

Consolidated Balance Sheet

| (₹ crore) | | | |
|---------------------------------|-------------------------|-------------------------|---------------|
| Note | As at March 31, 2022 | As at March 31, 2021 | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 10(a) | 10,774 | 11,110 |
| Capital work-in-progress | 10(a) | 1,205 | 926 |
| Right-of-use assets | 9 | 7,636 | 7,633 |
| Goodwill | 10(b) | 1,787 | 1,798 |
| Other intangible assets | 10(c) | 1,101 | 480 |
| Financial assets | | | |
| Investments | 8(a) | 223 | 213 |
| Trade receivables | | | |
| Billed | 8(b) | 145 | 55 |
| Unbilled | | 55 | 273 |
| Loans | 8(e) | 311 | 29 |
| Other financial assets | 8(f) | 2,253 | 1,573 |
| Income tax assets (net) | | 1,983 | 1,845 |
| Deferred tax assets (net) | 17 | 3,708 | 3,931 |
| Other assets | 10(d) | 2,023 | 1,613 |
| Total non-current assets | | 33,204 | 31,479 |
| Current assets | | | |
| Inventories | 10(e) | 20 | 8 |
| Financial assets | | | |
| Investments | 8(a) | 30,262 | 29,160 |

| (₹ crore) | | | |
|---|-------------------------|-------------------------|-----------------|
| Note | As at March 31, 2022 | As at March 31, 2021 | |
| Trade receivables | | | |
| Billed | 8(b) | 34,074 | 30,079 |
| Unbilled | | 7,736 | 6,583 |
| Cash and cash equivalents | 8(c) | 12,488 | 6,858 |
| Other balances with banks | 8(d) | 5,733 | 2,471 |
| Loans | 8(e) | 6,445 | 11,472 |
| Other financial assets | 8(f) | 1,390 | 1,394 |
| Income tax assets (net) | | 11 | 19 |
| Other assets | 10(d) | 10,151 | 11,236 |
| Total current assets | | 1,08,310 | 99,280 |
| TOTAL ASSETS | | 1,41,514 | 1,30,759 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 8(m) | 366 | 370 |
| Other equity | 11 | 88,773 | 86,063 |
| Equity attributable to shareholders of the Company | | 89,139 | 86,433 |
| Non-controlling interests | | 707 | 675 |
| Total equity | | 89,846 | 87,108 |

Consolidated Balance Sheet

| | | (₹ crore) | |
|--------------------------------------|-------------------------|-------------------------|--|
| Note | As at March 31, 2022 | As at March 31, 2021 | |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Lease liabilities | 6,368 | 6,503 | |
| Other financial liabilities | 8(h) 572 | 280 | |
| Employee benefit obligations | 14 677 | 749 | |
| Deferred tax liabilities (net) | 17 590 | 767 | |
| Unearned and deferred revenue | 1,110 | 1,197 | |
| Total non-current liabilities | 9,317 | 9,496 | |
| Current liabilities | | | |
| Financial liabilities | | | |
| Lease liabilities | 1,450 | 1,292 | |
| Trade payables | 8(g) 8,045 | 7,860 | |
| Other financial liabilities | 8(h) 7,687 | 6,150 | |
| Unearned and deferred revenue | 3,635 | 3,650 | |
| Other liabilities | 10(f) 8,392 | 4,068 | |
| Provisions | 10(g) 1,411 | 1,394 | |
| Employee benefit obligations | 14 3,810 | 3,498 | |
| Income tax liabilities (net) | 7,921 | 6,243 | |
| Total current liabilities | 42,351 | 34,155 | |
| TOTAL EQUITY AND LIABILITIES | 1,41,514 | 1,30,759 | |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

As per our report of even date attached

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

Chartered Accountants

Firm's registration no:

101248W/W-100022

Amit Somani

Partner

Membership No: 060154

Mumbai, April 11, 2022

For and on behalf of the Board

Rajesh Gopinathan

CEO and

Managing Director

N Ganapathy Subramaniam

COO and Executive Director

Samir Seksaria

CFO

Pradeep Manohar Gaitonde

Company Secretary

Mumbai, April 11, 2022

Consolidated Statement of Profit and Loss

| | | (₹ crore) | |
|---|-------|------------------------------|------------------------------|
| | Note | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Revenue from operations | 12 | 1,91,754 | 1,64,177 |
| Other income | 13 | 4,018 | 3,134 |
| TOTAL INCOME | | 1,95,772 | 1,67,311 |
| Expenses | | | |
| Employee benefit expenses | 14 | 1,07,554 | 91,814 |
| Cost of equipment and software licences | 15(a) | 1,163 | 1,462 |
| Finance costs | 16 | 784 | 637 |
| Depreciation and amortisation expense | | 4,604 | 4,065 |
| Other expenses | 15(b) | 29,980 | 24,355 |
| TOTAL EXPENSES | | 1,44,085 | 1,22,333 |
| PROFIT BEFORE EXCEPTIONAL ITEM AND TAX | | 51,687 | 44,978 |
| Exceptional item | | | |
| Provision towards legal claim | 20 | - | 1,218 |
| PROFIT BEFORE TAX | | 51,687 | 43,760 |
| Tax expense | | | |
| Current tax | 17 | 13,654 | 11,635 |
| Deferred tax | 17 | (416) | (437) |
| TOTAL TAX EXPENSE | | 13,238 | 11,198 |
| PROFIT FOR THE YEAR | | 38,449 | 32,562 |

| | | (₹ crore) | |
|---|------|------------------------------|------------------------------|
| | Note | Year ended March 31, 2022 | Year ended March 31, 2021 |
| OTHER COMPREHENSIVE INCOME (OCI) | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Remeasurement of defined employee benefit plans | | 261 | (82) |
| Net change in fair values of investments in equity shares carried at fair value through OCI | | (4) | (2) |
| Income tax on items that will not be reclassified subsequently to profit or loss | | 19 | 11 |
| 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 |
| Exchange differences on translation of financial statements of foreign operations | | 20 | 448 |
| Income tax on items that will be reclassified subsequently to profit or loss | | 196 | (32) |
| TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES) | | (95) | 461 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 38,354 | 33,023 |

Consolidated Statement of Profit and Loss

| | | (₹ crore) | |
|---|--|------------------------------|------------------------------|
| Note | | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Profit for the year attributable to: | | | |
| | Shareholders of the Company | 38,327 | 32,430 |
| | Non-controlling interests | 122 | 132 |
| | | 38,449 | 32,562 |
| Other comprehensive income for the year attributable to: | | | |
| | Shareholders of the Company | (63) | 484 |
| | Non-controlling interests | (32) | (23) |
| | | (95) | 461 |
| Total comprehensive income for the year attributable to: | | | |
| | Shareholders of the Company | 38,264 | 32,914 |
| | Non-controlling interests | 90 | 109 |
| | | 38,354 | 33,023 |
| Earnings per equity share:- Basic and diluted (₹) | | | |
| 18 | | 103.62 | 86.71 |
| | Weighted average number of equity shares | 369,88,32,195 | 374,01,10,733 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

As per our report of even date attached

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

Chartered Accountants

Firm's registration no:

101248W/W-100022

Amit Somani

Partner

Membership No: 060154

Mumbai, April 11, 2022

For and on behalf of the Board

Rajesh Gopinathan

CEO and

Managing Director

N Ganapathy Subramaniam

COO and Executive Director

Samir Seksaria

CFO

Pradeep Manohar Gaitonde

Company Secretary

Mumbai, April 11, 2022

Consolidated 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 8(m).

B. OTHER EQUITY

(₹ crore)

| | Reserves and surplus | | | | | | Items of other comprehensive income | | | | Equity attributable to shareholders of the Company | Non-controlling interests | Total equity |
|---|----------------------|----------------------------|-----------------|---|-------------------|-------------------|-------------------------------------|--|------------|--------------------------------------|--|---------------------------|--------------|
| | Capital reserve | Capital redemption reserve | General reserve | Special Economic Zone re-investment reserve | Retained earnings | Statutory reserve | Investment revaluation reserve | Cash flow hedging reserve Intrinsic value | Time value | Foreign currency translation reserve | | | |
| Balance as at April 1, 2021 | 75 | 436 | 27 | 2,538 | 79,586 | 407 | 828 | 56 | (27) | 2,137 | 86,063 | 675 | 86,738 |
| Profit for the year | - | - | - | - | 38,327 | - | - | - | - | - | 38,327 | 122 | 38,449 |
| Other comprehensive income / (losses) | - | - | - | - | 280 | - | (340) | (29) | (26) | 52 | (63) | (32) | (95) |
| Total comprehensive income | - | - | - | - | 38,607 | - | (340) | (29) | (26) | 52 | 38,264 | 90 | 38,354 |
| Dividend | - | - | - | - | (13,317) | - | - | - | - | - | (13,317) | (58) | (13,375) |
| Expenses for buy-back of equity shares ¹ | - | - | - | - | (49) | - | - | - | - | - | (49) | - | (49) |
| Tax on buy-back of equity shares ¹ | - | - | - | - | (4,192) | - | - | - | - | - | (4,192) | - | (4,192) |
| Buy-back of equity shares ¹ | - | 4 | - | - | (18,000) | - | - | - | - | - | (17,996) | - | (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 | - | - | - | - | - | - | - | - |
| Transfer to reserves | - | - | (27) | - | 272 | (245) | - | - | - | - | - | - | - |
| Balance as at March 31, 2022 | 75 | 440 | - | 7,287 | 78,158 | 162 | 488 | 27 | (53) | 2,189 | 88,773 | 707 | 89,480 |

Consolidated Statement of Changes in Equity

(₹ crore)

| | Reserves and surplus | | | | | | Items of other comprehensive income | | | | Equity attributable to shareholders of the Company | Non-controlling interests | Total equity |
|---|----------------------|----------------------------|-----------------|---|-------------------|-------------------|-------------------------------------|--|------------|--------------------------------------|--|---------------------------|--------------|
| | Capital reserve | Capital redemption reserve | General reserve | Special Economic Zone re-investment reserve | Retained earnings | Statutory reserve | Investment revaluation reserve | Cash flow hedging reserve Intrinsic value | Time value | Foreign currency translation reserve | | | |
| Balance as at April 1, 2020 | 75 | 431 | 27 | 1,594 | 78,810 | 375 | 796 | 45 | (68) | 1,666 | 83,751 | 623 | 84,374 |
| Profit for the year | - | - | - | - | 32,430 | - | - | - | - | - | 32,430 | 132 | 32,562 |
| Other comprehensive income / (losses) | - | - | - | - | (71) | - | 32 | 11 | 41 | 471 | 484 | (23) | 461 |
| Total comprehensive income | - | - | - | - | 32,359 | - | 32 | 11 | 41 | 471 | 32,914 | 109 | 33,023 |
| Dividend | - | - | - | - | (10,850) | - | - | - | - | - | (10,850) | (57) | (10,907) |
| Expenses for buy-back of equity shares ¹ | - | - | - | - | (31) | - | - | - | - | - | (31) | - | (31) |
| Tax on liability towards buy-back of equity shares ¹ | - | - | - | - | (3,726) | - | - | - | - | - | (3,726) | - | (3,726) |
| Buy-back of equity shares ¹ | - | 5 | - | - | (16,000) | - | - | - | - | - | (15,995) | - | (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 | - | - | - | - | - | - | - | - |
| Transfer to reserves | - | - | - | - | (32) | 32 | - | - | - | - | - | - | - |
| Balance as at March 31, 2021 | 75 | 436 | 27 | 2,538 | 79,586 | 407 | 828 | 56 | (27) | 2,137 | 86,063 | 675 | 86,738 |

¹Refer note 8(m).

Gain of ₹280 crore and loss of ₹71 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.

Total equity (primarily retained earnings) includes ₹1,759 crore and ₹1,366 crore as at March 31, 2022 and 2021, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

Consolidated Statement of Changes in Equity

Nature and purpose of reserves

(a) Capital reserve

The Group recognises profit and loss on purchase, sale, issue or cancellation of the Group'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) General reserve

The general reserve is a free reserve which is used from time to time to transfer profits from / to retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to statement of profit and loss.

(d) 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 Group for acquiring new assets for the purpose of its business as per the terms of section 10AA(2) of Income-tax Act, 1961.

(e) Retained earnings

This reserve represents undistributed accumulated earnings of the Group as on the balance sheet date.

(f) Statutory reserve

Statutory reserves are created to adhere to requirements of applicable laws and will be utilised in accordance with the said laws.

(g) 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.

(h) 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.

(i) Foreign currency translation reserve

The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian Rupee is recognised in other comprehensive income and is presented within equity in the foreign currency translation reserve.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

As per our report of even date attached

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

Chartered Accountants

Firm's registration no:
101248W/W-100022

Amit Somani

Partner

Membership No: 060154

Mumbai, April 11, 2022

For and on behalf of the Board

Rajesh Gopinathan

CEO and

Managing Director

N Ganapathy Subramaniam

COO and Executive Director

Samir Seksaria

CFO

Pradeep Manohar Gaitonde

Company Secretary

Mumbai, April 11, 2022

Consolidated Statement of Cash Flows

| | (₹ crore) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2022 | Year ended March 31, 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the year | 38,449 | 32,562 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 4,604 | 4,065 |
| Bad debts and advances written off, allowance for doubtful trade receivables and advances (net) | 135 | 201 |
| Provision towards legal claim (Refer note 20) | - | 1,218 |
| Tax expense | 13,238 | 11,198 |
| Net gain on lease modification | (7) | (100) |
| Net loss on sub-lease | 9 | - |
| Unrealised foreign exchange gain | (120) | (21) |
| Net gain on disposal of property, plant and equipment | (23) | (13) |
| Net gain on disposal / fair valuation of investments | (198) | (204) |
| Interest income | (2,663) | (2,504) |
| Dividend income | (4) | (8) |
| Finance costs | 784 | 637 |
| Operating profit before working capital changes | 54,204 | 47,031 |
| Net change in | | |
| Inventories | (12) | (3) |
| Trade receivables | | |
| Billed | (4,210) | 1,260 |
| Unbilled | (934) | (201) |
| Loans and other financial assets | (116) | (17) |
| Other assets | 807 | (2,805) |

| | (₹ crore) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Trade payables | 186 | (93) |
| Unearned and deferred revenue | (103) | 1,091 |
| Other financial liabilities | 1,153 | 122 |
| Other liabilities and provisions | 460 | 1,509 |
| Cash generated from operations | 51,435 | 47,894 |
| Taxes paid (net of refunds) | (11,486) | (9,092) |
| Net cash generated from operating activities | 39,949 | 38,802 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Bank deposits placed | (15,947) | (6,605) |
| Inter-corporate deposits placed | (14,619) | (21,076) |
| Purchase of investments [#] | (75,374) | (54,462) |
| Payment for purchase of property, plant and equipment | (2,483) | (2,719) |
| Payment including advances for acquiring right-of-use assets | (15) | (101) |
| Payment for purchase of intangible assets | (497) | (356) |
| Proceeds from bank deposits | 11,950 | 4,767 |
| Proceeds from inter-corporate deposits | 19,498 | 18,018 |
| Proceeds from disposal / redemption of investments [#] | 73,852 | 51,630 |
| Proceeds from sub-lease receivable | 3 | - |
| Proceeds from disposal of property, plant and equipment | 31 | 37 |
| Interest received | 2,700 | 2,730 |
| Dividend received | 4 | 8 |
| Net cash used in investing activities | (897) | (8,129) |

Consolidated Statement of Cash Flows

| | (₹ crore) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2022 | Year ended March 31, 2021 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of lease liabilities | (1,417) | (1,336) |
| Interest paid | (698) | (634) |
| Dividend paid | (13,317) | (10,850) |
| Dividend paid to non-controlling interests | (58) | (57) |
| 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 8(m)) | (49) | (31) |
| Tax on buy-back of equity shares (Refer note 8(m)) | - | (3,726) |
| Buy-back of equity shares (Refer note 8(m)) | (18,000) | (16,000) |
| Advance towards purchase of non-controlling interests | (24) | - |
| Net cash used in financing activities | (33,581) | (32,634) |
| Net change in cash and cash equivalents | 5,471 | (1,961) |
| Cash and cash equivalents at the beginning of the year | 6,858 | 8,646 |
| Exchange difference on translation of foreign currency cash and cash equivalents | 159 | 173 |
| Cash and cash equivalents at the end of the year | 12,488 | 6,858 |

| | (₹ crore) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Components of cash and cash equivalents | | |
| Balances with banks | | |
| In current accounts | 2,211 | 5,266 |
| In deposit accounts | 10,277 | 1,586 |
| Cheques on hand | -* | -* |
| Cash on hand | -* | 1 |
| Remittances in transit | -* | 5 |
| | 12,488 | 6,858 |

*Represents value less than ₹0.50 crore.

#Purchase of investments include ₹17 crore and ₹172 crore for the years ended March 31, 2022 and 2021, respectively, and proceeds from disposal / redemption of investments include ₹87 crore and ₹104 crore for the years ended March 31, 2022 and 2021, respectively, held by trusts and TCS Foundation held for specified purposes.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

As per our report of even date attached

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

Chartered Accountants

Firm's registration no:

101248W/W-100022

Amit Somani

Partner

Membership No: 060154

Mumbai, April 11, 2022

For and on behalf of the Board

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CEO and

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N Ganapathy Subramaniam

COO and Executive Director

Samir Seksaria

CFO

Pradeep Manohar Gaitonde

Company Secretary

Mumbai, April 11, 2022

Notes forming part of Consolidated Financial Statements

1) Corporate information

Tata Consultancy Services Limited ("the Company") and its subsidiaries (collectively together with employee welfare trusts referred to as "the Group") provide IT services, consulting and business solutions and have been partnering with many of the world's largest businesses in their transformation journeys. The Group 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 consolidated financial statements for the year ended March 31, 2022 and authorised for issue on April 11, 2022.

2) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind 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 consolidated 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 Group'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 Group 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 Group are segregated. The Group 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.

The functional currency of the Company and its Indian subsidiaries is the Indian Rupee (₹). The functional currency of foreign subsidiaries is the currency of the primary economic environment in which the entity operates. 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 consolidated financial statements have been discussed in the respective notes.

4) Basis of consolidation

The Company consolidates all entities which are controlled by it.

The Company establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity's returns by using its power over relevant activities of the entity.

Entities controlled by the Company are consolidated from the date control commences until the date control ceases.

The results of subsidiaries acquired, or sold, during the year are consolidated from the effective date of acquisition and up to the effective date of disposal, as appropriate.

The financial statements of the Group companies are consolidated on a line-by-line basis and all inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

Assets and liabilities of entities with functional currency other than the functional currency of the Company have been translated using exchange rates prevailing on the balance sheet date. Statement of profit and loss of such entities has been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation

reserve in the statement of changes in equity. When a foreign operation is disposed off in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to statement of profit and loss as part of the gain or loss on disposal.

5) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of consolidated 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 Group uses the following critical accounting estimates in preparation of its consolidated financial statements:

(a) Revenue recognition

Revenue for fixed-price contracts is recognised using percentage-of-completion method. The Group 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 Group 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 goodwill

The Group estimates the value-in-use of the cash generating units (CGUs) based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The discount rates used for the CGUs represent the weighted average cost of capital based on the historical market returns of comparable companies.

(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 Group 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 Group 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 Group 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 Group 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 Group 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 consolidated financial statements.

(g) Employee benefits

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

(h) Leases

The Group 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 Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group 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 Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group 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 Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group 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 Group has taken into account all the possible impacts of COVID-19 in preparation of these consolidated 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 Group has carried out this assessment based on available internal and external sources of information upto the date of approval of these consolidated financial statements and believes that the impact of COVID-19 is not material to these consolidated financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the consolidated financial statements may differ from that estimated as at the date of approval of these consolidated financial statements owing to the nature and duration of COVID-19.

6) 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:

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 Group 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 Group 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

Notes forming part of Consolidated Financial Statements

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 Group 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 Group 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 Group does not expect the amendment to have any significant impact in its financial statements.

7) Business combinations

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the consolidated statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

Purchase consideration paid in excess of the fair value of net assets acquired is recognised as goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

Business combinations arising from transfers of interests in entities that are under common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity is recorded in shareholders' equity.

8) Financial assets, financial liabilities and equity instruments

Financial assets and liabilities are recognised when the Group 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 Group 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 Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

Cash and cash equivalents

The Group 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 Group 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.

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 Group are recognised at the proceeds received net of direct issue cost.

Derivative accounting

- **Instruments in hedging relationship**

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

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and is recognised in statement of profit and loss when the forecasted transaction ultimately affects 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 Group 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 Group 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 Group 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 Group 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 Consolidated Financial Statements

(a) Investments

Investments consist of the following:

Investments – Non-current

| | (₹ crore) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Investments designated at fair value through OCI | | |
| Fully paid equity shares (unquoted) | | |
| Mozido LLC | 76 | 73 |
| FCM LLC | 57 | 55 |
| Taj Air Limited | 19 | 19 |
| Philippine Dealing System Holdings Corporation | 7 | 7 |
| Less: Impairment in value of investments | (123) | (116) |
| Investments carried at amortised cost | | |
| Government bonds and securities (quoted) | 187 | 165 |
| Corporate bonds (quoted) | - | 10 |
| | 223 | 213 |

Investments – Non-current includes ₹187 crore and ₹175 crore as at March 31, 2022 and 2021, respectively, pertains to trusts held for specified purposes.

Investments – Current

| | (₹ crore) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Investments carried at fair value through profit or loss | | |
| Mutual fund units (quoted) | 1,874 | 4,904 |
| Investments carried at fair value through OCI | | |
| Government bonds and securities (quoted) | 25,667 | 23,670 |
| Corporate bonds (quoted) | 1,242 | 450 |
| Investments carried at amortised cost | | |
| Certificate of deposits (quoted) | 99 | - |
| Corporate bonds (quoted) | 10 | - |
| Commercial papers (quoted) | 381 | 136 |
| Treasury bills (quoted) | 989 | - |
| | 30,262 | 29,160 |

Investments – Current includes ₹100 crore and ₹166 crore as at March 31, 2022 and 2021, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

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.

Notes forming part of Consolidated Financial Statements

Aggregate value of quoted and unquoted investments is as follows:

| | (₹ crore) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Aggregate value of quoted investments | 30,449 | 29,335 |
| Aggregate value of unquoted investments (net of impairment) | 36 | 38 |
| Aggregate market value of quoted investments | 30,455 | 29,356 |
| Aggregate value of impairment of investments | 123 | 116 |

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

| | (₹ crore) | |
|---------------------------------|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Government bonds and securities | 192 | 186 |
| Certificate of deposits | 99 | - |
| Corporate bonds | 10 | 10 |
| Commercial papers | 381 | 136 |
| Treasury bills | 990 | - |

Equity instruments designated at fair value through OCI are as follows:

| | | | | | (₹ crore) | |
|-------------|----------|-------------------------|--|-------------------------|-------------------------|--|
| In Numbers | Currency | Face value per share | Equity instruments designated at fair value through OCI | As at March 31, 2022 | As at March 31, 2021 | |
| | | | Fully paid equity shares (unquoted) | | | |
| 1,00,00,000 | USD | 1 | Mozido LLC | 76 | 73 | |
| 15 | USD | 5,00,000 | FCM LLC | 57 | 55 | |
| 1,90,00,000 | INR | 10 | Taj Air Limited | 19 | 19 | |
| 5,00,000 | PHP | 100 | Philippine Dealing System Holdings Corporation | 7 | 7 | |
| | | | Less: Impairment in value of investments | (123) | (116) | |
| | | | | <u>36</u> | <u>38</u> | |

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 | 828 | 796 |
| Net loss arising on revaluation of financial assets carried at fair value | (4) | (2) |
| 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 | 488 | 828 |

(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 | 1,013 | 787 |
| Less: Allowance for doubtful trade receivables - Billed | (868) | (732) |
| Considered good | 145 | 55 |

Notes forming part of Consolidated Financial Statements

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 | 123 | 247 | 615 | 997 |
| 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 | - | - | - | - | - | - | - |
| | - | - | 12 | 123 | 247 | 631 | 1,013 (868) |
| Less: Allowance for doubtful trade receivables - Billed | | | | | | | 145 |
| Trade receivables - Unbilled | | | | | | | 55 |
| | | | | | | | 200 |

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 | | | | | 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 | - | - | 16 | 154 | 86 | 515 | 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 | - | - | - | - | - | - | - |
| | - | - | 16 | 154 | 86 | 531 | 787 (732) |
| Less: Allowance for doubtful trade receivables - Billed | | | | | | | 55 |
| Trade receivables - Unbilled | | | | | | | 273 |
| | | | | | | | 328 |

Notes forming part of Consolidated Financial Statements

Trade receivables - Billed – Current

| | (₹ crore) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Trade receivables – Billed | 34,253 | 30,248 |
| Less: Allowance for doubtful trade receivables – Billed | (219) | (244) |
| Considered good | 34,034 | 30,004 |
| Trade receivables – Billed | 286 | 388 |
| Less: Allowance for doubtful trade receivables – Billed | (246) | (313) |
| Credit impaired | 40 | 75 |
| | 34,074 | 30,079 |

Ageing for trade receivables – current outstanding as at March 31, 2022 is as follows:

| Particulars | (₹ crore) | | | | | | |
|---|---------------|--|-------------------|-------------|-------------|-------------------|---------------|
| | 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 | 30,102 | 2,601 | 582 | 585 | 154 | 205 | 34,229 |
| Undisputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed trade receivables – credit impaired | 2 | 3 | 7 | 81 | 25 | 152 | 270 |
| Disputed trade receivables – considered good | - | - | - | - | - | 24 | 24 |
| Disputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivables – credit impaired | - | - | - | 9 | - | 7 | 16 |
| | 30,104 | 2,604 | 589 | 675 | 179 | 388 | 34,539 |
| Less: Allowance for doubtful trade receivables - Billed | | | | | | | (465) |
| | | | | | | | 34,074 |
| Trade receivables - Unbilled | | | | | | | 7,736 |
| | | | | | | | 41,810 |

Notes forming part of Consolidated Financial Statements

Ageing for trade receivables – current 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 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Trade receivables - Billed | | | | | | | |
| Undisputed trade receivables – considered good | 24,716 | 4,149 | 476 | 558 | 74 | 250 | 30,223 |
| Undisputed trade receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed trade receivables – credit impaired | - | 5 | 97 | 63 | 88 | 128 | 381 |
| 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 |
| | 24,716 | 4,159 | 573 | 621 | 177 | 390 | 30,636 (557) |
| Less: Allowance for doubtful trade receivables - Billed | | | | | | | 30,079 |
| Trade receivables - Unbilled | | | | | | | 6,583 |
| | | | | | | | 36,662 |

(c) Cash and cash equivalents

Cash and cash equivalents consist of the following:

(₹ crore)

Balances with banks

| | | |
|------------------------|---------------|--------------|
| In current accounts | 2,211 | 5,266 |
| In deposit accounts | 10,277 | 1,586 |
| Cheques on hand | -* | -* |
| Cash on hand | -* | 1 |
| Remittances in transit | -* | 5 |
| | 12,488 | 6,858 |

*Represents value less than ₹0.50 crore.

Balances with banks in current accounts include ₹32 crore and ₹13 crore as at March 31, 2022 and 2021, respectively, pertaining to trusts held for specified purposes.

(d) Other balances with banks

Other balances with banks consist of the following:

(₹ crore)

| | | |
|-------------------------------|--------------|--------------|
| Earmarked balances with banks | 226 | 209 |
| Short-term bank deposits | 5,507 | 2,262 |
| | 5,733 | 2,471 |

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.

Notes forming part of Consolidated Financial Statements

(e) Loans

Loans (unsecured) consist of the following:

Loans – Non-current

| | (₹ crore) | |
|---------------------------------|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Considered good | | |
| Inter-corporate deposits | 303 | 27 |
| Loans and advances to employees | 8 | 2 |
| | <u>311</u> | <u>29</u> |

Loans – Current

| | (₹ crore) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Considered good | | |
| Inter-corporate deposits | 6,074 | 11,229 |
| Loans and advances to employees | 371 | 243 |
| Credit impaired | | |
| Loans and advances to employees | 23 | 17 |
| Less: Allowance on loans and advances to employees | (23) | (17) |
| | <u>6,445</u> | <u>11,472</u> |

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

Inter-corporate deposits include ₹978 crore and ₹952 crore as at March 31, 2022 and 2021, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

(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 | 825 | 837 |
| Earmarked balances with banks | 183 | 3 |
| Long-term bank deposits | 1,232 | 719 |
| Others | 13 | 14 |
| | <u>2,253</u> | <u>1,573</u> |

Other financial assets – Current

| | (₹ crore) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Security deposits | 178 | 168 |
| Fair value of foreign exchange derivative assets | 388 | 495 |
| Interest receivable | 648 | 615 |
| Others | 176 | 116 |
| | <u>1,390</u> | <u>1,394</u> |

Interest receivable includes ₹34 crore and ₹40 crore as at March 31, 2022 and 2021, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

Notes forming part of Consolidated Financial Statements

(g) 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 | 1,187 | 778 | 22 | 8 | 52 | 2,047 |
| Disputed dues - MSME* | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | 32 | 32 |
| | 1,187 | 778 | 22 | 8 | 84 | 2,079 |
| Accrued expenses | | | | | | 5,966 |
| | | | | | | 8,045 |

*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* | 2 | - | - | - | - | 2 |
| Others | 1,320 | 763 | 26 | 15 | 79 | 2,203 |
| Disputed dues - MSME* | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | 32 | 32 |
| | 1,322 | 763 | 26 | 15 | 111 | 2,237 |
| Accrued expenses | | | | | | 5,623 |
| | | | | | | 7,860 |

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

(h) Other financial liabilities

Other financial liabilities consist of the following:

Other financial liabilities – Non-current

(₹ crore)

| | As at March 31, 2022 | As at March 31, 2021 |
|-------------------|----------------------|----------------------|
| Capital creditors | 339 | - |
| Others | 233 | 280 |
| | 572 | 280 |

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)

| | As at March 31, 2022 | As at March 31, 2021 |
|---|----------------------|----------------------|
| Accrued payroll | 5,572 | 4,482 |
| Unclaimed dividends | 46 | 50 |
| Fair value of foreign exchange derivative liabilities | 128 | 92 |
| Capital creditors | 771 | 399 |
| Liabilities towards customer contracts | 1,034 | 914 |
| Others | 136 | 213 |
| | 7,687 | 6,150 |

Notes forming part of Consolidated Financial Statements

(i) Financial instruments by category

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 | - | - | - | - | 12,488 | 12,488 |
| Bank deposits | - | - | - | - | 6,739 | 6,739 |
| Earmarked balances with banks | - | - | - | - | 409 | 409 |
| Investments | 1,874 | 26,945 | - | - | 1,666 | 30,485 |
| Trade receivables | | | | | | |
| Billed | - | - | - | - | 34,219 | 34,219 |
| Unbilled | - | - | - | - | 7,791 | 7,791 |
| Loans | - | - | - | - | 6,756 | 6,756 |
| Other financial assets | - | - | 124 | 264 | 1,840 | 2,228 |
| | 1,874 | 26,945 | 124 | 264 | 71,908 | 1,01,115 |
| Financial liabilities | | | | | | |
| Trade payables | - | - | - | - | 8,045 | 8,045 |
| Lease liabilities | - | - | - | - | 7,818 | 7,818 |
| Other financial liabilities | - | - | 22 | 106 | 8,131 | 8,259 |
| | - | - | 22 | 106 | 23,994 | 24,122 |

Loans include inter-corporate deposits of ₹6,377 crore, with original maturity period within 36 months.

The carrying value of financial instruments by categories as at March 31, 2021 is as follows:

| | (₹ crore) | | | | | |
|-------------------------------|-----------------------------------|---|--|--|----------------|----------------------|
| | Fair value through profit or loss | Fair value through other comprehensive income | Derivative instruments in hedging relationship | Derivative instruments not in hedging relationship | Amortised cost | Total carrying value |
| Financial assets | | | | | | |
| Cash and cash equivalents | - | - | - | - | 6,858 | 6,858 |
| Bank deposits | - | - | - | - | 2,981 | 2,981 |
| Earmarked balances with banks | - | - | - | - | 212 | 212 |
| Investments | 4,904 | 24,158 | - | - | 311 | 29,373 |
| Trade receivables | | | | | | |
| Billed | - | - | - | - | 30,134 | 30,134 |
| Unbilled | - | - | - | - | 6,856 | 6,856 |
| Loans | - | - | - | - | 11,501 | 11,501 |
| Other financial assets | - | - | 163 | 332 | 1,750 | 2,245 |
| | 4,904 | 24,158 | 163 | 332 | 60,603 | 90,160 |
| Financial liabilities | | | | | | |
| Trade payables | - | - | - | - | 7,860 | 7,860 |
| Lease liabilities | - | - | - | - | 7,795 | 7,795 |
| Other financial liabilities | - | - | 2 | 90 | 6,338 | 6,430 |
| | - | - | 2 | 90 | 21,993 | 22,085 |

Loans include inter-corporate deposits of ₹11,256 crore, with original maturity period within 36 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 ₹1,672 crore and ₹332 crore as at March 31, 2022 and 2021, respectively.

Notes forming part of Consolidated Financial Statements

(j) 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 | 1,874 | - | - | 1,874 |
| Equity shares | - | - | 36 | 36 |
| Government bonds and securities | 25,859 | - | - | 25,859 |
| Certificate of deposits | 99 | - | - | 99 |

| | | | | |
|--|---------------|------------|-----------|---------------|
| Corporate bonds | 1,252 | - | - | 1,252 |
| Commercial papers | 381 | - | - | 381 |
| Treasury bills | 990 | - | - | 990 |
| Fair value of foreign exchange derivative assets | - | 388 | - | 388 |
| | 30,455 | 388 | 36 | 30,879 |

Financial liabilities

| | | | | |
|---|----------|------------|----------|------------|
| Fair value of foreign exchange derivative liabilities | - | 128 | - | 128 |
| | - | 128 | - | 128 |

As at March 31, 2021

Financial assets

| | | | | |
|--|---------------|------------|-----------|---------------|
| Mutual fund units | 4,849 | - | 55 | 4,904 |
| Equity shares | - | - | 38 | 38 |
| Government bonds and securities | 23,856 | - | - | 23,856 |
| Corporate bonds | 460 | - | - | 460 |
| Commercial papers | 136 | - | - | 136 |
| Fair value of foreign exchange derivative assets | - | 495 | - | 495 |
| | 29,301 | 495 | 93 | 29,889 |

Financial liabilities

| | | | | |
|---|----------|-----------|----------|-----------|
| Fair value of foreign exchange derivative liabilities | - | 92 | - | 92 |
| | - | 92 | - | 92 |

| | (₹ crore) | | | |
|---|---------------|------------|-----------|---------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Corporate bonds | 1,252 | - | - | 1,252 |
| Commercial papers | 381 | - | - | 381 |
| Treasury bills | 990 | - | - | 990 |
| Fair value of foreign exchange derivative assets | - | 388 | - | 388 |
| | 30,455 | 388 | 36 | 30,879 |
| Financial liabilities | | | | |
| Fair value of foreign exchange derivative liabilities | - | 128 | - | 128 |
| | - | 128 | - | 128 |

| | (₹ crore) | | | |
|---|---------------|------------|-----------|---------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual fund units | 4,849 | - | 55 | 4,904 |
| Equity shares | - | - | 38 | 38 |
| Government bonds and securities | 23,856 | - | - | 23,856 |
| Corporate bonds | 460 | - | - | 460 |
| Commercial papers | 136 | - | - | 136 |
| Fair value of foreign exchange derivative assets | - | 495 | - | 495 |
| | 29,301 | 495 | 93 | 29,889 |
| Financial liabilities | | | | |
| Fair value of foreign exchange derivative liabilities | - | 92 | - | 92 |
| | - | 92 | - | 92 |

Notes forming part of Consolidated Financial Statements

Reconciliation of Level 3 fair value measurement of financial assets is as follows:

(₹ crore)

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| Balance at the beginning of the year | 93 | 42 |
| Additions during the year | - | 52 |
| Fair value of investments | - | 4 |
| Impairment in value of investments | (4) | (2) |
| Other adjustments during the year | (55) | - |
| Translation exchange difference | 2 | (3) |
| Balance at the end of the year | 36 | 93 |

(k) Derivative financial instruments and hedging activity

The Group'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 Group 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 Group which inter-alia covers risks arising out of exposure to foreign currency fluctuations. Under the guidance and framework provided by the RMC, the Group 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:

(₹ crore)

| | 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) |

Notes forming part of Consolidated Financial Statements

The Group 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 consolidated statement of profit and loss for the years ended March 31, 2022 and 2021, respectively.

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 Group'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 |

(I) Financial risk management

The Group 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 Group 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 Group.

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 Group'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 consolidated 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 respective entities. Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

The Group, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. Further, any movement in the functional currencies of the various operations of the Group against

Notes forming part of Consolidated Financial Statements

major foreign currencies may impact the Group's revenue in international business.

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

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the respective functional currencies of Tata Consultancy Services Limited and its subsidiaries.

The following analysis has been worked out based on the net exposures for each of the subsidiaries and Tata Consultancy Services Limited as of the date of balance sheet which could affect the statement 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 Group as disclosed in note 8(k).

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 | 2,900 | 165 | 84 | 1,234 |
| Net financial liabilities | (8,589) | (437) | (1,290) | (421) |

10% appreciation / depreciation of the respective functional currency of Tata Consultancy Services Limited and its subsidiaries with respect to various foreign currencies would result in increase / decrease in the Group's profit before taxes by approximately ₹635 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 | 3,194 | 155 | 101 | 1,129 |
| Net financial liabilities | (41) | (573) | (354) | (411) |

10% appreciation / depreciation of the respective functional currency of Tata Consultancy Services Limited and its subsidiaries with respect to various foreign currencies would result in increase / decrease in the Group's profit before taxes by approximately ₹320 crore for the year ended March 31, 2021.

• Interest rate risk

The Group's investments are primarily in fixed rate interest bearing investments. Hence, the Group 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 ₹6,377 crore are with a financial institution having a high credit-rating assigned by credit-rating agencies. Bank deposits

Notes forming part of Consolidated Financial Statements

include an amount of ₹6,727 crore held with four Indian banks having high credit rating which are individually in excess of 10% or more of the Group's total bank deposits as at March 31, 2022. None of the other financial instruments of the Group 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 ₹1,05,498 crore and ₹94,201 crore as at March 31, 2022 and 2021, respectively, being the total of the carrying amount of balances with banks, bank deposits, investments, trade receivables, loan, contract assets and other financial assets.

The Group's exposure to customers is diversified and no single customer contributes to more than 10% of outstanding trade receivables and contract assets as at March 31, 2022 and 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 | 43.79 | 44.69 | 41.08 | 41.83 |
| India | 15.51 | 13.83 | 20.31 | 18.79 |
| United Kingdom | 16.47 | 16.86 | 16.37 | 16.75 |

Geographical concentration of trade receivables 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 ₹123 crore and

₹190 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 | 1,289 | 1,137 |
| Change during the year | 123 | 190 |
| Bad debts written off | (83) | (34) |
| Translation exchange difference | 4 | (4) |
| Balance at the end of the year | 1,333 | 1,289 |

Liquidity risk

Liquidity risk refers to the risk that the Group 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 Group consistently generated sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.

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

| | (₹ crore) | | | | |
|---|--------------------------------|--------------------------------|---|-----------------------------------|---------------|
| March 31, 2022 | 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 | 8,045 | - | - | - | 8,045 |
| Lease liabilities | 1,850 | 1,618 | 3,201 | 3,150 | 9,819 |
| Other financial liabilities | 7,582 | 343 | 231 | 5 | 8,161 |
| | 17,477 | 1,961 | 3,432 | 3,155 | 26,025 |
| Derivative financial liabilities | | | | | |
| | 128 | - | - | - | 128 |
| | 17,605 | 1,961 | 3,432 | 3,155 | 26,153 |

Notes forming part of Consolidated Financial Statements

| | (₹ crore) | | | | |
|---|-----------------------------|-----------------------------|--|--------------------------------|---------------|
| March 31, 2021 | 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 | 7,860 | - | - | - | 7,860 |
| Lease liabilities | 1,742 | 1,601 | 3,325 | 3,509 | 10,177 |
| Other financial liabilities | 6,058 | 50 | 230 | - | 6,338 |
| | 15,660 | 1,651 | 3,555 | 3,509 | 24,375 |
| Derivative financial liabilities | 92 | - | - | - | 92 |
| | 15,752 | 1,651 | 3,555 | 3,509 | 24,467 |

(m) 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: 365,90,51,373 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 |

Notes forming part of Consolidated Financial Statements

II. Rights, preferences and restrictions attached to shares

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

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

| | (₹ crore) | |
|--|-------------------------|-------------------------|
| | As at March 31, 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 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 the quarter 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.

Notes forming part of Consolidated Financial Statements

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% |

9) 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.

Group as a lessee

The Group 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 Group 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 Group 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

Notes forming part of Consolidated Financial Statements

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 Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, 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 Group 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 Group 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 Group recognises any remaining amount of the re-measurement in statement of profit and loss.

The Group 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.

Group as a lessor

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. The Group 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 Group 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 Group 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 Group 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 Group 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 | 1,357 | 6,586 |
| Leasehold improvement | - | 23 |
| Computer equipment | 4 | 81 |
| Software licences | 145 | 133 |
| Vehicles | 16 | 32 |
| Office equipment | 2 | 7 |
| | 1,624 | 7,636 |

Notes forming part of Consolidated Financial Statements

(₹ crore)

| | Additions for the year ended March 31, 2021 | Net carrying amount as at March 31, 2021 |
|-----------------------|---|--|
| Leasehold land | - | 682 |
| Buildings | 1,226 | 6,758 |
| Leasehold improvement | 6 | 26 |
| Computer equipment | 102 | 101 |
| Software licences | 26 | 25 |
| Vehicles | 30 | 32 |
| Office equipment | 1 | 9 |
| | 1,391 | 7,633 |

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

(₹ crore)

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|-----------------------|------------------------------|------------------------------|
| Leasehold land | 9 | 8 |
| Buildings | 1,465 | 1,453 |
| Leasehold improvement | 6 | 8 |
| Computer equipment | 23 | 12 |
| Software licences | 38 | 1 |
| Vehicles | 16 | 14 |
| Office equipment | 3 | 4 |
| | 1,560 | 1,500 |

Interest on lease liabilities is ₹519 crore and ₹523 crore for the years ended March 31, 2022 and 2021, respectively.

The Group incurred ₹277 crore and ₹352 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 ₹2,228 crore and ₹2,312 crore for the years ended March 31, 2022 and 2021, respectively, including cash outflow for short term and low value leases.

The Group 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 ₹773 crore and ₹708 crore as at March 31, 2022 and 2021, respectively.

Lease contracts entered by the Group majorly pertains for buildings taken on lease to conduct its business in the ordinary course. The Group does not have any lease restrictions and commitment towards variable rent as per the contract.

10) 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.

Notes forming part of Consolidated Financial Statements

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.

Notes forming part of Consolidated Financial Statements

Property, plant and equipment consist of the following:

| | (₹ crore) | | | | | | | | | |
|---|---------------|-----------|------------------------|---------------------|--------------------|----------|------------------|--------------------------|------------------------|----------|
| | Freehold land | Buildings | Leasehold improvements | Plant and equipment | Computer equipment | Vehicles | Office equipment | Electrical installations | Furniture and fixtures | Total |
| Cost as at April 1, 2021 | 351 | 7,777 | 2,502 | 737 | 10,734 | 40 | 2,574 | 2,058 | 1,885 | 28,658 |
| Additions | - | 51 | 108 | 35 | 1,868 | - | 187 | 41 | 55 | 2,345 |
| Disposals | - | (2) | (53) | (1) | (515) | (1) | (75) | (44) | (42) | (733) |
| Translation exchange difference | 1 | 3 | 12 | (1) | - | - | - | 7 | 8 | 30 |
| Cost as at March 31, 2022 | 352 | 7,829 | 2,569 | 770 | 12,087 | 39 | 2,686 | 2,062 | 1,906 | 30,300 |
| Accumulated depreciation as at April 1, 2021 | - | (2,947) | (1,575) | (302) | (7,531) | (33) | (2,199) | (1,393) | (1,568) | (17,548) |
| Depreciation | - | (396) | (205) | (76) | (1,547) | (3) | (191) | (149) | (122) | (2,689) |
| Disposals | - | 2 | 52 | - | 510 | 1 | 75 | 43 | 42 | 725 |
| Translation exchange difference | - | (2) | (8) | 1 | 5 | - | - | (4) | (6) | (14) |
| Accumulated depreciation as at March 31, 2022 | - | (3,343) | (1,736) | (377) | (8,563) | (35) | (2,315) | (1,503) | (1,654) | (19,526) |
| Net carrying amount as at March 31, 2022 | 352 | 4,486 | 833 | 393 | 3,524 | 4 | 371 | 559 | 252 | 10,774 |
| Capital work-in-progress* | | | | | | | | | | 1,205 |
| Total | | | | | | | | | | 11,979 |

*₹2,345 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 | 347 | 7,719 | 2,427 | 681 | 8,794 | 42 | 2,509 | 2,039 | 1,886 | 26,444 |
| Additions | 5 | 71 | 142 | 53 | 2,047 | 3 | 137 | 46 | 61 | 2,565 |
| Disposals | - | (11) | (72) | (1) | (180) | (5) | (80) | (29) | (63) | (441) |
| Translation exchange difference | (1) | (2) | 5 | 4 | 73 | - | 8 | 2 | 1 | 90 |
| Cost as at March 31, 2021 | 351 | 7,777 | 2,502 | 737 | 10,734 | 40 | 2,574 | 2,058 | 1,885 | 28,658 |
| Accumulated depreciation as at April 1, 2020 | - | (2,563) | (1,441) | (228) | (6,414) | (34) | (2,068) | (1,266) | (1,489) | (15,503) |
| Depreciation | - | (393) | (199) | (72) | (1,246) | (4) | (204) | (152) | (137) | (2,407) |
| Disposals | - | 8 | 68 | 1 | 168 | 5 | 79 | 26 | 62 | 417 |
| Translation exchange difference | - | 1 | (3) | (3) | (39) | - | (6) | (1) | (4) | (55) |
| Accumulated depreciation as at March 31, 2021 | - | (2,947) | (1,575) | (302) | (7,531) | (33) | (2,199) | (1,393) | (1,568) | (17,548) |
| Net carrying amount as at March 31, 2021 | 351 | 4,830 | 927 | 435 | 3,203 | 7 | 375 | 665 | 317 | 11,110 |
| Capital work-in-progress* | | | | | | | | | | 926 |
| Total | | | | | | | | | | 12,036 |

*₹2,565 crore has been capitalised and transferred to property, plant and equipment during the year ended March 31, 2021.

Notes forming part of Consolidated Financial Statements

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 | 691 | 102 | 39 | 373 | 1,205 |
| | 691 | 102 | 39 | 373 | 1,205 |

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 | 486 | 62 | 41 | 337 | 926 |
| | 486 | 62 | 41 | 337 | 926 |

- 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) Goodwill

Goodwill represents the cost of acquired business as established at the date of acquisition of the business in excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any. Goodwill is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is indication for impairment. The financial projections basis which the future cash flows have been estimated consider the increase in economic uncertainties due to COVID-19, reassessment of the discount rates, revisiting the growth rates factored while arriving at terminal value and subjecting these variables to sensitivity analysis. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Goodwill consists of the following:

(₹ crore)

Balance at the beginning of the year

Translation exchange difference

Balance at the end of the year

| As at March 31, 2022 | As at March 31, 2021 |
|----------------------|----------------------|
| 1,798 | 1,710 |
| (11) | 88 |
| 1,787 | 1,798 |

Goodwill of ₹646 crore and ₹660 crore as at March 31, 2022 and 2021, respectively, has been allocated to the TCS business in France. The estimated value-in-use of this CGU is based on the future cash flows using a 1.50% annual growth rate for periods subsequent to the forecast period of 5 years and discount rate of 9.30%. An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

Notes forming part of Consolidated Financial Statements

The remaining amount of goodwill of ₹1,141 crore and ₹1,138 crore as at March 31, 2022 and 2021, respectively, (relating to different CGUs individually immaterial) has been evaluated based on the cash flow forecasts of the related CGUs and the recoverable amounts of these CGUs exceeded their carrying amounts.

(c) Other intangible assets

Intangible assets purchased including acquired in business combination, 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 and customer-related intangibles.

Following table summarises the nature of intangibles and their estimated useful lives:

| Type of asset | Useful lives |
|--|---------------------------------------|
| Rights under licensing agreement and software licences | Lower of licence period and 2-5 years |
| Customer-related intangibles | 3 years |

Intangible assets are amortised 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 | Customer-related intangibles | Total |
|--|--|------------------------------|--------------|
| Cost as at April 1, 2021 | 740 | 122 | 862 |
| Additions | 1,002 | - | 1,002 |
| Disposals / Derecognised | (42) | - | (42) |
| Translation exchange difference | (3) | (1) | (4) |
| Cost as at March 31, 2022 | 1,697 | 121 | 1,818 |
| Accumulated amortisation as at April 1, 2021 | (265) | (117) | (382) |
| Amortisation | (349) | (6) | (355) |
| Disposals / Derecognised | 16 | - | 16 |
| Translation exchange difference | 2 | 2 | 4 |
| Accumulated amortisation as at March 31, 2022 | (596) | (121) | (717) |
| Net carrying amount as at March 31, 2022 | 1,101 | - | 1,101 |

Notes forming part of Consolidated Financial Statements

| | (₹ crore) | | |
|--|--|------------------------------|--------------|
| | Rights under licensing agreement and software licences | Customer-related intangibles | Total |
| Cost as at April 1, 2020 | 448 | 120 | 568 |
| Additions | 356 | - | 356 |
| Disposals / Derecognised | (64) | - | (64) |
| Translation exchange difference | - | 2 | 2 |
| Cost as at March 31, 2021 | 740 | 122 | 862 |
| Accumulated amortisation as at April 1, 2020 | (180) | (105) | (285) |
| Disposals / Derecognised | (149) | (9) | (158) |
| Amortisation | 64 | - | 64 |
| Translation exchange difference | - | (3) | (3) |
| Accumulated amortisation as at March 31, 2021 | (265) | (117) | (382) |
| Net carrying amount as at March 31, 2021 | 475 | 5 | 480 |

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

| | (₹ crore) |
|------------------------------|-----------------------------|
| Year ending March 31, | Amortisation expense |
| 2023 | 463 |
| 2024 | 403 |
| 2025 | 214 |
| 2026 | 22 |
| | 1,101 |

(d) Other assets

Other assets consist of the following:

Other assets – Non-current

Considered good

| | | |
|-----------------------------|--------------|--------------|
| Capital advances | 78 | 66 |
| Advances to related parties | 23 | 33 |
| Contract assets | 171 | 250 |
| Prepaid expenses | 1,291 | 621 |
| Contract fulfillment costs | 150 | 228 |
| Others | 310 | 415 |
| | 2,023 | 1,613 |

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.

| | (₹ crore) | |
|--|----------------------|----------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| | 78 | 66 |
| | 23 | 33 |
| | 171 | 250 |
| | 1,291 | 621 |
| | 150 | 228 |
| | 310 | 415 |
| | 2,023 | 1,613 |

Notes forming part of Consolidated Financial Statements

Other assets – Current

| | (₹ crore) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Considered good | | |
| Advance to suppliers | 202 | 157 |
| Advance to related parties | 8 | 10 |
| Contract assets | 4,248 | 3,830 |
| Prepaid expenses | 2,994 | 4,651 |
| Prepaid rent | 18 | 28 |
| Contract fulfillment costs | 1,074 | 796 |
| Indirect taxes recoverable | 1,310 | 1,491 |
| Others | 297 | 273 |
| Considered doubtful | | |
| Advance to suppliers | 2 | 3 |
| Other advances | 4 | 1 |
| Less: Allowance on doubtful assets | (6) | (4) |
| | 10,151 | 11,236 |
| 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 ₹809 crore and ₹568 crore for the years ended March 31, 2022 and 2021, respectively, have been amortised in the consolidated statement of profit and loss. Refer note 12 for changes in contract assets.

(e) 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 Group 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 | 17 | 8 |
| Finished goods and work-in-progress | 3 | -* |
| | 20 | 8 |

*Represents value less than ₹0.50 crore.

Notes forming part of Consolidated Financial Statements

(f) 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 | 468 | 312 |
| Indirect taxes payable and other statutory liabilities | 3,632 | 3,726 |
| Tax liability on buy-back of equity shares* | 4,192 | - |
| Others | 100 | 30 |
| | 8,392 | 4,068 |

*Refer note 8(m).

(g) 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 20) | 1,249 | 1,211 |
| Provision for foreseeable loss | 131 | 150 |
| Other provisions | 31 | 33 |
| | 1,411 | 1,394 |

11) Other equity

Other equity consist of the following:

| | (₹ crore) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Capital reserve | 75 | 75 |
| Capital redemption reserve | | |
| Opening balance | 436 | 431 |
| Transfer from retained earnings | 4 | 5 |
| | 440 | 436 |
| General reserve | | |
| Opening balance | 27 | 27 |
| Transfer to retained earnings | (27) | - |
| | - | 27 |
| 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 | 79,586 | 78,810 |
| Profit for the year | 38,327 | 32,430 |

Notes forming part of Consolidated Financial Statements

(₹ crore)

| | As at March 31, 2022 | As at March 31, 2021 |
|---|-------------------------|-------------------------|
| Remeasurement of defined employee benefit plans | 280 | (71) |
| 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 |
| Transfer from general reserve | 27 | - |
| | <u>1,00,641</u> | <u>95,531</u> |
| 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 |
| Transfer to / (from) statutory reserve | (245) | 32 |
| | <u>78,158</u> | <u>79,586</u> |
| Statutory reserve | | |
| Opening balance | 407 | 375 |
| Transfer (to) / from retained earnings | (245) | 32 |
| | <u>162</u> | <u>407</u> |

(₹ crore)

| | As at March 31, 2022 | As at March 31, 2021 |
|--|-------------------------|-------------------------|
| Investment revaluation reserve | | |
| Opening balance | 828 | 796 |
| Change during the year (net) | (340) | 32 |
| | <u>488</u> | <u>828</u> |
| Cash flow hedging reserve (Refer note 8(k)) | | |
| Opening balance | 29 | (23) |
| Change during the year (net) | (55) | 52 |
| | <u>(26)</u> | <u>29</u> |
| Foreign currency translation reserve | | |
| Opening balance | 2,137 | 1,666 |
| Change during the year (net) | 52 | 471 |
| | <u>2,189</u> | <u>2,137</u> |
| | <u>88,773</u> | <u>86,063</u> |

¹Refer note 8(m).

12) Revenue recognition

The Group earns revenue primarily from providing IT services, consulting and business solutions. The Group 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

Notes forming part of Consolidated Financial Statements

Group 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 Group 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 Group 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 Group is acting as the principal or as an agent of the customer. The

Group 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 Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group 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 Group allocates the elements of variable considerations to all the performance obligations of the contract

Notes forming part of Consolidated Financial Statements

unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group 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.

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 Group 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 Group 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 Group 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 | 1,90,289 | 1,62,508 |
| Sale of equipment and software licences | 1,465 | 1,669 |
| | 1,91,754 | 1,64,177 |

Revenue disaggregation by industry vertical and geography has been included in segment information (Refer note 19).

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 Group has applied the practical expedient in Ind AS 115.

Notes forming part of Consolidated Financial Statements

Accordingly, the Group has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ₹1,13,868 crore out of which 56.54% 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 | 4,080 | 4,489 |
| Invoices raised that were included in the contract assets balance at the beginning of the year | (3,150) | (3,496) |
| Increase due to revenue recognised during the year, excluding amounts billed during the year | 3,457 | 2,985 |
| Translation exchange difference | 32 | 102 |
| Balance at the end of the year | 4,419 | 4,080 |

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 | 4,847 | 3,612 |
| Revenue recognised that was included in the unearned and deferred revenue balance at the beginning of the year | (3,251) | (3,010) |
| Increase due to invoicing during the year, excluding amounts recognised as revenue during the year | 3,094 | 4,182 |
| Translation exchange difference | 55 | 63 |
| Balance at the end of the year | 4,745 | 4,847 |

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

| | (₹ crore) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Contracted price | 1,94,777 | 1,66,917 |
| Reductions towards variable consideration components | (3,023) | (2,740) |
| Revenue recognised | 1,91,754 | 1,64,177 |

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

Notes forming part of Consolidated Financial Statements

13) 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 | 2,663 | 2,504 |
| Dividend income | 4 | 8 |
| Net gain on disposal / fair valuation of investments carried at fair value through profit or loss | 198 | 204 |
| Net gain on disposal of property, plant and equipment | 23 | 13 |
| Net gain on lease modification | 7 | 100 |
| Net loss on sub-lease | (9) | - |
| Net foreign exchange gain | 1,045 | 248 |
| Rent income | - | 1 |
| Other income | 87 | 56 |
| | 4,018 | 3,134 |
| Interest income comprise: | | |
| Interest on bank balances and bank deposits | 295 | 137 |
| Interest on financial assets carried at amortised cost | 546 | 587 |
| Interest on financial assets carried at fair value through OCI | 1,818 | 1,762 |
| Other interest (including interest on tax refunds) | 4 | 18 |
| Dividend income comprise: | | |
| Dividend from mutual fund units and other investments | 4 | 8 |

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

Notes forming part of Consolidated Financial Statements

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 | 96,263 | 83,045 |
| Contributions to provident and other funds | 8,450 | 6,401 |
| Staff welfare expenses | 2,841 | 2,368 |
| | 1,07,554 | 91,814 |

Employee benefit obligations consist of the following:

Employee benefit obligations – Non-current

| | (₹ crore) | |
|------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Gratuity liability | 13 | 12 |
| Foreign defined benefit plans | 490 | 492 |
| Other employee benefit obligations | 174 | 245 |
| | 677 | 749 |

Employee benefit obligations – Current

| | (₹ crore) | |
|------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Compensated absences | 3,760 | 3,448 |
| Other employee benefit obligations | 50 | 50 |
| | 3,810 | 3,498 |

Notes forming part of Consolidated Financial Statements

Employee benefit plans consist of the following:

Gratuity and pension

In accordance with Indian law, Tata Consultancy Services Limited and its subsidiaries in India operate 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 subsidiaries of the Company also provide for retirement benefit pension plans in accordance with the local laws.

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

(₹ crore)

| | Year ended March 31, 2022 | | | | | Year ended March 31, 2021 | | | | |
|--|---------------------------|-------------------------|----------------------|------------------------|--------------|---------------------------|-------------------------|----------------------|------------------------|--------------|
| | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total |
| Change in benefit obligations | | | | | | | | | | |
| Benefit obligations, beginning of the year | 4,315 | 12 | 2,292 | 237 | 6,856 | 3,638 | 8 | 755 | 161 | 4,562 |
| Translation exchange difference | - | - | (17) | 4 | (13) | - | - | (21) | 6 | (15) |
| Plan assumed on insourcing of employees | - | - | - | - | - | - | - | 1,348 | 20 | 1,368 |
| Plan participants' contribution | - | - | 15 | - | 15 | - | - | 12 | - | 12 |
| Service cost | 539 | - | 51 | 47 | 637 | 460 | 2 | 27 | 36 | 525 |
| Interest cost | 296 | - | 19 | 3 | 318 | 244 | 1 | 12 | 3 | 260 |
| Remeasurement of the net defined benefit liability | (188) | 1 | (34) | (9) | (230) | 135 | 2 | 139 | 18 | 294 |
| Past service cost / (credit) | - | - | 3 | - | 3 | - | - | - | - | - |
| Benefits paid | (489) | (1) | (35) | (13) | (538) | (162) | (1) | 20 | (7) | (150) |
| Shift of plan from unfunded to funded position | 9 | (9) | - | - | - | - | - | - | - | - |
| Benefit obligations, end of the year | 4,482 | 3 | 2,294 | 269 | 7,048 | 4,315 | 12 | 2,292 | 237 | 6,856 |

| | Year ended March 31, 2022 | | | | | Year ended March 31, 2021 | | | | |
|--|---------------------------|----------------------------|-------------------------|---------------------------|---------------------|---------------------------|----------------------------|-------------------------|---------------------------|---------------------|
| | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total |
| Change in plan assets | | | | | | | | | | |
| Fair value of plan assets, beginning of the year | 4,706 | - | 2,073 | - | 6,779 | 3,643 | - | 629 | - | 4,272 |
| Translation exchange difference | - | - | (21) | - | (21) | - | - | (17) | - | (17) |
| Plan assumed on insourcing of employees | - | - | - | - | - | - | - | 1,302 | - | 1,302 |
| Interest income | 335 | - | 16 | - | 351 | 269 | - | 9 | - | 278 |
| Employers' contributions | 980 | - | 48 | - | 1,028 | 837 | - | 25 | - | 862 |
| Plan participants' contribution | - | - | 15 | - | 15 | - | - | 12 | - | 12 |
| Benefits paid | (489) | - | (35) | - | (524) | (162) | - | 20 | - | (142) |
| Remeasurement - return on plan assets excluding amount included in interest income | (5) | - | 36 | - | 31 | 119 | - | 93 | - | 212 |
| Fair value of plan assets, end of the year | <u>5,527</u> | <u>-</u> | <u>2,132</u> | <u>-</u> | <u>7,659</u> | <u>4,706</u> | <u>-</u> | <u>2,073</u> | <u>-</u> | <u>6,779</u> |

Notes forming part of Consolidated Financial Statements

(₹ crore)

Funded status

Deficit of plan assets over obligations

Surplus of plan assets over obligations

| As at March 31, 2022 | | | | | As at March 31, 2021 | | | | |
|--------------------------|----------------------------|-------------------------|---------------------------|------------|--------------------------|----------------------------|-------------------------|---------------------------|-------------|
| Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total |
| (10) | (3) | (221) | (269) | (503) | - | (12) | (255) | (237) | (504) |
| 1,055 | - | 59 | - | 1,114 | 391 | - | 36 | - | 427 |
| 1,045 | (3) | (162) | (269) | 611 | 391 | (12) | (219) | (237) | (77) |

(₹ crore)

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 | | | | |
|--------------------------|----------------------------|-------------------------|---------------------------|--------------|--------------------------|----------------------------|-------------------------|---------------------------|--------------|
| Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total |
| 1,697 | - | 369 | - | 2,066 | 1,408 | - | 805 | - | 2,213 |
| 66 | - | 543 | - | 609 | 29 | - | - | - | 29 |
| 2,625 | - | 195 | - | 2,820 | 2,257 | - | - | - | 2,257 |
| 983 | - | 503 | - | 1,486 | 910 | - | 431 | - | 1,341 |
| 10 | - | 24 | - | 34 | 2 | - | 3 | - | 5 |
| 146 | - | 498 | - | 644 | 100 | - | 834 | - | 934 |
| 5,527 | - | 2,132 | - | 7,659 | 4,706 | - | 2,073 | - | 6,779 |

Notes forming part of Consolidated Financial Statements

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

| | Year ended March 31, 2022 | | | | | Year ended March 31, 2021 | | | | |
|---|---------------------------|----------------------------|-------------------------|---------------------------|------------|---------------------------|----------------------------|-------------------------|---------------------------|------------|
| | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total |
| Service cost | 539 | - | 51 | 47 | 637 | 460 | 2 | 27 | 36 | 525 |
| Net interest on net defined benefit (asset) / liability | (39) | - | 3 | 3 | (33) | (25) | 1 | 3 | 3 | (18) |
| Past service cost / (credit) | - | - | 3 | - | 3 | - | - | - | - | - |
| Net periodic gratuity / pension cost | 500 | - | 57 | 50 | 607 | 435 | 3 | 30 | 39 | 507 |
| Actual return on plan assets | 330 | - | 52 | - | 382 | 388 | - | 102 | - | 490 |

(₹ crore)

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

| | Year ended March 31, 2022 | | | | |
|--|---------------------------|----------------------------|-------------------------|---------------------------|--------------|
| | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total |
| Actuarial (gains) and losses arising from changes in demographic assumptions | (20) | - | (13) | (2) | (35) |
| Actuarial (gains) and losses arising from changes in financial assumptions | (166) | - | (55) | (25) | (246) |
| Actuarial (gains) and losses arising from changes in experience adjustments | (2) | 1 | 34 | 18 | 51 |
| Remeasurement of the net defined benefit liability | (188) | 1 | (34) | (9) | (230) |
| Remeasurement - return on plan assets excluding amount included in interest income | 5 | - | (36) | - | (31) |
| | (183) | 1 | (70) | (9) | (261) |

(₹ crore)

| | Year ended March 31, 2021 | | | | Total |
|--|---------------------------|----------------------------|-------------------------|---------------------------|------------|
| | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | |
| Actuarial (gains) and losses arising from changes in demographic assumptions | 24 | - | 1 | (2) | 23 |
| Actuarial (gains) and losses arising from changes in financial assumptions | (32) | - | 118 | 19 | 105 |
| Actuarial (gains) and losses arising from changes in experience adjustments | 143 | 2 | 20 | 1 | 166 |
| Remeasurement of the net defined benefit liability | 135 | 2 | 139 | 18 | 294 |
| Remeasurement - return on plan assets excluding amount included in interest income | (119) | - | (93) | - | (212) |
| | 16 | 2 | 46 | 18 | 82 |

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

| | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|--|---------------------------|---------------|---------------------------|---------------|
| | Domestic plans | Foreign plans | Domestic plans | Foreign plans |
| Discount rate | 4.50%-7.25% | 0.77%-8.30% | 4.25%-7.00% | 0.40%-7.55% |
| Rate of increase in compensation levels of covered employees | 4.00%-6.00% | 1.50%-7.00% | 4.00%-6.00% | 1.25%-7.00% |
| Rate of return on plan assets | 4.50%-7.25% | 0.77%-8.30% | 4.25%-7.00% | 0.40%-7.55% |
| Weighted average duration of defined benefit obligations | 2-16 years | 3-31 years | 3-18 years | 3-65 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 Group's defined benefit plan obligations as at March 31, 2022. The Group is expected to contribute ₹57 crore to defined benefit plan obligations funds for the year ending March 31, 2023 comprising domestic component of ₹6 crore and foreign component of ₹51 crore.

Notes forming part of Consolidated Financial Statements

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 |
| Increase of 0.50% | (372) | (378) |
| Decrease of 0.50% | 422 | 421 |

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 |
| Increase of 0.50% | 200 | 276 |
| Decrease of 0.50% | (188) | (260) |

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 year ended March 31, 2022 as follows:

| | (₹ crore) |
|-----------------------|-----------------------------|
| Year ending March 31, | Defined benefit obligations |
| 2023 | 533 |
| 2024 | 449 |
| 2025 | 478 |
| 2026 | 463 |
| 2027 | 478 |
| 2028-2032 | 2,477 |

Provident fund

In accordance with Indian law, all eligible employees of Tata Consultancy Services Limited 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

Notes forming part of Consolidated Financial Statements

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 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.

All eligible employees of Indian subsidiaries of the Company are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly to the Government administered provident fund plan. A part of the company's contribution is transferred to Government administered pension fund. This plan is a defined contribution plan as the obligation of the employer is limited to the monthly contributions made to the fund. The contributions made to the fund are recognised as an expense in profit and loss under employee benefit expenses.

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) | - | - |

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 Group expensed ₹1,383 crore and ₹1,085 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 Group makes monthly contributions until retirement or resignation of the employee. The Group recognises such contributions as an expense when incurred. The Group has no further obligation beyond its monthly contribution.

The Group expensed ₹383 crore and ₹366 crore for the years ended March 31, 2022 and 2021, respectively, towards Employees' Superannuation Fund.

Foreign defined contribution plan

The Group expensed ₹1,796 crore and ₹1,458 crore for the years ended March 31, 2022 and 2021, respectively, towards foreign defined contribution plans.

Notes forming part of Consolidated Financial Statements

15) Cost recognition

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

The costs of the Group 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 | 1,137 | 1,447 |
| | 1,166 | 1,461 |
| Finished goods and work-in-progress | | |
| Opening stock | —* | 1 |
| Less: Closing stock | 3 | —* |
| | (3) | 1 |
| | 1,163 | 1,462 |

*Represents value less than ₹0.50 crore.

(b) Other expenses

Other expenses consist of the following:

| | (₹ crore) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Fees to external consultants | 17,409 | 13,214 |
| Facility expenses | 2,139 | 2,131 |
| Travel expenses | 1,589 | 1,081 |
| Communication expenses | 2,050 | 1,896 |
| Bad debts and advances written off, allowance for doubtful trade receivables and advances (net) | 135 | 201 |
| Other expenses | 6,658 | 5,832 |
| | 29,980 | 24,355 |

16) Finance costs

Finance costs consist of the following:

| | (₹ crore) | |
|-------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Interest on lease liabilities | 519 | 523 |
| Interest on tax matters | 218 | 96 |
| Other interest costs | 47 | 18 |
| | 784 | 637 |

17) Income taxes

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

Current income taxes

The current income tax expense includes income taxes payable by the Company and its subsidiaries in India and overseas. The current tax payable by the Company and its subsidiaries 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.

The current income tax expense for overseas subsidiaries has been computed based on the tax laws applicable to each subsidiary in the respective jurisdiction in which it operates.

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 goodwill or 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 income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

Notes forming part of Consolidated Financial Statements

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 | 14,333 | 11,737 |
| Current tax benefit pertaining to prior years | (679) | (102) |
| | 13,654 | 11,635 |
| Deferred tax | | |
| Deferred tax benefit for current year | (333) | (359) |
| Deferred tax benefit pertaining to prior years | (83) | (78) |
| | (416) | (437) |
| | 13,238 | 11,198 |

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

| | (₹ crore) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Profit before tax | 51,687 | 43,760 |
| Indian statutory income tax rate | 34.94% | 34.94% |
| Expected income tax expense | 18,062 | 15,292 |
| Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense | | |
| Tax holidays | (4,792) | (4,708) |
| Income exempt from tax | (396) | (325) |
| Undistributed earnings in branches and subsidiaries | (47) | (13) |
| Tax on income at different rates | 980 | 471 |
| Tax pertaining to prior years | (762) | (180) |
| Others (net) | 193 | 661 |
| Total income tax expense | 13,238 | 11,198 |

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

Notes forming part of Consolidated Financial Statements

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

| | (₹ crore) | | | | | |
|---|-----------------|-------------------------------|--|--------------------------|---------------------|-----------------|
| | Opening balance | Recognised in profit and loss | Recognised in / reclassified from other comprehensive income | Adjustments/ utilisation | Exchange difference | Closing balance |
| Deferred tax assets / (liabilities) in relation to | | | | | | |
| Property, plant and equipment and intangible assets | 309 | 131 | - | - | (6) | 434 |
| Provision for employee benefits | 897 | 94 | 58 | (2) | (5) | 1,042 |
| Cash flow hedges | (8) | - | 16 | - | (1) | 7 |
| Receivables, financial assets at amortised cost | 424 | 42 | - | - | 5 | 471 |
| MAT credit entitlement | 1,710 | - | - | (735) | - | 975 |
| Branch profit tax | (310) | 233 | - | - | - | (77) |
| Undistributed earnings of subsidiaries | (198) | (157) | - | - | - | (355) |
| Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income | (500) | - | 180 | - | - | (320) |
| Lease liabilities | 261 | (22) | - | - | 2 | 241 |
| Others | 579 | 95 | - | - | 26 | 700 |
| | 3,164 | 416 | 254 | (737) | 21 | 3,118 |

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 | 539 | 105 | 434 |
| Provision for employee benefits | 1,062 | 20 | 1,042 |
| Cash flow hedges | 7 | - | 7 |
| Receivables, financial assets at amortised cost | 471 | - | 471 |
| MAT credit entitlement | 975 | - | 975 |
| Branch profit tax | - | 77 | (77) |
| Undistributed earnings of subsidiaries | - | 355 | (355) |
| Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income | (320) | - | (320) |
| Lease liabilities | 240 | (1) | 241 |
| Others | 734 | 34 | 700 |
| | 3,708 | 590 | 3,118 |

Notes forming part of Consolidated 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 | Exchange difference | Closing balance |
| Deferred tax assets / (liabilities) in relation to | | | | | | |
| Property, plant and equipment and intangible assets | 145 | 124 | - | 40 | - | 309 |
| Provision for employee benefits | 654 | 168 | 8 | 77 | (10) | 897 |
| Cash flow hedges | 7 | - | (15) | - | - | (8) |
| Receivables, financial assets at amortised cost | 388 | 35 | - | - | 1 | 424 |
| MAT credit entitlement | 1,074 | 39 | - | 597 | - | 1,710 |
| Branch profit tax | (284) | (26) | - | - | - | (310) |
| Undistributed earnings of subsidiaries | (286) | 88 | - | - | - | (198) |
| Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income | (484) | 1 | (17) | - | - | (500) |
| Lease liabilities | 345 | (84) | - | - | - | 261 |
| Others | 490 | 92 | - | - | (3) | 579 |
| | 2,049 | 437 | (24) | 714 | (12) | 3,164 |

Gross deferred tax assets and liabilities are as follows:

| | (₹ crore) | | |
|---|--------------|-------------|--------------|
| As at March 31, 2021 | Assets | Liabilities | Net |
| Deferred tax assets / (liabilities) in relation to | | | |
| Property, plant and equipment and intangible assets | 458 | 149 | 309 |
| Provision for employee benefits | 908 | 11 | 897 |
| Cash flow hedges | (8) | - | (8) |
| Receivables, financial assets at amortised cost | 424 | - | 424 |
| MAT credit entitlement | 1,710 | - | 1,710 |
| Branch profit tax | - | 310 | (310) |
| Undistributed earnings of subsidiaries | - | 198 | (198) |
| Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income | (500) | - | (500) |
| Lease liabilities | 260 | (1) | 261 |
| Others | 679 | 100 | 579 |
| | 3,931 | 767 | 3,164 |

Under the Income-tax Act, 1961, unabsorbed business losses expire 8 years after the year in which they originate. In respect of certain foreign subsidiaries, business losses can be carried forward indefinitely unless there is a substantial change in the ownership.

Unrecognised deferred tax assets relate primarily to business losses and tax credit entitlements which do not qualify for recognition as per the applicable

Notes forming part of Consolidated Financial Statements

accounting standards. These unexpired business losses will expire based on the year of origination as follows:

| | (₹ crore) |
|------------|----------------------------|
| March 31, | Unabsorbed business losses |
| 2023 | 2 |
| 2024 | 7 |
| 2025 | 4 |
| 2026 | 2 |
| 2027 | - |
| Thereafter | 116 |
| | <u>131</u> |

Under the Income-tax Act, 1961, Tata Consultancy Services Limited 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.

Deferred tax liability on temporary differences of ₹6,177 crore as at March 31, 2022, associated with investments in subsidiaries, has not been recognised, as it is the intention of Tata Consultancy Services Limited to reinvest the earnings of these subsidiaries for the foreseeable future.

Direct tax contingencies

The Company and its subsidiaries have ongoing disputes with income tax authorities in India and in some of the other jurisdictions where they operate. 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 and its subsidiaries have recognised contingent liability in respect of tax demands received from direct tax authorities in India and other jurisdictions of ₹1,652 crore and ₹955 crore as at March 31, 2022 and 2021, respectively. These demand orders are being contested by the Company and its subsidiaries based on the management evaluation and advice 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 Group periodically receives notices and inquiries from income tax authorities related to the Group's operations in the jurisdictions it operates in. The Group 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 2017 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.

Notes forming part of Consolidated Financial Statements

18) 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 years presented.

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| Profit for the year attributable to shareholders of the Company (₹ crore) | 38,327 | 32,430 |
| Weighted average number of equity shares | 369,88,32,195 | 374,01,10,733 |
| Basic and diluted earnings per share (₹) | 103.62 | 86.71 |
| Face value per equity share (₹) | 1 | 1 |

19) Segment information

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Group's chief operating decision maker is the Chief Executive Officer and Managing Director.

The Group has identified business segments ('industry vertical') as reportable segments. The business segments comprise: 1) Banking, Financial Services and Insurance, 2) Manufacturing, 3) Retail and Consumer Business, 4) Communication, Media and Technology, 5) Life Sciences and Healthcare and 6) Others such as Energy, Resources and Utilities, s-Governance and Products.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reporting segment have been allocated on the basis of associated

revenue of the segment or manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

The assets and liabilities of the Group are used interchangeably amongst segments. Allocation of such assets and liabilities is not practicable and any forced allocation would not result in any meaningful segregation. Hence assets and liabilities have not been identified to any of the reportable segments.

Summarised segment information for the years ended March 31, 2022 and 2021, is as follows:

| Year ended March 31, 2022 | (₹ crore) | | | | | | |
|--|--|---------------|------------------------------------|---|---------------------------------------|--------|----------|
| | Banking, Financial Services and Insurance | Manufacturing | Retail and Consumer Business | Communication, Media and Technology | Life Sciences and Healthcare | Others | Total |
| Revenue from operations | 75,126 | 18,610 | 30,715 | 31,874 | 20,462 | 14,967 | 1,91,754 |
| Segment result | 20,174 | 5,602 | 8,534 | 9,518 | 6,139 | 3,090 | 53,057 |
| Total unallocable expenses | | | | | | | 5,388 |
| Operating income | | | | | | | 47,669 |
| Other income | | | | | | | 4,018 |
| Profit before tax | | | | | | | 51,687 |
| Tax expense | | | | | | | 13,238 |
| Profit for the year | | | | | | | 38,449 |
| Depreciation and amortisation expense (unallocable) | | | | | | | 4,604 |
| Significant non-cash items (allocable) | 14 | (3) | 10 | 2 | (1) | 113 | 135 |

Notes forming part of Consolidated Financial Statements

Year ended March 31, 2021

| | Banking, Financial Services and Insurance | Manufacturing | Retail and Consumer Business | Communication, Media and Technology | Life Sciences and Healthcare | Others | (₹ crore) Total |
|---|--|---------------|------------------------------------|---|---------------------------------------|--------|--------------------|
| Revenue from operations | 65,634 | 15,950 | 25,589 | 27,077 | 16,968 | 12,959 | 1,64,177 |
| Segment result | 18,681 | 4,483 | 7,151 | 8,010 | 5,253 | 2,968 | 46,546 |
| Total unallocable expenses* | | | | | | | 5,920 |
| Operating income | | | | | | | 40,626 |
| Other income | | | | | | | 3,134 |
| Profit before tax | | | | | | | 43,760 |
| Tax expense | | | | | | | 11,198 |
| Profit for the year | | | | | | | 32,562 |
| Depreciation and amortisation expense (unallocable) | | | | | | | 4,065 |
| Significant non-cash items (allocable) | 15 | 1 | 78 | 9 | 1 | 97 | 201 |

*Includes the provision towards legal claim of ₹1,218 crore. Refer note 20.

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

Information regarding geographical revenue is as follows:

| | (₹ crore) | |
|-----------------|------------------------------|------------------------------|
| | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Americas | | |
| North America | 96,865 | 81,575 |
| Latin America | 3,207 | 2,703 |

Europe

| | | |
|------------------------|-----------------|-----------------|
| United Kingdom | 30,399 | 25,659 |
| Continental Europe | 30,743 | 26,687 |
| Asia Pacific | 16,927 | 15,830 |
| India | 9,805 | 8,449 |
| Middle East and Africa | 3,808 | 3,274 |
| | 1,91,754 | 1,64,177 |

Geographical non-current assets (property, plant and equipment, right-of-use assets, goodwill, other intangible assets, income tax assets and other non-current assets) are allocated based on the location of the assets.

Information regarding geographical non-current assets is as follows:

| | (₹ crore) | |
|------------------------|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Americas | | |
| North America | 1,637 | 1,630 |
| Latin America | 852 | 840 |
| Europe | | |
| United Kingdom | 1,470 | 1,546 |
| Continental Europe | 2,164 | 2,472 |
| Asia Pacific | 743 | 882 |
| India | 19,494 | 17,901 |
| Middle East and Africa | 152 | 134 |
| | 26,512 | 25,405 |

Information about major customers

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

20) Commitments and contingencies

Capital commitments

The Group has contractually committed (net of advances) ₹1,439 crore and ₹1,071 crore as at March 31, 2022 and 2021, respectively, for purchase of property, plant and equipment.

Contingencies

- **Direct tax matters**

Refer note 17.

- **Indirect tax matters**

The Company and its subsidiaries have ongoing disputes with tax authorities mainly relating to treatment of characterisation and classification of certain items. The Company and its subsidiaries have demands amounting to ₹568 crore and ₹556 crore as at March 31, 2022 and 2021, respectively, from various indirect tax authorities which are being contested by the Company and its subsidiaries based on the management evaluation and advice of tax consultants.

- **Other claims**

Claims aggregating ₹291 crore and ₹194 crore as at March 31, 2022 and 2021, respectively, against the Group 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

Notes forming part of Consolidated Financial Statements

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 and loss for three month period ended September 30, 2020. This was presented as an "exceptional item" in the consolidated 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.

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

Notes forming part of Consolidated Financial Statements

21) Statement of net assets, profit and loss and other comprehensive income attributable to owners and non-controlling interests

| Name of the entity | Country of incorporation | % of voting power as at March 31, 2022 | % of voting power as at March 31, 2021 | Net assets, i.e. total assets minus total liabilities | | Share in Profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|--------------------------|--|--|---|------------------|-------------------------------------|------------------|---|------------------|-------------------------------------|------------------|
| | | | | As % of consolidated net assets | Amount (₹ crore) | As % of consolidated profit or loss | Amount (₹ crore) | As % of consolidated other comprehensive income | Amount (₹ crore) | As % of total comprehensive income | Amount (₹ crore) |
| Tata Consultancy Services Limited | India | - | - | 80.18 | 77,173 | 87.61 | 38,187 | 252.53 | (250) | 87.24 | 37,937 |
| Subsidiaries (held directly) | | | | | | | | | | | |
| Indian | | | | | | | | | | | |
| APTOline Limited | India | 89.00 | 89.00 | 0.11 | 110 | 0.04 | 18 | 1.01 | (1) | 0.04 | 17 |
| MP Online Limited | India | 89.00 | 89.00 | 0.13 | 121 | 0.04 | 18 | 1.01 | (1) | 0.04 | 17 |
| C-Edge Technologies Limited | India | 51.00 | 51.00 | 0.33 | 313 | 0.17 | 73 | - | - | 0.17 | 73 |
| MahaOnline Limited | India | 74.00 | 74.00 | 0.08 | 80 | - | 1 | - | - | - | 1 |
| TCS e-Serve International Limited | India | 100.00 | 100.00 | 0.16 | 156 | 0.20 | 88 | - | - | 0.20 | 88 |
| TCS Foundation | India | 100.00 | 100.00 | 1.52 | 1,467 | 0.87 | 379 | - | - | 0.87 | 379 |
| Foreign | | | | | | | | | | | |
| Diligenta Limited | U.K. | 100.00 | 100.00 | 1.46 | 1,402 | 0.02 | 8 | (15.15) | 15 | 0.05 | 23 |
| Tata Consultancy Services Canada Inc. | Canada | 100.00 | 100.00 | 0.87 | 834 | 1.11 | 484 | - | - | 1.11 | 484 |
| Tata America International Corporation | U.S.A. | 100.00 | 100.00 | 1.27 | 1,219 | 1.65 | 721 | 4.04 | (4) | 1.65 | 717 |
| Tata Consultancy Services Asia Pacific Pte Ltd. | Singapore | 100.00 | 100.00 | 0.93 | 897 | 0.43 | 187 | - | - | 0.43 | 187 |

Notes forming part of Consolidated Financial Statements

| Name of the entity | Country of incorporation | % of voting power as at March 31, 2022 | % of voting power as at March 31, 2021 | Net assets, i.e. total assets minus total liabilities | | Share in Profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|--------------------------|--|--|---|------------------|-------------------------------------|------------------|---|------------------|-------------------------------------|------------------|
| | | | | As % of consolidated net assets | Amount (₹ crore) | As % of consolidated profit or loss | Amount (₹ crore) | As % of consolidated other comprehensive income | Amount (₹ crore) | As % of total comprehensive income | Amount (₹ crore) |
| Tata Consultancy Services Belgium | Belgium | 100.00 | 100.00 | 0.44 | 426 | 0.22 | 98 | - | - | 0.23 | 98 |
| Tata Consultancy Services Deutschland GmbH | Germany | 100.00 | 100.00 | 0.66 | 631 | 0.77 | 334 | (9.09) | 9 | 0.79 | 343 |
| Tata Consultancy Services Netherlands BV | Netherlands | 100.00 | 100.00 | 2.74 | 2,636 | 1.23 | 536 | - | - | 1.23 | 536 |
| Tata Consultancy Services Sverige AB | Sweden | 100.00 | 100.00 | 0.92 | 887 | 0.36 | 157 | - | - | 0.36 | 157 |
| TCS FNS Pty Limited | Australia | 100.00 | 100.00 | 0.15 | 147 | 0.09 | 41 | - | - | 0.09 | 41 |
| TCS Iberoamerica SA | Uruguay | 100.00 | 100.00 | 1.74 | 1,678 | 1.65 | 718 | - | - | 1.65 | 718 |
| Tata Consultancy Services (Africa) (PTY) Ltd. | South Africa | 100.00 | 100.00 | 0.06 | 56 | 0.08 | 35 | - | - | 0.08 | 35 |
| Tata Consultancy Services Qatar L.L.C. | Qatar | 100.00 | 100.00 | 0.03 | 33 | - | 1 | - | - | - | 1 |
| Tata Consultancy Services UK Limited | U.K. | 100.00 | 100.00 | 0.03 | 27 | - | - | - | - | - | - |
| Tata Consultancy Services Ireland Limited | Ireland | 100.00 | 100.00 | 0.25 | 245 | 0.05 | 21 | - | - | 0.05 | 21 |
| Subsidiaries (held indirectly) | | | | | | | | | | | |
| Foreign | | | | | | | | | | | |
| TCS e-Serve America, Inc. | U.S.A. | - | 100.00 | - | - | - | - | - | - | - | - |

Notes forming part of Consolidated Financial Statements

| Name of the entity | Country of incorporation | % of voting power as at March 31, 2022 | % of voting power as at March 31, 2021 | Net assets, i.e. total assets minus total liabilities | | Share in Profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|--|-------------------------------|--|--|---|------------------|-------------------------------------|------------------|---|------------------|-------------------------------------|------------------|
| | | | | As % of consolidated net assets | Amount (₹ crore) | As % of consolidated profit or loss | Amount (₹ crore) | As % of consolidated other comprehensive income | Amount (₹ crore) | As % of total comprehensive income | Amount (₹ crore) |
| Tata Consultancy Services (China) Co., Ltd. | China | 93.20 | 93.20 | 0.27 | 260 | 0.03 | 14 | - | - | 0.03 | 14 |
| Tata Consultancy Services Japan, Ltd. | Japan | 66.00 | 66.00 | 1.53 | 1,476 | 0.60 | 263 | - | - | 0.60 | 263 |
| Tata Consultancy Services Malaysia Sdn Bhd | Malaysia | 100.00 | 100.00 | 0.08 | 74 | - | 1 | - | - | - | 1 |
| PT Tata Consultancy Services Indonesia | Indonesia | 100.00 | 100.00 | 0.03 | 32 | 0.03 | 13 | - | - | 0.03 | 13 |
| Tata Consultancy Services (Philippines) Inc. | Philippines | 100.00 | 100.00 | 0.12 | 113 | 0.12 | 54 | (2.02) | 2 | 0.13 | 56 |
| Tata Consultancy Services (Thailand) Limited | Thailand | 100.00 | 100.00 | 0.01 | 8 | - | 2 | - | - | - | 2 |
| Tata Consultancy Services Italia s.r.l. | Italy | 100.00 | 100.00 | 0.08 | 74 | 0.04 | 17 | - | - | 0.04 | 17 |
| Tata Consultancy Services Luxembourg S.A. | Capellen (G.D. de Luxembourg) | 100.00 | 100.00 | 0.11 | 109 | 0.12 | 53 | - | - | 0.12 | 53 |
| Tata Consultancy Services Switzerland Ltd. | Switzerland | 100.00 | 100.00 | 0.73 | 705 | 0.47 | 206 | (48.48) | 48 | 0.58 | 254 |
| Tata Consultancy Services Osterreich GmbH | Austria | 100.00 | 100.00 | - | 3 | - | (2) | - | - | - | (2) |
| Tata Consultancy Services Danmark ApS | Denmark | 100.00 | 100.00 | 0.01 | 6 | - | - | - | - | - | - |

Notes forming part of Consolidated Financial Statements

| Name of the entity | Country of incorporation | % of voting power as at March 31, 2022 | % of voting power as at March 31, 2021 | Net assets, i.e. total assets minus total liabilities | | Share in Profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|--------------------------|--|--|---|------------------|-------------------------------------|------------------|---|------------------|-------------------------------------|------------------|
| | | | | As % of consolidated net assets | Amount (₹ crore) | As % of consolidated profit or loss | Amount (₹ crore) | As % of consolidated other comprehensive income | Amount (₹ crore) | As % of total comprehensive income | Amount (₹ crore) |
| Tata Consultancy Services De Espana S.A. | Spain | 100.00 | 100.00 | 0.07 | 70 | 0.04 | 19 | - | - | 0.04 | 19 |
| Tata Consultancy Services (Portugal) Unipessoal, Limitada | Portugal | 100.00 | 100.00 | 0.01 | 13 | 0.02 | 9 | - | - | 0.02 | 9 |
| Tata Consultancy Services France | France | 100.00 | 100.00 | (0.40) | (385) | 0.08 | 35 | (6.06) | 6 | 0.09 | 41 |
| Tata Consultancy Services Saudi Arabia | Saudi Arabia | 100.00 | 76.00 | 0.12 | 112 | (0.01) | (5) | 11.11 | (11) | (0.04) | (16) |
| TCS Business Services GmbH | Germany | 100.00 | 100.00 | 0.02 | 20 | 0.03 | 15 | (33.33) | 33 | 0.11 | 48 |
| TCS Technology Solutions AG | Germany | 100.00 | 100.00 | 0.24 | 230 | 0.49 | 213 | (39.39) | 39 | 0.58 | 252 |
| Saudi Desert Rose Holding B.V. | Netherlands | 100.00 | - | - | 2 | 0.08 | 34 | - | - | 0.08 | 34 |
| Tata Consultancy Services (South Africa) (PTY) Ltd. | South Africa | 100.00 | 100.00 | 0.10 | 92 | 0.09 | 40 | - | - | 0.09 | 40 |
| TCS Financial Solutions Beijing Co., Ltd. | China | 100.00 | 100.00 | 0.04 | 41 | - | 1 | - | - | - | 1 |
| TCS Financial Solutions Australia Pty Limited | Australia | 100.00 | 100.00 | 0.10 | 87 | 0.11 | 46 | - | - | 0.11 | 46 |
| Tata Consultancy Services Bulgaria EOOD | Bulgaria | 100.00 | - | 0.01 | 9 | 0.02 | 9 | - | - | 0.02 | 9 |
| TCS Solution Center S.A. | Uruguay | 100.00 | 100.00 | 0.37 | 357 | 0.28 | 120 | - | - | 0.28 | 120 |

Notes forming part of Consolidated Financial Statements

| Name of the entity | Country of incorporation | % of voting power as at March 31, 2022 | % of voting power as at March 31, 2021 | Net assets, i.e. total assets minus total liabilities | | Share in Profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|--|--------------------------|--|--|---|------------------|-------------------------------------|------------------|---|------------------|-------------------------------------|------------------|
| | | | | As % of consolidated net assets | Amount (₹ crore) | As % of consolidated profit or loss | Amount (₹ crore) | As % of consolidated other comprehensive income | Amount (₹ crore) | As % of total comprehensive income | Amount (₹ crore) |
| TCS Uruguay S.A. | Uruguay | 100.00 | 100.00 | 0.12 | 117 | 0.24 | 104 | - | - | 0.24 | 104 |
| Tata Consultancy Services Argentina S.A. | Argentina | 100.00 | 100.00 | - | 2 | - | 1 | - | - | - | 1 |
| Tata Consultancy Services Do Brasil Ltda | Brazil | 100.00 | 100.00 | 0.34 | 324 | 0.15 | 65 | - | - | 0.15 | 65 |
| Tata Consultancy Services De Mexico S.A., De C.V. | Mexico | 100.00 | 100.00 | 0.63 | 606 | - | - | (15.15) | 15 | 0.03 | 15 |
| MGDC S.C. | Mexico | 100.00 | 100.00 | 0.04 | 43 | (0.18) | (79) | - | - | (0.17) | (79) |
| TCS Inversiones Chile Limitada | Chile | 100.00 | 100.00 | 0.33 | 315 | 0.19 | 81 | - | - | 0.19 | 81 |
| Tata Consultancy Services Chile S.A. | Chile | 100.00 | 100.00 | 0.40 | 384 | 0.20 | 86 | - | - | 0.20 | 86 |
| Tata Consultancy Services Guatemala, S.A. | Guatemala | 100.00 | - | 0.01 | 12 | 0.01 | 4 | - | - | 0.01 | 4 |
| TATASOLUTION CENTER S.A. | Ecuador | 100.00 | 100.00 | 0.11 | 104 | 0.11 | 48 | (1.03) | 1 | 0.12 | 49 |
| Trusts | India | - | - | 0.31 | 291 | 0.05 | 14 | - | - | 0.04 | 14 |
| TOTAL | | | | 100.00 | 96,244 | 100.00 | 43,586 | 100.00 | (99) | 100.00 | 43,487 |
| a) Adjustments arising out of consolidation | | | | | (6,398) | | (5,137) | | 4 | | (5,133) |
| b) Non-controlling interests | | | | | | | | | | | |
| Indian subsidiaries | | | | | | | | | | | |
| APTOnline Limited | | | | | (12) | | (2) | | - | | (2) |

Notes forming part of Consolidated Financial Statements

| Name of the entity | Country of incorporation | % of voting power as at March 31, 2022 | % of voting power as at March 31, 2021 | Net assets, i.e. total assets minus total liabilities | | Share in Profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|--------------------------|--|--|---|------------------|-------------------------------------|------------------|---|------------------|-------------------------------------|------------------|
| | | | | As % of consolidated net assets | Amount (₹ crore) | As % of consolidated profit or loss | Amount (₹ crore) | As % of consolidated other comprehensive income | Amount (₹ crore) | As % of total comprehensive income | Amount (₹ crore) |
| MP Online Limited | | | | | (13) | | (2) | | - | | (2) |
| C-Edge Technologies Limited | | | | | (153) | | (36) | | - | | (36) |
| MahaOnline Limited | | | | | (21) | | - | | - | | - |
| Foreign subsidiaries | | | | | | | | | | | |
| Tata Consultancy Services (China) Co., Ltd. | | | | | (18) | | (1) | | (2) | | (3) |
| Tata Consultancy Services Japan, Ltd. | | | | | (490) | | (81) | | 34 | | (47) |
| TOTAL | | | | | (707) | | (122) | | 32 | | (90) |
| TOTAL | | | | | 89,139 | | 38,327 | | (63) | | 38,264 |

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.
3. 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.
4. Tata Consultancy Services Ireland Limited incorporated a wholly owned subsidiary, Tata Consultancy Services Bulgaria EOOD in Bulgaria on August 31, 2021.
5. TCS Iberoamerica SA incorporated a subsidiary, Tata Consultancy Services Guatemala, S.A. in Guatemala on September 1, 2021.
6. Postbank Systems AG renamed as TCS Technology Solutions AG.
7. TCS e-Serve America, Inc. liquidated w.e.f. December 29, 2021.

Notes forming part of Consolidated Financial Statements

22) 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 Group's material related party transactions and outstanding balances are with related parties with whom the Group routinely enter into transactions in the ordinary course of business. Refer note 21 for list of subsidiaries of the Company.

Transactions and balances with its own subsidiaries are eliminated on consolidation.

Transactions with related parties are as follows:

(₹ crore)

| | Year ended March 31, 2022 | | | | |
|---|---------------------------|---|---|-----------------------|--------|
| | Tata Sons Private Limited | 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 | 789 | 2,785 | - | 3,614 |
| Purchases of goods and services (including reimbursements) | - | 571 | 159 | - | 730 |
| Brand equity contribution | 204 | - | - | - | 204 |
| Facility expenses | 1 | 20 | 45 | - | 66 |
| 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 | - | 3 | 6 | - | 9 |
| Advances recovered | - | 4 | 17 | - | 21 |
| Dividend paid | 9,609 | 5 | 2 | - | 9,616 |
| Buy-back of shares | 11,164 | 4 | 6 | - | 11,174 |

| | | | | | |
|---|-------|-----|-------|-------|--------|
| Revenue from operations | 35 | 609 | 2,205 | - | 2,849 |
| Purchases of goods and services (including reimbursements) | 1 | 475 | 361 | - | 837 |
| Brand equity contribution | 180 | - | - | - | 180 |
| Facility expenses | - | 20 | 42 | - | 62 |
| Lease rental | 1 | 36 | 45 | - | 82 |
| Bad debts and advances written off, allowance for doubtful trade receivables and advances (net) | - | 2 | - | - | 2 |
| 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 | - | 1 | 5 | - | 6 |
| Dividend paid | 7,817 | 4 | 3 | - | 7,824 |
| Buy-back of shares | 9,998 | 4 | - | - | 10,002 |

| Year ended March 31, 2021 | | | | | |
|---------------------------|---|---|-----------------------|--------|---|
| Tata Sons Private Limited | Subsidiaries of Tata Sons Private Limited | Associates / joint ventures of Tata Sons Private Limited and their subsidiaries | Other related parties | Total | |
| 35 | 609 | 2,205 | - | 2,849 | Revenue from operations |
| 1 | 475 | 361 | - | 837 | Purchases of goods and services (including reimbursements) |
| 180 | - | - | - | 180 | Brand equity contribution |
| - | 20 | 42 | - | 62 | Facility expenses |
| 1 | 36 | 45 | - | 82 | Lease rental |
| - | 2 | - | - | 2 | Bad debts and advances written off, allowance for doubtful trade receivables and advances (net) |
| - | - | - | 5,913 | 5,913 | Contribution and advance to post employment benefit plans |
| - | 3 | 88 | - | 91 | Purchase of property, plant and equipment |
| - | 1 | 6 | - | 7 | Advances given |
| - | 1 | 10 | - | 11 | Advances recovered |
| - | 1 | 5 | - | 6 | Advances taken |
| 7,817 | 4 | 3 | - | 7,824 | Dividend paid |
| 9,998 | 4 | - | - | 10,002 | Buy-back of shares |

Notes forming part of Consolidated Financial Statements

Balances receivable from related parties are as follows:

(₹ crore)

| | As at March 31, 2022 | | | | |
|--|---------------------------|---|---|-----------------------|--------------|
| | Tata Sons Private Limited | 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 | 245 | 925 | - | 1,181 |
| Loans, other financial assets and other assets | 10 | 53 | 31 | - | 94 |
| | 21 | 298 | 956 | - | 1,275 |

(₹ crore)

(₹ crore)

| | As at March 31, 2021 | | | | |
|--|---------------------------|---|---|-----------------------|--------------|
| | Tata Sons Private Limited | 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 | 260 | 714 | - | 982 |
| Loans, other financial assets and other assets | 9 | 27 | 62 | - | 98 |
| | 17 | 287 | 776 | - | 1,080 |

(₹ crore)

Balances payable to related parties are as follows:

| | (₹ crore) | | | | |
|--|---------------------------|---|---|-----------------------|-------|
| | As at March 31, 2022 | | | | |
| | Tata Sons Private Limited | 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 | 189 | 499 | 146 | - | 834 |
| Commitments and guarantees | - | 37 | 201 | - | 238 |

(₹ crore)

(₹ crore)

Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities

Commitments and guarantees

| As at March 31, 2021 | | | | |
|---------------------------|---|---|-----------------------|-------|
| Tata Sons Private Limited | Subsidiaries of Tata Sons Private Limited | Associates / joint ventures of Tata Sons Private Limited and their subsidiaries | Other related parties | Total |
| 175 | 299 | 394 | - | 868 |
| - | 10 | 270 | - | 280 |

Material related party transactions are as follows:

(₹ crore)

Revenue from operations

Jaguar Land Rover Limited

Tata Steel IJmuiden BV

| Year ended March 31, 2022 | Year ended March 31, 2021 |
|---------------------------|---------------------------|
| 1,500 | 1,093 |
| 558 | 452 |

Material related party balances are as follows:

(₹ crore)

Trade receivables and contract assets

Jaguar Land Rover Limited

| As at March 31, 2022 | As at March 31, 2021 |
|----------------------|----------------------|
| 379 | 290 |

Transactions with key management personnel are as follows:

(₹ crore)

Short-term benefits

Dividend paid during the year

| Year ended March 31, 2022 | Year ended March 31, 2021 |
|---------------------------|---------------------------|
| 53 | 43 |
| 1 | 1 |
| 54 | 44 |

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.

Notes forming part of Consolidated Financial Statements

- 23)** The sitting fees and commission paid to non-executive directors is ₹12 crore and ₹10 crore as at March 31, 2022 and 2021, respectively.
- 24)** 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 and its Indian subsidiaries will assess the impact and its evaluation once the subject rules are notified. The Company and its Indian subsidiaries 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.

25) 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 for the year ended March 31, 2021.

Dividends declared by the Company are based on profits 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

Amit Somani
Partner
Membership No: 060154

Mumbai, April 11, 2022

For and on behalf of the Board

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

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

Mumbai, April 11, 2022