	3	(3)
	119	224

*Represents value less than ₹0.50 crore.

(b) Other expenses

Other expenses consist of the following:

	(₹ crore)	
	Three month period ended June 30, 2022	Three month period ended June 30, 2021
Fees to external consultants	6,025	4,243
Facility expenses	495	410
Travel expenses	439	315
Communication expenses	336	334
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	8	39
Other expenses	2,258	1,752
	9,561	7,093

Other expenses include ₹1,044 crore and ₹851 crore for the three month periods ended June 30, 2022 and 2021, respectively, towards sales, marketing and advertisement expenses.

13) Finance costs

Finance costs consist of the following:

	(₹ crore)	
	Three month period ended June 30, 2022	Three month period ended June 30, 2021
Interest on lease liabilities	105	117
Interest on tax matters	2	2
Other interest costs	77	1
	184	120

14) Income taxes

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

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

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.

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

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Direct tax contingencies

The Company has ongoing disputes with income tax authorities 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 ₹1,494 crore and ₹1,616 crore as at June 30, 2022 and March 31, 2022, respectively. These demand orders are being contested by the Company based on the management evaluation and advice of tax consultants. In respect of tax contingencies of ₹318 crore and ₹318 crore as at June 30, 2022 and March 31, 2022, 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.

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

15) Earnings per share

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

	Three month period ended June 30, 2022	Three month period ended June 30, 2021
Profit for the period (₹ crore)	8,588	8,281
Weighted average number of equity shares	365,90,51,373	369,90,51,373
Basic and diluted earnings per share (₹)	23.47	22.39
Face value per equity share (₹)	1	1

16) Segment information

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

17) Commitments and contingencies

Capital commitments

The Company has contractually committed (net of advances) ₹1,372 crore and ₹1,315 crore as at June 30, 2022 and March 31, 2022, respectively, for purchase of property, plant and equipment.

Contingencies

• **Direct tax matters**

Refer note 14.

• **Indirect tax matters**

The Company has ongoing disputes with tax authorities mainly relating to treatment of characterisation and classification of certain items. The Company has demands amounting to ₹500 crore and ₹500 crore as at June 30, 2022 and March 31, 2022, 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 ₹239 crore and ₹235 crore as at June 30, 2022 and March 31, 2022, respectively, against the Company have not been acknowledged as debts.

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

In April 2016, the Company received an unfavourable jury verdict awarding damages of ₹7,421 crore (US \$940 million) to Epic which was thereafter reduced by the Trial Court to ₹3,316 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 ₹789 crore (US \$100 million) award and ₹1,579 crore (US \$200 million) in punitive damages.

On August 20, 2020, the Appeals Court (a) vacated the award of ₹2,211 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 ₹1,105 crore (US \$140 million), (b) affirmed the District Court's decision vacating the jury's award of ₹789 crore (US \$100 million) in compensatory damages for alleged use of "other confidential information" by the Company, and,

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

(c) affirmed the District Court's decision upholding the jury's award of ₹1,105 crore (US \$140 million) in compensatory damages for use of the comparative analysis by the Company. Considering all the facts and various legal precedence, on a conservative and prudent basis, the Company provided ₹1,218 crore (US \$165 million) towards this legal claim in its statement of profit and loss for three month period ended September 30, 2020. This was presented as an "exceptional item" in the standalone statement of profit and loss. On April 8, 2021, Epic approached the Supreme Court seeking review of the Order of the Appeals Court which was denied by the Supreme Court on March 21, 2022.

On July 1, 2022, the District Court passed an Order affirming the punitive damages at ₹1,105 crore (US \$140 million). The Company, on receipt of the judgement, will be filing an appeal in the Appeals Court to reduce the punitive damages awarded by the District Court and accordingly, has not made any additional provision.

On April 21, 2022, Epic invoked payment of ₹1,105 crore (US \$140 million) out of ₹3,474 crore (US \$440 million) Letter of Credit provided as security towards, compensatory damages awarded by the District Court and confirmed by the Appeals Court, already provided for in the earlier years. The value of Letter of Credit made available to Epic stands reduced to ₹2,368 crore (US \$300 million).

- **Guarantees and letter of comfort**

The Company has given letter of comfort to banks for credit facilities availed by its subsidiaries. As per the terms of letter of comfort, the Company undertakes not to divest its ownership interest directly or indirectly in the subsidiary and provide such managerial, technical and financial assistance to ensure continued successful operations of the subsidiary.

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

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

18) Related party transactions

The Company paid an amount of ₹5,817 crore to Tata Sons Private Limited, the holding company, towards final dividend for the year ended March 31, 2022, as approved by the shareholders in the Annual General Meeting.

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

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

20) Dividend

The Board of Directors at its meeting held on July 8, 2022, has declared an interim dividend of ₹8.00 per equity share.

As per our report of even date attached

For and on behalf of the Board

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

Rajesh Gopinathan
CEO and Managing Director

N Ganapathy Subramaniam
COO and Executive Director

Amit Somani
Partner
Membership No: 060154
Mumbai, July 8, 2022

Samir Seksaria
CFO
Mumbai, July 8, 2022

Pradeep Manohar Gaitonde
Company Secretary