

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

No. EPR is not applicable to TCS.

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. **Details of measures for the well-being of employees⁴³:**

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	325,241	325,241	100	325,241	100	NA	NA	57	0.02	NA	NA
Female	182,945	182,945	100	182,945	100	182,945	100	0	0	NA	NA
Total	508,186	508,186	100	508,186	100	182,945	36	57	0.01	NA	NA
Other than Permanent Employees											
Male	Vendors and Contractors are required to adhere with the statutory compliance as per the state rules.										
Female											
Total											

Note:

- Data specific to India.
- Paternity Leave benefit is applicable only to employees of the erstwhile eServe.
- There are no day-care facilities on TCS premises. TCS has location wise tie-ups with third-party run day care centers, which employees can avail of.

⁴³ GRI 401-2

2. **Details of retirement benefits, for Current FY and Previous Financial Year⁴⁴.**

Benefits	FY 2021-22		FY 2020-21	
	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	Y	100	Y
Gratuity	100	Y	100	Y
ESI	6	Y	8	Y
SA	6	Y	7	Y
NPS	1	Y	1	Y

Note:

- Data specific to India.

3. **Accessibility of workplaces: Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**

Yes

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy. –**

Yes. The Tata Code of Conduct can be accessed at: <https://www.tcs.com/tata-code-of-conduct>. Additionally, there is a Disability Inclusion Policy governing TCS' India operations, available to employees on the company's local intranet.

⁴⁴ GRI 201-3

5. **Return to work and Retention rates of permanent employees that took parental leave⁴⁵.**

Gender	Permanent employees	
	Return to work rate	Retention rate
Male	89%	88%
Female	89%	93%
Total	89%	93%

Note:

- Data specific to India.

6. **Is there a mechanism available to receive and redress grievances⁴⁶ for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Employees	Yes, the employees can use the "Employee Concerns" application to log their grievances in TCS internal portal, which will be addressed by the respective stakeholders within the stipulated timelines
Other than Permanent Employees	Non-Permanent employees can raise the grievances via Email to the concerned stakeholders.

⁴⁵ GRI 401-3

⁴⁶ GRI 2-25

7. **Membership of employees and worker in association(s) or Unions recognised by the listed entity⁴⁷:**

Category	FY 2021-22			FY 2020-21		
	Total employees in respective category (A)	No. of employees in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees in respective category (C)	No. of Employees in respective category, who are part of association(s) or Union (D)	% (D/ C)
Total Permanent Employees	508,186	55	0.01	415,649	61	0.01
-Male	325,241	55	0.02	263,178	61	0.02
-Female	182,945	0	0.0	152,471	0	0.0

Note:

Data specific to India.

8. **Details of training given to employees and workers⁴⁸:**

Training and engagement are an important element for safety awareness. Health and safety training is imparted to employees as a part of the induction module at the time of joining to achieve minimum mandatory health and safety (H&S) competence combined with an annual refresher web based training. Further, TCS engages employees on H&S through various

⁴⁷ GRI 2-30

⁴⁸ GRI 404-1

communication channels like webinars trainings, posters, events, emails, floor meetings, skits, videos, and blog/posts on TCS intranet. Several campaigns like the Road Safety Awareness, Ergonomics Awareness, Fire Safety awareness, Incident reporting engage employees to make them more aware and safety conscious.

The number of employees who have completed the refresher training is given below:

Category	FY 2021-22					FY 2020-21				
	Total (A)	On Health and Safety Measures		On Skill Upgradation		Total (D)	On Health and Safety Measures		On Skill Upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	379,942	374,645	98.6	367,461	96.7	304,327	297,601	97.8	288,473	94.8
Female	210,720	205,656	97.6	201,314	95.5	171,367	164,608	96.1	160,297	93.5
Total	590,662	580,301	98.2	568,775	96.3	475,694	462,209	97.2	448,770	94.3

Note:

- The above data includes all Mandatory Policies related training including Health and Safety.
- The above data is based on Globally reported training and excludes employees on Leave Without Pay.
- Based on TCS' global headcount of permanent employees. Excludes employees of non-wholly owned subsidiaries.

9. **Details of performance and career development reviews of employees and worker⁴⁹:**

Category	FY 2021-22			FY 2020-21		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	251,176	248,972	99.1	274,310	271,546	99.0
Female	131,896	130,857	99.2	153,413	151,473	98.7
Total	383,072	379,829	99.2	427,723	423,019	98.9

Note:

- Data specific to India.

⁴⁹ GRI 404-3

10. Health and safety management system:

- a. **Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system⁵⁰?**

Yes. TCS is certified to ISO 45001:2018 Occupational Health and Safety (OHS) Management System standard across 124 of its facilities worldwide in FY 2022. These certified locations constitute 82% of office footprint and >96% of people footprint operating from these locations.

TCS has a well-defined Occupational Health and Safety (OHS) policy and supporting processes to ensure the safety and well-being of its employees. Safety lead and lag indicators are measured across the organization and reported. The board-level Stakeholders' Relationship Committee reviews the company's health and safety performance on a half yearly basis. Over 96% of the workforce is represented in joint management-employee health and safety committees that monitor, advise and drive occupational, health and safety initiatives.

- b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity⁵¹?**

As a part of ISO 45001:2018 Occupational Health and Safety Management System, TCS has a documented procedure to carry out assessment of work-related hazards and risks for all routine and non-routine activities carried out at any location. Hazard and risk identification is carried out by the process owners in consultation with the safety experts. The process owners are responsible to ensure adequate controls are identified and implemented to control the identified OHS risks.

⁵⁰ GRI 403-1

⁵¹ GRI 403-2

Mitigation plan and controls are provided to eliminate the identified hazards and risks.

- c. **Whether you have processes for employees to report the work related hazards and to remove themselves from such risks. (Y/N)⁵²**

Yes. TCS has a safety incident reporting and management process to ensure that all work-related incidents (which include accidents, near-misses, unsafe conditions and unsafe acts) are reported and closed after taking necessary corrective actions. This is enabled through an online safety incident reporting tool which is accessible to all TCS employees to facilitate transparent reporting. The platform also supports incident investigation and corrective action with the perspective of eliminating hazards and preventing incidents.

- d. **Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)⁵³**

Yes. TCS recognizes that overall physical and mental wellbeing of its employees is integral to its success and growth aspirations. TCS has a people focus approach by involving consulting and training employees on physical health, mental health, and wellbeing.

TCS has taken a holistic approach to well-being and redefined them to be relevant in these trying times of pandemic. These well-being programs were reimagined to look at various aspects such as COVID-19 support, mental health, ergonomic health, physical health, and safety at home, delivered through digital channels, hospital insurance services, occupational health services and through seamless integration of all stakeholders. TCS Cares initiative has instituted programs for associates

⁵² GRI 403-2

⁵³ GRI 403-6

and their families to help cope with the mental stress and anxiety. TCS has been promoting health and wellbeing of employees through Yoga, Fit4Life and similar initiatives.

TCS has occupational health centers (OHC) at TCS facilities in India. The employees and contractors who are working at these facilities have access to non-occupational medical and healthcare services as well. Beyond the OHCs, TCS provides comprehensive medical and healthcare services to employees through the company provided medical insurance to employees and their dependents. In overseas geographies, non-occupational medical and healthcare services are provided as per the country regulations. To ensure physical fitness, TCS also has recreational facilities and gymnasiums at many of its facilities for the benefit of the employees.

TCS, through its TCS Cares initiative, instituted programs for employees and their families to help cope with the mental stress and anxiety. Online counselling sessions and self-help resources saw an increase in usage. Interactive sessions for grief support as well as extending individual grief counselling to employees through proactive HR connects and reach outs were conducted to extend support to employees battling with losses. Also, a special series of burnout support offerings were deployed to increase awareness and create support strategies for burnout. HR connects were strengthened through Emotional Wellbeing SOPs. Special sessions were organized for stress management for leadership teams for managing the new normal Peer counselling for HRs was done to equip them to handle mental health cases coming from employees. A special series of "Respond with Care" offerings, highlighting hope and positive psychology, providing basic emotional first aid skills is also being provided to HRs, Managers and employees.

11. Details of safety related incidents⁵⁴, in the following format:

Typical to any service sector company operating out of office-based premises, most common injuries occur due to slips, trips and falls or being struck by stationary objects, road accidents in company provided transport. TCS ensures capturing all types of incidents including accidents, near-misses and safety observations and ensuring 100% closure of the reported incidents with appropriate corrective and preventive actions.

The safety incident statistics is given below –

Safety Incident/Number	Category	FY 2021-22	FY 2020-21
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.0032	0.0044
Total recordable work-related injuries		4	5
No. of fatalities		0	0
High consequence work-related injury or ill-health (excluding fatalities)		0	0

12. Describe the measures taken by the entity to ensure a safe and healthy work place⁵⁵.

TCS recognizes that occupational, health & safety (OHS) and overall physical and mental wellbeing of its employees is integral to its success and growth aspirations as spelled out in its OHS Policy. TCS is committed to provide safe workplaces focusing on preventing injuries, illnesses, and continuously strives to eliminate hazards and reduce OHS risks.

⁵⁴ GRI 403-9, GRI 403-10

⁵⁵ GRI 403-2, GRI 3-3, GRI 403-9, GRI 403-10

Key occupational health related risks are associated with the key generic H&S risks identified typical to TCS' nature of operations include workplace ergonomics risks arising due to computer usage, indoor air quality, workplace illumination and noise and fire risk typical to an office building and general office risks including slips, trips, falls, electrical shock, etc. Hazard identification and risk assessment process is conducted to has helped identify each such risk and ensure that proper mitigation measures are put in place to create a healthy and safe work environment.

Some of the mitigation measures to prevent or mitigate significant occupational health & safety impacts include,

- Provision and maintenance of fire detection, alarm and suppression systems
- Regular site review, inspections and audits to assess safety preparedness
- Regular mock drills for fire as well as medical emergencies
- Provision of ergonomically designed chairs and workstations to prevent musculoskeletal disorders (MSD's) and low radiation computer monitors for better visual health
- Digital monitoring of indoor air quality and periodic cleaning of the HVAC ducts to avoid sick building syndrome
- Regular training on occupational health & safety training to sensitize employees on OHS aspects to inculcate a culture of safety
- Employee engagement campaigns on health & safety topics such as fire safety, road safety, emergency evacuation, ergonomics among others

There are no major H&S risks associated with TCS services as the company provides customized software solutions and IT services.

13. Number of Complaints on the following made by employees⁵⁶:

	FY 2021-22			FY 2020-21		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	40	0		44	0	
Health & Safety						

14. Assessments for the year⁵⁷:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	TCS has 124 locations globally certified with ISO 45001:2018, Occupational Health & Safety Standards. 100% of offices have been audited during FY 2022 by qualified internal auditors at TCS. Every year, one third of TCS' locations are identified to be sampled for external/ third party audits. In FY 2022 about 30% of TCS' offices have undergone ISO 45001:2018 audits by External Auditors / third parties. Hence, out of 124 locations globally, TCS has 38 of them undergo external audits by TUV Nord for occupational health & safety. There were no statutory audits conducted on health and safety practices in FY 2022 for any of the offices in India.

⁵⁶ GRI 2-25

⁵⁷ GRI 3-3

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Working Conditions	TCS locations are subject to site safety inspections and reviews periodically by internal health & safety team with the perspective of checking any health, hygiene and safety hazards and mitigating them. As a part of ISO 45001:2018 audits, TCS locations undergo a site review and assessment to check deployment of operational controls. 100% of TCS' sites get checked and inspected for health and safety aspects during each year.

15. **Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.⁵⁸**

There were a few road/transport, slip, trip and fall related incidents during the year which have been investigated and closed with necessary corrective and preventive actions. Defensive driving focus and behavioral based safety practices have been emphasized as corrective measures.

⁵⁸ GRI 403-10

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity⁵⁹.**

TCS engages with a broad spectrum of stakeholders, to deepen its insights into their needs and expectations, and to develop sustainable strategies for the short, medium and long term. Stakeholder engagement also helps to manage risks and opportunities in business operations. The key stakeholders identified in consultation with the company's management are: customers, employees, shareholders, academic institutions, head-hunters, staffing firms, other suppliers, partners and collaborators, industry bodies such as NASSCOM and CII, governments, NGOs, local communities, regulators and society at large.

Some other stakeholders that TCS closely engages with – such as industry analysts, equity analysts, and the news media – are proxies for other named stakeholders – i.e. customers, shareholders, and society at large, respectively.

Stakeholder interactions might be structured (e.g. surveys, account statements) or unstructured (town halls, 1x1 meetings). Based on mutual convenience and need, the engagement may be scheduled as needed, or pre-scheduled on a periodic basis (fortnightly/ monthly/ quarterly/ annual) or continuous (e.g. website, social media).

⁵⁹ GRI 2-29

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group⁶⁰

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of Communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of Engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	As needed: Project-related calls and meetings; project management reviews; relationship meetings and reviews; executive meetings and briefings; customer visits; responses to RFIs/ RFPs; sponsored events; mailers; newsletters; brochures	• Continuous: TCS website; social media (LinkedIn, Twitter, Facebook, Instagram, YouTube) • Half-yearly: Customer satisfaction surveys • Annual: Customer summits; Innovation days; Executive customer surveys; Sponsored Community events	• Understanding client, industry and business challenges • Identifying opportunities to improve TCS' service and products for cross-selling • Deciding on investments and capabilities required to fulfil demand • Understanding client's data privacy and security requirements
Shareholders	No	As needed: Press releases and press conferences; email advisories; facility visits; in-person meetings; investor conferences; non-deal roadshows; conference calls	• Quarterly: Financial statements in IndAS and IFRS; earnings call; exchange notifications; press conferences • Half Yearly: CEO message on half-yearly financial performance and summary of significant events • Continuous: Investors page on the TCS website • Annual: Annual General Meeting; Annual Report	• Educating the investor community about TCS integrated value creation model and business strategy for the long term • Helping investors voice their concerns regarding company policies, reporting, strategy, etc. • Understanding shareholder expectations

⁶⁰ GRI 2-29

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of Communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of Engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	As needed: Town halls; roadshows; project or operations reviews; video conferences; audio conference calls; one-on-one counselling	• Monthly: @TCS (in-house magazine) • Continuous: TCS website; Ultimatix Notice Board; CEO Connect; CTO Blog; Corporate Corner; Knome; dipstick surveys; grievance redressal system • Annual: PULSE (employee feedback survey); long-service awards; sales meets; Blitz (business planning meet)	• Career Management and Growth Prospects • Learning opportunities • Compensation structure • Building a safety culture and inculcating safe work practices among employees • Ongoing desire for more flexible working hours • Improving Diversity and Inclusion
Partners and Collaborators	No	As needed: Meetings/calls; COINTM meetings; visits; partner events	• Monthly: Conference calls • Quarterly: Business reviews • Annual: Partner events	• Stronger partnerships • Demand Sustainability • Credit worthiness • Ethical Behavior • Fair Business Practices • Governance
Academic Institutions	No	As needed: Academic Interface Program; Co-Innovation Network (COIN™) meetings	• Continuous: TCS website; academic portal • Annual: Sangam (high-level academic conference); campus recruitment	• Knowledge-exchange collaboration • Advancing the academic's research program / curriculum enhancement • Job creation • Internship opportunities • Faculty development

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of Communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of Engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Head-hunters; staffing firms; other suppliers	No	One-time: RFIs/RFPs; empanelment process	As needed: Transactional meetings; periodic reviews; surveys	Diversity hiring initiatives and what are the biggest challenges
Industry bodies, Regulators	No	As needed (need basis / usually 1-2 meetings in 3 months' basis): - Conferences and seminars, - working committee meetings, - surveys, - other meetings	Annual: Conferences; summits	Ensure 100% compliance to all local laws
Governments; NGOs; local communities; media, industry analysts, society at large	No	As needed: Governance RFIs/RFPs; presentations; project meetings; reviews; calls and meetings; surveys; consultative sessions; field visits; due diligence; calls and meetings; conferences and seminars; surveys; press releases; press conferences; media interviews and quotes; sponsored events, Analyst Days	Continuous: TCS website	- Understand areas for sustainable development - Communicate TCS' performance and strategy; - Manage TCS' brand and reputation; - Share and contribute to thought leadership and insight into public and business concerns; - Discuss TCS' response to responsible business issues - Work in partnership to develop solutions to global challenges

PRINCIPLE 5 Businesses should respect and promote human rights

Essential Indicators

1. **Employees who have been provided training on human rights issues and policy(ies) of the entity, in the following format⁶¹:**

Category	FY 2021-22			FY 2020-21		
	Total (A)	No. of employees covered (B)	% (B / A)	Total (C)	No. of employees covered (D)	% (D / C)
Employees						
Permanent	590,662	580,335	98.3	475,694	462,172	97.2
Other than permanent	17,609	15,333	87.1	12,393	10,826	87.4
Total Employees	608,271	595,668	97.9	488,087	472,998	96.6

Note:

- Training details for TCS Global headcount.

⁶¹ GRI 2-24

2. Details of minimum wages paid to employees in the following format⁶²:

Category	FY 2021-22					FY 2020-21				
	Total(A)	Equal to MinimumWage		More than MinimumWage		Total(D)	Equal to MinimumWage		More than MinimumWage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent										
Male	325,241	726	0.2	324,515	99.8	263,178	373	0.1	262,805	99.9
Female	182,945	557	0.3	182,388	99.7	152,471	282	0.2	152,189	99.8
Other than Permanent										
Male	9,924	NA	NA	NA	NA	7,231	NA	NA	NA	NA
Female	7,685	NA	NA	NA	NA	5,162	NA	NA	NA	NA

Note:

- Data specific to India
- Other than Permanent category consists of contractors and interns. The professional fees / stipends paid to them are not comparable to the salaries paid to employees.

⁶² GRI 405-2

3. **Details of remuneration/salary/wages, in the following format⁶³:**

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category (₹ Lakh per annum)	Number	Median remuneration/salary/ wages of respective category (₹ Lakh per annum)
Board of Directors (BoD)	Distribution provided below			
(a) Executive Directors	2	2,322.8	-	NA
(b) Non-Executive Non-Independent Directors	1	Nil	1	Nil
(c) Non-Executive Independent Directors	4	237.5	1	225.0
Key Managerial Personnel	4	-	-	NA
Employees other than BoD and KMP	Distribution provided below			
(a) Junior	161,708	3.6	112,476	3.7
(b) Middle	144,162	12.8	67,274	10.2
(c) Senior	19,234	34.3	3,195	32.4

Notes:

- At TCS, remuneration is the same for men and women working full-time, in the same grade, in the same role, and at the same location⁶⁴. Gaps in median salary between genders at middle and senior levels is due to a higher proportion of women at the junior ends of each cohort. TCS' focused diversity and inclusion programs are expected to narrow this gap over time.
- Data is specific to India.
- The median remuneration of Non-Executive Directors is Nil (refer serial no. III(iv)(a) of the Corporate Governance Report)
- Key Managerial Personnel includes CEO, COO, CFO, CS, erstwhile CFO and CS, who relinquished their offices with effect from April 30, 2021 and October 31, 2021 respectively. The median remuneration of the Executive Directors are covered as a part of BoD. Since the remuneration of CFO and CS is only for part of the year, their median remuneration has not been stated
- Remuneration details of BoD and KMPs are as published in Integrated Annual Report FY 2022.

⁶³ GRI 2-19, GRI 2-21

⁶⁴ GRI 405-2

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business⁶⁵? (Yes/ No) - Yes**

5. **Describe the internal mechanisms in place to redress grievances related to human rights issues⁶⁶.**

Reporting avenues have been provided for TCS' employees, customers, suppliers and other stakeholders to raise concerns or make disclosures when they become aware of any actual or potential violation of the Company Code, policies or law including human rights violation. Representations made in the reporting avenues are reviewed and appropriate action is taken on substantiated violations.

6. **Number of Complaints on the following made by employees and workers⁶⁷:**

	FY 2021-22			FY 2020-21		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	36	16	Review in progress	27	8	Closed
Discrimination at workplace	1	0	Closed	1	0	Closed
Child Labour	0	0	0	0	0	0
Forced Labour/Involuntary Labour	0	0	0	0	0	0
Wages	0	0	0	0	0	0
Other human rights related issues	0	0	0	0	0	0

Notes:

- Data specific to India
- The above data is as on March 31, 2022

⁶⁵ GRI 2-13

⁶⁶ GRI 2-25

⁶⁷ GRI 406-1

7. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases⁶⁸.**

Concerns on discrimination and harassment are dealt with confidentially. TCS does not tolerate any form of retaliation against anyone reporting good faith concerns. Anyone involved in targeting such a person raising such complaints will be subject to disciplinary action.

8. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)⁶⁹**

Yes.

9. **Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	TCS internally monitors compliance for all relevant laws and policies pertaining to these issues. There have been no observations by local statutory / third parties in India in FY 2022.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

10. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

Not Applicable

⁶⁸ GRI 2-25

⁶⁹ GRI 2-23, GRI 2-24

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format⁷⁰:**

TCS uses multiple energy sources in its daily operations, electricity being the primary source. Majority of the electricity comes from conventional sources, but TCS has increased the share of renewable electricity (RE) over the years through onsite rooftop solar generation, third party procurement and purchase of Energy Attribute Certificate (EAC) (in select geographies). Other sources of energy include natural gas (mainly used for space heating/cooling), district heating and cooling, fuel used in company owned vehicles, cooking gas used in cafeteria and diesel used in diesel generators (mainly used as a back-up source for power shortages). The RE consumption as a % of total electricity consumption has increased from 15.6% in FY 2021 to 37.2% in FY 2022. The electricity used across India operations reduced by 6.5% Y-o-Y. For global operations, there is an increase in total electricity use by 2.7% Y-o-Y due to the increased reporting boundary in FY 2022 covering operations in North America (NA), Asia Pacific (APAC), Europe and Middle East.

⁷⁰ GRI 302-1, GRI 302-3

Details of total energy consumption (in Mega Joules) and energy intensity are provided in the table below:

Parameter	FY 2021-22	FY 2020-21
From renewable sources		
Total electricity consumption (A)	401,662,127	163,892,956
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	8,482,654	0
Total energy consumed from renewable sources (A+B+C)	410,144,781	163,892,956
From non-renewable sources		
Total electricity consumption (D)	672,917,518	880,609,895
Total fuel consumption (E)	41,303,253	38,154,387
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	714,220,770	918,764,282
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	0.00058	0.00066

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. This data has been subject to independent assurance by Ernst & Young Associates LLP (EY).

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

Not Applicable

3. **Provide details of the following disclosures related to water⁷¹, in the following format:**

The sources of freshwater at TCS includes third party water (86.4%), groundwater (8.4%) and rainwater harvested (5.2%). TCS optimizes water consumption through conservation, sewage treatment and reuse, and rainwater harvesting. All new campuses have been designed for higher water efficiencies, 100% treatment and recycling of sewage, and rainwater harvesting. The detailed break up is given below:

Parameter	FY 2021-22	FY 2020-21
Water withdrawal by source (in kiloliters)		
(i) Surface water	NIL	NIL
(ii) Groundwater	121,756	116,126
(iii) Third party water	1,243,889	1,209,121
(iv) Seawater / desalinated water	NIL	NIL
(v) Others – Rainwater utilized	75,314	76,034
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	1,440,959	1,401,280
Total volume of water consumption (in kiloliters)	1,319,696	1,268,191
Water intensity per rupee of turnover (Water consumed / turnover)	0.0000007	0.0000008

⁷¹ GRI 303-3, GRI 303-5

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.Yes. This data has been subject to independent assurance by Ernst & Young Associates LLP (EY).

4. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation⁷².**

Yes, TCS has achieved zero liquid discharge across all the campuses. TCS optimizes water consumption through conservation, sewage treatment and reuse, and rainwater harvesting. All new campuses have been designed for 100% treatment and recycling of sewage, and rainwater harvesting.

5. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

TCS being a service sector company does not have significant air emissions other than those arising from operation of DG sets during power outages.

TCS's operations in India have necessary consent under the Air (Prevention & Control of Pollution) Act (1981), for operation of DG set and ensures compliance to the conditions which includes stack emission parameters like nitrous oxide, non-methane hydrocarbons, carbon monoxide, particulate matter, etc. Stack emission monitoring is conducted as per the frequency required under the Consent To Operate (CTO) the DG.

Parameter	Please specify unit	FY 2021-22	FY 2020-21
NOx	NA	NA	NA
SOx	NA	NA	NA
Particulate matter (PM)	NA	NA	NA

⁷² GRI 303-1, GRI 303-2

Parameter	Please specify unit	FY 2021-22	FY 2020-21
Persistent organic pollutants (POP)	NA	NA	NA
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	NA	NA	NA
Others—please specify	NA	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

The DG stack emissions are sampled and analyzed by government approved laboratories and the reports are reviewed by the internal team to ensure compliance to the CTO conditions. These stack emission reports are submitted to government authorities (State Pollution Control Boards) as per consent conditions. These reports are also verified during internal and external audits to check compliance.

6. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format⁷³:**

The Scope 1 emissions are from direct GHG sources like fuel used in company owned vehicles, diesel generators and cafeteria, fugitive emissions from refrigerants and fuel used for space heating. These amount to about 10.6%

⁷³ GRI 305-1; GRI 305-2, GRI 305-4. Scope 1 emissions have been calculated using the emissions factors published by the DEFRA conversion factors 2021. For Scope 2 emissions – for India, the source is the emissions factor in the CO2 Baseline Database for the Indian Power Sector, User Guide, Version 16.0, March 2021, published by the Central Electricity Authority of India. For Australia, Canada, Europe, North America, New Zealand, Hong Kong and UK emission factors specific to the region published by local authorities are used. For other countries IEA v4 emission factors 2021 and GHG protocol/ IEA 2021 have been used.

of the Scope 1 + Scope 2 carbon footprint in FY 2022. The remaining 89.4% is from indirect emissions, referred to as Scope 2 emissions, associated with purchased electricity. The breakup is provided as required in below table.

Parameter	Unit	FY 2021-22	FY 2020-21
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂	16,684	16,284
- CO ₂	tCO ₂ e	2,813	2,789
- CH ₄	tCO ₂ e	1.38	8.6
- N ₂ O	tCO ₂ e	28.3	4.7
- HFC	tCO ₂ e	13,841	13,505
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	141,045	193,994
Total Scope 1 and Scope 2 emissions per rupee of turnover	tCO ₂ e/INR	0.00000008	0.00000013
Total Scope 1 and Scope 2 emission intensity (optional) ⁷⁴ – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. This data has been subject to independent assurance by Ernst & Young Associates LLP (EY).

⁷⁴ TCS has not calculated the emission intensity per full time employee (FTE) during the pandemic years as the employees working out of offices was very less.

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details⁷⁵.

Yes. TCS has taken up the target to reduce its absolute Scope 1 and Scope 2 carbon footprint by 70% by 2025 and become net zero by 2030. To achieve these targets, the green-house gas management approach has four key levers – green infrastructure, green IT, IT-enabled operational efficiencies, and renewable energy. These energy efficiency initiatives have resulted in avoidance of GHG emissions of approximately 3,200 tCO₂e in FY 2022.

Green Infrastructure and IT enabled operational efficiency:

All new campuses owned by TCS are designed according to green building standards for energy and resource efficiency. They have roof top solar photovoltaic installations to reduce the carbon footprint. Currently, 34 TCS offices spanning across over 28.2 million sq. ft of office area, are certified green buildings by Indian Green Building Council (IGBC). These make up over 64.4% of TCS' total real estate portfolio in India.

In FY 2022, projects were taken up to improve the energy efficiency in existing buildings as well through retrofits. Cooling systems were upgrade to efficient energy star rated appliances. UPS resizing and consolidation. Modular UPS were adopted where feasible. Other auxiliaries like pumps, cooling towers, etc. were also replaced. TCS' resource optimization center continues to help monitor the energy use on real time basis to optimize it further by leveraging AI and ML.

Green IT:

Green IT initiatives include a) IT Energy optimization in Data center and Equipment rooms and b) IT energy optimization in the delivery centers. Data center and Equipment room efficiency projects included replacement of over

⁷⁵ GRI 305-5

20 UPSs and 30 cooling units with more efficiency systems. The company achieved PUE of 1.65 at the two owned-premise TCS data centers at Yantra Park and Siruseri. Looking forward, the company is incorporating next-gen green data center practices with futuristic and modular technologies like Modular UPS, Cold Aisle Containment, real time monitoring of temperature and energy consumption, etc. For IT energy optimization in the delivery center, the energy efficiency initiatives are through switching off/replacement of excess capacity/inefficient UPSs, replacement of desktops with laptops and improved rack per user ratio.

Renewable Energy

The company continued to augment the roof top solar photo voltaic installations this year as well taking the total installed capacity to 10.2 MWp contributing to 3.76 percent of total electricity use in the reporting year. Solar roof top installations at Adibatla Hyderabad (2,154 kWp) and TCS Center Kochi (207 kWp) was completed within the reporting year. The company increased the renewable energy procurement through third party PPA for solar energy at TCS Siruseri office and switch over to green tariff for its operations in the states of Karnataka and Maharashtra. This resulted in an increase in the renewable energy use to 37.2% of the company's total energy use in FY 2022. TCS is committed to improve the RE mix in its energy portfolio further in the coming years.

Carbon Neutrality:

The company has become carbon neutral across Scope 1 and Scope 2 carbon footprint for its operations in Asia Pacific (APAC)⁷⁶, Europe and North America (NA) for FY 2022 in line with PAS 2060:2014 standards assured by Bureau Veritas India Limited.

⁷⁶ Excluding Japan

8. Provide details related to waste management by the entity, in the following format⁷⁷:

Parameter	FY 2021-22	FY 2020-21
Total Waste generated (in metric tonnes)		
Plastic waste (A)	42.9	10.4
E-waste (B)	563	166 ⁷⁸
Bio-medical waste (C)	1.61	-
Construction and demolition waste (D)	62.4	-
Battery waste (E)	286	175
Radioactive waste (F)	NA	NA
Other Hazardous waste. Please specify, if any. (G)	27.6	28.7
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	2,351	1,794
Total (A+B + C + D + E + F + G + H)	3,384.5	2,174.2
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled **		
- Battery	258	190

⁷⁷ GRI 306-3; 306-4; 306-5

⁷⁸ The value of e-waste generated in MT in FY 2021 pertains only to the consumer e-waste. FY 2022 value includes consumer and IT e-waste in MT

Parameter	FY 2021-22	FY 2020-21
-E-waste	583	115 ⁷⁹
-Hazardous waste	27.0	20.6
-Non-Hazardous waste	1,077	703
-Plastic Waste	38	8.47
-Construction & Demolition waste	61.6	
(ii) Re-used		
(iii) Other recovery operations		
Total	2,044.6	1,037.1
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration		
-Biomedical waste	1.61	
-Non-hazardous waste	36.4	
(ii) Landfilling		
-Non-hazardous waste	1,112	813
(iii) Other disposal operations		
Total	1,150	813

** 100% of the regulated waste (hazardous wastes, e-waste, battery waste), plastic wastes, paper & packaging wastes are disposed through recycling. The generated quantities, if remaining at the end of the financial year for disposal, are stored at the facilities and recycled through approved/ authorized vendors.

⁷⁹ The value for e-waste disposed in MT in FY 2021 pertains only to the consumer e-waste, as IT e-waste disposed was recorded in numbers in FY 2021 (26,479 units). FY 2022 value includes consumer and IT e-waste in MT.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. This data has been subject to independent assurance by Ernst & Young Associates LLP (EY).

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes⁸⁰.

TCS being an IT services and consulting organization, does not manufacture physical products and therefore does not use any hazardous or toxic chemicals in any of its processes. The company has offices and facility operations, and the waste is generated from the auxiliary processes used to run these facilities. Based on the nature of services, TCS' facilities mostly generate electronic, electrical, and municipal solid waste, and generate very less hazardous waste and do not use toxic chemicals. Potentially hazardous and regulated wastes such as lead-acid batteries and waste lube oil are generated in relatively smaller proportions which are disposed through government approved recyclers as per regulations. E-waste is disposed to government approved e-waste recyclers.

TCS is committed to sustain the best practices that have already been institutionalized like segregation of all recyclable wastes, 100% compliance to management practices for regulated wastes like hazardous and e-waste and 100% recycling on printer and toner cartridges, paper and packaging wastes. TCS also ensures 100% disposal of biomedical waste (BMW) through govt authorized BMW disposal agencies in India as per regulatory requirements. The company targets to maximize the recycling and reuse of all waste categories to divert waste from landfill.

⁸⁰ GRI 306-2

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format⁸¹:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
1	TCS Kalinga Park, Chandaka Industrial Estate, Bhubanewar, Odisha	Software Consultancy Services	Yes, the company has obtained environmental clearance for the premises. TCS office is located in the Special Economic Zone (SEZ) developed by the Odisha Industrial Infrastructure Development Corporation (IDCO).

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year⁸²:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Technocity, Trivandrum Located at Pallipuram, Trivandrum, Kerala. It is situated at about 22 Kms from Trivandrum International airport and about 10 Kms from the existing TCS campus at Technopark. The land for the project is leased from Technopark (a society wholly controlled by Kerala Government)	SIA/KL/MIS/209935/2021. 1896/EC1/2021/SEIAA	Oct 07, 2021	Yes	Yes	http://www.seiaakerala.in/uploads/doc/373f52abc888c38849b69c77235b200d.pdf
TCS Siruseri New Tech Park SEZ is located at Egattur, Chennai, SIPCOT IT Park, Siruseri with built-up area of 3.2 Million sq. ft and with 20,000 no. of Employees. It is located at about 30 Kms from Chennai airport.	SEIAA-TN/F.No:7790/EC/8(b)-770/20-21 dated 30.06.2021	Jun 30, 2021	Yes	Yes	http://environmentclearance.nic.in/writereaddata/FormB/EC/EC_Letter/07232021655485357790ec.pdf

⁸¹ GRI 304-1

⁸² GRI 413-1, GRI 303-1

12. **Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format⁸³:**

Yes, TCS has complied with applicable environmental law/regulations / guidelines applicable in India. No fine/penalty/action was initiated against the entity under any of the applicable environmental laws/regulation/guidelines.

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
	NA	NA	NA	NA

Leadership Indicators

1. **Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

This information has been covered in Principle 6, Q1 of the Essential Indicators⁸⁴.

⁸³ GRI 2-27

⁸⁴ GRI 302-1

2. Provide the following details related to water discharged⁸⁵:

Parameter	FY 2021-22	FY 2020-21
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water		
- No treatment	0	0
- With treatment – please specify level of Treatment	0	0
(ii) To Groundwater		
- No treatment	0	0
- With treatment – please specify level of Treatment	0	0
(iii) To Seawater		
- No treatment	0	0
- With treatment – please specify level of Treatment	0	0
(iv) Sent to third-parties		
- No treatment Note: Wastewater sent for municipal treatment	19,216	17,565
- With treatment – please specify level of Treatment		
a) Treated at TCS facilities (Tertiary treatment)	31,075	22,835
b) Sent to builder STP for treatment (Tertiary treatment)	54,998	57,452
(v) Others		
- No treatment	0	0
- With treatment – please specify level of Treatment	0	0
Total water discharged (in kiloliters)	105,289	97,851

Above data covers details pertaining to India geography only.

⁸⁵ GRI 303-4

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. This data has been subject to independent assurance by Ernst & Young Associates LLP (EY).

3. **Water withdrawal, consumption and discharge in areas of water stress (in kiloliters):**

For each facility / plant located in areas of water stress, provide the following information⁸⁶:

This section covers details pertaining to India geography only

(i) **Name of the area** Data provided for 14 areas as per CGWB (Central Ground Water Board) in individual tabs

(ii) **Nature of operations** IT Services, Products and Platforms

(iii) **Water withdrawal, consumption and discharge in the following format:**

Parameter	FY 2021-22	FY 2020-21
Water withdrawal by source (in kiloliters)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	531,427	526,066
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kiloliters)	531,427	526,066

⁸⁶ GRI 303-3, 303-4

Parameter	FY 2021-22	FY 2020-21
Total volume of water consumption (in kiloliters)	520,733	516,889
Water intensity per rupee of turnover (Water consumed / turnover)	0.00000027	0.00000031
Water discharge by destination and level of treatment (in kiloliters)		
(i) Into Surface water		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(ii) Into Groundwater		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iii) Into Seawater		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iv) Sent to third-parties		
- No treatment	7,622	6,145
Note: Wastewater sent for municipal treatment		
- With treatment–please specify level of treatment	3,071	3,033
Note: Tertiary treatment		
(v) Others		
- No treatment	0	0

Parameter	FY 2021-22	FY 2020-21
- With treatment – please specify level of treatment	0	0
Total water discharged (in kiloliters)	10,694	9,178

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. This data has been subject to independent assurance by Ernst & Young Associates LLP (EY).

4. Please provide details of total Scope 3 emissions & its intensity, in the following format⁸⁷:

Parameter	Unit	FY 2021-22	FY 2020-21
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	358,452	234,614
Category 1 – Purchased goods & services	tCO ₂ e	12,020	13,184
Category 2 – Capital goods	tCO ₂ e	111,290	128,230
Category 3 Fuel and energy related activities (not included in Scope 1 or 2)	tCO ₂ e	52,415	60,022
Category 4 – Upstream transportation and distribution	tCO ₂ e	7,542	9,030

⁸⁷ GRI 305-3; GRI 305-4

Parameter	Unit	FY 2021-22	FY 2020-21
Category 5 – Waste generated in operations	tCO2e	639	492
Category 7 – Employee commuting (Work from home (WFH) emission is included in this category as per GHG protocol since both are pandemic years)	tCO2e	139,504 ⁸⁸	135,667 ⁸⁹
Category 6 – Business travel	tCO2e	35,043	15,458
Total Scope 3 emissions per rupee of turnover	tCO2e/INR	0.00000019	0.00000022
Total Scope 3 emission intensity (optional)⁹⁰ – the relevant metric may be selected by the entity	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. This data has been subject to independent assurance by Ernst & Young Associates LLP (EY).

5. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities⁹¹.**

⁸⁸ This includes WFH emissions of 131,761 tCO2e for FY22

⁸⁹ Recalculated the FY 2021 values by including WFH emissions (127,469 tCO2e)

⁹⁰ Not calculated the emission intensity per full time employee (FTE) during the pandemic years as very few employees were working out of offices.

⁹¹ GRI 304-2; GRI 304-3

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Chandaka Wildlife sanctuary authority has developed the trench followed by 5 feet wall with fencing along the border of the sanctuary so that the possibility of elephants crossing the trench is eliminated hence, any impact of TCS operations on wildlife is not expected. However, TCS has undertaken following initiatives: - Minimizing light pollution around the wildlife sanctuary - Internal initiatives within its campus towards biodiversity conservation and enhancement - Internal initiatives towards water and waste management	- Installation of inward facing low intensity peripheral lights - Plantation of native/ indigenous plants, medicinal and spice garden, butterfly garden - Provision of organic waste technologies - Vermicomposting and organic waste converter - Provision of rainwater harvesting structure and sewage treatment plant (STP)	- Inward direction peripheral lights of low intensity to avoid any impact on wildlife movement. High mast lights in TCS parking area are switched off after 11 pm. - Protection of native/ medicinal, plant species as well as butterfly species. - Garden and food waste vermicomposting and organic waste composting technology has been installed to generated organic manure and it is reused for landscaping. 100% treatment and recycling of wastewater inside the premises. - Groundwater recharging pits for enriching the water table.

As a proactive initiative, TCS has included 'Urban Biodiversity' conservation as an integral part of TCS Environmental Policy and its long-term plan for sustainable development. Biodiversity action plan is implemented across

19 TCS campuses in India to conserve and enhance urban biodiversity. Biodiversity mapping for various flora and fauna species is conducted on an annual basis. TCS campuses across India are home to over 600 flora species and 180+ fauna species. 10 species of IUCN category trees i.e., Endemic, Endangered, Threatened, Vulnerable and Rare species, are protected within TCS campuses.

6. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	HVAC energy efficiency projects	Aged / inefficient air conditioners upgraded with BEE star rated equipment	1,374,439 kWh energy savings
2	UPS based energy efficiency projects	UPS resizing / consolidation/ upgrades of old UPSs with Modular UPS /Energy efficient UPS	1,681,454 kWh energy savings
3	Roof top solar projects	Completed the roof top solar projects in Adi Balta (2,154 kWp) in Nov 21 and TCS center (207 kWp) Kochi in Oct 21	1,030,766 kWh generation through solar roof top

7. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

TCS has a well-established business continuity and disaster management framework that is fully aligned to ISO 22301:2019, CMMI-SVC and is integrated with other quality management systems for consistent deployment across the organization. The function is governed by a trained pool of subject matter experts (Crisis Management Leaders) at various levels of the organization ensuring upkeep of business continuity plans, planning and executing drills to achieve seamless resumption, in case of any disruption. The entire process is integrated with other business processes through in-house developed tools that support planning and communication with all stakeholders.

8. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard⁹².**

No significant adverse impact envisaged from TCS' value chain.

9. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts⁹³.**

100% of the value chain partners were assessed for environmental impacts.

⁹² GRI 308-2

⁹³ GRI 308-1, GRI 308-2

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/ associations⁹⁴**

Ans. 10 in India. In addition, TCS also works through some of the bilateral/ multilateral international chambers based out of India.

- b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to⁹⁵**

Sr. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	NASSCOM	National
2	Confederation of Indian Industry (CII)	National
3	Federation of Indian Chambers of Commerce & Industry (FICCI)	National
4	ASSOCHAM	National
5	Public Affairs Forum of India	National
6	The Institute of Management Consultants of India	National
7	British Business Promotion Association	International
8	Indo American Chamber of Commerce	National
9	All India Management Association	National
10	Indo-Belgian-Luxembourg Chamber of Commerce and Industry	International

⁹⁴ GRI 2-28

⁹⁵ GRI 2-28

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of authority	Brief of the case	Corrective action taken
Not Applicable (No adverse order received in last Financial Year)		

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.⁹⁶**

Name and brief details of project	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant web link
Tata Translational Cancer Research Centre (TTCRC) - Setting up a cancer R&D centre at Tata Medical Cancer, Kolkata, where researchers are working together for developing/ enhancing personalized solutions for cancer patients.	Yes	Yes	https://on.tcs.com/IAR

⁹⁶ 413-1

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

Not applicable

3. **Describe the mechanisms to receive and redress grievances of the community⁹⁷.**

All agreements between TCS and the stakeholders, contain clauses on handling of grievances, disputes etc. Additionally, TCS' Regional Leaders are connected at the ground level and provide feedback for implementation if any. Post program implementation, surveys and questionnaires capture the feedback which is duly implemented.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers⁹⁸:**

	FY 2021-22	FY 2020-21
Directly sourced from MSMEs / small producers	-	-
Sourced directly from within the district and neighboring districts	-	-

Note:

- The periodic exercise to validate the MSME status of existing vendors in the empaneled list is currently underway. This data will be available from the next reporting year.

⁹⁷ GRI 2-25, GRI 413-1

⁹⁸ GRI 204-1

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback⁹⁹.**

TCS' customers are provided with multiple mechanisms to report complaints or feedback.

For privacy specific complaints, they can also raise incidents with TCS' Data Protection or Privacy Officers. The contact details of the data protection and privacy officers is available in TCS website at <https://www.tcs.com/privacy-policy> or as otherwise notified to the customers from time to time.

Each customer concern is addressed with utmost care at all levels. TCS teams acknowledge, analyze the incidents and develop an action plan to resolve it. The team engages with the customer, to validate the action plan and regularly updates customers about the progress of action taken. Any feedback from the customer is taken positively and action plans are refined to ensure utmost customer satisfaction.

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

Not Applicable

	As a % to total turnover
Environmental and social parameters relevant to the product	NA
Safe and responsible usage	NA
Recycling and / or safe disposal	NA

⁹⁹ GRI 2-25

3. **Number of consumer complaints in respect of the following:**

	FY 2021-22		Remarks	FY 2020-21		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	6	2	TCS treats Customers as consumers; The breaches as confirmed by customer was due to accidental data sharing with unintended recipients	13	0	TCS treats Customers as consumers; The breaches as confirmed by customer was due to accidental data sharing with unintended recipients
Advertising	NA	NA	NA	NA	NA	NA
Cyber-security	NIL	NIL	NIL	NIL	NIL	NIL
Delivery of essential services	NA	NA	NA	NA	NA	NA
Restrictive Trade Practices	NA	NA	NA	NA	NA	NA
Unfair Trade Practices	NA	NA	NA	NA	NA	NA

4. **Details of instances of product recalls on account of safety issues:**

Not applicable as TCS does not have any products that can entail safety issues

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy¹⁰⁰.**

Yes.

From data privacy aspects, TCS' commitment to privacy is espoused in its TCS Global Privacy Policy. This is accessible at <https://www.tcs.com/privacy-policy-commitment>.

TCS has defined and implemented a Global Privacy policy that is applicable to all its legal entities, branches, lines of businesses and functions. The global privacy policy is a "gold standard of privacy" addressing applicable privacy regulations and based on inputs from industry bodies dealing with privacy.

¹⁰⁰ GRI 2-23

The Global Privacy policy covers all stakeholders across the value chain including – employees (full-time and contracted), customers, partners, vendors/suppliers, and any other stakeholder whose Personal Data is processed. All third parties (vendors/suppliers) are engaged / contracted with adequate due diligence, and commitment towards privacy obligations.

From a cyber security aspect, TCS has implemented cutting edge security tools to protect itself from external as well as internal threats.

TCS has moved to a proactive early detection approach. Any approach to protect an organization from threats, needs to focus on all the risks and learnings from various attacks, understanding the modus operandi of the attacker and ensure that adequate processes and latest in technology are implemented to protect and provide proactive detection capabilities. TCS has implemented a comprehensive threat intelligence framework to proactively identify external threats as they unfold globally, be it a ransomware propagation, a nation state actor group, attackers for purely monetary gain etc. The threat intelligence framework includes gathering intel on external threats by means of commercial, government, open source and vendor security feeds, threat hunting in dark web, analyse new attack patterns

and constantly monitoring the publication of vulnerabilities or various tools and software in use in the organization. The threat intel information is processed in TCS' AI/ML based correlation tools and automated scripts ensure that the indicators of compromise from the threat feeds are automatically blocked on the perimeter devices.

TCS has also rearchitected its network and has implemented tools in tandem to work in a defence in depth model to provide a holistic protection against threat vectors/actors. The defence in depth model has a strong multi-layered perimeter setup consisting of Next Gen Firewalls, Intrusion Prevention Systems, DDoS attack protection for critical resources, Web Application Firewalls, Advanced malware protection and other email gateway security controls. TCS network design is compartmentalized for every customer and critical resources to ensure that the services provided to each customer remains isolated. This network design ensures that if there is an impact at one customer end, say a ransomware attack on a customer network, the segregated network along with the company's incident response process ensures that there is no impact to other network segments.

In addition to the perimeter defences, TCS has implemented technical controls and processes

within the network to protect the information resources. Tools based on machine learning that can detect and prevent known and unknown ransomware, malware and active intruder attempts to exploit like lateral movement, privilege escalation or credential dumping in addition to many other malicious actions. AI/ML tools that can detect behaviour anomalies of users. Tools that can correlate audit logs from various sources. Alerts from these tools are monitored 24x7x365 by the TCS Cyber Security Operations Center.

TCS has also implanted a strong vulnerability management program which includes proactively identifying vulnerabilities in its network and systems by conducting periodic vulnerability assessments, penetration tests and red team exercises.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

Please refer to the answer to Q.5 above. All the initiatives explained above has ensured that TCS did not have any incidents leading to regulatory issues / penalties.

Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

www.tcs.com

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

Not applicable, as TCS does not have any products/services that can entail safety issues or a usage abuse.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

Each customer relationship in TCS has a business continuity mechanism to handle any disruption of services/products and a suitable communication plan.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major**

products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Not Applicable

5. **Provide the following information relating to data breaches:**

Number of instances of data breaches along-with impact : As a data fiduciary, TCS has not had any data breach incidents in FY 2022.

- a. **Percentage of data breaches involving personally identifiable information of customers :** 0%

Consolidated Financial Statements

Independent Auditor's Report

To the Members of Tata Consultancy Services Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Tata Consultancy Services Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2022, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2022, of its consolidated profit and other comprehensive loss,

consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters ('KAM') are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

The Key audit matter	How the matter was addressed in our audit
Revenue recognition– Fixed price contracts The Group inter alia engages in Fixed-price contracts, wherein, revenue is recognized using the percentage of completion computed as per the input method based on the Group's estimate of contract costs (Refer Note 5(a) and Note 12 to the consolidated financial statements). We identified revenue recognition of fixed price contracts where the percentage of completion is used as a Key Audit Matter since – - there is an inherent risk and presumed fraud risk around the accuracy and existence of revenues recognised considering the customised and complex nature of these contracts and significant inputs of IT systems; - application of revenue recognition accounting standard (Ind AS 115, Revenue from Contracts with customers) is complex and involves a number of key judgments and estimates in mainly identifying performance obligations, related transaction price and estimating the future cost-to-completion of these contracts, which is used to determine the percentage of completion of the relevant performance obligation;	Our audit procedures included the following: - Obtained an understanding of the systems, processes and controls implemented by the Group for recording and computing revenue and the associated contract assets, unearned and deferred revenue balances. - Including involvement of our Information technology ('IT') specialists, as required: - Assessed the IT environment in which the business systems operate and tested system controls over computation of revenue recognised; - Tested the IT controls over appropriateness of cost and revenue reports generated by the system; - Tested the controls pertaining to allocation of resources and budgeting systems which prevent the unauthorized recording/changes to costs incurred; and - Tested on a random sampling basis the controls relating to the estimation of contract costs required to complete the respective projects.

The Key audit matter	How the matter was addressed in our audit
- these contracts may involve onerous obligations which requires critical assessment of foreseeable losses to be made by the Group; and - at year-end, significant amount of work in progress (Contract assets), related to these contracts are recognised on the balance sheet.	- On selected specific and statistical samples of contracts, we tested that the revenue recognized is in accordance with the revenue recognition accounting standard including – - Evaluated the identification of performance obligations and the ascribed transaction price; - For testing the Group's computation of the estimation of contract costs and onerous obligations, if any. We: - assessed that the estimates of costs to complete were reviewed and approved by appropriate designated management personnel; - performed a retrospective analysis of costs incurred with estimated costs to identify significant variations and challenged whether those variations are required to be considered in estimating the remaining costs to complete the contract; - assessed the appropriateness of work in progress (contract assets) on balance sheet date by evaluating the underlying documentation to identify possible changes in estimated costs to complete the remaining performance obligations; and - inspected underlying documents and performed analytics to determine reasonableness of contract costs.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's Annual Report, but does not include the financial statements and our auditor's report thereon. The Holding Company's annual report is expected to be made available to us after the date of this auditor's report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Holding Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation

of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are responsible for overseeing the financial reporting process of each Company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue

an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control

relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our

auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other Companies included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the

"Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. A. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that :
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained

for the purpose of preparation of the consolidated financial statements.

- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2022 taken on record by the Board of Directors of the Holding Company and on the basis of written representations received by the management from directors of its subsidiaries which are incorporated in India, as on 31 March 2022, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies

incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'.		
B. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us: a) The consolidated financial statements disclose the impact of pending litigations as at 31 March 2022 on the consolidated financial position of the Group. Refer Note 20 to the consolidated financial statements. b) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2022. c) There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended 31 March 2022.	d) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies incorporated in India to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall: • directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary companies incorporated in India or • provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.	(ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Holding Company or its subsidiary companies incorporated in India from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies incorporated in India shall: • directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or • provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d)(i) and (d)(ii) contain any material mis-statement.

e) The dividend declared or paid during the year by the Holding Company and its subsidiary companies incorporated in India are in compliance with section 123 of the Act.

C. With respect to the matter to be included in the Auditors' report under Section 197(16) of the Act:

In our opinion and according to the information and explanation given to us, the remuneration paid during the current year by the Holding Company and its subsidiaries which are incorporated in India to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiaries which are incorporated in India, is not in excess of the limit laid down under Section 197 of

the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Amit Somani

Partner

Mumbai

11 April 2022

Membership No: 060154

UDIN: 22060154AGVFFO1633

Annexure A to the Independent Auditor's report on the consolidated financial statements of Tata Consultancy Services Limited for the year ended 31 March 2022

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(xxi) According to the information and explanations given to us, in respect of the following companies incorporated in India and included in the consolidated financial statements, the CARO report relating to them has not been issued by their auditors till the date of this audit report:

Name of the entities	CIN	Subsidiary
MP Online Limited	U72400MP2006PLC018777	Subsidiary
APT Online Limited	U75142TG2002PLC039671	Subsidiary
C-Edge Technologies Limited	U72900MH2006PLC159038	Subsidiary
Mahaonline Limited	U72900MH2010PLC206026	Subsidiary
TCS e-Serve International Limited	L22210MH1995PLC084781	Subsidiary

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

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Amit Somani

Partner

Membership No: 060154

UDIN: 22060154AGVFFO1633

Mumbai
11 April 2022

Annexure B to the Independent Auditors' Report on the consolidated financial statements of Tata Consultancy Services Limited for the year ended 31 March 2022

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of Tata Consultancy Services Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to the consolidated financial statements of the Holding Company and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its

subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention

and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating

effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements

for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated

financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Amit Somani

Partner

Mumbai

11 April 2022

Membership No: 060154

UDIN: 22060154AGVFFO1633

Consolidated Balance Sheet

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

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

Consolidated Balance Sheet

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

As per our report of even date attached

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

Chartered Accountants

Firm's registration no:

101248W/W-100022

Amit Somani

Partner

Membership No: 060154

Mumbai, April 11, 2022

For and on behalf of the Board

Rajesh Gopinathan

CEO and

Managing Director

N Ganapathy Subramaniam

COO and Executive Director

Samir Seksaria

CFO

Pradeep Manohar Gaitonde

Company Secretary

Mumbai, April 11, 2022

Consolidated Statement of Profit and Loss

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

	Note	Year ended March 31, 2022	Year ended March 31, 2021
OTHER COMPREHENSIVE INCOME (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined employee benefit plans		261	(82)
Net change in fair values of investments in equity shares carried at fair value through OCI		(4)	(2)
Income tax on items that will not be reclassified subsequently to profit or loss		19	11
Items that will be reclassified subsequently to profit or loss			
Net change in fair values of investments other than equity shares carried at fair value through OCI		(516)	51
Net change in intrinsic value of derivatives designated as cash flow hedges		(37)	14
Net change in time value of derivatives designated as cash flow hedges		(34)	53
Exchange differences on translation of financial statements of foreign operations		20	448
Income tax on items that will be reclassified subsequently to profit or loss		196	(32)
TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)		(95)	461
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		38,354	33,023

Consolidated Statement of Profit and Loss

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

As per our report of even date attached

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

Chartered Accountants

Firm's registration no:

101248W/W-100022

Amit Somani

Partner

Membership No: 060154

Mumbai, April 11, 2022

For and on behalf of the Board

Rajesh Gopinathan

CEO and

Managing Director

N Ganapathy Subramaniam

COO and Executive Director

Samir Seksaria

CFO

Pradeep Manohar Gaitonde

Company Secretary

Mumbai, April 11, 2022

Consolidated Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

(₹ crore)

Balance as at April 1, 2021	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2021	Changes in equity share capital during the year*	Balance as at March 31, 2022
370	-	370	(4)	366

(₹ crore)

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

*Refer Note 8(m).

B. OTHER EQUITY

(₹ crore)

	Reserves and surplus						Items of other comprehensive income				Equity attributable to shareholders of the Company	Non-controlling interests	Total equity
	Capital reserve	Capital redemption reserve	General reserve	Special Economic Zone re-investment reserve	Retained earnings	Statutory reserve	Investment revaluation reserve	Cash flow hedging reserve Intrinsic value	Time value	Foreign currency translation reserve			
Balance as at April 1, 2021	75	436	27	2,538	79,586	407	828	56	(27)	2,137	86,063	675	86,738
Profit for the year	-	-	-	-	38,327	-	-	-	-	-	38,327	122	38,449
Other comprehensive income / (losses)	-	-	-	-	280	-	(340)	(29)	(26)	52	(63)	(32)	(95)
Total comprehensive income	-	-	-	-	38,607	-	(340)	(29)	(26)	52	38,264	90	38,354
Dividend	-	-	-	-	(13,317)	-	-	-	-	-	(13,317)	(58)	(13,375)
Expenses for buy-back of equity shares ¹	-	-	-	-	(49)	-	-	-	-	-	(49)	-	(49)
Tax on buy-back of equity shares ¹	-	-	-	-	(4,192)	-	-	-	-	-	(4,192)	-	(4,192)
Buy-back of equity shares ¹	-	4	-	-	(18,000)	-	-	-	-	-	(17,996)	-	(17,996)
Transfer to Special Economic Zone re-investment reserve	-	-	-	9,407	(9,407)	-	-	-	-	-	-	-	-
Transfer from Special Economic Zone re-investment reserve	-	-	-	(4,658)	4,658	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	(27)	-	272	(245)	-	-	-	-	-	-	-
Balance as at March 31, 2022	75	440	-	7,287	78,158	162	488	27	(53)	2,189	88,773	707	89,480

Consolidated Statement of Changes in Equity

(₹ crore)

	Reserves and surplus						Items of other comprehensive income				Equity attributable to shareholders of the Company	Non-controlling interests	Total equity
	Capital reserve	Capital redemption reserve	General reserve	Special Economic Zone re-investment reserve	Retained earnings	Statutory reserve	Investment revaluation reserve	Cash flow hedging reserve		Foreign currency translation reserve			
								Intrinsic value	Time value				
Balance as at April 1, 2020	75	431	27	1,594	78,810	375	796	45	(68)	1,666	83,751	623	84,374
Profit for the year	-	-	-	-	32,430	-	-	-	-	-	32,430	132	32,562
Other comprehensive income / (losses)	-	-	-	-	(71)	-	32	11	41	471	484	(23)	461
Total comprehensive income	-	-	-	-	32,359	-	32	11	41	471	32,914	109	33,023
Dividend	-	-	-	-	(10,850)	-	-	-	-	-	(10,850)	(57)	(10,907)
Expenses for buy-back of equity shares ¹	-	-	-	-	(31)	-	-	-	-	-	(31)	-	(31)
Tax on liability towards buy-back of equity shares ¹	-	-	-	-	(3,726)	-	-	-	-	-	(3,726)	-	(3,726)
Buy-back of equity shares ¹	-	5	-	-	(16,000)	-	-	-	-	-	(15,995)	-	(15,995)
Transfer to Special Economic Zone re-investment reserve	-	-	-	5,058	(5,058)	-	-	-	-	-	-	-	-
Transfer from Special Economic Zone re-investment reserve	-	-	-	(4,114)	4,114	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	-	(32)	32	-	-	-	-	-	-	-
Balance as at March 31, 2021	75	436	27	2,538	79,586	407	828	56	(27)	2,137	86,063	675	86,738

¹Refer note 8(m).

Gain of ₹280 crore and loss of ₹71 crore on remeasurement of defined employee benefit plans (net of tax) is recognised as a part of retained earnings for the years ended March 31, 2022 and 2021, respectively.

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

Consolidated Statement of Changes in Equity

Nature and purpose of reserves

(a) Capital reserve

The Group recognises profit and loss on purchase, sale, issue or cancellation of the Group's own equity instruments to capital reserve.

(b) Capital redemption reserve

As per Companies Act, 2013, capital redemption reserve is created when company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve. The reserve is utilised in accordance with the provisions of section 69 of the Companies Act, 2013.

(c) General reserve

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

(d) Special Economic Zone re-investment reserve

The Special Economic Zone (SEZ) re-investment reserve is created out of the profit of eligible SEZ units in terms of the provisions of section 10AA(1)(ii) of the Income-tax Act, 1961. The reserve will be utilised by the Group for acquiring new assets for the purpose of its business as per the terms of section 10AA(2) of Income-tax Act, 1961.

(e) Retained earnings

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

(f) Statutory reserve

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

(g) Investment revaluation reserve

This reserve represents the cumulative gains and losses arising on the revaluation of equity and debt instruments on the balance sheet date measured at fair value through other comprehensive income. The reserves accumulated will be reclassified to retained earnings and profit and loss respectively, when such instruments are disposed.

(h) Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the underlying hedged transaction occurs.

(i) Foreign currency translation reserve

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

As per our report of even date attached

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

Chartered Accountants

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

Amit Somani

Partner

Membership No: 060154

Mumbai, April 11, 2022

For and on behalf of the Board

Rajesh Gopinathan

CEO and

Managing Director

N Ganapathy Subramaniam

COO and Executive Director

Samir Seksaria

CFO

Pradeep Manohar Gaitonde

Company Secretary

Mumbai, April 11, 2022

Consolidated Statement of Cash Flows

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

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

Consolidated Statement of Cash Flows

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(1,417)	(1,336)
Interest paid	(698)	(634)
Dividend paid	(13,317)	(10,850)
Dividend paid to non-controlling interests	(58)	(57)
Transfer of funds to buy-back escrow account	(180)	(160)
Transfer of funds from buy-back escrow account	162	160
Expenses for buy-back of equity shares (Refer note 8(m))	(49)	(31)
Tax on buy-back of equity shares (Refer note 8(m))	-	(3,726)
Buy-back of equity shares (Refer note 8(m))	(18,000)	(16,000)
Advance towards purchase of non-controlling interests	(24)	-
Net cash used in financing activities	(33,581)	(32,634)
Net change in cash and cash equivalents	5,471	(1,961)
Cash and cash equivalents at the beginning of the year	6,858	8,646
Exchange difference on translation of foreign currency cash and cash equivalents	159	173
Cash and cash equivalents at the end of the year	12,488	6,858

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

*Represents value less than ₹0.50 crore.

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

As per our report of even date attached

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

Chartered Accountants

Firm's registration no:

101248W/W-100022

For and on behalf of the Board

Rajesh Gopinathan

CEO and

Managing Director

N Ganapathy Subramaniam

COO and Executive Director

Amit Somani

Partner

Membership No: 060154

Mumbai, April 11, 2022

Samir Seksaria

CFO

Mumbai, April 11, 2022

Pradeep Manohar Gaitonde

Company Secretary

1) Corporate information

Tata Consultancy Services Limited ("the Company") and its subsidiaries (collectively together with employee welfare trusts referred to as "the Group") provide IT services, consulting and business solutions and have been partnering with many of the world's largest businesses in their transformation journeys. The Group offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions. This is delivered through its unique Location-Independent Agile delivery model recognised as a benchmark of excellence in software development.

The Company is a public limited company incorporated and domiciled in India. The address of its corporate office is TCS House, Raveline Street, Fort, Mumbai - 400001. As at March 31, 2022, Tata Sons Private Limited, the holding company owned 72.27% of the Company's equity share capital.

The Board of Directors approved the consolidated financial statements for the year ended March 31, 2022 and authorised for issue on April 11, 2022.

2) Statement of compliance

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

3) Basis of preparation

These consolidated financial statements have been prepared on historical cost basis except for certain financial instruments and defined benefit plans which are measured at fair value or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be

received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Group has considered an operating cycle of 12 months.

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

The functional currency of the Company and its Indian subsidiaries is the Indian Rupee (₹). The functional currency of foreign subsidiaries is the currency of the primary economic environment in which the entity operates. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet dates and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

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

4) Basis of consolidation

The Company consolidates all entities which are controlled by it.

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

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

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

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

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

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

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

5) Use of estimates and judgements

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

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

The Group uses the following critical accounting estimates in preparation of its consolidated financial statements:

(a) Revenue recognition

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

(b) Useful lives of property, plant and equipment

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

(c) Impairment of goodwill

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

(d) Fair value measurement of financial instruments

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

(e) Provision for income tax and deferred tax assets

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

(f) Provisions and contingent liabilities

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

The Group uses significant judgements to assess contingent liabilities. Contingent liabilities are recognised when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the consolidated financial statements.

(g) Employee benefits

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

(h) Leases

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

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if

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

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

(i) Impact of COVID-19 (pandemic)

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

6) Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

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

Ind AS 16 – Proceeds before intended use

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

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

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples

would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its financial statements.

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

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

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

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Group does not expect the amendment to have any significant impact in its financial statements.

7) Business combinations

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

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

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

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

8) Financial assets, financial liabilities and equity instruments

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

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

Cash and cash equivalents

The Group considers all highly liquid investments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Group has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss.

Financial liabilities

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

Equity instruments

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

Derivative accounting

- **Instruments in hedging relationship**

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

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

The hedge instruments are designated and documented as hedges at the inception of the contract. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. If the hedged future cash flows are no longer

expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified in net foreign exchange gains in the statement of profit and loss.

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

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

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

- **Instruments not in hedging relationship**

The Group enters into contracts that are effective as hedges from an economic perspective, but they do not qualify for hedge accounting. The change in the fair value of such instrument is recognised in the statement of profit and loss.

Impairment of financial assets (other than at fair value)

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

Notes forming part of Consolidated Financial Statements

(a) Investments

Investments consist of the following:

Investments – Non-current

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

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

Investments – Current

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

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

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

Notes forming part of Consolidated Financial Statements

Aggregate value of quoted and unquoted investments is as follows:

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

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

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

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

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

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

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Balance at the beginning of the year	828	796
Net loss arising on revaluation of financial assets carried at fair value	(4)	(2)
Net gain / (loss) arising on revaluation of investments other than equities carried at fair value through other comprehensive income	(516)	51
Deferred tax relating to net gain / (loss) arising on revaluation of investments other than equities carried at fair value through other comprehensive income	180	(17)
Balance at the end of the year	488	828

(b) Trade receivables - Billed

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

Trade receivables - Billed – Non-current

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Trade receivables - Billed	1,013	787
Less: Allowance for doubtful trade receivables - Billed	(868)	(732)
Considered good	145	55

Notes forming part of Consolidated Financial Statements

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

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade receivables - Billed							
Undisputed trade receivables – considered good	-	-	12	123	247	615	997
Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	-	16	16
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
	-	-	12	123	247	631	1,013 (868)
Less: Allowance for doubtful trade receivables - Billed							145
Trade receivables - Unbilled							55
							200

Ageing for trade receivables – non-current outstanding as at March 31, 2021 is as follows:

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade receivables - Billed							
Undisputed trade receivables – considered good	-	-	16	154	86	515	771
Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	-	16	16
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
	-	-	16	154	86	531	787 (732)
Less: Allowance for doubtful trade receivables - Billed							55
Trade receivables - Unbilled							273
							328

Notes forming part of Consolidated Financial Statements

Trade receivables - Billed – Current

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

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

							(₹ crore)
Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade receivables - Billed							
Undisputed trade receivables – considered good	30,102	2,601	582	585	154	205	34,229
Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	2	3	7	81	25	152	270
Disputed trade receivables – considered good	-	-	-	-	-	24	24
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	9	-	7	16
	30,104	2,604	589	675	179	388	34,539 (465)
Less: Allowance for doubtful trade receivables - Billed							34,074
Trade receivables - Unbilled							7,736
							41,810

Notes forming part of Consolidated Financial Statements

Ageing for trade receivables – current outstanding as at March 31, 2021 is as follows:

(₹ crore)

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade receivables - Billed							
Undisputed trade receivables – considered good	24,716	4,149	476	558	74	250	30,223
Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	-	5	97	63	88	128	381
Disputed trade receivables – considered good	-	5	-	-	15	5	25
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	7	7
	24,716	4,159	573	621	177	390	30,636 (557)
Less: Allowance for doubtful trade receivables - Billed							30,079
Trade receivables - Unbilled							6,583
							36,662

(c) Cash and cash equivalents

Cash and cash equivalents consist of the following:

(₹ crore)

Balances with banks

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

*Represents value less than ₹0.50 crore.

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

(d) Other balances with banks

Other balances with banks consist of the following:

(₹ crore)

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

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

Notes forming part of Consolidated Financial Statements

(e) Loans

Loans (unsecured) consist of the following:

Loans – Non-current

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

Loans – Current

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

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

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

(f) Other financial assets

Other financial assets consist of the following:

Other financial assets – Non-current

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Security deposits	825	837
Earmarked balances with banks	183	3
Long-term bank deposits	1,232	719
Others	13	14
	<u>2,253</u>	<u>1,573</u>

Other financial assets – Current

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

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

Notes forming part of Consolidated Financial Statements

(g) Trade payables

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

(₹ crore)

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade payables						
MSME*	-	-	-	-	-	-
Others	1,187	778	22	8	52	2,047
Disputed dues - MSME*	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	32	32
	1,187	778	22	8	84	2,079
Accrued expenses						5,966
						8,045

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

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

(₹ crore)

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade payables						
MSME*	2	-	-	-	-	2
Others	1,320	763	26	15	79	2,203
Disputed dues - MSME*	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	32	32
	1,322	763	26	15	111	2,237
Accrued expenses						5,623
						7,860

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

(h) Other financial liabilities

Other financial liabilities consist of the following:

Other financial liabilities – Non-current

(₹ crore)

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

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

Other financial liabilities – Current

(₹ crore)

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

Notes forming part of Consolidated Financial Statements

(i) Financial instruments by category

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

	(₹ crore)					
	Fair value through profit or loss	Fair value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total carrying value
Financial assets						
Cash and cash equivalents	-	-	-	-	12,488	12,488
Bank deposits	-	-	-	-	6,739	6,739
Earmarked balances with banks	-	-	-	-	409	409
Investments	1,874	26,945	-	-	1,666	30,485
Trade receivables						
Billed	-	-	-	-	34,219	34,219
Unbilled	-	-	-	-	7,791	7,791
Loans	-	-	-	-	6,756	6,756
Other financial assets	-	-	124	264	1,840	2,228
	1,874	26,945	124	264	71,908	1,01,115
Financial liabilities						
Trade payables	-	-	-	-	8,045	8,045
Lease liabilities	-	-	-	-	7,818	7,818
Other financial liabilities	-	-	22	106	8,131	8,259
	-	-	22	106	23,994	24,122

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

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

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

Loans include inter-corporate deposits of ₹11,256 crore, with original maturity period within 36 months.

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade payables as at March 31, 2022 and 2021, approximate the fair value due to their nature. Carrying amounts of bank deposits, earmarked balances with banks, other financial assets and other financial liabilities which are subsequently measured at amortised cost also approximate the fair value due to their nature in each of the periods presented. Fair value measurement of lease liabilities is not required. Fair value of investments carried at amortised cost is ₹1,672 crore and ₹332 crore as at March 31, 2022 and 2021, respectively.

Notes forming part of Consolidated Financial Statements

(j) Fair value hierarchy

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

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

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

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

	(₹ crore)			
As at March 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual fund units	1,874	-	-	1,874
Equity shares	-	-	36	36
Government bonds and securities	25,859	-	-	25,859
Certificate of deposits	99	-	-	99

Corporate bonds
Commercial papers
Treasury bills
Fair value of foreign exchange derivative assets

Financial liabilities

Fair value of foreign exchange derivative liabilities

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

As at March 31, 2021

Financial assets

Mutual fund units
Equity shares
Government bonds and securities
Corporate bonds
Commercial papers
Fair value of foreign exchange derivative assets

Financial liabilities

Fair value of foreign exchange derivative liabilities

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

Notes forming part of Consolidated Financial Statements

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

(₹ crore)

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

(k) Derivative financial instruments and hedging activity

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

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

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

Foreign currency	As at March 31, 2022			As at March 31, 2021		
	No. of contracts	Notional amount of contracts (In million)	Fair value (₹ crore)	No. of contracts	Notional amount of contracts (In million)	Fair value (₹ crore)
US Dollar	63	1,635	44	63	1,615	51
Great Britain Pound	41	338	55	64	330	14
Euro	53	382	25	60	346	78
Australian Dollar	30	202	(21)	38	206	16
Canadian Dollar	25	137	(1)	23	114	2

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

(₹ crore)

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

Notes forming part of Consolidated Financial Statements

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

Exchange gain of ₹645 crore and ₹490 crore on foreign exchange forward, currency options and futures contracts that do not qualify for hedge accounting have been recognised in the consolidated statement of profit and loss for the years ended March 31, 2022 and 2021, respectively.

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

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

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

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

(I) Financial risk management

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

Market risk

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

• Foreign currency exchange rate risk

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

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

Notes forming part of Consolidated Financial Statements

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

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

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

The following analysis has been worked out based on the net exposures for each of the subsidiaries and Tata Consultancy Services Limited as of the date of balance sheet which could affect the statement of profit and loss and other comprehensive income and equity. Further the exposure as indicated below is mitigated by some of the derivative contracts entered into by the Group as disclosed in note 8(k).

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

	₹ crore)			
	USD	EUR	GBP	Others
Net financial assets	2,900	165	84	1,234
Net financial liabilities	(8,589)	(437)	(1,290)	(421)

10% appreciation / depreciation of the respective functional currency of Tata Consultancy Services Limited and its subsidiaries with respect to various foreign currencies would result in increase / decrease in the Group's profit before taxes by approximately ₹635 crore for the year ended March 31, 2022.

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

	₹ crore)			
	USD	EUR	GBP	Others
Net financial assets	3,194	155	101	1,129
Net financial liabilities	(41)	(573)	(354)	(411)

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

• Interest rate risk

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

Credit risk

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

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. Inter-corporate deposits of ₹6,377 crore are with a financial institution having a high credit-rating assigned by credit-rating agencies. Bank deposits

Notes forming part of Consolidated Financial Statements

include an amount of ₹6,727 crore held with four Indian banks having high credit rating which are individually in excess of 10% or more of the Group's total bank deposits as at March 31, 2022. None of the other financial instruments of the Group result in material concentration of credit risk.

• Exposure to credit risk

The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹1,05,498 crore and ₹94,201 crore as at March 31, 2022 and 2021, respectively, being the total of the carrying amount of balances with banks, bank deposits, investments, trade receivables, loan, contract assets and other financial assets.

The Group's exposure to customers is diversified and no single customer contributes to more than 10% of outstanding trade receivables and contract assets as at March 31, 2022 and 2021.

• Geographic concentration of credit risk

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

	As at March 31, 2022		As at March 31, 2021	
	Gross%	Net%	Gross%	Net%
United States of America	43.79	44.69	41.08	41.83
India	15.51	13.83	20.31	18.79
United Kingdom	16.47	16.86	16.37	16.75

Geographical concentration of trade receivables and contract assets is allocated based on the location of the customers.

The allowance for lifetime expected credit loss on trade receivables for the years ended March 31, 2022 and 2021, was ₹123 crore and

₹190 crore respectively. The reconciliation of allowance for doubtful trade receivables is as follows:

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Balance at the beginning of the year	1,289	1,137
Change during the year	123	190
Bad debts written off	(83)	(34)
Translation exchange difference	4	(4)
Balance at the end of the year	1,333	1,289

Liquidity risk

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

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

	(₹ crore)				
March 31, 2022	Due in 1 st year	Due in 2 nd year	Due in 3 rd to 5 th year	Due after 5 th year	Total
Non-derivative financial liabilities					
Trade payables	8,045	-	-	-	8,045
Lease liabilities	1,850	1,618	3,201	3,150	9,819
Other financial liabilities	7,582	343	231	5	8,161
	17,477	1,961	3,432	3,155	26,025
Derivative financial liabilities					
	128	-	-	-	128
	17,605	1,961	3,432	3,155	26,153

Notes forming part of Consolidated Financial Statements

	(₹ crore)				
March 31, 2021	Due in 1 st year	Due in 2 nd year	Due in 3 rd to 5 th year	Due after 5 th year	Total
Non-derivative financial liabilities					
Trade payables	7,860	-	-	-	7,860
Lease liabilities	1,742	1,601	3,325	3,509	10,177
Other financial liabilities	6,058	50	230	-	6,338
	15,660	1,651	3,555	3,509	24,375
Derivative financial liabilities	92	-	-	-	92
	15,752	1,651	3,555	3,509	24,467

(m) Equity instruments

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

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

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

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

I. Reconciliation of number of shares

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

Notes forming part of Consolidated Financial Statements

II. Rights, preferences and restrictions attached to shares

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

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

(₹ crore)

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

*Equity shares having value less than ₹0.50 crore.

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

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

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

• Equity shares issued as bonus

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

• Equity shares extinguished on buy-back

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

The Company bought back 5,33,33,333 equity shares for an aggregate amount of ₹16,000 crore being 1.42% of the total paid up equity share capital at ₹3,000 per equity share. The equity shares bought back were extinguished on January 6, 2021.

Notes forming part of Consolidated Financial Statements

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

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

VI. Disclosure of Shareholding of Promoters

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

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

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

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

9) Leases

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

Group as a lessee

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

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

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease

Notes forming part of Consolidated Financial Statements

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

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

Group as a lessor

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

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

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

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

(₹ crore)

	Additions for the year ended March 31, 2022	Net carrying amount as at March 31, 2022
Leasehold land	100	774
Buildings	1,357	6,586
Leasehold improvement	-	23
Computer equipment	4	81
Software licences	145	133
Vehicles	16	32
Office equipment	2	7
	1,624	7,636

Notes forming part of Consolidated Financial Statements

(₹ crore)

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

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

(₹ crore)

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

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

The Group incurred ₹277 crore and ₹352 crore for the years ended March 31, 2022 and 2021, respectively, towards expenses relating to short-term leases and leases of low-value assets.

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

The Group has lease term extension options that are not reflected in the measurement of lease liabilities. The present value of future cash outflows for such extension periods is ₹773 crore and ₹708 crore as at March 31, 2022 and 2021, respectively.

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

10) Non-financial assets and non-financial liabilities

(a) Property, plant and equipment

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

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

Notes forming part of Consolidated Financial Statements

The estimated useful lives are as mentioned below:

Type of asset	Useful lives
Buildings	20 years
Leasehold improvements	Lease term
Plant and equipment	10 years
Computer equipment	4 years
Vehicles	4 years
Office equipment	2-5 years
Electrical installations	4-10 years
Furniture and fixtures	5 years

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

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

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

Notes forming part of Consolidated Financial Statements

Property, plant and equipment consist of the following:

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

*₹2,345 crore has been capitalised and transferred to property, plant and equipment during the year ended March 31, 2022.

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

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

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Capital work-in-progress

• Capital work-in-progress ageing

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

(₹ crore)

Capital work-in-progress	Amount in Capital work-in-progress for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	691	102	39	373	1,205
	691	102	39	373	1,205

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

(₹ crore)

Capital work-in-progress	Amount in capital work-in-progress for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	486	62	41	337	926
	486	62	41	337	926

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

(b) Goodwill

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

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

Goodwill consists of the following:

(₹ crore)

Balance at the beginning of the year

Translation exchange difference

Balance at the end of the year

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

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

Notes forming part of Consolidated Financial Statements

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

(c) Other intangible assets

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

Intangible assets consist of rights under licensing agreement and software licences and customer-related intangibles.

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

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

Intangible assets are amortised on a straight-line basis over the period of its economic useful life.

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

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

Intangible assets consist of the following:

(₹ crore)

Cost as at April 1, 2021

Additions	1,002	-	1,002
Disposals / Derecognised	(42)	-	(42)
Translation exchange difference	(3)	(1)	(4)

Cost as at March 31, 2022

Accumulated amortisation as at April 1, 2021

Amortisation	(349)	(6)	(355)
Disposals / Derecognised	16	-	16
Translation exchange difference	2	2	4

Accumulated amortisation as at March 31, 2022

Net carrying amount as at March 31, 2022

Rights under licensing agreement and software licences	Customer-related intangibles	Total
740	122	862
1,002	-	1,002
(42)	-	(42)
(3)	(1)	(4)
1,697	121	1,818
(265)	(117)	(382)
(349)	(6)	(355)
16	-	16
2	2	4
(596)	(121)	(717)
1,101	-	1,101

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

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

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

(d) Other assets

Other assets consist of the following:

Other assets – Non-current

Considered good

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

Advances to related parties, considered good, comprise:

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

*Represents value less than ₹0.50 crore.

Notes forming part of Consolidated Financial Statements

Other assets – Current

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Considered good		
Advance to suppliers	202	157
Advance to related parties	8	10
Contract assets	4,248	3,830
Prepaid expenses	2,994	4,651
Prepaid rent	18	28
Contract fulfillment costs	1,074	796
Indirect taxes recoverable	1,310	1,491
Others	297	273
Considered doubtful		
Advance to suppliers	2	3
Other advances	4	1
Less: Allowance on doubtful assets	(6)	(4)
	10,151	11,236
Advance to related parties, considered good comprise:		
The Titan Company Limited	-	2
Tata AIG General Insurance Company Limited	1	1
Tata Sons Private Limited	7	7

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

Contract fulfillment costs of ₹809 crore and ₹568 crore for the years ended March 31, 2022 and 2021, respectively, have been amortised in the consolidated statement of profit and loss. Refer note 12 for changes in contract assets.

(e) Inventories

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

Inventories consist of the following:

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Raw materials, sub-assemblies and components	17	8
Finished goods and work-in-progress	3	-*
	20	8

*Represents value less than ₹0.50 crore.

Notes forming part of Consolidated Financial Statements

(f) Other liabilities

Other liabilities consist of the following:

Other liabilities – Current

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Advance received from customers	468	312
Indirect taxes payable and other statutory liabilities	3,632	3,726
Tax liability on buy-back of equity shares*	4,192	-
Others	100	30
	8,392	4,068

*Refer note 8(m).

(g) Provisions

Provisions consist of the following:

Provisions – Current

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Provision towards legal claim (Refer note 20)	1,249	1,211
Provision for foreseeable loss	131	150
Other provisions	31	33
	1,411	1,394

11) Other equity

Other equity consist of the following:

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Capital reserve	75	75
Capital redemption reserve		
Opening balance	436	431
Transfer from retained earnings	4	5
	440	436
General reserve		
Opening balance	27	27
Transfer to retained earnings	(27)	-
	-	27
Special Economic Zone re-investment reserve		
Opening balance	2,538	1,594
Transfer from retained earnings	9,407	5,058
Transfer to retained earnings	(4,658)	(4,114)
	7,287	2,538
Retained earnings		
Opening balance	79,586	78,810
Profit for the year	38,327	32,430

Notes forming part of Consolidated Financial Statements

(₹ crore)

	As at March 31, 2022	As at March 31, 2021
Remeasurement of defined employee benefit plans	280	(71)
Expenses for buy-back of equity shares ¹	(49)	(31)
Tax on buy-back of equity shares ¹	(4,192)	(3,726)
Buy-back of equity shares ¹	(17,996)	(15,995)
Transfer from Special Economic Zone re-investment reserve	4,658	4,114
Transfer from general reserve	27	-
	<u>1,00,641</u>	<u>95,531</u>
Less: Appropriations		
Dividend on equity shares	13,317	10,850
Transfer to capital redemption reserve ¹	4	5
Transfer to Special Economic Zone re-investment reserve	9,407	5,058
Transfer to / (from) statutory reserve	(245)	32
	<u>78,158</u>	<u>79,586</u>
Statutory reserve		
Opening balance	407	375
Transfer (to) / from retained earnings	(245)	32
	<u>162</u>	<u>407</u>

(₹ crore)

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

¹Refer note 8(m).

12) Revenue recognition

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

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the

Notes forming part of Consolidated Financial Statements

Group expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Group is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.
- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Group may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Group is acting as the principal or as an agent of the customer. The

Group recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

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

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

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

Notes forming part of Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

Revenue disaggregation by nature of services is as follows:

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Consultancy services	1,90,289	1,62,508
Sale of equipment and software licences	1,465	1,669
	1,91,754	1,64,177

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

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognise those revenues, the Group has applied the practical expedient in Ind AS 115.

Notes forming part of Consolidated Financial Statements

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

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revaluations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ₹1,13,868 crore out of which 56.54% is expected to be recognised as revenue in the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in contract assets are as follows:

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Balance at the beginning of the year	4,080	4,489
Invoices raised that were included in the contract assets balance at the beginning of the year	(3,150)	(3,496)
Increase due to revenue recognised during the year, excluding amounts billed during the year	3,457	2,985
Translation exchange difference	32	102
Balance at the end of the year	4,419	4,080

Changes in unearned and deferred revenue are as follows:

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Balance at the beginning of the year	4,847	3,612
Revenue recognised that was included in the unearned and deferred revenue balance at the beginning of the year	(3,251)	(3,010)
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	3,094	4,182
Translation exchange difference	55	63
Balance at the end of the year	4,745	4,847

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

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

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

Notes forming part of Consolidated Financial Statements

13) Other income

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

Other income consist of the following:

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Interest income	2,663	2,504
Dividend income	4	8
Net gain on disposal / fair valuation of investments carried at fair value through profit or loss	198	204
Net gain on disposal of property, plant and equipment	23	13
Net gain on lease modification	7	100
Net loss on sub-lease	(9)	-
Net foreign exchange gain	1,045	248
Rent income	-	1
Other income	87	56
	4,018	3,134
Interest income comprise:		
Interest on bank balances and bank deposits	295	137
Interest on financial assets carried at amortised cost	546	587
Interest on financial assets carried at fair value through OCI	1,818	1,762
Other interest (including interest on tax refunds)	4	18
Dividend income comprise:		
Dividend from mutual fund units and other investments	4	8

14) Employee benefits

Defined benefit plans

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

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

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

Defined contribution plans

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

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

Notes forming part of Consolidated Financial Statements

Short-term employee benefits

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

Compensated absences

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

Employee benefit expenses consist of the following:

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, incentives and allowances	96,263	83,045
Contributions to provident and other funds	8,450	6,401
Staff welfare expenses	2,841	2,368
	1,07,554	91,814

Employee benefit obligations consist of the following:

Employee benefit obligations – Non-current

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

Employee benefit obligations – Current

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

Notes forming part of Consolidated Financial Statements

Employee benefit plans consist of the following:

Gratuity and pension

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

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

(₹ crore)

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

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

Notes forming part of Consolidated Financial Statements

(₹ crore)

Funded status

Deficit of plan assets over obligations

Surplus of plan assets over obligations

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

(₹ crore)

Category of assets

Corporate bonds

Equity instruments

Government bonds and securities

Insurer managed funds

Bank balances

Others

As at March 31, 2022					As at March 31, 2021				
Domestic plans Funded	Domestic plans Unfunded	Foreign plans Funded	Foreign plans Unfunded	Total	Domestic plans Funded	Domestic plans Unfunded	Foreign plans Funded	Foreign plans Unfunded	Total
1,697	-	369	-	2,066	1,408	-	805	-	2,213
66	-	543	-	609	29	-	-	-	29
2,625	-	195	-	2,820	2,257	-	-	-	2,257
983	-	503	-	1,486	910	-	431	-	1,341
10	-	24	-	34	2	-	3	-	5
146	-	498	-	644	100	-	834	-	934
5,527	-	2,132	-	7,659	4,706	-	2,073	-	6,779

Notes forming part of Consolidated Financial Statements

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

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

(₹ crore)

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

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

(₹ crore)

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

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

	Year ended March 31, 2022		Year ended March 31, 2021	
	Domestic plans	Foreign plans	Domestic plans	Foreign plans
Discount rate	4.50%-7.25%	0.77%-8.30%	4.25%-7.00%	0.40%-7.55%
Rate of increase in compensation levels of covered employees	4.00%-6.00%	1.50%-7.00%	4.00%-6.00%	1.25%-7.00%
Rate of return on plan assets	4.50%-7.25%	0.77%-8.30%	4.25%-7.00%	0.40%-7.55%
Weighted average duration of defined benefit obligations	2-16 years	3-31 years	3-18 years	3-65 years

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

The expected benefits are based on the same assumptions as are used to measure Group's defined benefit plan obligations as at March 31, 2022. The Group is expected to contribute ₹57 crore to defined benefit plan obligations funds for the year ending March 31, 2023 comprising domestic component of ₹6 crore and foreign component of ₹51 crore.

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

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

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Increase of 0.50%	(372)	(378)
Decrease of 0.50%	422	421

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

	(₹ crore)	
	As at March 31, 2022	As at March 31, 2021
Increase of 0.50%	200	276
Decrease of 0.50%	(188)	(260)

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

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit

Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

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

The defined benefit obligations shall mature after year ended March 31, 2022 as follows:

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

Provident fund

In accordance with Indian law, all eligible employees of Tata Consultancy Services Limited in India are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly to a trust set up by the Company to manage the investments and distribute the amounts entitled to employees. This plan is a defined benefit plan as the Company is obligated to provide its members a rate of return which should, at the minimum, meet the interest rate declared by Government administered provident fund. A part of the Company's

Notes forming part of Consolidated Financial Statements

contribution is transferred to Government administered pension fund. The contributions made by the Company and the shortfall of interest, if any, are recognised as an expense in profit and loss under employee benefit expenses. In accordance with an actuarial valuation of provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the assumptions as mentioned below, there is no deficiency in the interest cost as the present value of the expected future earnings of the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of Government administered provident fund.

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

The details of fund and plan assets are given below:

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

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

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

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

The Group expensed ₹1,383 crore and ₹1,085 crore for the years ended March 31, 2022 and 2021, respectively, towards provident fund.

Superannuation

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

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

Foreign defined contribution plan

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

Notes forming part of Consolidated Financial Statements

15) Cost recognition

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

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

(a) Cost of equipment and software licences

Cost of equipment and software licences consist of the following:

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Raw materials, sub-assemblies and components consumed	29	14
Equipment and software licences purchased	1,137	1,447
	1,166	1,461
Finished goods and work-in-progress		
Opening stock	—*	1
Less: Closing stock	3	—*
	(3)	1
	1,163	1,462

*Represents value less than ₹0.50 crore.

(b) Other expenses

Other expenses consist of the following:

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

16) Finance costs

Finance costs consist of the following:

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

17) Income taxes

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

Current income taxes

The current income tax expense includes income taxes payable by the Company and its subsidiaries in India and overseas. The current tax payable by the Company and its subsidiaries in India is Indian income tax payable on worldwide income after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

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

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

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

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable

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

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

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

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

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

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

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

Notes forming part of Consolidated Financial Statements

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

The income tax expense consists of the following:

	(₹ crore)	
	Year ended March 31, 2022	Year ended March 31, 2021
Current tax		
Current tax expense for current year	14,333	11,737
Current tax benefit pertaining to prior years	(679)	(102)
	13,654	11,635
Deferred tax		
Deferred tax benefit for current year	(333)	(359)
Deferred tax benefit pertaining to prior years	(83)	(78)
	(416)	(437)
	13,238	11,198

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

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

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

Notes forming part of Consolidated Financial Statements

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

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

Gross deferred tax assets and liabilities are as follows:

	(₹ crore)		
As at March 31, 2022	Assets	Liabilities	Net
Deferred tax assets / (liabilities) in relation to			
Property, plant and equipment and intangible assets	539	105	434
Provision for employee benefits	1,062	20	1,042
Cash flow hedges	7	-	7
Receivables, financial assets at amortised cost	471	-	471
MAT credit entitlement	975	-	975
Branch profit tax	-	77	(77)
Undistributed earnings of subsidiaries	-	355	(355)
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income	(320)	-	(320)
Lease liabilities	240	(1)	241
Others	734	34	700
	3,708	590	3,118