TATA CONSULTANCY SERVICES LIMITED
Consolidated Balance Sheet

	Note	As at March 31, 2020	As at March 31, 2019
		(₹crore)	
ASSETS			
Non-current assets			
Property, plant and equipment	10(a)	10,941	10,411
Capital work-in-progress		906	963
Right-of-use assets	9	7,994	-
Goodwill	10(b)	1,710	1,700
Other intangible assets	10(c)	283	179
Financial assets			
Investments	8(a)	216	239
Trade receivables	8(b)	74	95
Unbilled receivables		324	391
Loans receivables	8(e)	29	60
Other financial assets	8(f)	1,184	738
Income tax assets (net)		2,462	4,017
Deferred tax assets (net)	17	2,828	2,656
Other assets	10(d)	1,711	1,363
Total non-current assets		**30,662**	**22,812**
Current assets			
Inventories	10(e)	5	10
Financial assets			
Investments	8(a)	26,140	29,091
Trade receivables	8(b)	30,532	27,346
Unbilled receivables		5,732	5,157
Cash and cash equivalents	8(c)	8,646	7,224
Other balances with banks	8(d)	1,020	5,624
Loans receivables	8(e)	8,475	8,029
Other financial assets	8(f)	1,473	1,769
Income tax assets (net)		8	1,853
Other assets	10(d)	8,206	6,028
Total current assets		**90,237**	**92,131**
TOTAL ASSETS		**1,20,899**	**1,14,943**
EQUITY AND LIABILITIES			
Equity			
Share capital	8(l)	375	375
Other equity	11	83,751	89,071
Equity attributable to shareholders of the Company		**84,126**	**89,446**
Non-controlling interests		623	453
Total equity		**84,749**	**89,899**
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities		6,906	44
Other financial liabilities	8(g)	291	287
Unearned and deferred revenue		697	844
Employee benefit obligations	14	417	330
Deferred tax liabilities (net)	17	779	1,042
Other liabilities	10(g)	-	413
Total non-current liabilities		**9,090**	**2,960**
Current liabilities			
Financial liabilities			
Lease liabilities		1,268	-
Trade payables		6,740	6,292
Other financial liabilities	8(g)	6,100	4,903
Unearned and deferred revenue		2,915	2,392
Provisions	10(f)	293	239
Employee benefit obligations	14	2,749	2,356
Income tax liabilities(net)		3,712	2,667
Other liabilities	10(g)	3,283	3,235
Total current liabilities		**27,060**	**22,084**
TOTAL EQUITY AND LIABILITIES		**1,20,899**	**1,14,943**

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

Yezdi Nagporewalla
Partner
Membership No: 049265

Mumbai, April 16, 2020

For and on behalf of the Board

N Chandrasekaran
Chairman

Rajesh Gopinathan
CEO and Managing Director

Keki M Mistry
Director

V Ramakrishnan
CFO

Rajendra Moholkar
Company Secretary

TATA CONSULTANCY SERVICES LIMITED
Consolidated Statement of Profit and Loss

	Note	Year ended March 31, 2020	Year ended March 31, 2019
		(₹crore)	
Revenue	12	156,949	146,463
Other income	13	4,592	4,311
TOTAL INCOME		**161,541**	**150,774**
Expenses			
Employee benefit expenses	14	85,952	78,246
Cost of equipment and software licences	15(a)	1,905	2,270
Depreciation and amortisation expense		3,529	2,056
Other expenses	15(b)	26,983	26,441
Finance costs	16	924	198
TOTAL EXPENSES		**119,293**	**109,211**
PROFIT BEFORE TAX		**42,248**	**41,563**
Tax expense			
Current tax	17	10,378	9,502
Deferred tax	17	(577)	499
TOTAL TAX EXPENSE		**9,801**	**10,001**
PROFIT FOR THE YEAR		**32,447**	**31,562**
OTHER COMPREHENSIVE INCOME (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined employee benefit plans		(429)	(51)
Net change in fair values of investments in equity shares carried at fair value through OCI		(20)	(1)
Income tax on items that will not be reclassified subsequently to profit or loss		90	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		958	425
Net change in intrinsic value of derivatives designated as cash flow hedges		(94)	153
Net change in time value of derivatives designated as cash flow hedges		(52)	44
Exchange differences on translation of financial statements of foreign operations		326	(86)
Income tax on items that will be reclassified subsequently to profit or loss		(315)	(171)
TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)		**464**	**324**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**32,911**	**31,886**
Profit for the year attributable to:			
Shareholders of the Company		32,340	31,472
Non-controlling interests		107	90
		32,447	**31,562**
Total comprehensive income for the year attributable to:			
Shareholders of the Company		32,764	31,787
Non-controlling interests		147	99
		32,911	**31,886**
Earnings per equity share:- Basic and diluted (₹)	18	86.19	83.05
Weighted average number of equity shares		375,23,84,706	378,97,49,350

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

As per our report of even date attached

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

Yezdi Nagporewalla
Partner
Membership No: 049265

Mumbai, April 16, 2020

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CFO

Rajendra Moholkar
Company Secretary

TATA CONSULTANCY SERVICES LIMITED

Consolidated Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

(₹crore)

Balance as at April 1, 2018	Changes in equity share capital during the year*	Balance as at March 31, 2019
191	184	375

(₹crore)

Balance as at April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
375	-	375

*Refer note 8(l)

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	Cash flow hedging reserve - Time value	Foreign currency translation reserve			
Balance as at April 1, 2018	**75**	**529**	**1,423**	**1,578**	**79,755**	**258**	**(84)**	**(2)**	**(69)**	**1,474**	**84,937**	**402**	**85,339**
Profit for the year	-	-	-	-	31,472	-	-	-	-	-	31,472	90	31,562
Other comprehensive income / (losses)	-	-	-	-	(41)	-	275	136	39	(94)	315	9	324
Total comprehensive income	**-**	**-**	**-**	**-**	**31,431**	**-**	**275**	**136**	**39**	**(94)**	**31,787**	**99**	**31,886**
Dividend (including tax on dividend of ₹1,342 crore)	-	-	-	-	(11,424)	-	-	-	-	-	(11,424)	(48)	(11,472)
Buy-back of equity shares[1]	-	8	-	-	(16,000)	-	-	-	-	-	(15,992)	-	(15,992)
Expenses for buy-back of equity shares[1]	-	-	-	-	(45)	-	-	-	-	-	(45)	-	(45)
Issue of bonus shares[1]	-	(106)	-	-	(86)	-	-	-	-	-	(192)	-	(192)
Realised loss on equity shares carried at fair value through OCI	-	-	-	-	(1)	-	1	-	-	-	-	-	-
Transfer to Special Economic Zone re-investment reserve	-	-	-	2,750	(2,750)	-	-	-	-	-	-	-	-
Transfer from Special Economic Zone re-investment reserve	-	-	-	(3,334)	3,334	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	(1,396)	-	1,306	90	-	-	-	-	-	-	-
Balance as at March 31, 2019	**75**	**431**	**27**	**994**	**85,520**	**348**	**192**	**134**	**(30)**	**1,380**	**89,071**	**453**	**89,524**
Balance as at April 1, 2019	**75**	**431**	**27**	**994**	**85,520**	**348**	**192**	**134**	**(30)**	**1,380**	**89,071**	**453**	**89,524**
Transition impact of Ind AS 116, net of tax[2]	-	-	-	-	(357)	-	-	-	-	-	(357)	(2)	(359)
Restated balance as at April 1, 2019	**75**	**431**	**27**	**994**	**85,163**	**348**	**192**	**134**	**(30)**	**1,380**	**88,714**	**451**	**89,165**
Profit for the year	-	-	-	-	32,340	-	-	-	-	-	32,340	107	32,447
Other comprehensive income / (losses)	-	-	-	-	(339)	-	604	(89)	(38)	286	424	40	464
Total comprehensive income	**-**	**-**	**-**	**-**	**32,001**	**-**	**604**	**(89)**	**(38)**	**286**	**32,764**	**147**	**32,911**
Dividend (including tax on dividend of ₹5,742 crore)	-	-	-	-	(37,634)	-	-	-	-	-	(37,634)	(68)	(37,702)
Impact on purchase of non-controlling interests	-	-	-	-	(93)	-	-	-	-	-	(93)	93	-
Transfer to Special Economic Zone re-investment reserve	-	-	-	2,947	(2,947)	-	-	-	-	-	-	-	-
Transfer from Special Economic Zone re-investment reserve	-	-	-	(2,347)	2,347	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	-	(27)	27	-	-	-	-	-	-	-
Balance as at March 31, 2020	**75**	**431**	**27**	**1,594**	**78,810**	**375**	**796**	**45**	**(68)**	**1,666**	**83,751**	**623**	**84,374**

[1]Refer note 8(l)
[2]Refer note 9

Total equity (primarily retained earnings) includes ₹1,258 crore and ₹864 crore as at March 31, 2020 and 2019, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

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. Statutory reserve

Statutory reserves are created to adhere to requirements of applicable laws.

f. 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.

g. 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.

h. Foreign currency translation reserve

The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian rupees 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

Yezdi Nagporewalla
Partner
Membership No: 049265

Mumbai, April 16, 2020

For and on behalf of the Board

N Chandrasekaran
Chairman

Rajesh Gopinathan
CEO and Managing Director

Keki M Mistry
Director

V Ramakrishnan
CFO

Rajendra Moholkar
Company Secretary

TATA CONSULTANCY SERVICES LIMITED
Consolidated Statement of Cash Flows

	Year ended March 31, 2020	Year ended March 31, 2019
		(₹crore)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	32,447	31,562
Adjustments to reconcile profit and loss to net cash provided by operating activities		
Depreciation and amortisation expense	3,529	2,056
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	144	187
Tax expense	9,801	10,001
Net gain on lease modification	(14)	-
Unrealised foreign exchange (gain) / loss	(117)	7
Net gain on disposal of property, plant and equipment	(46)	(84)
Net gain on investments	(214)	(427)
Interest income	(3,562)	(2,762)
Dividend income	(10)	(18)
Finance costs	924	198
Operating profit before working capital changes	**42,882**	**40,720**
Net change in		
Inventories	5	16
Trade receivables	(3,295)	(2,883)
Unbilled receivables	(508)	1,286
Loans receivables and other financial assets	(2)	(499)
Other assets	(3,492)	(3,687)
Trade payables	446	1,496
Unearned and deferred revenue	375	679
Other financial liabilities	1,208	791
Other liabilities and provisions	596	632
Cash generated from operations	**38,215**	**38,551**
Taxes paid (net of refunds)	(5,846)	(9,958)
Net cash generated from operating activities	**32,369**	**28,593**
CASH FLOWS FROM INVESTING ACTIVITIES		
Bank deposits placed	(7,663)	(6,029)
Inter-corporate deposits placed	(14,905)	(13,724)
Purchase of investments*	(80,002)	(96,751)
Payment for purchase of property, plant and equipment	(2,538)	(2,053)
Payment including advances for acquiring right-of-use assets	(519)	-
Payment for purchase of intangible assets	(192)	(178)
Purchase of subsidiary, net of cash of NIL and ₹16 crore respectively	-	(50)
Proceeds from bank deposits	11,965	2,715
Proceeds from inter-corporate deposits	14,432	10,797
Proceeds from disposal / redemption of investments*	84,089	1,04,133
Proceeds from disposal of property, plant and equipment	161	99
Interest received	3,729	2,619
Dividend received	8	18
Net cash generated from investing activities	**8,565**	**1,596**

TATA CONSULTANCY SERVICES LIMITED

Consolidated Statement of Cash Flows

	Year ended March 31, 2020	Year ended March 31, 2019
		(₹crore)
CASH FLOWS FROM FINANCING ACTIVITIES		
Buy-back of equity shares	-	(16,000)
Expenses for buy-back of equity shares	-	(45)
Short-term borrowings (net)	-	(181)
Dividend paid (including tax on dividend)	(37,634)	(11,424)
Dividend paid to non-controlling interests (including tax on dividend)	(68)	(48)
Purchase of non-controlling interests	(227)	-
Repayment of lease liabilities	(1,062)	(13)
Interest paid	(924)	(186)
Net cash used in financing activities	**(39,915)**	**(27,897)**
Net change in cash and cash equivalents	**1,019**	**2,292**
Cash and cash equivalents at the beginning of the year	7,224	4,883
Exchange difference on translation of foreign currency cash and cash equivalents	403	49
Cash and cash equivalents at the end of the year (Refer Note 8(c))	**8,646**	**7,224**

*Purchase of investments include ₹503 crore and ₹352 crore for the years ended March 31, 2020 and 2019, respectively, and proceeds from disposal / redemption of investments include ₹542 crore and ₹281 crore for the years ended March 31, 2020 and 2019, 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 and on behalf of the Board

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

N Chandrasekaran
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CEO and Managing Director

Keki M Mistry
Director

Yezdi Nagporewalla
Partner
Membership No: 049265

V Ramakrishnan
CFO

Rajendra Moholkar
Company Secretary

Mumbai, April 16, 2020

1) Corporate information

Tata Consultancy Services Limited ("the Company") and its subsidiaries (collectively together with the 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 for the last fifty years. 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, 2020, Tata Sons Private Limited, the holding company owned 72.02% of the Company's equity share capital.

The Board of Directors approved the consolidated financial statements for the year ended March 31, 2020 and authorised for issue on April 16, 2020.

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.

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 date and exchange gains and losses arising on settlement and restatement are recognised in the consolidated 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.

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 the management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of the 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

- 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 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.
- 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 the degree of the 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 unit (CGU) 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 rate used for the CGU's 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 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 date and are adjusted to reflect the current best estimates.

The Group uses significant judgement to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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 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 judgment. 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.

6) Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

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.

The Company acquired W12 Studios Limited, an award-winning digital design studio based in London on October 31, 2018. The Company paid ₹66 crore (GBP 7 million) to acquire 100% equity shares of W12 Studios Limited.

Purchase consideration paid for this acquisition has been allocated as follows:

	(₹crore) Purchase Consideration
Cash and cash equivalents	16
Net assets acquired, at fair value other than cash and cash equivalents	8
Intangible assets	28
Goodwill	14
	66

Revenues and net profit of the acquiree included in the consolidated financial statements and proforma revenue and net profit information as at the beginning of April 1, 2018 have not been presented because the amounts are immaterial.

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 financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset 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 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 time value and intrinsic value of an option is recognised in other comprehensive income and accounted as a separate component of equity. Such amounts are reclassified into the statement of profit and loss when the related hedged items affect profit and loss.

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

- **Instruments not in hedging relationship**

  The Group enters into the 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-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(a) Investments

Investments consist of the following:

Investments – Non-current

	(₹crore)	
	As at March 31, 2020	**As at March 31, 2019**
Investments designated at fair value through OCI		
Fully paid equity shares (unquoted)		
Mozido LLC	75	69
FCM LLC	55	52
Taj Air Limited	19	19
Philippine Dealing System Holdings Corporation	7	6
Less: Impairment in value of investments	(114)	(88)
Investments carried at amortised cost		
Government bonds and securities (quoted)	164	165
Corporate bonds (quoted)	10	16
	216	**239**

Investments - Non-current includes ₹174 crore and ₹181 crore as at March 31, 2020 and 2019, respectively, pertains to trusts held for specified purposes.

Investments – Current

	(₹crore)	
	As at March 31, 2020	**As at March 31, 2019**
Investments carried at fair value through profit or loss		
Mutual fund units (quoted)	1,692	3,745
Mutual fund units (unquoted)	-	63
Investments carried at fair value through OCI		
Government bonds and securities (quoted)	24,290	23,566
Corporate bonds (quoted)	132	1,206
Investments carried at amortised cost		
Certificate of deposits (quoted)	-	490
Corporate bonds (quoted)	26	21
	26,140	**29,091**

Investments - Current includes ₹95 crore and ₹121 crore as at March 31, 2020 and 2019, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

Aggregate value of quoted and unquoted investments is as follows:

	(₹crore)	
	As at March 31, 2020	**As at March 31, 2019**
Aggregate value of quoted investments	26,314	29,209
Aggregate value of unquoted investments (net of impairment)	42	121
Aggregate market value of quoted investments	26,336	29,222
Aggregate value of impairment of investments	114	88

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

	As at March 31, 2020 (₹crore)	As at March 31, 2019 (₹crore)
Government bonds and securities	186	177
Certificate of deposits	-	491
Corporate bonds	36	36

(₹crore)

In Numbers	Currency	Face value per share	Investments	As at March 31, 2020	As at March 31, 2019
			Fully paid equity shares (unquoted)		
1 00 00 000	USD	1	Mozido LLC	75	69
15	USD	500,000	FCM LLC	55	52
1 90 00 000	INR	10	Taj Air Limited	19	19
5 00 000	PHP	100	Philippine Dealing System Holdings Corporation	7	6
			Less: Impairment in value of investments	(114)	(88)
				42	58

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

	Year ended March 31, 2020 (₹crore)	Year ended March 31, 2019 (₹crore)
Balance at the beginning of the year	192	(84)
Net loss arising on revaluation of financial assets carried at fair value	(20)	(1)
Net cumulative loss reclassified to retained earnings on sale of financial assets carried at fair value	-	1
Net gain / (loss) arising on revaluation of investments other than equities carried at fair value through other comprehensive income	972	425
Deferred tax relating to net gain / (loss) arising on revaluation of investments other than equities carried at fair value through other comprehensive income	(340)	(149)
Net cumulative (gain) / loss reclassified to statement of profit and loss on sale of investments other than equities carried at fair value through other comprehensive income	(14)	-
Deferred tax relating to net cumulative (gain) / loss reclassified to statement of profit and loss on sale of investments other than equities carried at fair value through other comprehensive income	6	-
Balance at the end of the year	**796**	**192**

(b) Trade receivables

Trade receivables (unsecured) consist of the following:

Trade receivables – Non-current

	As at March 31, 2020	As at March 31, 2019
		(₹crore)
Trade receivables	656	569
Less: Allowance for doubtful trade receivables	(582)	(474)
Considered good	**74**	**95**

Trade receivables – Current

	As at March 31, 2020	As at March 31, 2019
		(₹crore)
Trade receivables	30,747	27,629
Less: Allowance for doubtful trade receivables	(306)	(340)
Considered good	**30,441**	**27,289**
Trade receivables	340	263
Less: Allowance for doubtful trade receivables	(249)	(206)
Credit impaired	**91**	**57**
	30,532	**27,346**

(c) Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As at March 31, 2020	As at March 31, 2019
		(₹crore)
Balances with banks		
In current accounts	8,237	6,463
In deposit accounts	405	733
Cheques on hand	1	2
Cash on hand	1	19
Remittances in transit	2	7
	8,646	**7,224**

Balances with banks in current accounts include ₹4 crore and ₹5 crore as at March 31, 2020 and 2019, respectively, pertaining to trusts held for specified purposes.

(d) Other balances with banks

Other balances with banks consist of the following:

	As at March 31, 2020	As at March 31, 2019
		(₹crore)
Earmarked balances with banks	215	196
Short-term bank deposits	805	5,428
	1,020	**5,624**

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

(e) Loans receivables

Loans receivables (unsecured) consist of the following:

Loans receivables – Non-current

	As at March 31, 2020	As at March 31, 2019
		(₹crore)
Considered good		
Inter-corporate deposits	27	58
Loans and advances to employees	2	2
	29	**60**

Loans receivables – Current

	As at March 31, 2020	As at March 31, 2019
		(₹crore)
Considered good		
Inter-corporate deposits	8,171	7,667
Loans and advances to employees	304	362
Credit impaired		
Loans and advances to employees	15	63
Less: Allowance on loans and advances to employees	(15)	(63)
	8,475	**8,029**

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

Inter-corporate deposits includes ₹922 crore and ₹600 crore as at March 31, 2020 and 2019, 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

	As at March 31, 2020	As at March 31, 2019
		(₹crore)
Security deposits	824	737
Earmarked balances with banks	1	1
Long-term bank deposits	348	-
Others	11	-
	1,184	**738**

Other financial assets – Current

	As at March 31, 2020	As at March 31, 2019
		(₹crore)
Security deposits	170	154
Fair value of foreign exchange derivative assets	425	585
Interest receivable	744	834
Others	134	196
	1,473	**1,769**

Interest receivable includes ₹43 crore and ₹46 crore as at March 31, 2020 and 2019, respectively, pertaining to trusts and TCS Foundation.

(g) Other financial liabilities

Other financial liabilities consist of the following:

Other financial liabilities – Non-current

(₹ crore)

	As at March 31, 2020	As at March 31, 2019
Capital creditors	3	3
Others	288	284
	291	**287**

Others include advance taxes paid of ₹226 crore and ₹226 crore as at March 31, 2020 and 2019, respectively, by the seller of TCS e-Serve Limited (merged with the Company) which, on refund by the tax authorities, is payable to the seller.

Other financial liabilities – Current

(₹ crore)

	As at March 31, 2020	As at March 31, 2019
Accrued payroll	3,907	3,203
Current maturities of finance lease obligations	-	18
Unclaimed dividends	53	41
Fair value of foreign exchange derivative liabilities	693	60
Capital creditors	502	303
Liabilities towards customer contracts	807	895
Others	138	383
	6,100	**4,903**

In the previous year, 'Others' include a liability accrued towards exercise of put/call option for acquisition by Tata Consultancy Services Asia Pacific Pte Ltd. of additional 15% stake in its joint venture with Mitsubishi Corporation in Tata Consultancy Services Japan, Ltd. On June 26, 2019, pursuant to exercise of put option by Mitsubishi Corporation, Tata Consultancy Services Asia Pacific Pte Ltd. acquired additional 15% stake for an amount of ₹227 crore (JPY 3,500 million).

(h) Financial instruments by category

The carrying value of financial instruments by categories as at March 31, 2020 is as follows:

(₹crore)

	Fair value through profit or loss	Fair value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total carrying value
Financial assets						
Cash and cash equivalents	-	-	-	-	8,646	8,646
Bank deposits	-	-	-	-	1,153	1,153
Earmarked balances with banks	-	-	-	-	216	216
Investments	1,692	24,464	-	-	200	26,356
Trade receivables	-	-	-	-	30,606	30,606
Unbilled receivables	-	-	-	-	6,056	6,056
Loans receivables	-	-	-	-	8,504	8,504
Other financial assets	-	-	146	279	1,883	2,308
Total	**1,692**	**24,464**	**146**	**279**	**57,264**	**83,845**
Financial liabilities						
Trade payables	-	-	-	-	6,740	6,740
Lease liabilities	-	-	-	-	8,174	8,174
Other financial liabilities	-	-	34	659	5,698	6,391
Total	**-**	**-**	**34**	**659**	**20,612**	**21,305**

*Loans receivables include inter-corporate deposits of ₹8,198 crore, with original maturity period within 36 months.

The carrying value of financial instruments by categories as at March 31, 2019 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	-	-	-	-	7,224	7,224
Bank deposits	-	-	-	-	5,428	5,428
Earmarked balances with banks	-	-	-	-	197	197
Investments	3,808	24,830	-	-	692	29,330
Trade receivables	-	-	-	-	27,441	27,441
Unbilled receivables	-	-	-	-	5,548	5,548
Loans receivables	-	-	-	-	8,089	8,089
Other financial assets	-	-	237	348	1,921	2,506
Total	**3,808**	**24,830**	**237**	**348**	**56,540**	**85,763**
Financial liabilities						
Trade payables	-	-	-	-	6,292	6,292
Lease liabilities	-	-	-	-	44	44
Other financial liabilities	218	-	-	60	4,912	5,190
Total	**218**	**-**	**-**	**60**	**11,248**	**11,526**

*Loans receivables include inter-corporate deposits of ₹7,725 crore, with original maturity period within 50 months.

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables, loans receivables and trade payables as at March 31, 2020 and 2019, approximate the fair value. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented. Fair value measurement of lease liabilities is not required. Fair value of investments carried at amortised cost is ₹222 crore and ₹704 crore as at March 31, 2020 and 2019, respectively.

(i) Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist 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, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual fund units	1,692	-	-	1,692
Equity shares	-	-	42	42
Government bonds and securities	24,476	-	-	24,476
Corporate bonds	168	-	-	168
Derivative financial assets	-	425	-	425
Total	**26,336**	**425**	**42**	**26,803**
Financial liabilities				
Derivative financial liabilities	-	693	-	693
Total	**-**	**693**	**-**	**693**

(₹crore)

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual fund units	3,745	63	-	3,808
Equity shares	-	-	58	58
Government bonds and securities	23,743	-	-	23,743
Certificate of deposits	491	-	-	491
Corporate bonds	1,243	-	-	1,243
Derivative financial assets	-	585	-	585
Total	**29,222**	**648**	**58**	**29,928**
Financial liabilities				
Derivative financial liabilities	-	60	-	60
Other financial liabilities	-	-	218	218
Total	**-**	**60**	**218**	**278**

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

(₹crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	58	58
Disposals during the year	-	(3)
Impairment in value of investments	(20)	-
Translation exchange difference	4	3
Balance at the end of the year	**42**	**58**

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

	(₹crore) Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	218	203
Additions during the year	-	13
Repayment during the year	(227)	-
Translation exchange difference	9	2
Balance at the end of the year	-	**218**

(j) 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 have 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:

	As at March 31, 2020			As at March 31, 2019		
Foreign currency	**No. of contracts**	**Notional amount of contracts (In million)**	**Fair value (₹crore)**	**No. of contracts**	**Notional amount of contracts (In million)**	**Fair value (₹crore)**
US Dollar	55	1,420	20	28	1,000	128
Great Britain Pound	71	384	59	24	177	23
Euro	38	363	(31)	33	239	50
Australian Dollar	26	192	48	26	181	22
Canadian Dollar	19	104	16	21	99	14

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

	(₹crore) Year ended March 31, 2020		Year ended March 31, 2019	
	Intrinsic value	**Time value**	**Intrinsic value**	**Time value**
Balance at the beginning of the year	134	(30)	(2)	(69)
(Gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	(449)	513	(488)	458
Deferred tax on (gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	54	(38)	94	(25)
Change in the fair value of effective portion of cash flow hedges	355	(565)	641	(414)
Deferred tax on fair value of effective portion of cash flow hedges	(49)	52	(111)	20
Balance at the end of the year	**45**	**(68)**	**134**	**(30)**

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, 2020 and 2019, the notional amount of outstanding contracts aggregated to ₹40,298 crore and ₹34,939 crore, respectively and the respective fair value of these contracts have a net loss of ₹380 crore and net gain of ₹288 crore.

Exchange loss of ₹461 crore and exchange gain of ₹408 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, 2020 and 2019, respectively.

Net foreign exchange gains include loss of ₹64 crore and gain of ₹30 crore transferred from cash flow hedging reserve for the years ended March 31, 2020 and 2019, respectively.

Net loss on derivative instruments of ₹23 crore recognised in cash flow hedging reserve as at March 31, 2020, is expected to be transferred to the statement of profit and loss by March 31, 2021. The maximum period over which the exposure to cash flow variability has been hedged is through calendar year 2020.

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, 2020	As at March 31, 2019
10% Appreciation of the underlying foreign currencies	(407)	(64)
10% Depreciation of the underlying foreign currencies	1,261	1,370

(k) 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 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(j).

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2020:

				(₹ crore)
	USD	**EUR**	**GBP**	**Others**
Net financial assets	2,140	239	82	1,145
Net financial liabilities	(3,257)	(325)	(160)	(249)

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 ₹39 crore for the year ended March 31, 2020.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2019:

				(₹ crore)
	USD	**EUR**	**GBP**	**Others**
Net financial assets	2,519	321	500	1,285
Net financial liabilities	(82)	-	(10)	(308)

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 decrease / increase in the Group's profit before taxes by approximately ₹423 crore for the year ended March 31, 2019.

Impact of COVID-19 (Global pandemic)

The Group basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Group has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Group continues to believe that there is no impact on effectiveness of its hedges.

- **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, unbilled receivables, loan receivables,investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. Inter-corporate deposits of ₹8,198 crore are with a financial institution having a high credit-rating assigned by credit-rating agencies. Bank deposits include an amount of ₹1,135 crore held with two Indian banks having high credit rating which are individually in excess of 10% or more of the Group's total bank deposits as at year ended March 31, 2020. 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 ₹88,291 crore and ₹89,172 crore as at March 31, 2020 and 2019, respectively, being the total of the carrying amount of balances with banks, bank deposits, investments, trade receivables, unbilled receivables,loan receivables,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, unbilled receivables and contract assets as at March 31, 2020 and 2019.

Geographic concentration of credit risk

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

	As at March 31, 2020		As at March 31, 2019	
	Gross%	Net%	Gross%	Net%
United States of America	44.94	45.66	45.95	46.67
India	11.56	10.01	11.83	10.37
United Kingdom	14.74	15.02	14.12	14.30

Geographical concentration of trade receivables, unbilled 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, 2020 and 2019 was ₹133 crore and ₹187 crore respectively. The reconciliation of allowance for doubtful trade receivables is as follows:

(₹crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	1,020	831
Change during the year	133	187
Bad debts written off	(43)	(9)
Translation exchange difference	27	11
Balance at the end of the year	**1,137**	**1,020**

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 of:

(₹crore)

March 31, 2020	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
Non-derivative financial liabilities					
Trade payables	6,740	-	-	-	6,740
Lease liabilities	1,722	1,514	3,517	4,034	10,787
Other financial liabilities	5,407	12	279	-	5,698
	13,869	**1,526**	**3,796**	**4,034**	**23,225**
Derivative financial liabilities	693	-	-	-	693
Total	**14,562**	**1,526**	**3,796**	**4,034**	**23,918**

(₹crore)

March 31, 2019	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
Non-derivative financial liabilities					
Trade payables	6,292	-	-	-	6,292
Lease liabilities	-	18	37	-	55
Other financial liabilities	4,843	12	227	48	5,130
	11,135	30	264	48	11,477
Derivative financial liabilities	60	-	-	-	60
Total	**11,195**	**30**	**264**	**48**	**11,537**

Other risk - Impact of COVID-19

Financial assets carried at fair value as at March 31, 2020 is ₹26,581 crore and financial assets are carried at amortised cost as at March 31, 2020 is ₹57,264 crore. A significant part of the financial assets are classified as Level 1 having fair value of ₹26,336 crore as at March 31,2020. The fair value of these assets is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Group are mainly investments in liquid debt securities and accordingly, any material volatility is not expected.

Financial assets of ₹10,015 crore as at March 31, 2020 carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Group has assessed the counterparty credit risk. Trade receivables of ₹30,606 crore as at March 31, 2020 forms a significant part of the financial assets carried at amortised cost which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Group has specifically evaluated the potential impact with respect to customers in Retail, Travel, Transportation and Hospitality, Manufacturing and Energy verticals which could have an immediate impact and the rest which could have an impact with a lag. The Group closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done in respect of unbilled receivables and contract assets of ₹10,545 crore as at March 31, 2020 while arriving at the level of provision that is required. Basis this assessment, the allowance for doubtful trade receivables of ₹1,137 crore as at March 31, 2020 is considered adequate.

(l) Equity instruments

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

		(₹ crore)
	As at March 31, 2020	**As at March 31, 2019**
Authorised		
460,05,00,000 equity shares of ₹ 1 each (March 31, 2019: 460,05,00,000 equity shares of ₹ 1 each)	460	460
105,02,50,000 preference shares of ₹ 1 each (March 31, 2019: 105,02,50,000 preference shares of ₹ 1 each)	105	105
	565	**565**
Issued, Subscribed and Fully paid up		
375,23,84,706 equity shares of ₹ 1 each (March 31, 2019: 375,23,84,706 equity shares of ₹ 1 each)	375	375
	375	**375**

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.

In the previous year, 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.

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 in the previous year. The equity shares bought back were extinguished on September 26, 2018.

I. Reconciliation of number of shares

	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount (₹crore)	Number of shares	Amount (₹crore)
Equity shares				
Opening balance	375,23,84,706	375	191,42,87,591	191
Issued during the year	-	-	191,42,87,591	192
Shares extinguished on buy-back	-	-	(7,61,90,476)	(8)
Closing balance	**375,23,84,706**	**375**	**375,23,84,706**	**375**

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, 2020	As at March 31, 2019
Equity shares		
Holding company		
270,24,50,947 equity shares (March 31, 2019: 270,24,50,947 equity shares) are held by Tata Sons Private Limited	270	270
Subsidiaries and Associates of Holding company		
7,220 equity shares (March 31, 2019: 7,220 equity shares) are held by Tata Industries Limited*	-	-
10,36,269 equity shares (March 31, 2019: 10,36,269 equity shares) are held by Tata Investment Corporation Limited*	-	-
46,798 equity shares (March 31, 2019: 46,798 equity shares) are held by Tata Steel Limited*	-	-
766 equity shares (March 31, 2019: 766 equity shares) are held by The Tata Power Company Limited*	-	-
Total	**270**	**270**

* 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, 2020	As at March 31, 2019
Equity shares		
Tata Sons Private Limited, the holding company	270,24,50,947	270,24,50,947
% of shareholding	72.02%	72.02%

V. Equity shares movement during 5 years preceding March 31, 2020

- **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, 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 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.

5,61,40,350 equity shares of ₹1 each were extinguished on buy-back by the company pursuant to a Letter of Offer made to all eligible shareholders of the company at ₹2,850 per equity share. The equity shares bought back were extinguished on June 7, 2017.

- **Equity shares allotted as fully paid-up including equity shares fully paid pursuant to contract without payment being received in cash**

1,16,99,962 equity shares issued to the shareholders of CMC Limited in terms of the scheme of amalgamation ('the Scheme') sanctioned by the High Court of Judicature at Bombay vide its Order dated August 14, 2015 and the High Court of Judicature at Hyderabad vide its Order dated July 20, 2015.

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 stand-alone price of the lease component and the aggregate stand-alone 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 assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The 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 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.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Refer note 2(h) – Significant accounting policies – Leases in the Annual report of the Group for the year ended March 31, 2019, for the policy as per Ind AS 17.

Group as a lessee

Operating leases

For transition, the Group has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Group has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Group has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Group recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of ₹6,360 crore and lease liability of ₹6,831 crore has been recognised. The cumulative effect on transition in retained earnings net of taxes is ₹359 crore (including the deferred tax of ₹170 crore) . The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 6.78% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Group has chosen to apply the practical expedient as per the standard.

Finance lease

The Group has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17. Accordingly, an amount of ₹31 crore has been reclassified from property, plant and equipment to right-of-use assets. An amount of ₹18 crore has been reclassified from other current financial liabilities to lease liability – current and an amount of ₹44 crore has been reclassified from borrowings – non-current to lease liability – non-current.

Group as a lessor

The Group is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor, except for a sub - lease. The Group accounted for its leases in accordance with Ind AS 116 from the date of initial application. The Group does not have any significant impact on account of sub-lease on the application of this standard.

The details of the right-of-use asset held by the Group is as follows:

		(₹crore)
	Additions for year ended March 31, 2020	**Net carrying amount as at March 31, 2020**
Leasehold Land	474	690
Buildings	2,443	7,218
Leasehold improvements	15	46
Computer equipment	7	13
Vehicles	5	16
Office equipment	7	11
	2,951	**7,994**

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

	(₹crore)
	Year ended March 31, 2020
Leasehold Land	4
Buildings	1,225
Leasehold improvements	10
Computer equipment	17
Vehicles	10
Office equipment	2
	1,268

Interest on lease liabilities is ₹492 crore for the year ended on March 31, 2020.

The Group incurred ₹392 crore for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹2,465 crore for the year ended March 31, 2020, including cash outflow of short-term leases and leases of low-value assets. 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 as at March 31, 2020 is ₹457 crore.

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.

Impact of COVID-19

The Group does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Group has entered with lessors towards properties used as delivery centers / sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

10) Non-financial assets and liabilities

(a) Property, plant and equipment

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

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

The estimated useful lives are as mentioned below:

Type of asset	Useful lives
Buildings	20 years
Leasehold improvements	Lease term
Plant and equipment	10 years
Computer equipment	4 years
Vehicles	4 years
Office equipment	5 years
Electrical installations	4-10 years
Furniture and fixtures	5 years

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

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

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

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the 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, 2019	**345**	**7,429**	**2,403**	**552**	**7,687**	**39**	**2,377**	**1,935**	**1,755**	**24,522**
Transition impact of Ind AS 116 (Refer note 9)	-	-	(106)	-	(130)	-	(5)	-	(2)	(243)
Restated cost as at April 1, 2019	**345**	**7,429**	**2,297**	**552**	**7,557**	**39**	**2,372**	**1,935**	**1,753**	**24,279**
Additions	-	290	302	134	1,620	5	223	119	165	2,858
Disposals	-	(7)	(185)	-	(379)	(2)	(90)	(19)	(51)	(733)
Translation exchange difference	2	7	13	(5)	(4)	-	4	4	19	40
Cost as at March 31, 2020	**347**	**7,719**	**2,427**	**681**	**8,794**	**42**	**2,509**	**2,039**	**1,886**	**26,444**
Accumulated depreciation as at April 1, 2019	-	**(2,187)**	**(1,396)**	**(172)**	**(5,906)**	**(31)**	**(1,921)**	**(1,132)**	**(1,366)**	**(14,111)**
Transition impact of Ind AS 116 (Refer note 9)	-	-	60	-	129	-	4	-	1	194
Restated accumulated depreciation as at April 1, 2019	**-**	**(2,187)**	**(1,336)**	**(172)**	**(5,777)**	**(31)**	**(1,917)**	**(1,132)**	**(1,365)**	**(13,917)**
Depreciation for the year	-	(379)	(191)	(60)	(998)	(5)	(232)	(147)	(160)	(2,172)
Disposals	-	6	99	-	357	2	85	18	51	618
Translation exchange difference	-	(3)	(13)	4	4	-	(4)	(5)	(15)	(32)
Accumulated depreciation as at March 31, 2020	**-**	**(2,563)**	**(1,441)**	**(228)**	**(6,414)**	**(34)**	**(2,068)**	**(1,266)**	**(1,489)**	**(15,503)**
Net carrying amount as at March 31, 2020	**347**	**5,156**	**986**	**453**	**2,380**	**8**	**441**	**773**	**397**	**10,941**

(₹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, 2018	**348**	**7,102**	**2,257**	**501**	**6,786**	**34**	**2,221**	**1,831**	**1,640**	**22,720**
Additions	(4)	335	236	56	1,120	7	200	130	150	2,230
Disposals	-	(13)	(95)	(3)	(194)	(2)	(46)	(30)	(45)	(428)
Translation exchange difference	1	5	5	(2)	(25)	-	2	4	10	-
Cost as at March 31, 2019	**345**	**7,429**	**2,403**	**552**	**7,687**	**39**	**2,377**	**1,935**	**1,755**	**24,522**
Accumulated depreciation as at April 1, 2018	-	**(1,821)**	**(1,283)**	**(122)**	**(5,292)**	**(28)**	**(1,720)**	**(1,004)**	**(1,234)**	**(12,504)**
Depreciation for the year	-	(374)	(205)	(54)	(820)	(4)	(245)	(147)	(168)	(2,017)
Disposals	-	10	94	2	194	1	46	23	43	413
Translation exchange difference	-	(2)	(2)	2	12	-	(2)	(4)	(7)	(3)
Accumulated depreciation as at March 31, 2019	-	**(2,187)**	**(1,396)**	**(172)**	**(5,906)**	**(31)**	**(1,921)**	**(1,132)**	**(1,366)**	**(14,111)**
Net carrying amount as at March 31, 2019	**345**	**5,242**	**1,007**	**380**	**1,781**	**8**	**456**	**803**	**389**	**10,411**

Net carrying amount of property, plant and equipment under finance lease arrangements are as follows:

	(₹crore)
	As at March 31, 2019
Leasehold improvements	27
Computer equipment	2
Office equipment	1
Furniture and fixtures	1
Leased assets	**31**

(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 on a pro-rata basis of the carrying amount of each asset in the unit.

Goodwill consist of the following:

		(₹crore)
	As at March 31, 2020	**As at March 31, 2019**
Balance at the beginning of the year	1,700	1,745
Additional amount recognised from business combination during the year	-	14
Translation exchange difference	10	(59)
Balance at the end of the year	**1,710**	**1,700**

Goodwill of ₹636 crore and ₹594 crore as at March 31, 2020 and 2019, 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.

The remaining amount of goodwill of ₹1,074 crore and ₹1,106 crore as at March 31, 2020 and 2019, 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, 2019	**256**	**115**	**371**
Additions	192	-	192
Translation exchange difference	-	5	5
Cost as at March 31, 2020	**448**	**120**	**568**
Accumulated amortisation as at April 1, 2019	**(102)**	**(90)**	**(192)**
Amortisation for the year	(80)	(9)	(89)
Translation exchange difference	2	(6)	(4)
Accumulated amortisation as at March 31, 2020	**(180)**	**(105)**	**(285)**
Net carrying amount as at March 31, 2020	**268**	**15**	**283**

			(₹crore)
	Rights under licensing agreement and software licences	**Customer-related intangibles**	**Total**
Cost as at April 1, 2018	**80**	**89**	**169**
Additions	178	-	178
Acquisition through a business combination	-	28	28
Translation exchange difference	(2)	(2)	(4)
Cost as at March 31, 2019	**256**	**115**	**371**
Accumulated amortisation as at April 1, 2018	**(68)**	**(89)**	**(157)**
Amortisation for the year	(35)	(4)	(39)
Translation exchange difference	1	3	4
Accumulated amortisation as at March 31, 2019	**(102)**	**(90)**	**(192)**
Net carrying amount as at March 31, 2019	**154**	**25**	**179**

The estimated amortisation for the years subsequent to March 31, 2020 is as follows:

	(₹ crore)
Year ending March 31,	**Amortisation expense**
2021	103
2022	98
2023	65
2024	17
Thereafter	-
	283

(d) Other assets

Other assets consist of the following:

Other assets – Non-current

		(₹crore)
	As at March 31, 2020	**As at March 31, 2019**
Considered good		
Contract assets	197	190
Prepaid expenses	839	351
Prepaid rent	-	339
Contract fulfillment costs	286	174
Capital advances	55	276
Advances to related parties	36	3
Others	298	30
	1,711	**1,363**
Advances to related parties, considered good, comprise:		
Voltas Limited	3	2
Tata Realty and Infrastructure Ltd*	-	-
Concorde Motors (India) Limited	-	1
Tata Projects Limited	33	-
Titan Engineering and Automation Limited*	-	-

*Represents value less than ₹0.50 crore.

Other assets – Current

		(₹crore)
	As at March 31, 2020	**As at March 31, 2019**
Considered good		
Contract assets	4,292	3,238
Prepaid expenses	1,498	614
Prepaid rent	15	50
Contract fulfillment costs	621	537
Advance to suppliers	136	139
Advance to related parties	11	2
Indirect taxes recoverable	1,374	1,170
Other advances	130	142
Others	129	136
Considered doubtful		
Advance to suppliers	3	3
Indirect taxes recoverable	2	4
Other advances	3	4
Less: Allowance on doubtful assets	(8)	(11)
	8,206	**6,028**
Advance to related parties, considered good comprise:		
The Titan Company Limited	3	1
Tata AIG General Insurance Company Limited	-	1
Tata AIA Life Insurance Company Limited*	1	-
Tata Sons Private Limited	7	-

Prepaid rent of ₹366 crore has been reclassified to right-to-use asset pursuant to transition to Ind AS 116.

Non-current - Others includes advance of ₹271 crore towards acquiring right of use of leasehold land in the current year.

Contract fulfillment costs of ₹510 crore and ₹665 crore for the years ended March 31, 2020 and 2019, respectively, have been amortised in the 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, 2020	As at March 31, 2019
Raw materials, sub-assemblies and components	5	9
Finished goods and work-in-progress *	-	-
Stores and spares	-	1
	5	**10**

*Represents value less than ₹0.50 crore.
Inventories are carried at lower of cost and net realizable value.

(f) Provisions

Provisions consist of the following:

Provisions – Current

		(₹ crore)
	As at March 31, 2020	As at March 31, 2019
Provision for foreseeable loss	238	184
Other provisions	55	55
	293	**239**

(g) Other liabilities

Other liabilities consist of the following:

Other liabilities – Non-current

		(₹crore)
	As at March 31, 2020	As at March 31, 2019
Operating lease liabilities	-	413
	-	**413**

Other liabilities – Current

		(₹crore)
	As at March 31, 2020	As at March 31, 2019
Advance received from customers	345	575
Indirect taxes payable and other statutory liabilities	2,874	2,526
Operating lease liabilities	2	60
Others	62	74
	3,283	**3,235**

Operating lease liability of ₹462 crore has been reclassified to retained earnings pursuant to transition to Ind AS 116.

11) Other equity

		(₹ crore)
	As at March 31, 2020	As at March 31, 2019
Capital reserve	75	75
Capital redemption reserve		
(i) Opening balance	431	529
(ii) Transfer from retained earnings*	-	8
(iii) Issue of bonus shares*	-	(106)
	431	431
General reserve		
(i) Opening balance	27	1,423
(ii)Transfer to retained earnings	-	(1,396)
	27	27
Special Economic Zone re-investment reserve		
(i) Opening balance	994	1,578
(ii) Transfer from retained earnings	2,947	2,750
(iii) Transfer to retained earnings	(2,347)	(3,334)
	1,594	994
Retained earnings		
(i) Opening balance	85,520	79,755
(ii) Transition impact of Ind AS 116 (Refer note 9)	(357)	-
(iii) Profit for the year	32,340	31,472
(iv) Remeasurement of defined employee benefit plans	(339)	(41)
(v) Utiilised for buy-back of equity shares*	-	(15,992)
(vi) Expense relating to buy-back of equity shares*	-	(45)
(vii) Issue of bonus shares*	-	(86)
(viii) Realised loss on equity shares carried at fair value through OCI	-	(1)
(ix)Transfer from Special Economic Zone re-investment reserve	2,347	3,334
(x)Transfer from general reserve	-	1,396
(xi)Purchase of non-controlling interests	(93)	-
	1,19,418	99,792
(xii) Less: Appropriations		
(a) Dividend on equity shares	31,896	10,085
(b) Tax on dividend	5,738	1,339
(c) Transfer to capital redemption reserve	-	8
(d) Transfer to Special Economic Zone re-investment reserve	2,947	2,750
(e) Transfer to statutory reserve	27	90
	78,810	85,520
Statutory reserve		
(i) Opening balance	348	258
(ii) Transfer from retained earnings	27	90
	375	348
Investment revaluation reserve		
(i) Opening balance	192	(84)
(ii) Realised (gain) / loss on equity shares carried at fair value	-	1
(iii) Change during the year (net)	604	275
	796	192
Cash flow hedging reserve (Refer Note 8(j))		
(i) Opening balance	104	(71)
(ii) Change during the year (net)	(127)	175
	(23)	104
Foreign currency translation reserve		
(i) Opening balance	1,380	1,474
(ii) Change during the year (net)	286	(94)
	1,666	1,380
	83,751	**89,071**

*Refer note 8(l)

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 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.

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 the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

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

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

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

In accordance with Ind AS 37, the 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, 2020	**Year ended March 31, 2019**
Consultancy services	1,54,829	1,43,935
Sale of equipment and software licences	2,120	2,528
	1,56,949	**1,46,463**

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. 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 ₹1,12,266 crore out of which 49.55% 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, 2020	**Year ended March 31, 2019**
Balance at the beginning of the year	3,428	2,882
Revenue recognised during the year	13,548	11,404
Invoices raised during the year	(12,715)	(10,893)
Translation exchange difference	228	35
Balance at the end of the year	**4,489**	**3,428**

Changes in Unearned and deferred revenue are as follows:

		(₹crore)
	Year ended March 31, 2020	**Year ended March 31, 2019**
Balance at the beginning of the year	3,236	2,535
Revenue recognised that was included in the unearned and deferred revenue balance at the beginning of the year	(2,421)	(2,376)
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	2,618	2,996
Translation exchange difference	179	81
Balance at the end of the year	**3,612**	**3,236**

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

		(₹crore)
	Year ended March 31, 2020	**Year ended March 31, 2019**
Contracted price	1,58,977	1,48,649
Reductions towards variable consideration components	(2,028)	(2,186)
Revenue recognised	**1,56,949**	**1,46,463**

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

Impact of COVID-19

While the Group believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from

- the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- customers not in a position to accept alternate delivery modes using Secured Borderless WorkSpaces
- customers postponing their discretionary spend due to change in priorities

The Group has assessed that customers in Retail, Travel, Transportation and Hospitality, Energy and Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand while customers in Banking, Financial Services and Insurance would re-prioritise their discretionary spend in immediate future to conserve resources and assess the impact that they would have due to dependence of revenues from the impacted verticals. The Group has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Group has taken steps to assess the cost budgets required to complete its performance obligations in respect of fixed price contracts and incorporated the impact of likely delays / increased cost in meetings its obligations. Such impact could be in the form of provision for onerous contracts or re-setting of revenue recognition in fixed price contracts where revenue is recognised on percentage-of-completion basis. The Group has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

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 consists of the following:

		(₹ crore)
	Year ended March 31, 2020	Year ended March 31, 2019
Interest income	3,562	2,762
Dividend income	10	18
Net gain on investments carried at fair value through profit or loss	200	427
Net gain on sale of investments other than equity shares carried at fair value through OCI	14	-
Net gain / (loss) on disposal of property, plant and equipment	46	84
Net foreign exchange gain / (loss)	727	967
Rent income	1	6
Other income	32	47
	4,592	**4,311**
Interest income comprise:		
Interest on bank balances and bank deposits	519	188
Interest on financial assets carried at amortised cost	613	576
Interest on financial assets carried at fair value through OCI	1,878	1,838
Other interest (including interest on tax refunds)	552	160
Dividend income comprises:		
Dividend from mutual fund units and other investments	10	18

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.

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, 2020	**Year ended March 31, 2019**
Salaries, incentives and allowances	77,660	70,642
Contributions to provident and other funds	5,834	5,308
Staff welfare expenses	2,458	2,296
	85,952	**78,246**

Employee benefit obligations consist of the following:

Employee benefit obligations – Non-current

		(₹crore)
	As at March 31, 2020	**As at March 31, 2019**
Gratuity liability	8	11
Foreign defined benefit plans	308	232
Other employee benefit obligations	101	87
	417	**330**

Employee benefit obligations – Current

		(₹crore)
	As at March 31, 2020	**As at March 31, 2019**
Compensated absences	2,720	2,330
Other employee benefit obligations	29	26
	2,749	**2,356**

Employee benefits plans consists 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, 2020					Year ended March 31, 2019				
	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	2,679	4	629	120	3,432	2,308	3	626	103	3,040
Translation exchange difference	-	-	55	5	60	-	-	(5)	1	(4)
Plan assumed on insourcing of employees	30	-	-	-	30	-	-	-	-	-
Plan participants' contribution	-	-	9	-	9	-	-	9	-	9
Service cost	358	1	16	22	397	289	1	14	19	323
Interest cost	222	-	11	5	238	190	-	9	4	203
Remeasurement of the net defined benefit liability	520	4	43	2	569	39	-	25	(2)	62
Past service cost / (credit)	-	-	-	1	1	-	-	(35)	1	(34)
Benefits paid	(171)	(1)	(10)	(10)	(192)	(147)	-	(14)	(6)	(167)
Benefit obligations, end of the year	**3,638**	**8**	**753**	**145**	**4,544**	**2,679**	**4**	**629**	**120**	**3,432**

(₹crore)

	Year ended March 31, 2020					Year ended March 31, 2019				
	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	2,672	-	532	-	3,204	2,433	-	529	-	2,962
Translation exchange difference	-	-	41	-	41	-	-	(3)	-	(3)
Plan assumed on insourcing of employees	30	-	-	-	30	-	-	-	-	-
Interest income	235	-	9	-	244	193	-	7	-	200
Employers' contributions	766	-	17	-	783	171	-	15	-	186
Plan participants' contribution	-	-	9	-	9	-	-	9	-	9
Benefits paid	(171)	-	(10)	-	(181)	(147)	-	(14)	-	(161)
Remeasurement - return on plan assets excluding amount included in interest income	111	-	29	-	140	22	-	(11)	-	11
Fair value of plan assets, end of the year	**3,643**	**-**	**627**	**-**	**4,270**	**2,672**	**-**	**532**	**-**	**3,204**

(₹crore)

	As at March 31, 2020					As at March 31, 2019				
	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
Funded status										
Deficit of plan assets over obligations	-	(8)	(163)	(145)	(316)	(7)	(4)	(112)	(120)	(243)
Surplus of plan assets over obligations	5	-	37	-	42	-	-	15	-	15
	5	**(8)**	**(126)**	**(145)**	**(274)**	**(7)**	**(4)**	**(97)**	**(120)**	**(228)**

(₹crore)

	As at March 31, 2020					As at March 31, 2019				
	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
Category of assets										
Corporate bonds	1,004	-	137	-	1,141	684	-	101	-	785
Equity instruments	17	-	-	-	17	20	-	67	-	87
Government bonds and securities	1,695	-	-	-	1,695	1,150	-	-	-	1,150
Insurer managed funds	852	-	275	-	1,127	760	-	32	-	792
Bank balances	-	-	6	-	6	6	-	16	-	22
Others	75	-	209	-	284	52	-	316	-	368
Total	**3,643**	**-**	**627**	**-**	**4,270**	**2,672**	**-**	**532**	**-**	**3,204**

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

(₹crore)

	Year ended March 31, 2020					Year ended March 31, 2019				
	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	358	1	16	22	397	289	1	14	19	323
Net interest on net defined benefit (asset) / liability	(13)	-	2	5	(6)	(3)	-	2	4	3
Past service cost / (credit)	-	-	-	1	1	-	-	(35)	1	(34)
Net periodic gratuity / pension cost	**345**	**1**	**18**	**28**	**392**	**286**	**1**	**(19)**	**24**	**292**
Actual return on plan assets	**346**	**-**	**38**	**-**	**384**	**215**	**-**	**(4)**	**-**	**211**

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

(₹crore)

	Year ended March 31, 2020				
	Domestic plans Funded	Domestic plans Unfunded	Foreign plans Funded	Foreign plans Unfunded	Total
Actuarial (gains) and losses arising from changes in demographic assumptions	(5)	-	(5)	(9)	(19)
Actuarial (gains) and losses arising from changes in financial assumptions	345	1	47	10	403
Actuarial (gains) and losses arising from changes in experience adjustments	180	3	1	1	185
Remeasurement of the net defined benefit liability	520	4	43	2	569
Remeasurement - return on plan assets excluding amount included in interest income	(111)	-	(29)	-	(140)
Total	**409**	**4**	**14**	**2**	**429**

(₹crore)

	Year ended March 31, 2019				
	Domestic plans Funded	Domestic plans Unfunded	Foreign plans Funded	Foreign plans Unfunded	Total
Actuarial (gains) and losses arising from changes in demographic assumptions	(17)	-	9	(3)	(11)
Actuarial (gains) and losses arising from changes in financial assumptions	-	-	(15)	2	(13)
Actuarial (gains) and losses arising from changes in experience adjustments	56	-	31	(1)	86
Remeasurement of the net defined benefit liability	39	-	25	(2)	62
Remeasurement - return on plan assets excluding amount included in interest income	(22)	-	11	-	(11)
Total	**17**	**-**	**36**	**(2)**	**51**

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

	Year ended March 31, 2020		Year ended March 31, 2019	
	Domestic plans	Foreign plans	Domestic plans	Foreign plans
Discount rate	5.25%-6.75%	0.6%-8.05%	7.00%-7.75%	0.75%-9.00%
Rate of increase in compensation levels of covered employees	4.00%-7.00%	1.25%-7.00%	6.00%-8.00%	1.25%-7.00%
Rate of return on plan assets	5.25%-6.75%	0.6%-8.05%	7.00%-7.75%	0.75%-9.00%
Weighted average duration of defined benefit obligations	3-18 years	6-26.10 years	8-11 years	6.25-27 years

The expected benefits are based on the same assumptions as are used to measure Group's defined benefit plan obligations as at March 31, 2020. The Group is expected to contribute ₹445 crore to defined benefit plan obligations funds for the year ended March 31, 2021 comprising domestic component of ₹425 crore and foreign component of ₹20 crore.

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, 2020	As at March 31, 2019
Increase of 0.50%	(236)	(157)
Decrease of 0.50%	262	175

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

(₹crore)

	As at March 31, 2020	As at March 31, 2019
Increase of 0.50%	177	120
Decrease of 0.50%	(165)	(113)

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 assumption 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, 2020 as follows:

	(₹crore)
Year ending March 31,	**Defined benefit obligations**
2021	312
2022	327
2023	360
2024	395
2025	450
Thereafter	2,746

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 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 or 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, 2020	**As at March 31, 2019**
Fair value of plan assets	17,072	14,555
Present value of defined benefit obligations	(17,072)	(14,555)
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, 2020	**As at March 31, 2019**
Discount rate	6.50%	7.75%
Average remaining tenure of investment portfolio	7.73 years	8.38 years
Guaranteed rate of return	8.50%	8.65%

The Group contributed ₹1,106 crore and ₹917 crore for the years ended March 31, 2020 and 2019, respectively, to the 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 contributed ₹356 crore and ₹324 crore for the years ended March 31, 2020 and 2019, respectively, to the Employees' Superannuation Fund.

Foreign defined contribution plans

The Group contributed ₹1,260 crore and ₹1,161 crore for the years ended March 31, 2019 and 2018, respectively, towards foreign defined contribution plans.

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

(a) Cost of equipment and software licences

Cost of equipment and software licences consist of the following:

		(₹ crore)
	Year ended March 31, 2020	**Year ended March 31, 2019**
Raw materials, sub-assemblies and components consumed	18	40
Equipment and software licences purchased	1,888	2,230
	1,906	**2,270**
Finished goods and work-in-progress		
Opening stock*	-	-
Less: Closing stock*	1	-
	(1)	-
	1,905	**2,270**

*Represents value less than ₹0.50 crore.

(b) Other expenses

Other expenses consist of the following:

		(₹ crore)
	Year ended March 31, 2020	**Year ended March 31, 2019**
Fees to external consultants	12,937	11,330
Facility expenses	2,702	4,262
Travel expenses	3,296	3,474
Communication expenses	1,592	1,321
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	144	187
Other expenses	6,312	5,867
	26,983	**26,441**

The Company made a contribution to an electoral trust of NIL and ₹220 crore for the years ended March 31, 2020 and 2019, respectively, which is included in other expenses.

(c) Research and development expenditure

Research and development expenditure including capital expenditure aggregating ₹309 crore and ₹308 crore was incurred in the years ended March 31, 2020 and 2019, respectively.

16) Finance costs

Finance costs consist of the following:

		(₹ crore)
	Year ended March 31, 2020	**Year ended March 31, 2019**
Interest on lease liabilities	492	8
Interest on tax matters	354	169
Other interest costs	78	21
	924	**198**

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, its overseas branches 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 the 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.

Deferred tax assets include Minimum Alternative 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:

	Year ended March 31, 2020	Year ended March 31, 2019
		(₹crore)
Current tax		
Current tax expense for current year	9,730	10,024
Current tax expense / (benefit) pertaining to prior years	648	(522)
	10,378	9,502
Deferred tax		
Deferred tax expense for current year	899	607
Deferred tax benefit pertaining to prior years	(1,476)	(108)
	(577)	499
Total income tax expense recognised in current year	**9,801**	**10,001**

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:

	Year ended March 31, 2020	Year ended March 31, 2019
		(₹crore)
Profit before tax	42,248	41,563
Indian statutory income tax rate	34.94%	34.94%
Expected income tax expense	14,764	14,524
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax holidays	(4,879)	(4,829)
Income exempt from tax	(285)	(151)
Undistributed earnings in branches and subsidiaries	428	605
Tax on income at different rates	152	674
Tax pertaining to prior years	(828)	(630)
Others (net)	449	(192)
Total income tax expense	**9,801**	**10,001**

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).

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2020 are as follows:

(₹crore)

	Opening balance	Recognised in profit and loss	Recognised in / reclassified from other comprehensive income	Exchange difference	Closing balance
Deferred tax assets / (liabilities) in relation to					
Property, plant and equipment and intangible assets	95	50	-	-	145
Provision for employee benefits	531	101	5	17	654
Cash flow hedges	(12)	-	19	-	7
Receivables, financial assets at amortised cost	340	46	-	2	388
MAT credit entitlement	1,170	(96)	-	0	1,074
Branch profit tax	(299)	15	-	-	(284)
Undistributed earnings of subsidiaries	(574)	288	-	-	(286)
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income	(149)	(1)	(334)	-	(484)
Lease liabilities*	264	80	-	1	345
Others	418	94	-	(22)	490
Total deferred tax assets / (liabilities)	**1,784**	**577**	**(310)**	**(2)**	**2,049**

*Opening balance of deferred tax on lease liabilities has been restated by ₹170 crore to give impact of transition to Ind AS 116 (Refer note 9).

Gross deferred tax assets and liabilities are as follows:

(₹crore)

As at March 31, 2020	**Assets**	**Liabilities**	**Net**
Deferred tax assets / (liabilities) in relation to			
Property, plant and equipment and Intangible assets	279	134	145
Provision for employee benefits	663	9	654
Cash flow hedges	7	-	7
Receivables, financial assets at amortised cost	387	(1)	388
MAT credit entitlement	1,074	-	1,074
Branch profit tax	-	284	(284)
Undistributed earnings of subsidiaries	-	286	(286)
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income	(483)	1	(484)
Lease liabilities	342	(3)	345
Others	559	69	490
Total deferred tax assets / (liabilities)	**2,828**	**779**	**2,049**

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

(₹crore)

	Opening balance	Recognised in profit and loss	Recognised in / reclassified from other comprehensive income	Exchange difference	Closing balance
Deferred tax assets / (liabilities) in relation to					
Property, plant and equipment and intangible assets	43	50	-	2	95
Provision for employee benefits	395	128	8	-	531
Cash flow hedges	10	-	(22)	-	(12)
Receivables, financial assets at amortised cost	301	42	-	(3)	340
MAT credit entitlement	2,217	(1,047)	-	-	1,170
Branch profit tax	(400)	101	-	-	(299)
Undistributed earnings of subsidiaries	(605)	31	-	-	(574)
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income	(2)	-	(149)	2	(149)
Lease liabilities	85	8	-	1	94
Others	235	188	-	(5)	418
Total deferred tax assets / (liabilities)	**2,279**	**(499)**	**(163)**	**(3)**	**1,614**

Gross deferred tax assets and liabilities are as follows:

(₹crore)

As at March 31, 2019	**Assets**	**Liabilities**	**Net**
Deferred tax assets / (liabilities) in relation to			
Property, plant and equipment and Intangible	212	117	95
Provision for employee benefits	532	1	531
Cash flow hedges	(12)	-	(12)
Receivables, financial assets at amortised cost	339	(1)	340
MAT credit entitlement	1,170	-	1,170
Branch profit tax	-	299	(299)
Undistributed earnings of subsidiaries	-	574	(574)
Unrealised gain on securities carried at fair value through profit or loss / other	(149)	-	(149)
Lease liabilities	94	-	94
Others	470	52	418
Total deferred tax assets / (liabilities)	**2,656**	**1,042**	**1,614**

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

(₹crore)

March 31,	**Unabsorbed business losses**
2021	11
2022	4
2023	5
2024	12
2025	7
Thereafter	-
	39

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. Accordingly, Tata Consultancy Services Limited has recognised a deferred tax asset of ₹1,074 crore.

Deferred tax liability on temporary differences of ₹8,932 crore as at March 31, 2020, 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 jurisdictions where they operate. The disputes relate to tax treatment of certain expenses claimed as deductions, computation or eligibility of tax incentives or allowances, and characterisation of fees for services received. The Company and its subsidiaries have contingent liability of ₹1,512 crore and ₹1,504 crore as at March 31, 2020 and 2019, respectively, in respect of tax demands which 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, 2020 and 2019, 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 2017 are generally subject to examination by the tax authorities. In United States of America, the federal statute of limitation applies to fiscals 2016 and earlier and applicable state statutes of limitation vary by state. In United Kingdom, the statute of limitation generally applies to fiscal 2017 and earlier.

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, 2020	Year ended March 31, 2019
Profit for the year attributable to Shareholders of the Company (₹crore)	32,340	31,472
Weighted average number of equity shares	375,23,84,706	378,97,49,350
Basic and diluted earnings per share (₹)	86.19	83.05
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 and 5) Others such as Energy, Resources and Utilities, Life Sciences and Healthcare, 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, 2020 and 2019 is as follows:

Year ended March 31, 2020 (₹crore)

	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Business	Communication, Media and Technology	Others	Total
Revenue	**61,095**	**16,468**	**26,280**	**25,978**	**27,128**	**156,949**
Segment result	**16,950**	**4,445**	**6,870**	**7,703**	**6,141**	**42,109**
Total Unallocable expenses						4,453
Operating income						**37,656**
Other income						**4,592**
Profit before tax						**42,248**
Tax expense						**9,801**
Profit for the year						**32,447**
Depreciation and amortisation expense (unallocable)						**3,529**
Significant non-cash items (allocable)	(2)	-	18	8	120	**144**

Year ended March 31, 2019 (₹crore)

	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Business	Communication, Media and Technology	Others	Total
Revenue	**57,938**	**15,682**	**25,164**	**23,925**	**23,754**	**146,463**
Segment result	**16,089**	**4,311**	**6,871**	**6,644**	**5,554**	**39,469**
Total Unallocable expenses						2,217
Operating income						**37,252**
Other income						4,311
Profit before tax						**41,563**
Tax expense						10,001
Profit for the year						**31,562**
Depreciation and amortisation expense	**35**	-	-	-	**2**	**37**
Depreciation and amortisation expense (unallocable)						**2,019**
Significant non-cash items (allocable)	**6**	**3**	**27**	**27**	**124**	**187**

Unallocable expenses for current year include impact of Ind AS 116 adoption.

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

Information regarding geographical revenue is as follows:

		(₹crore)
Geography	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Americas (1)	82,000	77,562
Europe (2)	48,037	43,456
India	8,964	8,393
Others	17,948	17,052
Total	**156,949**	**146,463**

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)
Geography	**As at March 31, 2020**	**As at March 31, 2019**
Americas (3)	2,596	1,531
Europe (4)	3,382	2,250
India	18,920	14,313
Others	1,109	539
Total	**26,007**	**18,633**

- (1) and (3) is substantially related to operations in the United States of America.
- (2) includes revenue in the United Kingdom of ₹24,899 crore and ₹22,862 crore for the years ended March 31, 2020 and 2019, respectively.
- (4) includes non-current assets in the United Kingdom of ₹1,245 crore and ₹891 crore as at March 31, 2020 and 2019, respectively.

Information about major customers

No single customer represents 10% or more of the Group's total revenue for the years ended March 31, 2020 and 2019, respectively.

20) Commitments and contingent liabilities

Capital commitments

The Group has contractually committed (net of advances) ₹1,396 crore and ₹1,289 crore as at March 31, 2020 and 2019, 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 Indian tax authorities mainly relating to treatment of characterisation and classification of certain items. The Company and its subsidiaries in India have demands amounting to ₹517 crore and ₹392 crore as at March 31, 2020 and 2019, 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 ₹211 crore and ₹185 crore as at March 31, 2020 and 2019, 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 for alleged infringement of Epic's proprietary information. In April 2016, the Company received an unfavourable jury verdict awarding damages totalling ₹7,091 crore (US $940 million) to Epic. In September 2017, the Company received a Court order reducing the damages from ₹7,091 crore (US $940 million) to ₹3,168 crore (US $ 420 million) to Epic. Pursuant to US Court procedures, a Letter of Credit has been made available to Epic for ₹3,319 crore (US $440 million) as financial security in order to stay execution of the judgment pending post-judgment proceedings and appeal. Pursuant to reaffirmation of the Court order in March 2019, the Company has filed a notice of appeal in the superior Court to fully set aside the Order. Epic has also filed a cross appeal challenging the reduction by the trial judge of ₹754 crore (US $100 million) award and ₹1,509 crore (US $200 million) in punitive damages. The Company has received legal advice to the effect that the order and the reduced damages awarded are not supported by evidence presented during the trial.

- **Letter of comfort**

The Company has given letter of comfort to bank for credit facilities availed by its subsidiary Tata America International Corporation. 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.

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the 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, 2020	% of voting power as at March 31, 2019	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	-	-	81.97	74,368	89.63	33,260	124.29	174	89.76	33,434
Subsidiaries (held directly)											
Indian											
APTOnline Limited	India	89.00	89.00	0.11	103	0.08	31	-	-	0.08	31
MP Online Limited	India	89.00	89.00	0.11	99	0.05	17	-	-	0.05	17
C-Edge Technologies Limited	India	51.00	51.00	0.27	246	0.22	81	-	-	0.22	81
MahaOnline Limited	India	74.00	74.00	0.09	79	0.06	21	-	-	0.06	21
TCS e-Serve International Limited	India	100.00	100.00	0.02	19	(0.34)	(125)	(2.14)	(3)	(0.34)	(128)
TCS Foundation	India	100.00	100.00	1.10	995	0.76	282	-	-	0.76	282
Foreign											
Diligenta Limited	UK	100.00	100.00	1.20	1,091	0.77	284	10.00	14	0.80	298
Tata Consultancy Services Canada Inc.	Canada	100.00	100.00	0.70	631	1.33	494	-	-	1.33	494
Tata America International Corporation	USA	100.00	100.00	1.72	1,557	2.34	868	(14.29)	(20)	2.28	848
Tata Consultancy Services Asia Pacific Pte Ltd.	Singapore	100.00	100.00	0.75	676	0.58	217	-	-	0.58	217
Tata Consultancy Services Belgium	Belgium	100.00	100.00	0.37	333	0.24	90	-	-	0.24	90
Tata Consultancy Services Deutschland GmbH	Germany	100.00	100.00	0.52	470	0.51	188	0.71	1	0.51	189
Tata Consultancy Services Netherlands BV	Netherlands	100.00	100.00	3.03	2,750	(1.15)	(425)	-	-	(1.14)	(425)
Tata Consultancy Services Sverige AB	Sweden	100.00	100.00	0.59	539	0.21	77	-	-	0.21	77
TCS FNS Pty Limited	Australia	100.00	100.00	0.13	121	0.20	73	-	-	0.20	73
TCS Iberoamerica SA	Uruguay	100.00	100.00	1.78	1,618	0.99	367	-	-	0.99	367
Tata Consultancy Services (Africa) (PTY) Ltd.	South Africa	100.00	100.00	0.05	45	0.09	33	-	-	0.09	33
CMC Americas, Inc.	USA	100.00	100.00	0.03	27	0.07	25	-	-	0.07	25
Tata Consultancy Services Qatar S.S.C.	Qatar	100.00	100.00	0.04	32	0.04	13	-	-	0.03	13
W12 Studios Limited	UK	100.00	100.00	0.03	26	0.01	2	-	-	0.01	2
Subsidiaries (held indirectly)											
Foreign											
TCS e-Serve America, Inc.	USA	100.00	100.00	0.09	85	0.07	25	-	-	0.07	25

Name of the entity	Country of incorporation	% of voting power as at March 31, 2020	% of voting power as at March 31, 2019	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	0.19	169	(0.03)	(11)	-	-	(0.03)	(11)
Tata Consultancy Services Japan, Ltd.	Japan	66.00	51.00	1.50	1,360	0.51	188	-	-	0.50	188
Tata Consultancy Services Malaysia Sdn Bhd	Malaysia	100.00	100.00	0.10	87	(0.03)	(10)	-	-	(0.03)	(10)
PT Tata Consultancy Services Indonesia	Indonesia	100.00	100.00	0.03	26	0.04	13	-	-	0.03	13
Tata Consultancy Services (Philippines) Inc.	Philippines	100.00	100.00	0.18	164	0.04	13	-	-	0.03	13
Tata Consultancy Services (Thailand) Limited	Thailand	100.00	100.00	0.01	12	0.04	13	-	-	0.03	13
TCS Italia s.r.l.	Italy	100.00	100.00	0.03	30	0.02	8	-	-	0.02	8
Tata Consultancy Services Luxembourg S.A.	Capellen (G.D. de Luxembourg)	100.00	100.00	0.13	121	0.14	51	-	-	0.14	51
Tata Consultancy Services Switzerland Ltd.	Switzerland	100.00	100.00	0.43	391	0.44	164	(17.86)	(25)	0.37	139
Tata Consultancy Services Osterreich GmbH	Austria	100.00	100.00	0.01	5	-	-	-	-	-	-
Tata Consultancy Services Danmark ApS	Denmark	100.00	100.00	0.01	5	-	1	-	-	-	1
Tata Consultancy Services De Espana S.A.	Spain	100.00	100.00	0.04	39	0.03	12	-	-	0.03	12
Tata Consultancy Services (Portugal) Unipessoal, Limitada	Portugal	100.00	100.00	-	-	0.01	3	-	-	0.01	3
Tata Consultancy Services France SA	France	100.00	100.00	(0.45)	(404)	-	(1)	1.43	2	-	1
Tata Consultancy Services Saudi Arabia	Saudi Arabia	76.00	76.00	0.28	250	0.16	58	(0.01)	-	0.16	58
TCS Business Services GmbH (w.e.f March 9, 2020)	Germany	100.00	-	-	-	-	-	(0.01)	-	-	-
Tata Consultancy Services (South Africa) (PTY) Ltd.	South Africa	100.00	100.00	0.07	66	0.07	27	-	-	0.07	27
TCS Financial Solutions Beijing Co., Ltd.	China	100.00	100.00	0.03	26	0.02	9	-	-	0.02	9
TCS Financial Solutions Australia Holdings Pty Limited (w.e.f January 29, 2020)	Australia	-	100.00	-	-	0.20	73	-	-	0.20	73
TCS Financial Solutions Australia Pty Limited	Australia	100.00	100.00	0.11	100	0.13	48	-	-	0.13	48

Name of the entity	Country of incorporation	% of voting power as at March 31, 2020	% of voting power as at March 31, 2019	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 Solution Center S.A.	Uruguay	100.00	100.00	0.28	250	0.31	117	-	-	0.31	117
TCS Uruguay S.A.	Uruguay	100.00	100.00	0.10	91	0.34	126	-	-	0.34	126
Tata Consultancy Services Argentina S.A.	Argentina	100.00	100.00	0.01	6	(0.03)	(10)	-	-	(0.03)	(10)
Tata Consultancy Services Do Brasil Ltda	Brazil	100.00	100.00	0.17	152	0.08	30	-	-	0.08	30
Tata Consultancy Services De Mexico S.A., De C.V.	Mexico	100.00	100.00	0.80	722	0.49	184	-	-	0.49	184
MGDC S.C.	Mexico	100.00	100.00	0.19	168	0.01	5	(6.43)	(9)	(0.01)	(4)
TCS Inversiones Chile Limitada	Chile	100.00	100.00	0.31	285	0.24	88	-	-	0.24	88
Tata Consultancy Services Chile S.A.	Chile	100.00	100.00	0.39	352	0.05	18	-	-	0.05	18
Technology Outsourcing S.A.C.	Peru	100.00	100.00	0.02	20	0.02	8	-	-	0.02	8
TATASOLUTION CENTER S.A.	Ecuador	100.00	100.00	0.07	59	(0.08)	(21)	4.31	6	(0.05)	(15)
Trusts	India	-	-	0.26	263	0.02	7	-	-	0.02	7
TOTAL				**100.00**	**90,725**	**100.00**	**37,109**	**100.00**	**140**	**100.00**	**37,249**
a) Adjustments arising out of consolidation					**(5,976)**		**(4,662)**		**324**		**(4,338)**
b) Non-controlling interest											
Indian Subsidiaries											
APTOnline Limited					(11)		(3)		-		(3)
MP Online Limited					(10)		(2)		-		(2)
C-Edge Technologies Limited					(116)		(39)		-		(39)
MahaOnline Limited					(19)		(5)		-		(5)
Foreign Subsidiaries											
Tata Consultancy Services (China) Co., Ltd.					(11)		2		3		5
Tata Consultancy Services Japan, Ltd.					(456)		(60)		(43)		(103)
TOTAL					**(623)**		**(107)**		**(40)**		**(147)**
TOTAL					**84,126**		**32,340**		**424**		**32,764**

22) Related party transactions

Tata Consultancy Services Limited'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, 2020				
	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	31	432	2,193	-	2,656
Purchases of goods and services (including reimbursements)	1	556	457	-	1,014
Brand equity contribution	162	-	-	-	162
Facility expenses	-	3	1	-	4
Lease rental	2	68	26	-	96
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	1	-	-	-	1
Contribution and advance to post employment benefit plans	-	-	-	2,684	2,684
Purchase of property, plant and equipment	-	219	110	-	329
Loans and advances given	-	4	85	-	89
Loans and advances recovered	-	3	30	-	33
Dividend paid	22,971	9	-	-	22,980

(₹crore)

	Year ended March 31, 2019				
	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	27	298	2,241	-	2,566
Purchases of goods and services (including reimbursements)	1	447	378	-	826
Brand equity contribution	167	-	-	-	167
Facility expenses	1	37	17	-	55
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	-	(7)	1	-	(6)
Contribution and advance to post employment benefit plans	-	-	-	816	816
Purchase of property, plant and equipment	-	2	48	-	50
Loans and advances given	-	2	2	-	4
Loans and advances recovered	-	-	3	-	3
Dividend paid	7,254	3	-	-	7,257
Buy-back of shares	10,455	4	-	-	10,459
Issue of bonus shares*	-	-	-	-	-

*Refer note 8(l)

Material related party transactions are as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
	(₹crore)	
Revenue		
Jaguar Land Rover Limited	1,142	652
Jaguar Cars Limited (dormant)	9	679

Material related party balances are as follows:

	As at March 31, 2020	As at March 31, 2019
	(₹crore)	
Trade receivables, unbilled receivables and contract assets		
Jaguar Land Rover Limited	209	362

Balances receivable from related parties are as follows:

(₹crore)

	As at March 31, 2020			
	Tata Sons Private Limited	**Subsidiaries of Tata Sons Private Limited**	**Associates / joint ventures of Tata Sons Private Limited and their subsidiaries**	**Total**
Trade receivables, unbilled receivables and contract assets	4	246	681	931
Loans receivables, other financial assets and other assets	10	30	65	105
Total	**14**	**276**	**746**	**1,036**

(₹crore)

	As at March 31, 2019			
	Tata Sons Private Limited	**Subsidiaries of Tata Sons Private Limited**	**Associates / joint ventures of Tata Sons Private Limited and their subsidiaries**	**Total**
Trade receivables, unbilled receivables and contract assets	8	118	647	773
Loans receivables, other financial assets and other assets	3	28	6	37
Total	11	146	653	810

Balances payable to related parties are as follows:

(₹crore)

	As at March 31, 2020			
	Tata Sons Private Limited	Subsidiaries of Tata Sons Private Limited	Associates / joint ventures of Tata Sons Private Limited and their subsidiaries	Total
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities	148	246	244	638
Commitments	-	11	367	378

(₹crore)

	As at March 31, 2019			
	Tata Sons Private Limited	Subsidiaries of Tata Sons Private Limited	Associates / joint ventures of Tata Sons Private Limited and their subsidiaries	Total
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities	170	106	129	405
Commitments	-	14	53	67

Transactions with key management personnel are as follows:

(₹crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Short-term benefits	28	33
Dividend paid during the year	2	1
Total	**30**	**34**

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.

23) The sitting fees and commission paid to non-executive directors is ₹9 crore and ₹12 crore as at March 31, 2020 and 2019, respectively.

24) The proposed Social Security Code, 2019, when promulgated, would subsume labour laws including Employees' Provident Funds and Miscellaneous Provisions Act and amend the definition of wages on which the organisation and its employees are to contribute towards Provident Fund. The Group believes that there will be no significant impact on its contributions to Provident Fund due to the proposed amendments. Additionally, there is uncertainty and ambiguity in interpreting and giving effect to the guidelines of Hon. Supreme Court vide its ruling in February 2019, in relation to the scope of compensation on which the organisation and its employees are to contribute towards Provident Fund. The Group will evaluate its position and act, as clarity emerges.

25) Subsequent event

Dividends paid during the year ended March 31, 2020 include an amount of ₹18 per equity share towards final dividend for the year ended March 31, 2019 and an amount of ₹67 per equity share towards interim dividends (including special dividend) for the year ended March 31, 2019. Dividends paid during the year ended March 31, 2019 include an amount of ₹29 per equity share towards final dividend for the year ended March 31, 2018 and an amount of ₹12 per equity share towards interim dividends for the year ended March 31, 2019.

Dividends declared by the Company are based on profits available for distribution. On April 16, 2020, the Board of Directors of the Company have proposed a final dividend of ₹6 per share in respect of the year ending March 31, 2020 subject to the approval of shareholders at the Annual General Meeting. The proposal is subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately ₹2,251 crore.

As per our report of even date attached

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

Yezdi Nagporewalla
Partner
Membership No: 049265

Mumbai, April 16, 2020

For and on behalf of the Board

N Chandrasekaran
Chairman

Rajesh Gopinathan
CEO and Managing Director

Keki M Mistry
Director

V Ramakrishnan
CFO

Rajendra Moholkar
Company Secretary