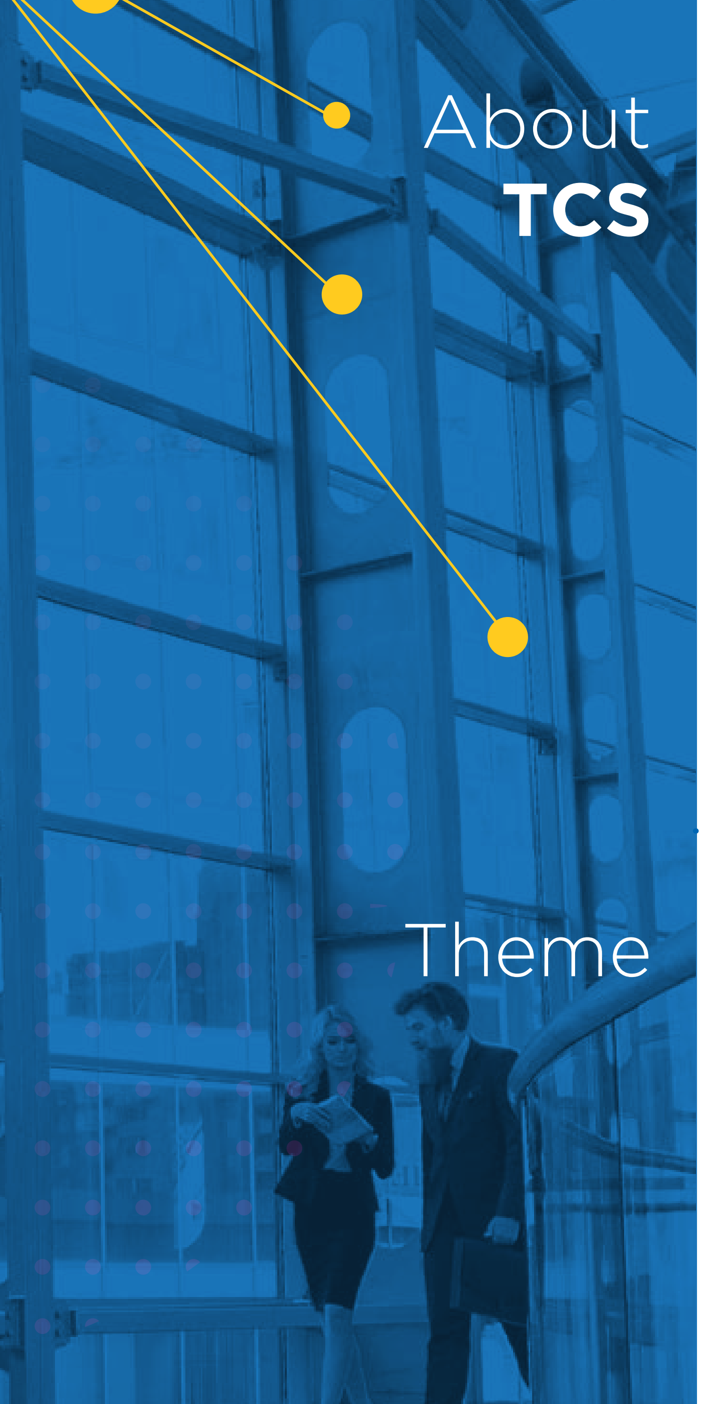
TATA CONSULTANCY SERVICES

TATA

# Annual Report 2018 - 19

## GROWTH AND TRANSFORMATION WITH BUSINESS 4.0™



# About **TCS**

TCS is an IT services, consulting and business solutions provider that has been partnering with the world's largest businesses in their transformation journeys for the last fifty years. TCS offers a consulting-led, cognitive powered, integrated portfolio of business, technology and engineering services and solutions. This is delivered through its unique, Location Independent Agile delivery model, a benchmark of excellence in software development.

A part of the Tata group, India's largest multinational business group, TCS has over 420,000 of the world's best-trained consultants in 50 countries. The company generated consolidated revenues of US $20 billion for the year ended March 31, 2019 and is listed on the BSE (formerly Bombay Stock Exchange) and the NSE (National Stock Exchange) in India. TCS' proactive stance on climate change and award winning work with communities across the world have earned it a place in leading sustainability indices such as the Dow Jones Sustainability Index (DJSI), MSCI Global Sustainability Index and the FTSE4Good Emerging Index.

# Theme

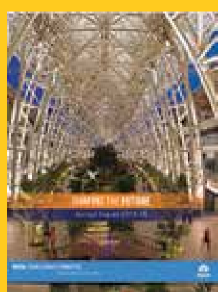
In last year's report *(theme: Dawn of Business 4.0)*, we had discussed the Business 4.0™ thought leadership framework, its attributes, the enabling technologies and the investments TCS had made over the years, that have positioned us very well to partner customers in their transformation journeys.

This year's theme is *Growth and Transformation with Business 4.0*. In the ensuing pages, we explore how customers are embracing the Business 4.0 thought leadership framework, the nature of their growth and transformation initiatives, the role of enterprise agile, and how our participation in those programs is transforming our own business, and powering our longer term growth.

## Recent Annual Report themes

FY 2018
Dawn of Business 4.0

FY 2017
Reimagining the Enterprise



FY 2016
Shaping the Future

FY 2015
Default is Digital

FY 2014
One TCS

*The Annual General Meeting will be held on Thursday, June 13, 2019 at Birla Matushri Sabhagar, Sir V.T. Marg, New Marine Lines, Mumbai 400 020, at 3:30 p.m. Towards preserving our environment, printed copies of the Annual Report will not be distributed at the Annual General Meeting.*

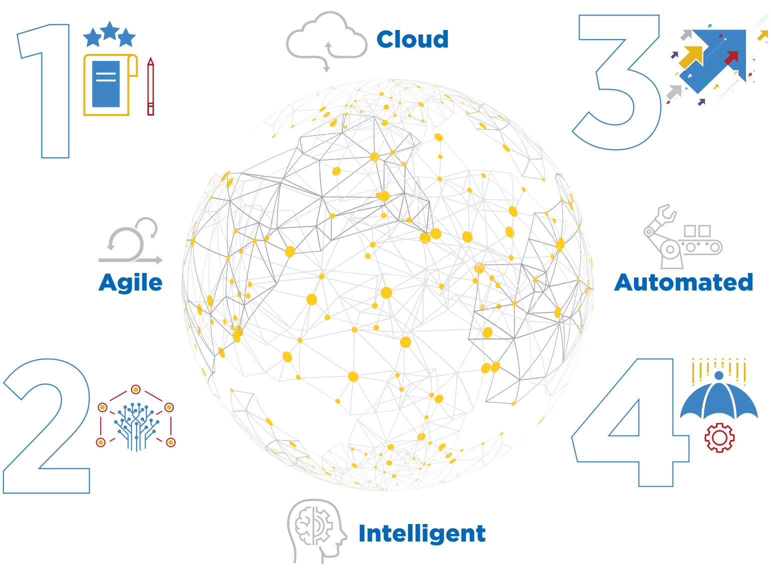
# Contents



## TCS' Business 4.0™ Thought Leadership Framework

Delivering
**Mass Personalization**

Embracing greater segmentation and responding to individual transactions, customized for a single customer in a single instance.




Creating
**Exponential Value**

Creating true value propositions that deliver on customer demands for the best products, world class services, instantaneous delivery, and incredible price points.

Leveraging
**Ecosystems**

Rapidly tapping into the capabilities and resources of partners and competitors through technology platforms, to influence their entire value and supply chains.

Embracing
**Risk**

Responding to threats and delivering new capabilities much faster, by changing the traditional risk mitigation mindset to that of embracing risk and adapting and transforming continuously.

# Board of Directors

From
**left to right**

**O P Bhatt**
Independent Director

**Dr Ron Sommer**
Independent Director

**Don Callahan**
Independent Director

**Rajesh Gopinathan**
Chief Executive Officer and Managing Director

**Aarthi Subramanian**
Director

**N Chandrasekaran**
Chairman

**Hanne Birgitte Breinbjerg Sorensen**
Independent Director

**Aman Mehta**
Independent Director

**Dr Pradeep Kumar Khosla**
Independent Director

**N G Subramaniam**
Chief Operating Officer and Executive Director

**Keki M Mistry**
Independent Director

# Management **Team**

## Corporate

**Rajesh Gopinathan**
Chief Executive Officer and Managing Director

**N G Subramaniam**
Chief Operating Officer and Executive Director

**V Ramakrishnan**
Chief Financial Officer

**Milind Lakkad**
Global Head Human Resources

**Ravi Viswanathan**
Chief Marketing Officer

**K Ananth Krishnan**
Chief Technology Officer

**Madhav Anchan**
General Counsel

**Rajendra Moholkar**
Company Secretary

## Business Heads

**Surya Kant**
North America, UK and Europe

**Krishnan Ramanujam**
Business and Technology Services

**K Krithivasan**
Banking, Financial Services and Insurance

**Shankar Narayanan**
Retail, Travel and Consumer Products

**Kamal Bhadada**
Communication, Media and Information Services

**Debashis Ghosh**
Life Sciences, Healthcare and Public Services

**Susheel Vasudevan**
Manufacturing and Utilities

**Suresh Muthuswami**
BFSI Platforms

# Letter from the **Chairman**

For a business that has navigated technology change over the last five decades, the ups and downs of short term economic cycles become insignificant blips in the broader sweep of history. Your Company has shown itself to be immensely entrepreneurial, agile, adaptive and innovative over the years, and these attributes will continue to serve it well in the years ahead.

**Dear Stakeholder,**

I write this letter with a sense of pride about how well your Company performed this year, not just in financial terms, but also in terms of what we accomplished for customers, employees, shareholders and communities across the world.

Your Company crossed two important milestones in FY 2019. Its annual revenue crossed the $20 billion figure, a 20-fold increase over the last 16 years. It also became the first Indian company to achieve a market capitalization of $100 billion in the last decade, and join the list of the Top 100 most valuable companies in the world. In my opinion, this market valuation is the outcome of a better appreciation of TCS' differentiated strategy, market success, capital allocation policy and most importantly, belief in your Company's ability to sustain its superior revenue growth and profitability in the longer term.

Brands take a long time to build, and are an outcome of how we conduct ourselves with our stakeholders. Our values guide us in everything we do, and are core to the reputation for trust and integrity that we have built up over the decades. In FY 2019, your Company was named the fastest growing brand of the decade in IT services, and ranked among the top 3 IT services brands globally by brand value, in an independent brand value assessment.

At a time when the world is wrestling with problems like climate change and socioeconomic inequities, corporations can and should play their part in shaping favorable outcomes. Sustainability, for us, has always been the entrepreneurial pursuit of economic opportunities while aligning the interests of the organization with those of all our stakeholders. Of course, one key enabler is the unique ownership structure which ensures that much of the shareholder value that TCS creates, automatically flows back to civic society through the sterling work undertaken by the various Tata trusts.

In addition, your Company has been a force of good in communities across the world, investing in building digital talent, reducing the digital divide and resultant inequities, creating well-paying jobs that boost local economies, promoting health and wellness, and advocating responsible environmental stewardship. Your Company's structured corporate social responsibility initiatives offer volunteering opportunities to employees, helping them give back to their local communities and imbuing them with a higher sense of purpose.

Globally, geopolitical events threaten to drag down major economies and disrupt global trade and commerce. At times like this, it is more important than ever, to stay close to the customer. In the last downturn, TCS' customer centric philosophy and modular organization structure allowed it to work closely with customers, and be agile in responding to their needs and reacting to events on the ground. Today, thanks to the differentiated capabilities that your Company steadily invested in building up over the last decade, and the innovative, business-centric solutions it is called upon by its customers to provide today, it is even more deeply embedded in their businesses, and is central to their growth and transformation initiatives. These deep relationships, the broad and diversified global footprint, spanning all major markets and industries, and its robust financials makes your Company's business very resilient and well positioned to weather any storms ahead.

For a business that has navigated technology change over the last five decades, the ups and downs of short term economic cycles become insignificant blips in the broader sweep of history. Your Company has shown itself to be immensely entrepreneurial, agile, adaptive and innovative over the years, and these attributes will continue to serve it well in the years ahead.

As enterprises become more technology-defined, they need more than ever before, a partner like TCS, who understands their business very well and can bring to bear the power of new technologies to craft innovative solutions that give them the differentiation they need to thrive in a Business 4.0 world.

The opportunities ahead are huge. By staying true to its mission and its values, and by continually investing in building newer capabilities, your Company is positioned well to become the foremost partner of choice to all forward thinking enterprises in their growth and transformation journeys.

On behalf of the Board of Directors of Tata Consultancy Services, I want to thank you for your continued trust, confidence, and support.

Warm regards,
**N Chandrasekaran**
Chairman

# Letter from the CEO

**Dear Stakeholder,**

Your Company had a standout year, crossing major milestones, and delivering outstanding financial performance in FY 2019. Our revenue was **₹146,463 crore**, a growth of **19%** over the prior year in Rupee terms, and **11.4%** in constant currency terms.

The growth was not only very strong, it was also very broad based, with all our major industry verticals and geographies growing very nicely. On a constant currency basis, we saw demand strengthen and growth accelerate right through the year in our Banking, Financial Services and Insurance vertical, clocking **7.7%** growth for the full year, compared to **2.8%** in the prior year. Likewise, our Retail cluster grew **12.1%** in FY 2019 compared to **6.7%** in the prior year.

We continued to see strong revenue growth in our Energy and Utilities vertical which grew **19.9%**, and our Life Sciences and Healthcare vertical which grew **15.3%**. Our remaining three verticals — Communications and Media, Manufacturing, and Technology and Services – grew **9.6%**, **7.5%**, and **6.1%** respectively.

All our major markets reported strong growth. Growth was led by UK and Continental Europe which grew **22%** and **17.8%** respectively. North America, our largest market, accounting for **51%** of revenues, grew **8.3%** (compared to 3.7% in the prior year). Asia Pacific grew **11.8%** and other markets – LatAm, India and Middle East and Africa – collectively grew **4.3%**.

Our operating margin expanded 0.8% year on year, to **25.6%**. Net profit was **₹31,472 crore**, a net margin of **21.5%**. Our cash conversion continues to be very strong, with free cash flow of **₹26,461 crore**.

The Board has recommended a final dividend of **₹18** for the year, bringing the total dividend for the year to **₹30** per share. In terms of actual payouts, your Company returned **₹29,148 crore** to shareholders in FY 2019, **₹13,148 crore** as dividends, and **₹16,000 crore** through the share buyback, which is **110.2%** of the free cash flow.

## Driving Growth and Transformation

Our strong performance is driven by two inter-related factors: the rapid mainstreaming of digital technologies, and our expanding participation in our customers' growth and transformation initiatives.

Adoption of digital technologies such as cloud, mobile, IoT, analytics, machine learning, AI and automation has reached the inflexion point and is triggering large re-architecture programs. It is safe to say that this technology stack is now mainstream – and in fact, the default stack for all new investments today, obviating the need to specify that it is digital.

Second, enterprises are reimagining multiple aspects of their business model, investing in technology-led product or service innovation, customer analytics and insights, and core transformation programs. These are large, multi-year engagements, large in scale and scope, and we are winning such deals by leveraging our thought leadership, our contextual knowledge, intellectual property and our ability to stitch together different capabilities from across TCS.

Let me now cover some of the themes that shaped our performance.

## Business 4.0™: Shaping the Agenda

In September 2017, we unveiled our Business 4.0 thought leadership framework, identifying four key behaviors of successful organizations in the digital era: mass personalization, leveraging ecosystems, embracing risk and creating exponential value. Customers have responded very positively to this framework, embracing it to define their growth and transformation roadmaps.

I am very happy to share with you that this framework is now validated by empirical data. A survey we commissioned a few months ago found that over 90% of the 1200 enterprises polled had adopted at least one of the four Business 4.0 behaviors. More than 9% had adopted all four behaviors. These leaders are also at the forefront of adopting cutting edge technologies like AI and blockchain, and are seeing superior business outcomes, with six out of ten such organizations expecting double digit growth over the next three years.

## Agile and MFDM™: Transformation's Yin and Yang

Speed to market is critical to our customers' Business 4.0 transformation initiatives. To help give them that time to market advantage, we have reimagined the Agile methodology, freeing it from the constraints of co-location that historically limited its usage.

Our unique, Location Independent Agile model is better suited for global organizations whose business teams are distributed across the world, and for whom co-location is impractical. It enables adoption of Agile at scale, and is winning us large transformational engagements. Today, we have an Agile footprint with over **500** customers and have executed over **6,000** Agile engagements.

Increasingly, we are advocating an Enterprise Agile approach, applying Agile principles beyond IT projects, to all aspects of their business. It is a fundamentally different management method that empowers individuals, enables collaboration and harnesses the collective initiative and creativity of the workforce to help the business continuously innovate and create value at scale.

TCS' business resilience and longevity comes from its ability to stay abreast with technology change, continually investing in building capabilities on newer technologies, and creatively harnessing the power of those technologies in bespoke ways for our customers. As the rate of change of technology increases, our value to them will only increase.

The other dimension of our strategy is what we call the Machine First™ Delivery Model or MFDM™. This integrates analytics, AI, and automation technology deep within the enterprise to redefine how humans and machines can work together more effectively to deliver superior outcomes and at scale.

These two dimensions go hand in hand. Human ingenuity, creativity and empathy are as important as machine-driven speed and scale in meeting the objectives of today's Business 4.0 transformation programs. By pioneering these novel delivery concepts, and investing in requisite enablers ahead of everyone else in the industry, we have strengthened our reputation as thought leaders and innovators.

## Innovation is Key

While the Business 4.0 framework provides a roadmap, business success depends on how well an enterprise innovates on the ground. Customers like Total and Newcrest are partnering us to set up dedicated innovation hubs, looking to harness the combinatorial power of IoT, analytics, machine learning and AI to enhance customer experiences, boost productivity and profitability, and establish competitive differentiation.

Our participation in this strategically important spend is an outcome of significant investments in building differentiated capabilities, and enabled by the customer-centric organization structure that we adopted in 2008. The domain knowledge, customer-specific contextual knowledge and executive relationships that each business unit built up over the last decade have been critical to our success.

We have also been systematically investing in research and innovation, and integrating that function into our business units. Our researchers take up promising themes in each industry, and collaborate with domain experts to build innovative solutions that we proactively showcase to customers at our innovation centers. On occasion, the outcome is intellectual property – accelerators, frameworks or products such as Optumera™, Quartz™ or ignio™ – which help customers digitally reimagine key elements of their business, reduce risk and gain speed to market.

TCS partners with all the major technology providers to launch and jointly market industry-specific solutions that leverage our domain knowledge and their technology. We continue to invest in our Co-Innovation Network (COIN™), where we work with start-ups with promising new technologies.

All these elements – our investments in research and innovation, the contextual knowledge, our portfolio of intellectual property, our Business 4.0 framework, Location Independent Agile and MFDM, are critical differentiators which have helped us gain significant market share and mind share.

## Experience the Energy

Our ability to come up with innovative ideas and solutions for our customers comes from the energy, talent and contextual knowledge of our youthful, diverse workforce. Our large scale investments in organic talent development initiatives are delivering industry leading learning outcomes.

TCSers collectively logged **52 million** learning hours in FY 2019, building deeper competencies in multiple technologies in pursuit of individual career aspirations.

To support our growth, we continue to tap into talent pools across the world and add to our ranks. In FY 2019, we added **29,287** employees on a net basis, bringing the total headcount at the end of the year to **424,285**. The workforce has representation from **147** nationalities, with women making up **35.9%** of the base. By creating a vibrant, enriching and fulfilling workplace, we have established an industry benchmark in talent management and retention. In FY 2019, our attrition rate in IT Services was **11.3%**, the lowest in the industry.

This year, we reimagined entry level hiring in India by holding the TCS National Qualifier Test on the iON™ Assessment platform. This democratizes the opportunity to pursue fast track careers in TCS for talented youth across the nation, regardless of where they study. The test attracted over **280,000** students from over **1800** colleges, across **100** cities. Besides benefiting students from outside our traditional catchment area, this gives us access to the most talented youngsters in the country.

Our people-centric investments go beyond the boundaries of our organization, into communities across the world, where we support initiatives to bridge the digital divide, and encourage STEM education and careers. All these programs continue to scale up very well, and are benefiting hundreds of thousands of people across the world. Our purpose-driven worldview is shared by our employees who collectively racked up over **650,000** volunteering hours in FY 2019, for worthy social and environmental causes in their respective communities.

## Looking Ahead

Enterprises are increasingly embracing business models that are defined by technology, structurally driving up technology intensity across industries. This, as well as the greater leverage of technology for competitive differentiation, significantly increases the market opportunity for us.

We are participating very well in this expanding opportunity, getting embedded deeper in our customers' business ecosystems, and becoming an industry staple. This is resulting in better visibility, predictability, and business sustainability, all of which create ever more value for our stakeholders in the longer term.

TCS' business resilience and longevity comes from its ability to stay abreast with technology change, continually investing in building capabilities on newer technologies, and creatively harnessing the power of those technologies in bespoke ways for our customers. As the rate of change of technology increases, our value to them will only increase. We are at the start of an exciting journey ahead. I thank you for your continued support.

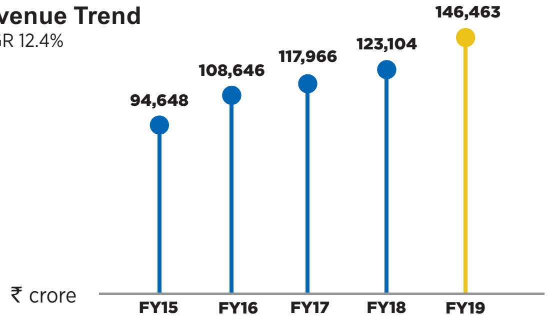
Best regards,

**Rajesh Gopinathan**
Chief Executive Officer and Managing Director

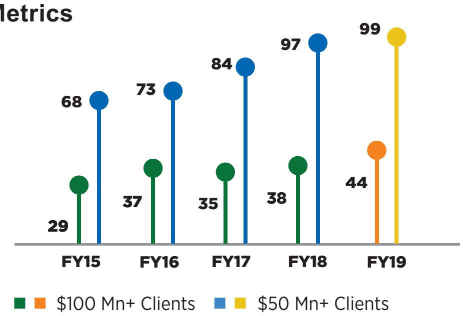
# Performance **Highlights**

## Revenue Trend

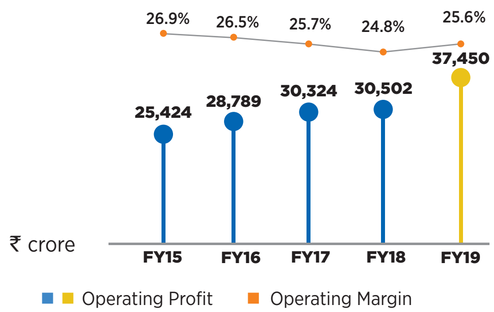
CAGR 12.4%



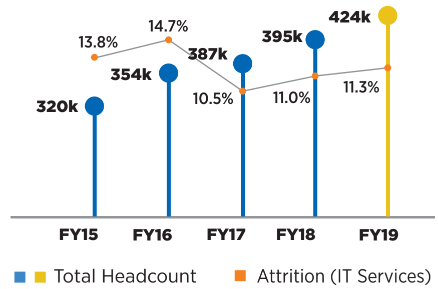

## Client Metrics




## Operating Profit Trend*

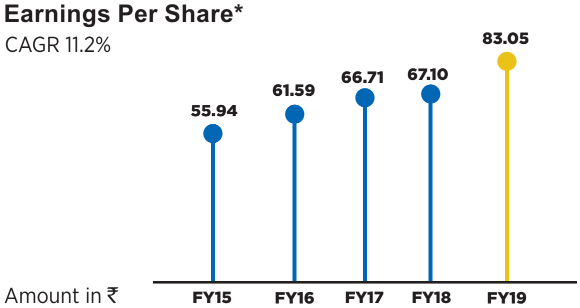



## Employee Metrics

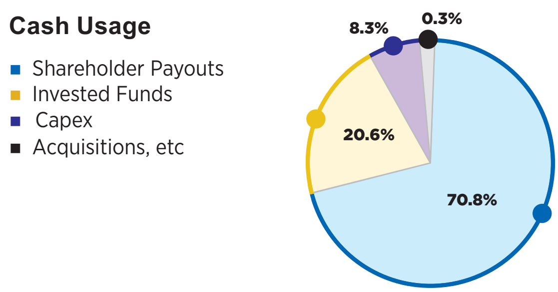



## Earnings Per Share*

CAGR 11.2%

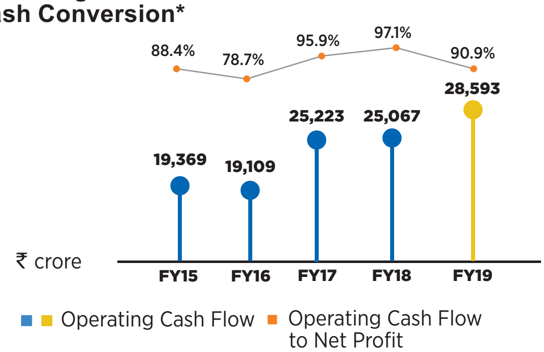



## Cash Usage

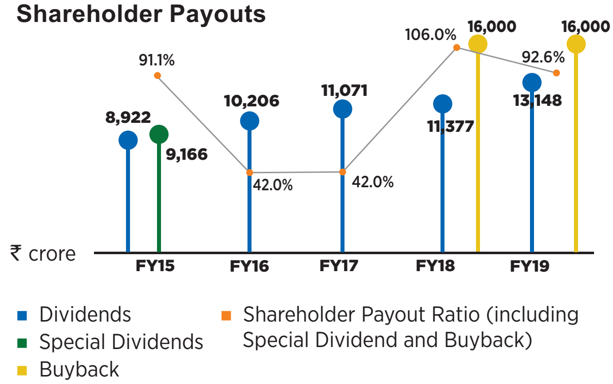



(FY 2015 to FY 2019)

## Operating Cash Flow and Cash Conversion*




## Shareholder Payouts

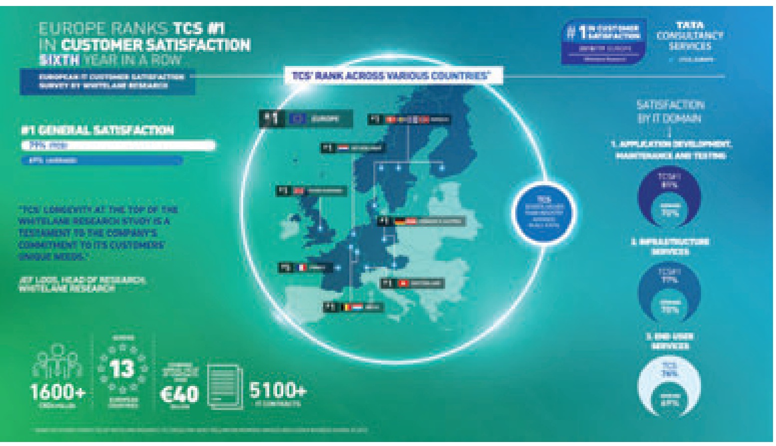



* The Company transitioned into Ind AS with effect from April 1, 2016. For FY 2015, the earnings per share (adjusted for bonus issue) and operating cash flow are based on Indian GAAP, whereas operating profit is based on IFRS accounts to provide easy comparison with the Ind AS numbers of subsequent periods. FY 2015 numbers exclude a one-time employee reward of ₹2,628 crores paid by the Company.

# The Year **Gone by**

## Q4

- Ranked #1 for customer satisfaction in Europe's largest independent survey of IT service providers, for the sixth consecutive year. Respondents gave TCS an overall satisfaction score of 79 percent, versus the industry average of 69 percent. In individual market rankings, TCS was placed first in the UK, Germany, the Nordics, Benelux and Switzerland.




*For the sixth year in a row, TCS has been ranked #1 for customer satisfaction in Europe*

- Certified as a Global Top Employer for the fourth consecutive year by the Top Employers Institute. The only one among the Top 10 IT services brands to get this recognition, TCS was ranked #1 Top Employer in North America, Europe, Asia Pacific, and Middle East, as Top Employer in 29 countries, and as #1 Top Employer in 16 countries including the US, UK, Germany, Netherlands, Australia and India.

- Named the fastest growing brand of the decade in IT services globally, and among the Top 3 brands in the sector, by Brand Finance.

- Played a leading role at the World Economic Forum's Annual Meeting at Davos; showcased how blockchain and AI are redefining the Business 4.0™ landscape; renewed our commitment to the reskilling revolution and for greater inclusiveness, and hosted the very popular reception under the TCS dome, bringing together leaders from business, government, academia, media and civil society, to deepen relationships and foster greater collaboration.

*TCS hosted insightful sessions on topics such as Closing the Skills Gap and how blockchain and AI will redefine our lives*

## Q3

- Launched TCS Pace™, a new brand identity for our research, innovation and digital transformation services that are at the core of our customers' Business 4.0 journeys. On the ground, there will be TCS Pace Port™ hubs – the first of them in Tokyo, with flexible modular spaces featuring innovation showcases, TCS Think Spaces, academic research spaces, and Agile workspaces.


*TCS leadership team at the inauguration of the TCS Pace Port in Tokyo*

- Transformed payments operations at MUFG – Japan's largest bank, by consolidating its extensive multi-entity, multi-country, cross-border payment processing operations, which were running on disparate legacy systems, onto a Regional Payments Hub powered by TCS BaNCS for Payments.

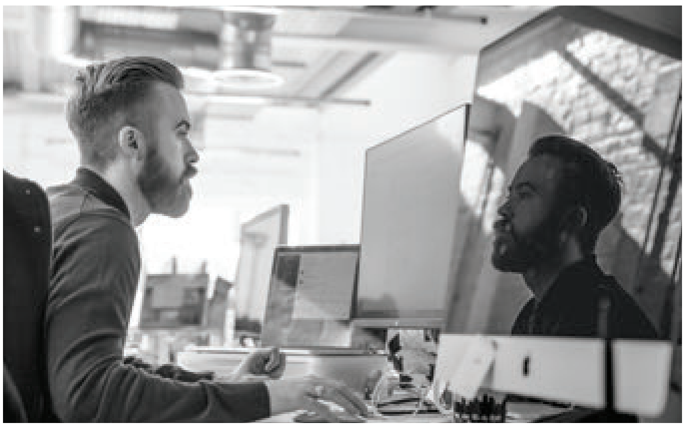
- Collaborated with Singapore Airlines to build the Intelligent Airline Operations Solution, to transform ground operations using digital technologies, improve operational efficiency and enrich customer experience. The solution utilizes TCS' new core, a cloud-ready, high speed messaging and data processing platform with machine learning capabilities and an advanced events engine.

- Launched the Intelligent Power Plant Solution to help power generating utilities digitally transform their operations, by combining AI, IoT, and Digital Twin technologies to support critical power plant assets, enhance reliability, improve flexibility, cut emissions and reduce operating costs by 2-3 percent.

- Partnered with SAP to build the Intelligent Rail Digital Maintenance solution, powered by SAP® Leonardo, to help rail customers digitally transform their businesses by preventing component failures, improving safety and extending the useful life of assets.

- Expanded our 12-year old partnership with the Phoenix Group, Europe's largest life and pensions consolidator, to move an additional 5.5 million policies onto the TCS BaNCS Insurance Platform.

- Acquired W12 Studios, an award-winning digital design studio based in London. With expertise in visual, interaction, motion, sonic and creative technology, W12 creates iconic experiences and products for leading global brands.



*W12: Delivering Iconic Brand and Product Design*

- Purchased select assets of BridgePoint Group, LLC, a US management consulting firm catering to the financial services industry, and specializing in retirement services.

- Partnered with Bayer, a leading life sciences company, to successfully design and execute a scalable, repeatable carve-out solution spanning the complete stack of IT systems, infrastructure and operations, to complete the divestiture of multiple business entities within just 18 months.

- Developed a proof of concept for non-exchange trade settlement using blockchain for the Canadian Depository for Securities using the Quartz Blockchain Solution. This is part of a large transformation program leveraging TCS BaNCS for Market Infrastructure, aimed at the modernization of depository, clearing and settlement services in Canada.

## Q2

- The Billion Steps Challenge, a TCS50 initiative, saw participation by 200,000 TCSers globally who logged a record 3 billion steps. One of the largest global employee engagement initiatives, this was an expression of energy and brought together all TCSers as a part of #OneTCS.


*TCSers in France pose for a picture after taking part in the Billion Steps Challenge*

- Celebrated the 25th anniversary of our partnership with Dutch airline KLM, marked by several industry-first, technology-enabled innovations. Pieter Elbers, CEO of KLM made a special trip to India on the occasion, and called TCS a true business partner that is helping KLM realize its ambition to be the world's leading airline in terms of customer centricity.


*Pieter Elbers, CEO of KLM, visited India to celebrate 25 years of partnership with TCS*

- Democratized employment opportunities for young engineers across India, by conducting the TCS National Qualifier Test (TNQT), an inclusive online campus hiring initiative using TCS iON's digital platform. Over 280,000 fresh graduates, from 1800 colleges, took the test across 100 cities in 24 states.

*TNQT participants being assessed on the TCS iON platform*

- Unveiled the Machine First™ Delivery Model at the North America Customer Summit, as a means of delivering superior customer experiences by giving technology the first right of refusal. The model envisages the use of analytics and AI to sense, understand, decide, and act in a robust networked environment.


*TCS North America Summit at San Diego, CA, saw the launch of TCS' Machine First Delivery Model*

- ignio™, TCS' cognitive automation software product celebrated its 3rd anniversary with triple-digit annual growth in both customer acquisition and revenue, since inception. ignio now manages over 1.5 million technology resources autonomously for over 90 Fortune 500 corporations.

- Completed the second successful ₹16,000-crore share buyback at ₹2,100 a share through the tender offer route, extinguishing 7.6 crore equity shares, about 1.99 percent of the total equity.

- Set a new industry benchmark with the migration of over 600 applications to the AWS cloud in less than 12 months at Randstad, a global leader in the HR services industry, one of the most ambitious and fastest AWS cloud migrations to date for a global firm.

- Launched Jile™, the first of its kind Agile DevOps product-on-cloud to plan, deliver and track Agile programs within the enterprise.

- Selected by global energy giant Total to set up a digital innovation center to explore the use of analytics, IoT, automation, AI and Location Independent Agile methodologies to develop a smart, connected refinery that enhances performance and improves competitiveness.

## Q1

- Ranked #1 in the IT Services and Software sector across the region in Institutional Investor's 2018 All-Asia Executive Team survey, winning several awards: Best CEO (First Place), Best CFO (Second Place), Best IR Professional (First Place), Best Corporate Governance (First Place), Best IR Program (Second Place) and Best ESG / SRI Metrics (Second Place).

- Became the first company in India to cross ₹ 7 trillion ($100 billion) in market valuation, making it the country's most valued firm, and among the top 100 most valuable companies globally as per Bloomberg data.

- TCS BaNCS ranked the number two best-selling Universal Banking system by UK based IBS Intelligence in its 2018 Sales League Table.

- Expanded the digital transformation contract with M&G Prudential to bring an additional 1.8 million policies under administration, cementing TCS' position as the market leader in UK life and pension administration, with over 18 million policies administered on our TCS BaNCS Insurance Platform.

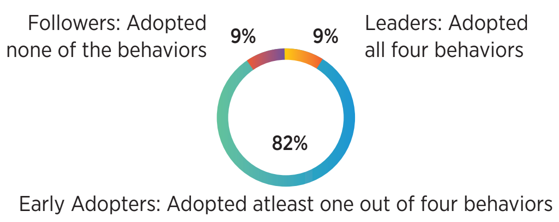
*Peterborough campus of Diligenta*

- Launched TCS50, a celebration of five decades of excellence, marked by several events organized throughout the year, with TCSers across the globe participating in the festivities.

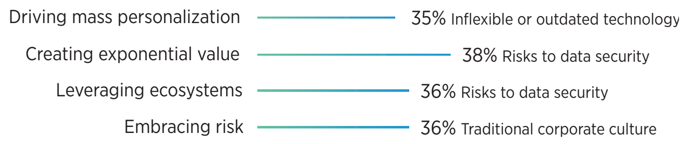
# Business 4.0™ Adoption and Impact:
# A Progress Report

TCS unveiled its Business 4.0 thought leadership framework in 2017. A year later, in November 2018, TCS commissioned a study that surveyed 1,231 senior business decision makers from more than 1,200 large enterprises spanning 11 industries and 18 countries to track the adoption of the four behaviors that characterize Business 4.0, and its impact. A quick summary is presented below. You can download the full report at: www.business4.tcs.com

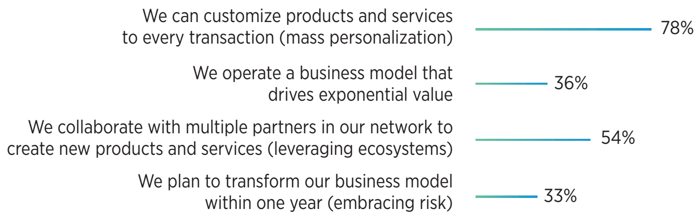
### Categorization based on adoption of Business 4.0 behaviors



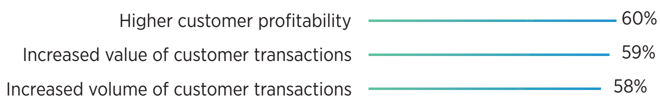

### Business 4.0 adoption needs to overcome key barriers



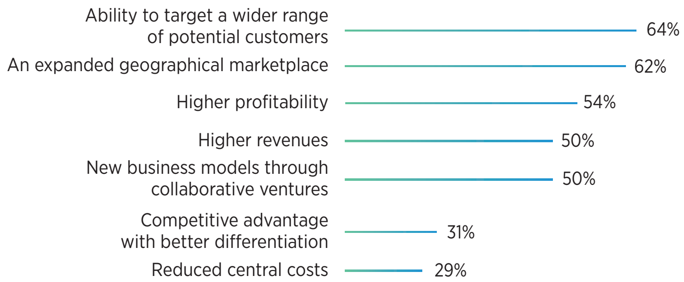

### Mass Personalization is the most adopted behavior...



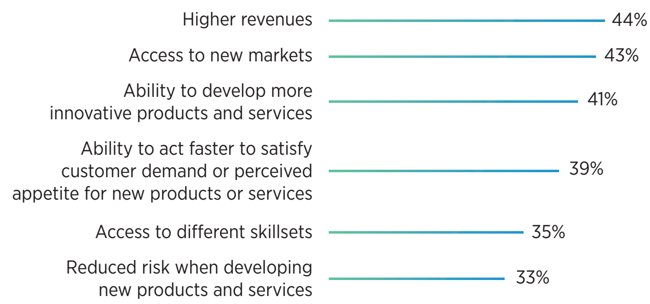

### ...and seen as driving higher value



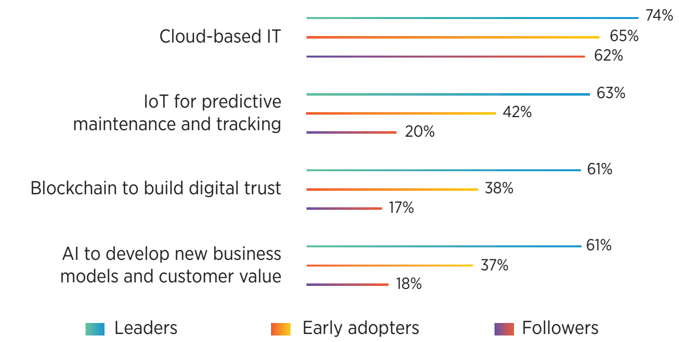

### Exponential value model expands markets




### Leveraging ecosystems drives new revenues

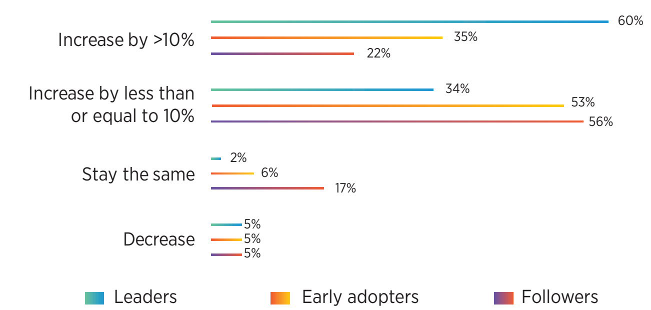



### Leaders are way ahead in AI, IoT and blockchain adoption




### ...and also expect outsized payoffs!

**Expected revenue growth over the next three years**




**Survey Base:**

- By region: North America: 25%, Europe: 40%, Asia Pacific: 26%, LatAm: 9%
- By size: $500Mn - $1Bn: 53%, $1Bn - $5Bn: 28%, More than $5Bn: 19%
- Respondent profiles:
  - IT: 22%, Business: 78% (Operations, Sales, Marketing, Finance, HR)
  - C-Suite: 42%, Sr Mgmt: 58%

# Panel **Discussion:**

Featuring

**N G Subramaniam**
Chief Operating Officer
and Executive Director

**V Ramakrishnan (Ramki)**
Chief Financial Officer

**Krishnan Ramanujam**
Global Head – Business
and Technology Services

**How are today's transformational programs different from the large outsourcing deals of the past?**

**NGS:** The objective of outsourcing has traditionally been to reduce operational costs. On the other hand, transformational programs are launched as part of our customers' growth and transformation agenda. The objective is to boost the top line, embrace new technology-enabled business models, create new revenue streams, address new customer segments or deepen existing customer relationships.

The buyers are also more diverse. These opportunities are typically business-led, and entail crafting value propositions beyond the CIOs, to the CXOs. Funding for these programs comes from the respective departmental operating budgets, and not necessarily from the IT budget.

This requires a different way of selling. These deals are not always RFP-led. We have had very strong success in proactively pitching innovation ideas and solutions that are tailored to each customer's unique context.

The selection criteria are also different. Speed to market and clarity on the outcome are critical, not so much the price. Solution quality and how well it reflects our contextual knowledge of their business is a key differentiator. The ability to address the concerns of different stakeholders, and their perceived risks, is very important.

**KR:** From an execution point of view, this opportunity requires us to have a more business-centric mindset, demonstrate a different set of capabilities, and have a different delivery model.

The delivery focus shifts from cost optimization to speed to market, and closer collaboration with business users. Most transformational programs are being delivered using a Location Independent Agile model. This has required significant changes to our recruitment, delivery and training processes.

**What is helping TCS win these deals?**

**NGS:** I think what has worked best for us is our ability to understand our customers' business needs, and use our contextual knowledge to design solutions that are uniquely tailored for them, stitching together different capabilities and intellectual property from across TCS and our co-innovation partners.

This capability is an outcome of our sustained investments over the last many years in research and innovation and in building intellectual property. We started investing in building capabilities on digital technologies as far back as 2011, and have built significant scale and depth over the years.

What has worked best for us is our ability to understand our customers' business needs, and use our contextual knowledge to design solutions that are uniquely tailored for them, stitching together different capabilities and intellectual property from across TCS.

This capability is an outcome of our sustained investments over the last many years in research and innovation and in building intellectual property.

All this, along with our Business 4.0™ thought leadership framework, our Location Independent Agile methodology and our Machine First™ Delivery Model have gotten us significant customer mindshare in the transformational space.

**KR:** Adding to what NGS said, we have a comprehensive set of digital transformation service practices such as analytics, digital marketing, IoT, cloud, intelligent automation, cyber security, blockchain and keep launching newer practices.

Our Consulting and Service Integration group brings together these different capabilities and orchestrates transformational solutions catering to different stakeholders such as the COO, CFO, CMO, CRO etc within the enterprise. This full stakeholder capability has been particularly critical to our ability to win large transformational engagements around matters of board-level significance.

**Transformational work sounds very consulting-led. How did you build these capabilities?**

**NGS:** The opportunity today is around creatively harnessing the power of digital technologies to build solutions uniquely tailored to each customer's business needs. This requires a lot of domain knowledge, customer-specific contextual knowledge, and proven solution design and delivery capabilities, backed up by sustained investments in research and innovation.

These capabilities have been steadily built over the years. Our customer-centric strategy and reorganization in early 2008, when we created over two dozen business units, each aligned to an industry vertical, and with end to end responsibility for customers in that vertical, was a game-changer that set us on this path.

**But that was a decade ago. How is that helping in the digital era?**

**NGS:** Each verticalized business unit became a repository of industry domain knowledge, and of contextual knowledge about its customers. This set us on the path to building business-centric solutions.

The other important outcome was that it unleashed a lot of entrepreneurial energy. Units started looking at customers' overall spend, and not just a segment of the IT spend, and building newer capabilities to be able to create value in adjacencies and other parts of the enterprise.

This had two key benefits. Our teams learned to sell to other stakeholders – business heads and other CXOs – in the customers' organizations. As they got better at it, our footprint in each customer organization kept growing. You can see this in the client metrics over the last many years.

Second, the expanding footprint helped our teams gain a holistic contextual understanding of the customer, cutting across the silos of departments, functions and lines of business.

All four factors – the business solution mindset, the focus on the customer's needs, the ability to engage with other stakeholders and the contextual knowledge – are outcomes of our customer-centricity and the enabling organization structure. These are helping us immensely in winning digital transformation deals today.

**New technologies have always delivered greater efficiency and productivity. How is that playing out with digital technologies?**

**KR:** Digital technologies have demonstrated a far more profound impact on business than other recent technologies, and therefore, the focus has been on those transformational possibilities and not as much on productivity gains. However, if you look at some of the core transformation programs we are executing for our customers, there are significant efficiency gains.

Typically, we simplify the stack by eliminating redundancies. Legacy, monolithic systems that were difficult to maintain are dismantled and replaced with microservices, APIs and SaaS/PaaS equivalents. The outcome is a lighter and leaner application stack that is easier – and less expensive – to maintain.

Workloads are shifted to the cloud to gain flexibility, scalability, and significantly lower costs. Use of cognitive automation software like ignio™ makes the technology self-healing, and reduces outages and associated business risks and costs. The simplified technology stack and use of automation enables leaner, more agile processes, lowering the cost of business operations.

What has changed is the perspective. In the past, the efficiency and cost savings from new technology adoption were an end in itself. Today, they are the means to an end. With simplification, cloudification and automation, we are helping customers reapportion spends from routine activities to fund newer systems that differentiate them in the marketplace.

**TCS always had the best employee retention. Does this become a competitive advantage in the digital world?**

**NGS:** You're right. TCS has always had the best retention rate in the industry, and I believe that is because of our empowering culture, philosophy of investing in people, career growth opportunities, and progressive HR policies.

Lower attrition is always a good thing because it reduces disruptions caused by employee churn, and results in better outcomes for customers. This is even more significant now, because retaining contextual knowledge within the team is central to our ability to design those transformational solutions and partner our customers in ongoing programs.

Our philosophy of organic talent development and initiatives like Contextual Masters send out an unambiguous message that TCS values individuals for the contextual knowledge they possess, and will invest in equipping them with new technology skills that they do not have. This has further reinforced our brand as a top employer.

**TCS has reiterated margin stability in the 26-28% range. What are your margin levers today?**

**Ramki:** Better revenue growth, higher quality of new revenues, and greater scale in digital are our biggest margin levers. Our innovation and transformational work is a higher value business, with better realizations that translate into price stability and margin resilience.

Second, we have been investing heavily in organic talent development, localization, IP development and workplace transformation over the last several years. That is already baked into our margins. We are now reaping the benefits of those investments. It is not as if we have to start investing in these things today.

**The rupee has depreciated nearly 9% against the dollar in FY 2019. Why doesn't this show in your margins?**

**Ramki:** When one looks at our margins, one shouldn't look at the benefit from a depreciating rupee in isolation. Every year, we have been giving wage increases of 6-8% in India because of the relatively high inflation here. The same inflation devalues the currency. So these two components – the wage inflation and the depreciating currency are two inseparable sides of the same coin. Arithmetically, you will see that the currency depreciation underwrote the wage inflation in FY 2019, and the operational efficiencies we generated expanded our operating margin year on year.

The other point to remember is that we operate with a revenue basket of over 30 currencies. It is not just the movement against the Dollar, but also against each of the other currencies that, in aggregate, determines the cross-currency impact on the margin. One has to look at the net effect.

**TCS is now a $20 billion company. Is the base too large now to sustain double digit growth?**

**NGS:** It is interesting that this question is posed to us at every point in our history. It is worth recalling that each time we crossed a new milestone, TCS adapted and only grew stronger, while retaining our agility and entrepreneurial mindset.

Today, we are not intimidated by scale. If anything, it has been a source of immense strength, giving us the ability to invest in many more capabilities all at once, and take on larger, more complex assignments.

Diseconomies of scale arise from corporate bloat and bureaucracy that slows down decision making, and hinders responsiveness to changing market trends. In our case, we have maintained a very lean corporate, and have been steadily devolving executive decision-making powers to lower and lower levels. Today, we have over 150 operating business units on the ground, each with its own P&L. These are small, agile and intensely entrepreneurial, customer-focused organizations. If each of those units continue to realize its potential, TCS will also continue to grow well.

Technology intensity is going up in every industry. In the retail or the auto sector, the work we do today is directly embedded in their core products and services. We are now part of their Cost of Goods Sold, and not just their SG&A, and that is a significant structural expansion of the opportunity size. All this gives us greater confidence and visibility in our ability to sustain our market leading revenue growth.

**KR:** Also, our share even in our largest markets is still in low single digits. We are only scratching the surface yet in large markets like continental Europe, Japan and ANZ. Market penetration will be a growth driver in the coming years.

Emerging markets like Latin America, India, and South Africa which have historically lagged in technology spending will see enterprises leapfrog into the Business 4.0 era and start spending. Likewise, we expect our platform businesses to grow significantly in the coming years.

We keep expanding our addressable market by continually launching new services, products and platforms, catering to the needs of a broadening set of stakeholders. Our participation in departmental operating budgets, transcending IT budgets, represents a wallet expansion within existing accounts.

At a broader level, technology intensity is going up in every industry. In the retail or the auto sector, the work we do today is directly embedded in their core products and services. We are now part of their Cost of Goods Sold, and not just their SG&A, and that is a significant structural expansion of the opportunity size.

All this gives us greater confidence and visibility in our ability to sustain our market leading revenue growth.

# Business 4.0 **Stories**

## Partnering KLM in its Business 4.0 Transformation

KLM, the world's oldest airline still operating under its original name, has stood out in an intensely competitive global airline industry with its uniquely Dutch values: a pioneering spirit and personal warmth.

That has translated in the Business 4.0 era into the pioneering use of social media, and digital technologies, to get closer to its customers.

TCS has been KLM's innovation partner throughout its digital transformation journey, using its Location Independent Agile model to help the airline stay at the forefront of shifting trends in social media usage, constantly innovating and adopting newer channels to deliver personalized passenger services.

KLM was the first airline in the world to adopt Facebook Messenger, followed by other channels such as WhatsApp, WeChat, and touchless interfaces like Google Assistant and Google Home. Today, over 10,000 boarding passes are issued through these channels. Customer usage of services on social media stands at 51.7% and is growing rapidly.

For greater scale, speed and accuracy without losing out on the empathy and warmth of human interaction, KLM has embraced TCS' Machine First™ approach to customer service, using BlueBot, an AI-powered chatbot to augment the team of social media agents. Today, over 50% of customer queries are answered by intelligent machines. All these innovations have resulted in a 30% improvement in the Net Promoter Score.

To help the airline leverage the travel and hospitality ecosystem, and deliver a seamless experience across partner systems, TCS implemented an APIfication program with over 30 APIs, backed by 24/7 support.

By partnering with TCS for its growth and transformation, KLM has been able to scale up its innovation programs, gain speed to market, stay at the forefront of technology and deliver outstanding customer experiences.

> At KLM we have the ambition to be the leading airline in terms of customer centricity. Technology helps us to be where our customers are.
>
> TCS is a great partner that precisely helps us where we want to be.
>
> **Pieter Elbers,**
> CEO, KLM

## Powering AGL's Growth and Transformation Priorities

In a highly competitive market with intense customer churn, AGL, the oldest energy retailer in Australia, partnered TCS in a multi-year transformational journey to reposition, refresh and reinvigorate itself in a Business 4.0 world.

One of the key strategic objectives driving this journey is a shift from mass retailing to personalized retailing.

At the core of this is the Customer Experience Transformation program. The superior customer experience resulting from customized products and services, innovative features offering convenience and transparency, and world class, human-centered design, all delivered by TCS using extreme Agile methods, has resulted in lower customer churn, elevated customer acquisition and retention and sharp improvement in digital NPS.

Additionally, TCS assisted AGL in furthering its growth agenda, first in expanding into the new Western Australia gas market, using its contextual knowledge and domain expertise to ensure a smooth rollout of services, and second, to leverage ecosystems by creating new business models for intermediary sales, through tie-ups with builders and online realtors for bulk new connections.

In addition to helping AGL navigate through disruptive regulatory changes, TCS is implementing a core transformation initiative to upgrade internal systems to a future-ready state, incorporating a Machine First IT service model, designed to support a culture of continuous innovation at AGL, where growth and transformation are fast becoming business as usual.

TCS has demonstrated a deep understanding of AGL's business and our technology needs. We share similar values that embrace diversity and inclusion, respect and integrity. Like AGL, TCS has a passion for embracing technology to drive innovation and continuous improvement.

We've enjoyed a successful strategic partnership with TCS that has always been open and transparent, we've always shared our successes as well as our failures, and that openness, along with the quality of TCS services, is what has made TCS an invaluable partner for more than 10 years.

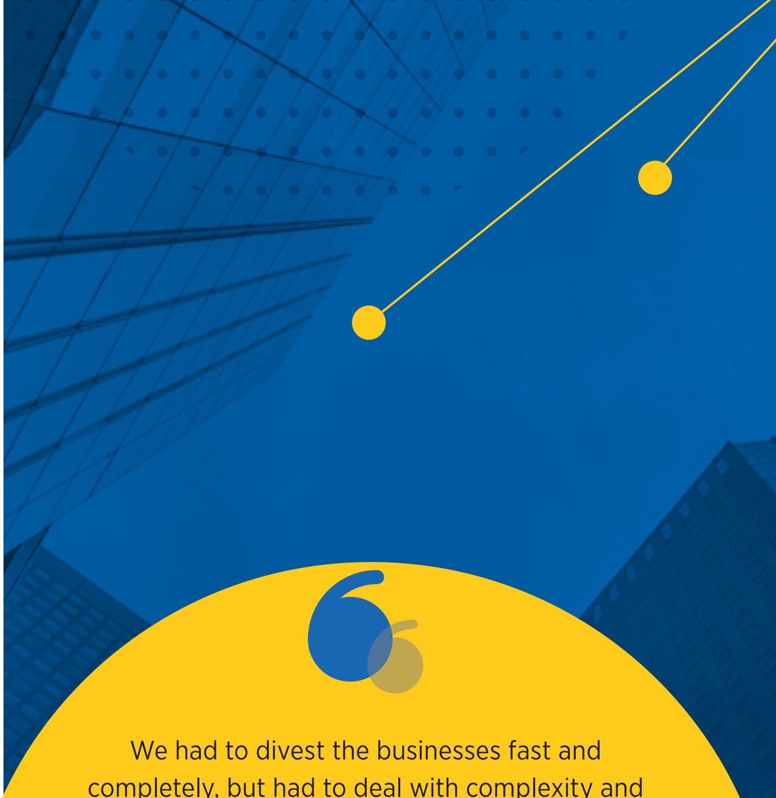
**Brett Redman**
Managing Director and CEO,
AGL Energy

**Bayer: Agile Business Carve-Outs for Timely Divestitures**

Following its 2016 announcement to acquire Monsanto, Bayer had to divest certain crop science businesses in order to obtain regulatory approvals. Bayer partnered with TCS to create a scalable, repeatable carve-out solution spanning the complete operations stack of process delivery, IT systems, and infrastructure, to execute the divestiture of multiple business entities within a very short, non-negotiable timeline of 18 months.

Taking a business oriented, cloud-first approach, TCS defined the end to end business processes, and set up a cloud-based solution environment, including the complete stack of infrastructure, IT applications and process delivery, for each of the entities. The use of smart templates and an Agile factory approach ensured that this could be a scalable and repeatable model for potential business transformations in the future.

Using its Location Independent Agile model to accommodate frequently changing business requirements, TCS ensured that the carved-out units, with more than 4,300 employees across 26 countries, were fully functional with their new set-ups at the time of closing, allowing Bayer to focus fully on integrating Monsanto in pursuit of its growth and transformation agenda.



> We had to divest the businesses fast and completely, but had to deal with complexity and uncertainties in scope and timing due to enhanced demands from the regulatory authorities. It was a project unprecedented in its approach and its global scale and scope for Bayer and the market. TCS brought in the required industry thought leadership, full services capability and a ‘can do’ approach to ensure that we delivered a modern, optimal and fully functional administrative backbone on time. The integrated team of Bayer and TCS made this project a real success.
>
> **Daniel Hartert**
> Head of Business Services and CIO
> Bayer Group

# Q&A

**S SUKANYA**
Global Head, Delivery Excellence Group

**Agile has been around for decades. Why is there so much interest in Agile now?**

Yes, different flavors of Agile have been around for a while. Primarily, they involve IT teams working closely with business, breaking up the software development lifecycle into smaller iterative cycles, and incrementally delivering a working module at the end of each cycle. This significantly reduces project risk and delivers tremendous speed to market.

Today, with businesses investing heavily in technology to gain competitive differentiation, speed to market is of utmost importance. Also, due to the criticality of these programs, stakeholders want greater visibility on the work in progress, and to actively participate in project outcomes. Agile scores over the traditional waterfall model in fulfilling these needs extremely well.

However, until now, due to the traditional emphasis on co-location of teams, they were not able to adopt Agile for their larger transformation programs. Our Location Independent Agile model is a game changer. It helps large enterprises, whose talent is globally distributed, overcome the constraints of co-location, and embrace Agile at scale. We now have multiple examples of successfully applying Agile methods for delivering large transformation programs involving multiple teams distributed across time zones. That is what has excited so much interest around Agile.

> Our Location Independent Agile model is a game changer. It helps large global enterprises overcome the constraints of co-location, and embrace Agile at scale. We now have multiple examples of successfully applying Agile methods for delivering large transformation programs involving multiple teams distributed all over the world. That is what has excited so much interest around Agile.

**Agile is so different from the waterfall model. How did TCS manage to switch over the delivery model to Agile?**

It's not a trivial change. We embarked on this transformation journey a few years ago, and made massive investments in workforce and workplace transformation. Management's vision of *Enterprise Agile by 2020* has galvanized the organization, and significantly accelerated our transformation.

Workforce transformation has been the biggest undertaking. Agile requires multi-skilled, multi-functional teams which are empowered, so we have completely reimagined our learning and development since 2015. You can see the outcomes of that today. Nearly **311,000** TCSers have been trained on new technologies, each individual conversant in three or more technologies.

All our associates are being trained to be Agile practitioners – Agile technical developers, scrum masters, and Agile Ninja coaches. Today, with over **348,000** employees trained on Agile, **135,000+** Agile practitioners and **750+** Agile Ninja coaches, we have the largest Agile-ready workforce in the world.

We have transformed our workplace and infrastructure to promote Agile-driven innovation and speed in service delivery for our customers. We have already built **400+** Agile Delivery Centers, and developed a 100% Agile tool for scaling, Jile™, which we are also offering our customers and to other enterprises.

Our core delivery processes are Agile-ready today. This is a massive change, requiring a drastic switch of perspective from inside-out to outside-in. All other support processes including HR, Admin and others, which have a significant play to customer service delivery, are undergoing a similar change.

Leveraging all these investments, we have been helping account level teams steadily switch over to an Agile way of working. Today, we have an Agile footprint covering nearly half our customer base.

### TCS has been talking about Enterprise Agile. What exactly is this?

To succeed in the digital era, where technologies are changing the ground rules in every industry, companies need to embrace Business 4.0 principles in order to be closer to their customers and be available to them interactively, intuitively and instantaneously, wherever they choose to do business. The most

> Being seen as a thought leader in Agile is helping us win more work in the innovation and transformation spends of our customers.
>
> Deal wins apart, Agile embeds our teams deeper into the customer's business, and makes us strategically ingrained into their operating models. The proximity to business deepens our domain knowledge, enhances our demand visibility and increases our business resilience.

successful companies are those which demonstrate an obsession for creating value for the customer, and embrace Agile principles across their operating models to deliver continuous innovation. We call this Enterprise Agile.

To continuously innovate, deliver superior customer experiences and create value at scale, organizations require a different style of management, designed to empower individuals, enable collaboration and harness their initiative and creativity. In this new way of working, complex problems are disaggregated into smaller bits which are then addressed by small, self-organizing teams that take up small goals at a time and deliver them in tight, iterative cycles. Unlike in traditional command and control models, the manager's role here is to provide resources and remove impediments, allowing the teams to focus on what delivers the most value for the customer.

We are guiding customers towards flat structures, reorganized along customer journeys, around products and value streams. Our consultants are helping them adopt Agile methods across the organization, vertically across teams, programs and portfolios, and horizontally across business functions such as HR, Finance, and Marketing. We organize LivingAgile sessions to train on Agile behaviors, Minimum Viable Product creation and ninja coach programs to drive enterprise-wide change.

### How has the market's growing preference for Agile helped TCS?

TCS' innovative Location Independent Agile model delivers unmatched speed to market, enables access to a global talent pool and reduces the fulfillment uncertainties associated with skill shortages or visa problems. This has made us the preferred partner for customers launching very large transformation programs, and for that matter, any work that requires Agile.

Being a thought leader in Agile is helping us win more work in the innovation and transformation spends of our customers.

The other opportunity is in Agile consulting itself, where customers are engaging us to advise them on how to adopt Agile at scale. Enterprise Agile is also getting us tremendous attention. It is often part of the CEO's agenda for a larger transformation of the organization culture, and such engagements gain us very high visibility across the organization.

Deal wins apart, Agile embeds our teams deeper into the customer's business, and makes us strategically ingrained into their operating models. The proximity to business deepens our domain knowledge, enhances our demand visibility and increases our business resilience.

### What are TCS' differentiators in Agile?

Our foresight in embracing Agile very early on, our vision and our thought leadership in Agile have differentiated TCS among the large global systems integrators. We truly stand out with our Location Independent Agile model, and the immense scale we have built into our Agile capability. This lets us take on large transformational programs and execute them using Agile from day one.

On the consulting side, we have a unique maturity assessment framework called AgilityDebt™ which we use to assess where the customer's teams are in the Agile journey, find the bottlenecks, and accelerate their Agile transformation. Then, we have Jile™, the end to end cloud-based development platform for organizations adopting Agile at scale. We launched this only last year, and it is finding wide adoption.

# Business 4.0 **Stories**

## Transforming Customer Experiences at Home Depot

Home Depot's strategic vision of a `One Home Depot' shopping experience that seamlessly blends the digital and physical worlds, has helped the home improvement store rack up strong revenue growth over the last four years.

At the heart of this successful interconnected retail business model is a multi-channel customer engagement strategy that reimagined existing systems and ways of working, entailing a massive core transformation across the enterprise in partnership with TCS.

TCS helped Home Depot rearchitect its online platform, breaking up monolithic applications into microservices, and moving it to the cloud for speed and scale. This allowed the platform to easily handle the traffic – 2 billion online visits in 2018 – and support a 24.1% year on year growth in online sales.

Home Depot's physical stores are a key element of the customer experience. Nearly 50% of online orders are picked up from stores, and nearly 80% of returns are at stores. To improve the in-store experience for customers, TCS implemented the store mobility program and store application transformation to boost store associates' productivity, freeing up 15% of their time spent on routine backstore tasks, now spent engaging with customers.

TCS also helped revamp the delivery to store or home using the most optimal supply network. With greater efficiency and better visibility in the supply chain, Home Depot could offer customers the option of same day delivery, and within their preferred time window.

At the back end, TCS helped Home Depot build a common pricing repository to provide consistent pricing across all channels, and reflecting pricing changes on a near-real time basis. A new cloud-based B2B platform was created to enhance the experience for B2B customers who contribute 40% of sales.

The partnership with TCS helped Home Depot transform its core, provide a seamless interconnected retail experience for customers,  and achieve superior business growth.

At the heart for Home Depot's successful interconnected retail business model is a multi-channel customer engagement strategy that reimagined existing systems and ways of working, entailing a massive core transformation across the enterprise in partnership with TCS.

### Helping Nissan Deliver 'Next Generation' Innovation

The automotive industry is going through a huge disruptive change fueled by the rise of car connectivity, autonomous or assisted driving, the shift to electric vehicles and the sharing economy.

In an era where differentiation is no longer in the traditional vehicle hardware, but in the user interface and experience elements powered by software and advanced electronics, Nissan Motor Corporation is at the forefront of innovation, leveraging emerging technologies and digital ecosystems to build advanced driver assist capabilities in their new models. TCS has been their partner in this innovation and transformation journey.

Leveraging its deep contextual knowledge of Nissan's business built up over the last 15 years, and its unique expertise in embedded systems and digital technologies, TCS is helping Nissan reimagine vehicle software architecture, and continually build innovative capabilities that enhance the driver experience and safety, such as the Lane Departure Warning and Intelligent Lane Intervention Systems, using technologies like image recognition, data fusion, machine learning and high end computing.

Additionally, TCS has integrated into the supplier ecosystem, and is strategically engaged in coordination, co-development and system integration of various vehicle sub-systems used in Nissan's vehicles. In true partnership mode, TCS is also supporting ongoing programs to re-skill and retrain Nissan's engineers in digital technologies, Agile methods, and model-based automotive software development.

The partnership with TCS is helping Nissan scale up its innovation program, reduce time to market and build new features that differentiate it in the marketplace.

TCS is very closely supporting us in automotive electronics architecture development, which is becoming extremely core technologies year by year. Nissan selects TCS as an important long-term partner who provides a lot of technical solutions, know-how and skills to us in software technologies. Because Nissan has positioned software development capabilities as a new source of competitiveness, we are continuing to improve our development performance by collaborating with TCS to give customers advanced functionalities such as 'CASE'

**Shunichi Toyomasu**
Fellow, Nissan Motor Co Ltd.

### Transforming Lives by Bringing Banking to the Unbanked Millions

Equitable economic development is difficult when a majority of citizens lacks even a bank account. In the largest such transformation program undertaken anywhere in the world, India launched the *Pradhan Mantri Jan Dhan Yojana* in 2014, a national mission to bring banking to the unbanked.

TCS' Financial Inclusion Network has played a significant part in this banking revolution, connecting a complete ecosystem of participants to enable seamless delivery of banking services even in remote locations, all at incredibly low costs.

Of the 300 million+ no-frills bank accounts set up under this mission so far, TCS' network accounts for over 210 million accounts across 116 banks, and handles up to 6 million transactions per day.

On the front-end, the solution supports over 100,000 banking correspondents, equipped with hand-held connected devices, delivering all kinds of services – deposits, withdrawals, micro-loans, collections, micro-insurance and remittances – to the doorsteps of account holders in the remotest villages.

Behind the scenes, the solution updates the transactions in the banks' core banking systems and leverages the larger eco-system – the UIDAI, NPCI, aggregators, and insurance companies – for biometric authentication, KYC, payments and micro-insurance.

TCS' solution has given millions of India's poorest citizens access to basic banking services for the first time, transforming their lives, and helping build a more financially inclusive society. This is the latest addition to the long list of transformational, nation-building programs that TCS has undertaken over the years.

> Access to financial services can serve as a bridge out of poverty. We have set a hugely ambitious goal – universal financial access by 2020 – and now we have evidence that we're making major progress. This effort will require many partners... But we can do it, and the payoff will be millions of people lifted out of poverty.
>
> **Jim Yong Kim**
> Former President,
> World Bank Group[1]

[1] https://on.tcs.com/2LH54dZ

# Notice

Notice is hereby given that the twenty-fourth Annual General Meeting of Tata Consultancy Services Limited will be held on Thursday, June 13, 2019 at 3:30 p.m. at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020, to transact the following business:

1. To receive, consider and adopt:

   a. the Audited Financial Statements of the Company for the financial year ended March 31, 2019, together with the Reports of the Board of Directors and the Auditors thereon; and

   b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019, together with the Report of the Auditors thereon.

2. To confirm the payment of Interim Dividends on Equity Shares and to declare a Final Dividend on Equity Shares for the financial year 2018-19.

3. To appoint a Director in place of N Ganapathy Subramaniam (DIN 07006215) who retires by rotation and, being eligible, offers himself for re-appointment.

4. **Appointment of Hanne Birgitte Breinbjerg Sorensen as an Independent Director**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED that Hanne Birgitte Breinbjerg Sorensen (DIN 08035439), who was appointed by the Board of Directors as an Additional Director of the Company with effect from December 18, 2018 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 ("Act") and Article 73 of the Articles of Association of the Company but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing her candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company."

   "RESOLVED FURTHER that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act, the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, the appointment of Hanne Birgitte Breinbjerg Sorensen, who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder, and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five years commencing December 18, 2018 to December 17, 2023, be and is hereby approved."

5. **Appointment of Keki Minoo Mistry as an Independent Director**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED that Keki Minoo Mistry, (DIN 00008886) who was appointed by the Board of Directors as an Additional Director of the Company with effect from December 18, 2018 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 ("Act") and Article 73 of the Articles of Association of the Company but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company."

   "RESOLVED FURTHER that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act, the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, the appointment of Keki Minoo Mistry, who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder, and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five years commencing December 18, 2018 to December 17, 2023, be and is hereby approved."

6. **Appointment of Daniel Hughes Callahan as an Independent Director**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED that Daniel Hughes Callahan (DIN 08326836) who was appointed by the Board of Directors as an Additional Director of the Company with effect from January 10, 2019 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 ("Act") and Article 73 of the Articles of Association of the Company but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company."

"RESOLVED FURTHER that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act, the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, the appointment of Daniel Hughes Callahan who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five years commencing January 10, 2019 to January 9, 2024, be and is hereby approved."

7. **Re-appointment of Om Prakash Bhatt as an Independent Director**

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, Om Prakash Bhatt (DIN 00548091), who was appointed as an Independent Director at the nineteenth Annual General Meeting of the Company and who holds office up to June 26, 2019 and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five years commencing with effect from June 27, 2019 upto June 26, 2024."

8. **Payment of Commission to Non Whole-time Directors of the Company**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), as amended from time to time, a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and/or Whole-time Directors) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors of the Company and such payments shall be made in respect of the profits of the Company for each year, commencing April 1, 2019."

**Notes:**

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item Nos. 4 to 8 of the Notice, is annexed hereto. The relevant details, pursuant to Regulations 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this Annual General Meeting ("AGM") are also annexed.

2. **A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company.**

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10 percent of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10 percent of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the commencement of the AGM. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/ authority, as applicable.

3. Corporate Members intending to send their authorized representatives to attend the AGM are requested to send a certified copy of the Board Resolution to the Company, authorizing them to attend and vote on their behalf at the AGM.

4. Members, Proxies and Authorized Representatives are requested to bring the duly completed Attendance Slip enclosed herewith to attend the AGM.

5. The Company has fixed Thursday, June 6, 2019 as the 'Record Date' for determining entitlement of Members to final dividend for the financial year ended March 31, 2019.

6. If the final dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend will be made on Monday, June 17, 2019 as under:

   i. to all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the close of business hours on Thursday, June 6, 2019;

   ii. to all Members in respect of shares held in physical form after giving effect to valid transmission or transposition requests lodged with the Company as of the close of business hours on Thursday, June 6, 2019.

7. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, TSR DARASHAW Limited ("TSRDL") for assistance in this regard. Members may also refer to Frequently Asked Questions ("FAQs") on Company's website https://on.tcs.com/demat-faq.

8. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their Depository Participants ("DPs") in case the shares are held by them in electronic form and with TSRDL in case the shares are held by them in physical form.

9. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held in electronic form and to TSRDL in case the shares are held in physical form.

10. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website https://on.tcs.com/form-sh-13. Members are requested to submit the said form to their DP in case the shares are held in electronic form and to TSRDL in case the shares are held in physical form.

11. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or TSRDL, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.

12. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.

13. Members seeking any information with regard to the accounts, are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the AGM.

14. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members/Claimants are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority, in Form No. IEPF-5 available on www.iepf.gov.in. The Members/Claimants can file only one consolidated claim in a financial year as per the IEPF Rules For details, please refer to corporate governance report which is a part of this Annual Report and FAQ of investor page on Company's website https://on.tcs.com/IR-FAQ.

15. Notice of the AGM along with the Annual Report 2018-19 is being sent by electronic mode to those Members whose email addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their email addresses, physical copies are being sent by the permitted mode. Members may note that the Notice and Annual Report 2018-19 will also be available on the Company's website https://on.tcs.com/Annual-Report-2019 and on the website of NSDL https://www.evoting.nsdl.com.

16. Pursuant to Regulation 44(6) of SEBI Listing Regulations, the Company shall provide live webcast of proceedings of AGM from 3.30 p.m. onwards on Thursday, June 13, 2019. Members can view the proceeding of AGM by logging on to the e-voting website of NSDL at https://www.evoting.nsdl.com using their remote e-voting credentials, where the E-voting Event Number ("EVEN") of Company will be displayed.

17. At the twenty-second AGM held on June 16, 2017 the members approved appointment of B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the twenty-seventh AGM, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the twenty-fourth AGM.

18. The route map showing directions to reach the venue of the twenty-fourth AGM is annexed.

19. **Voting through electronic means**

    i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.

    ii. The Board of Directors has appointed P N Parikh (Membership No. FCS 327) and failing him Mitesh Dhabliwala (Membership No. FCS 8331) of Parikh & Associates, Practicing Company Secretaries as the Scrutinizer to scrutinize the voting at the AGM and remote e-voting process in a fair and transparent manner.

    iii. The facility for voting, either through electronic voting system or poll paper, shall also be made available at the AGM and the Members attending the AGM, who have not already cast their vote by remote e-voting, may exercise their right to vote at the AGM.

    iv. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

    v. A Member can vote either by remote e-voting or at the AGM. In case a Member votes by both the modes then the votes cast through remote e-voting shall prevail and the votes cast at the AGM shall be considered invalid.

    vi. The details of the process and manner for remote e-voting are explained herein below:

    Step 1: Log-in to NSDL e-voting system at https://www.evoting.nsdl.com/

    Step 2: Cast your vote electronically on NSDL e-voting system.

    **Details on Step 1 are mentioned below:**

    How to Log-in to NSDL e-voting website?

    1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

    2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

    3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. cast your vote electronically.

4. Your User ID details are given below:

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|---|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID<br>For example, if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12****** |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID<br>For example, if your Beneficiary ID is 12************** then your user ID is 12************** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company<br>For example, if EVEN is 123456 and folio number is 001*** then user ID is 123456001*** |

5. Your password details are given below:
   a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
   b) If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you by NSDL. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   c) How to retrieve your 'initial password'?
      i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL in your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
      ii) If your email ID is not registered, your 'initial password' would have been communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "initial password" or have forgotten your password:
   a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on https://www.evoting.nsdl.com.
   b) **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on https://www.evoting.nsdl.com.

      If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, click on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-voting will open.

**Details on Step 2 are mentioned below:**

How to cast your vote electronically on NSDL e-voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-voting. Click on e-voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company, which is 110640.
4. Now you are ready for e-voting as the Voting page opens
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc., with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by email to tcs.scrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on https://www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer to the FAQs for Shareholders and e-voting user manual for Shareholders available at the download section of https://www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

**Other Instructions**

i. The e-voting period commences on Monday, June 10, 2019 (9:00 a.m. IST) and ends on Wednesday, June 12, 2019 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Thursday, June 6, 2019 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently or cast the vote again.

ii. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of voting, either through remote e-voting or voting at the AGM through electronic voting system or poll paper.

iii. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

iv. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.

v. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.tcs.com and on the website of NSDL https://www.evoting.nsdl.com immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed. The results shall also be displayed on the notice board at the Registered Office of the Company.

By Order of the Board of Directors

**RAJENDRA MOHOLKAR**
Company Secretary

Mumbai, April 12, 2019

**Registered Office:**
9th Floor, Nirmal Building, Nariman Point, Mumbai 400 021
CIN: L22210MH1995PLC084781
Tel: 91 22 6778 9595
Email: investor.relations@tcs.com Website: www.tcs.com

# Explanatory Statement

As required under Section 102 of the Companies Act, 2013 (“Act”), the following explanatory statement sets out all material facts relating to business mentioned under Item Nos. 4 to 8 of the accompanying Notice:

**Item Nos. 4, 5 and 6:**

Based on recommendation of Nomination and Remuneration Committee, the Board of Directors appointed Hanne Birgitte Breinbjerg Sorensen (DIN 08035439) and Keki Minoo Mistry (DIN 00008886) as Additional Directors of the Company and also as Independent Directors, not liable to retire by rotation, for a term of 5 years i.e. from December 18, 2018 to December 17, 2023, subject to approval of the Members.

Based on recommendation of Nomination and Remuneration Committee, the Board of Directors appointed Daniel Hughes Callahan (a.k.a Don Callahan) (DIN 08326836) as Additional Director of the Company and also as an Independent Director, not liable to retire by rotation, for a term of 5 years i.e. from January 10, 2019 to January 9, 2024, subject to approval of the Members.

Pursuant to the provisions of Section 161(1) of the Act and Article 73 of the Articles of Association of the Company, each of these Directors shall hold office up to the date of this Annual General Meeting (“AGM”) and are eligible to be appointed as Directors. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from Member(s), proposing their candidature for the office of Directors.

The Company has received declarations from Hanne Birgitte Breinbjerg Sorensen, Keki Minoo Mistry and Don Callahan to the effect that they meet the criteria of independence as provided in Section 149(6) of the Act read with the Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”). In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. In the opinion of the Board, each of these Directors fulfil the conditions specified in the Act, Rules and SEBI Listing Regulations for appointment as Independent Director and they are independent of the management of the Company. The terms and conditions of their appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day (except Saturday) and will also be kept open at the venue of the AGM till the conclusion of the AGM.

A brief profile of the Independent Directors to be appointed is given below:

**Hanne Birgitte Breinbjerg Sorensen** has held various senior level executive positions within the AP Moller-Maersk A/S Group in Denmark over a twenty-three year career. In her most recent executive roles, she was CEO of Damco, a Dutch Supply Chain Management company from 2014-2016 and prior to that, the CEO of Maersk Tankers, one of the world’s largest company in transportation of refined oil products. She is presently on the Board of Tata Motors Limited, Jaguar Land Rover Automotive Plc, Delhivery Private Limited, Ferrovial S.A., LafargeHolcim Limited and Sulzer Limited. She is a Danish national, born in 1965 and holds a Master’s Degree in Economics and Management from the University of Aarhus.

**Keki Minoo Mistry** is Vice Chairman & Chief Executive Officer of HDFC Limited and brings with him nearly four decades of rich experience in the banking and financial services domain. He has played a critical role in the successful transformation of HDFC as one of India’s leading financial services conglomerate by facilitating the formation of group companies in banking, asset management and insurance. Besides being on the Board of several HDFC Group companies, he is also on the Board of Torrent Power Ltd., CDC Group (London) and Greatship (India) Ltd. He was a Member on SEBI’s Corporate Governance Committee. He is currently the Chairman of CII National Council on Corporate Governance and a member of Primary Market Advisory Committee set up by Securities and Exchange Board of India and has received several awards and recognitions. Born in 1954, he holds a Bachelor’s Degree in Commerce from the Mumbai University and is a Fellow Member of the Institute of Chartered Accountants of India.

**Don Callahan** is a transformative leader with broad experience in driving strategic change across large global organizations, dealing with multiple stakeholders in local and national governments and regulatory bodies. He was the Chief Administrative Officer and Head of Operations and Technology at Citigroup and was a member of Citi’s Operating Committee until November 2018. He played an important role in transforming Citigroup’s Operations and Technology from a loose federation of independent and dispersed entities into a lean, globally integrated enterprise. Prior to joining Citi in 2007, he held senior level positions in IBM Japan, Morgan Stanley and Credit Suisse. Born in 1956, he holds a Bachelor’s Degree in Arts from Manhattanville College.

Further details and current directorships of the above Directors are provided in the Annexure to this Notice.

In compliance with the provisions of Section 149, read with Schedule IV of the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the appointments of Hanne Birgitte Breinbjerg Sorensen, Keki Minoo Mistry and Don Callahan as Independent Directors are now being placed before the Members for their approval.

The Board recommends the Resolutions at Item Nos. 4, 5 and 6 of this Notice for approval of the Members.

Hanne Birgitte Breinbjerg Sorensen, Keki Minoo Mistry and Don Callahan and their respective relatives, are concerned or interested, in the Resolutions relating to their own appointment. None of the other Directors and Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, in the Resolutions set out at Item Nos. 4, 5 and 6 of the Notice.

**Item No 7:**

Based on recommendation of Nomination and Remuneration Committee, the Board of Directors proposes the re-appointment of Om Prakash Bhatt (DIN 00548091) as Independent Director, for a second term of five years from June 27, 2019 to June 26, 2024, not liable to retire by rotation. Om Prakash Bhatt was appointed as Independent Director at the nineteenth Annual General Meeting ("AGM") of the Company and holds office up to June 26, 2019. The Company has, in terms of Section 160(1) of the Act received in writing a notice from a Member, proposing his candidature for the office of Director.

The Board, based on the performance evaluation and recommendation of Nomination and Remuneration Committee, considers that given his background, experience and contribution, the continued association of Om Prakash Bhatt would be beneficial to the Company and it is desirable to continue to avail his services as Independent Director.

The Company has received a declaration from him to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). In terms of Regulation 25(8) of SEBI Listing Regulations, he has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties.

In the opinion of the Board, he fulfills the conditions specified in the Act and SEBI Listing Regulations for appointment as an Independent Director and is independent of the management of the Company. The terms and conditions of his appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day (except Saturday) and will also be kept open at the venue of the AGM till the conclusion of the AGM.

**Om Prakash Bhatt** is a graduate in Science and a post graduate in English Literature. He has served as Chairman, State Bank Group, which includes State Bank of India (SBI), one of India's largest commercial bank; five associate banks in India; five overseas banks; SBI Life, one of India's largest private life insurer; SBI Capital Markets, India's leading investment bank; SBI Fund Management; and other subsidiaries spanning diverse activities from general insurance to custodial services. He led SBI during challenging times. Under his leadership, SBI rose on the global list rankings of Fortune 500 companies. He was also Chairman of Indian Banks' Association, the apex body of Indian banks and has served India's economic diplomacy as Government's nominee on the India-US CEO Forum, Indo French CEO Forum and Indo-Russia CEO Forum, forging links with a cross section of the world's business leaders. He was a Governor on the Board of Centre for Creative Leadership, USA. He was nominated 'Banker of the Year' by Business Standard and 'Indian of the Year for Business' in 2007 by CNN-IBN. Further details and current directorships have been given in the Annexure to this Notice.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the re-appointment of Om Prakash Bhatt as Independent Director is now being placed before the Members for their approval by way of Special Resolution.

The Board recommends the Special Resolution at Item No. 7 of this Notice for approval of the Members.

Except Om Prakash Bhatt and his relatives, none of the Directors and Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, in the Resolution set out at Item No. 7 of the Notice.

**Item No. 8:**

Section 197 of the Act permits payment of remuneration to Non-Executive Directors of a Company by way of commission, if the Company authorises such payment by way of a resolution of Members. Regulation 17(6)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 authorises the Board of Directors to recommend all fees and compensation, if any, to Non-Executive Directors, including Independent Directors and shall require approval of members in general meeting. The Members of the Company at the nineteenth Annual General Meeting of the Company held on June 27, 2014, approved of the payment of commission to Non-Executive Directors of the Company not exceeding one percent per annum of the net profits of the Company for a period of five years commencing from April 1, 2014.

Considering the rich experience and expertise brought to the Board by the Non-Executive Directors, it is proposed that remuneration not exceeding one percent per annum of the net profits of the Company calculated in accordance with provisions of Section 197 of the Act, be continued to be paid and distributed amongst the Non-Executive Directors of the Company in accordance with the recommendations of the Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

Such payment will be in addition to the sitting fees for attending Board/Committee meetings. The Board recommends the Resolution at Item No. 8 of the accompanying Notice for approval by the Members.

All the Directors of the Company and their relatives (except the Chief Executive Officer and Managing Director and his relatives) are concerned or interested in the Resolution at Item No. 8 of the Notice to the extent of the remuneration that may be received by each of these Directors.

None of the Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the Resolution at Item No. 8 of the Notice.

By Order of the Board of Directors

**RAJENDRA MOHOLKAR**
Company Secretary

Mumbai, April 12, 2019

**Registered Office:**
9th Floor, Nirmal Building, Nariman Point, Mumbai 400 021
CIN: L22210MH1995PLC084781
Tel: 91 22 6778 9595
Email: investor.relations@tcs.com Website: www.tcs.com

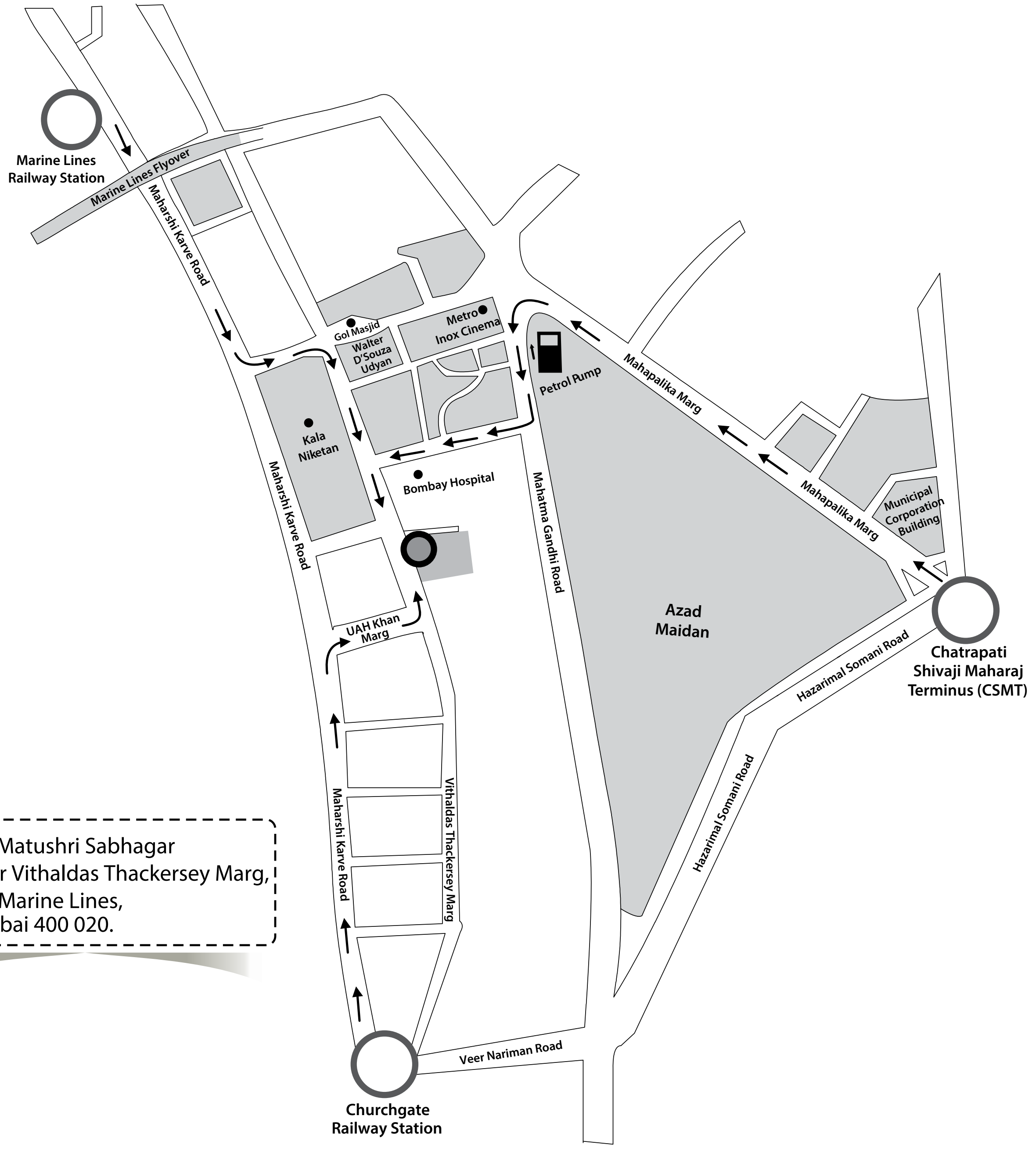
## Details of Directors seeking appointment/re-appointment at the Annual General Meeting

| Particulars | N Ganapathy Subramaniam | Hanne Birgitte Breinbjerg Sorensen | Keki Minoo Mistry | Don Callahan | Om Prakash Bhatt |
|---|---|---|---|---|---|
| Date of Birth | May 20, 1959 | September 18, 1965 | November 7, 1954 | May 16, 1956 | March 7, 1951 |
| Date of Appointment | February 21, 2017 | December 18, 2018 | December 18, 2018 | January 10, 2019 | April 2, 2012 |
| Qualifications | Master's Degree in Mathematics | Master's Degree in Economics and Management | Bachelor's Degree in Commerce and a Fellow Member of the Institute of Chartered Accountants of India. | Bachelor's Degree in Arts | Graduate Degree in Science, Post Graduate Degree in English Literature |
| Expertise in specific functional areas | Wide experience in Information Technology | Wide experience in Transportation, Supply chain and various Industrial sectors | Wide experience in Banking and Financial services sectors | Wide experience in Banking and Financial services sectors and Information Technology | Wide experience in Banking and Financial Markets |
| Directorships held in other public companies (excluding foreign companies and Section 8 companies) | Tata Elxsi Limited | Tata Motors Limited | • Housing Development Finance Corporation Limited<br>• HDFC Bank Limited<br>• Torrent Power Limited<br>• Greatship (India) Limited<br>• GRUH Finance Limited<br>• HDFC Life Insurance Company Limited<br>• HDFC Asset Management Company limited<br>• HDFC ERGO General Insurance Company Limited | – | • Hindustan Unilever Limited<br>• Tata Steel Limited<br>• Tata Motors Limited |
| Memberships / Chairmanships of committees of other public companies | **Nomination and Remuneration Committee**<br>• Tata Elxsi Limited | **Stakeholders' Relationship Committee**<br>• Tata Motors Limited<br>**Risk Committee**<br>• Tata Motors Limited* | **Audit Committee**<br>• Torrent Power Limited*<br>• Greatship (India) Limited*<br>• GRUH Finance Limited<br>• HDFC Life Insurance Company Limited<br>• HDFC Asset Management Company Limited<br>• HDFC ERGO General Insurance Company Limited<br>**Stakeholders' Relationship Committee**<br>• HDFC Life Insurance Company Limited*<br>**Nomination and Remuneration Committee**<br>• HDFC Life Insurance Company Limited<br>• HDFC ERGO General Insurance Company Limited<br>**Risk Management Committee**<br>• HDFC ERGO General Insurance Company Limited<br>• HDFC Asset Management Company Limited<br>• Housing Development Finance Corporation Limited<br>**Corporate Social Responsibility Committee**<br>• Housing Development Finance Corporation Limited | – | **Audit Committee**<br>• Hindustan Unilever Limited<br>• Tata Steel Limited*<br>• Tata Motors Limited<br>**Stakeholders' Relationship Committee**<br>• Hindustan Unilever Limited*<br>**Nomination and Remuneration Committee**<br>• Hindustan Unilever Limited<br>• Tata Steel Limited<br>• Tata Motors Limited*<br>**Risk Management Committee**<br>• Tata Steel Limited*<br>**Corporate Social Responsibility Committee**<br>• Hindustan Unilever Limited*<br>• Tata Steel Limited<br>• Tata Motors Limited* |
| Number of shares held in the Company | 197,760 | – | 4,078 | – | – |

*Chairman of the Committee

For other details such as the number of meetings of the board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above directors, please refer to the Corporate Governance Report which is a part of this Annual Report.

# Route Map to the AGM Venue




Birla Matushri Sabhagar
19, Sir Vithaldas Thackersey Marg,
New Marine Lines,
Mumbai 400 020.

# Directors' **Report**

To the Members,

The Directors present the Annual Report of Tata Consultancy Services Limited (the Company or TCS) along with the audited financial statements for the financial year ended March 31, 2019. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

## 1. Financial results

(₹ crore)

| | Unconsolidated | | Consolidated | |
|---|---|---|---|---|
| | **Financial Year 2018-19 (FY 2019)** | Financial Year 2017-18 (FY 2018) | **Financial Year 2018-19 (FY 2019)** | Financial Year 2017-18 (FY 2018) |
| Revenue | **123,170** | 97,356 | **146,463** | 123,104 |
| Other income | **7,627** | 5,803 | **4,311** | 3,642 |
| **Total income** | **130,797** | 103,159 | **150,774** | 126,746 |
| **Expenses** | | | | |
| Operating expenditure | **88,206** | 69,551 | **106,957** | 90,588 |
| Depreciation and amortization expense | **1,716** | 1,647 | **2,056** | 2,014 |
| **Total expenses** | **89,922** | 71,198 | **109,013** | 92,602 |
| Profit before finance cost and tax | **40,875** | 31,961 | **41,761** | 34,144 |
| Finance costs | **170** | 30 | **198** | 52 |
| **Profit before tax (PBT)** | **40,705** | 31,931 | **41,563** | 34,092 |
| Tax expense | **10,640** | 6,690 | **10,001** | 8,212 |
| **Profit for the year** | **30,065** | 25,241 | **31,562** | 25,880 |
| **Attributable to:** | | | | |
| Shareholders of the Company | **30,065** | 25,241 | **31,472** | 25,826 |
| Non-controlling interests | **NA** | NA | **90** | 54 |
| **Opening balance of retained earnings** | **74,080** | 65,965 | **79,755** | 71,071 |
| Profit for the year | **30,065** | 25,241 | **31,472** | 25,826 |
| Other comprehensive income / (losses) | **(14)** | 86 | **(41)** | 102 |
| **Total comprehensive income** | **30,051** | 25,327 | **31,431** | 25,928 |
| Dividend (including tax on dividend) | **(11,424)** | (10,726) | **(11,424)** | (10,726) |
| Buy-back of equity shares | **(16,000)** | (4,963) | **(16,000)** | (4,963) |
| Expenses for buy-back of equity shares | **(45)** | (42) | **(45)** | (42) |
| Issue of bonus shares | **(86)** | - | **(86)** | - |
| Realized loss on equity shares carried at fair value through OCI | **(1)** | - | **(1)** | - |
| Transfer to Special Economic Zone re-investment reserve | **(2,750)** | (1,579) | **(2,750)** | (1,579) |
| Transfer from Special Economic Zone re-investment reserve | **3,334** | 98 | **3,334** | 98 |
| Transfer to reserves | **-** | - | **1,306** | (32) |
| **Closing balance of retained earnings** | **77,159** | 74,080 | **85,520** | 79,755 |

2. Issue of Bonus Shares

The Company allotted 1,914,287,591 equity shares as fully paid-up bonus shares in the ratio of 1:1 (one equity share for every one existing equity share held on the record date) to its shareholders on June 3, 2018, pursuant to a resolution passed by the shareholders on May 26, 2018 by postal ballot.

3. Buy-back of Equity Shares

In line with the practice of returning 80 to 100 percent free cash flow to shareholders, the Company completed its second buy-back of 76,190,476 equity shares at a price of ₹2,100 per equity share for an aggregate consideration of ₹16,000 crore. The offer size of the buy-back was 21.54 percent of the aggregate paid-up equity share capital and free reserves of the Company and represented 1.99 percent of the total issued and paid-up equity share capital of the Company. The buy-back process was completed and the shares were extinguished on September 26, 2018. The Company's first buy-back was completed in FY 2018.

4. Dividend

Based on the Company's performance, the Directors have recommended a final dividend of ₹18 per equity share for FY 2019 taking the total dividend to ₹30 per share. The total dividend paid for FY 2018 was ₹25 per share (adjusted for bonus issued in FY 2019). The final dividend on equity shares, if approved by the members, would involve a cash outflow of ₹8,142 crore, including dividend tax. The total dividend on equity shares including dividend tax for FY 2019 would aggregate ₹13,148 crore, resulting in a payout of 43.7 percent of the unconsolidated profits of the Company.

5. Transfer to reserves

The closing balance of the retained earnings of the Company for FY 2019, after all appropriation and adjustments was ₹77,159 crore.

6. Company's performance

On a consolidated basis, the revenue for FY 2019 was ₹146,463 crore, higher by 19.0 percent over the previous year's revenue of ₹123,104 crore. The profit after tax (PAT) attributable to shareholders and non-controlling interests for FY 2019 and FY 2018 was ₹31,562 crore and ₹25,880 crore respectively. The PAT attributable to shareholders for FY 2019 was ₹31,472 crore registering a growth of 21.9 percent over the PAT of ₹25,826 crore for FY 2018.

On an unconsolidated basis, the revenue for FY 2019 was ₹123,170 crore, higher by 26.5 percent over the previous year's revenue of ₹97,356 crore in FY 2018. The PAT attributable to shareholders for FY 2019 was ₹30,065 crore registering a growth of 19.1 percent over the PAT of ₹25,241 crore for FY 2018.

7. Human resource development

Your Company continued to focus on attracting new talent while investing in organic talent development to help employees acquire new skills, explore new roles and realize their potential.

The reimagined approach to learning and development has helped the Company train over 311,000 employees on digital technologies and over 348,000 employees on Agile methodologies.

The Company had a net addition of 29,287 employees globally, taking its total employee count to 424,285. Women make up 35.9 percent of the workforce, making your Company one of the largest employers of women in the world. A strong localization focus resulted in on-boarding of an all-time high number of local employees across all major markets in FY 2019. The diverse workforce now has 147 nationalities.

Progressive HR policies and ongoing employee engagement initiatives, guided by our OneTCS culture, have made your Company an industry benchmark for talent retention. Attrition in FY 2019 was 11.3 percent for IT Services. The Company's internal employee satisfaction survey PULSE showed the highest employee satisfaction and engagement scores in the last 10 years.

This year, the Company democratized campus hiring with an all India TCS National Qualifier Test administered using the TCS iON Assessment Platform. This was open to any student across India who aspired to join TCS. The test saw participation by 280,000 students from 1,800 colleges.

8. Quality initiatives

The Company continues to sustain its commitment to the highest levels of quality, superior service management, robust information security practices and mature business continuity management. In FY 2019, the Company successfully completed the annual ISO surveillance audit and retained the enterprise-wide ISO certification for ISO 9001:2015, ISO 20000:2011, ISO 27001:2013 and ISO 22301:2012 standards. The Company successfully completed the compliance check for ISO 27017:2015 / 27018:2014 (Security controls for cloud services) standards. The Company continues to maintain the industry specific quality certifications - AS 9100 (Aerospace Industry), ISO 13485 (Medical Devices) and TL 9000 (Telecom Industry). The Company successfully completed the enterprise-wide surveillance assessment for ISO 30105:2016 (ITES/BPS Life cycle process requirements for Service Providers), enterprise-wide annual SSAE 18 (Statement on Standards for Attestation Engagements) and ISAE 3402 - SOC 1 and SOC 2 assessment for Business Process Services.

The Company successfully completed Maturity Level 3 of the Automotive SPICE V3.1 (Automotive Software Process Improvement and Capability Determination) assessment for automotive domain projects for Engineering Services.

TCS' integrated Quality Management System (iQMS™) continues to enable outstanding value and experience to our customers. iQMS™ is continually enhanced for emerging service offerings, new delivery methodologies, industry best practices and latest technologies. iQMS™ has been updated to conform to the General Data Protection Regulation (GDPR) requirements.

Our customer-centricity, rigor in operations, and focus on delivery excellence have resulted in consistent improvements in customer satisfaction levels in the periodic surveys conducted by the Company. This is validated by top rankings in third-party surveys as well.

## 9. Subsidiary companies

The Company has 50 subsidiaries as on March 31, 2019. There are no associates or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries.

On October 31, 2018, the Company acquired 100% stake in W12 Studios Limited, an UK based company. W12 Studios brings with it an award-winning digital design studio based in London.

Further, CMC eBiz, Inc., a subsidiary of CMC Americas, Inc., a US based subsidiary of the Company was voluntarily dissolved with effect from June 19, 2018. There were no employees or business operations in the dissolved subsidiary.

Pursuant to the provisions of Section 129(3) of the Act, a statement containing the salient features of financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company.

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited financial statements in respect of subsidiaries, are available on the website of the Company https://www.tcs.com/investor-relations.

## 10. Directors' responsibility statement

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of its knowledge and ability, confirm that:

i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
iv. they have prepared the annual accounts on a going concern basis;
v. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2019.

## 11. Directors and key managerial personnel

Hanne Sorensen and Keki Mistry were appointed as additional and independent directors with effect from December 18, 2018. Don Callahan was appointed as additional and independent director with effect from January 10, 2019. A resolution seeking shareholders' approval for their appointment forms a part of the Notice.

N Ganapathy Subramaniam retires by rotation and being eligible, offers himself for re-appointment. A resolution seeking shareholders' approval for his re-appointment forms part of the Notice.

O P Bhatt was appointed as an independent director at the nineteenth Annual General Meeting (AGM) held on June 27, 2014 for a period of five years. Based on the recommendation of the Nomination and Remuneration Committee, his re-appointment for a second term of five years is proposed at the ensuing AGM for the approval of the Members by way of special resolution.

During the year, V Thyagarajan relinquished the position of independent director with effect from July 10, 2018 as part of the Board succession planning. Prof Clayton M Christensen relinquished the position of independent director with effect from September 28, 2018 due to personal reasons. Aman Mehta and Dr Ron Sommer were appointed as independent directors at the nineteenth AGM of the Company held on June 27, 2014 for the period of five years and are holding office till June 26, 2019. The Board places on record its appreciation for their invaluable contribution and guidance.

Pursuant to the provisions of Section 149 of the Act, the independent directors have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). There has been no change in the circumstances affecting their status as independent directors of the Company.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/Committee of the Company.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2019 are: Rajesh Gopinathan, Chief Executive Officer and Managing Director, N Ganapathy Subramaniam, Chief Operating Officer and Executive Director, Ramakrishnan V, Chief Financial Officer and Rajendra Moholkar, Company Secretary.

## 12. Number of meetings of the Board

Six meetings of the Board were held during the year under review. For details of meetings of the Board, please refer to the Corporate Governance Report, which is a part of this report.

## 13. Board evaluation

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Act and SEBI Listing Regulations.

The performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc.

The above criteria are based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017

In a separate meeting of independent directors, performance of non-independent directors, the board as a whole and the Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In the board meeting that followed the meeting of the independent directors and meeting of Nomination and Remuneration Committee, the performance of the board, its committees, and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

### 14. Policy on directors' appointment and remuneration and other details

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which is a part of this report and is also available on https://www.tcs.com.

### 15. Internal financial control systems and their adequacy

The details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis, which is a part of this report.

### 16. Audit committee

The details pertaining to the composition of the audit committee are included in the Corporate Governance Report, which is a part of this report.

### 17. Auditors

At the twenty-second AGM held on June 16, 2017 the Members approved appointment of B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the twenty-seventh AGM, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM and a note in respect of same has been included in the Notice for this AGM.

### 18. Auditor's report and secretarial audit report

The statutory auditor's report and the secretarial audit report do not contain any qualifications, reservations, or adverse remarks or disclaimer. Secretarial audit report is attached to this report.

### 19. Risk management

The Board of Directors of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The development and implementation of risk management policy has been covered in the Management Discussion and Analysis, which forms part of this report.

### 20. Particulars of loans, guarantees and investments

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

### 21. Transactions with related parties

None of the transactions with related parties falls under the scope of Section 188(1) of the Act. The information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure I** in Form No. AOC-2 and the same forms part of this report.

### 22. Corporate Social Responsibility

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year under review are set out in **Annexure II** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which is a part of this report. The CSR policy is available on https://on.tcs.com/Global-CSR-Policy.

### 23. Extract of annual return

As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the extract of the annual return for FY 2019 is given in **Annexure III** in the prescribed Form No. MGT-9, which is a part of this report. The same is available on https://on.tcs.com/annual-return-18-19.

## 24. Particulars of employees

The information required under Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given below:

a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company and percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary in the financial year:

| Name | Ratio to median remuneration | % increase in remuneration in the financial year |
|---|---|---|
| **Non-executive directors** | | |
| N Chandrasekaran[@] | - | - |
| Aman Mehta | 51.55 | 5.00 |
| V Thyagarajan* | ^ | ^ |
| Prof Clayton M Christensen** | ^ | ^ |
| Dr Ron Sommer | 36.00 | 4.76 |
| O P Bhatt | 35.18 | 7.50 |
| Aarthi Subramanian[@@] | - | - |
| Dr Pradeep Kumar Khosla | 24.55 | ^^ |
| Hanne Sorensen*** | ^ | ^ |
| Keki Mistry*** | ^ | ^ |
| Don Callahan**** | ^ | ^ |
| **Executive directors** | | |
| Rajesh Gopinathan | 262.30 | 28.31 |
| N Ganapathy Subramaniam | 190.01 | 24.88 |
| **Chief Financial Officer** | | |
| Ramakrishnan V | - | 22.58 |
| **Company Secretary** | | |
| Rajendra Moholkar | - | 18.23 |

@ As a policy, N Chandrasekaran, Chairman, has abstained from receiving commission from the Company and hence not stated.

@@ In line with the internal guidelines of the Company, no payment is made towards commission to the Non-Executive Directors of the Company, who are in full time employment with any other Tata company and hence not stated.

* Relinquished the position of Independent Director w.e.f. July 10, 2018.

** Relinquished the position of Independent Director w.e.f. September 28, 2018.

*** Appointed as an Additional and Independent Director w.e.f. December 18, 2018.

**** Appointed as an Additional and Independent Director w.e.f. January 10, 2019.

^ Since the remuneration is only for part of the year, the ratio of their remuneration to median remuneration and percentage increase in remuneration is not comparable and hence, not stated.

^^ Remuneration received in FY 2019 is not comparable with remuneration received in FY 2018 and hence, not stated.

b. The percentage increase in the median remuneration of employees in the financial year: 3.70 percent

c. The number of permanent employees on the rolls of Company: 424,285

d. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average annual increase was 6 percent in India. However, during the course of the year, the total increase is approximately 7.2 percent, after accounting for promotions and other event based compensation revisions. Employees outside India received a wage increase varying from 2 percent to 5 percent. The increase in remuneration is in line with the market trends in the respective countries.

Increase in the managerial remuneration for the year was 14.66 percent.

e. **Affirmation that the remuneration is as per the remuneration policy of the Company:**

The Company affirms that the remuneration is as per the remuneration policy of the Company.

f. The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any Member interested in obtaining a copy of the same may write to the Company Secretary.

## 25. Disclosure requirements

As per SEBI Listing Regulations, the Corporate Governance Report with the Auditors' Certificate thereon, and the Management Discussion and Analysis are attached, which forms part of this report.

As per Regulation 34 of the SEBI Listing Regulations, a Business Responsibility Report is attached and is a part of this Annual Report.

As per Regulation 43A of the SEBI Listing Regulations, the Dividend Distribution Policy is disclosed in the Corporate Governance Report and is uploaded on the Company's website https://www.tcs.com/content/dam/tcs/pdf/discover-tcs/investor-relations/faq/TCS-Dividend-Distribution-Policy.pdf.

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

## 26. Deposits from public

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

## 27. Conservation of energy, technology absorption, foreign exchange earnings and outgo

### Conservation of energy:

Energy continues to be a material aspect from climate change as well as operational perspective. TCS' commitment to decouple energy and carbon footprint from business growth reflects in the reduction in specific consumption that TCS has delivered year-on-year. FY 2019 saw addition of more green buildings into office infrastructure, addition of roof top solar system in offices, optimization of IT power usage as well as higher operational efficiency augmented through machine learning based cognitive algorithms on TCS IoT platform.

The commitment towards energy was reinforced as TCS went in for Energy Management System certification as per ISO 50001:2011 for its campus at Pune (Sahayadri Park) and the same was recommended for certification. TCS is the first IT services company in India to have achieved this certification. The management system gives the tool to look at energy efficiency in a more systematic manner and helps drive continual improvement.

The TCS IoT platform has been further enhanced to acquire Indoor Air Quality (IAQ) data – indoor $CO_2$ levels, temperature and relative humidity. This helps ensure that the IAQ parameters inside TCS facilities are maintained within acceptable limits to ensure a healthy and conducive work environment for the associates. Renewable energy used in the Company's offices increased to 10.1 percent from 8.45 percent in the last year. During the year under review, Company added 1.7 MW of rooftop solar system across four locations, with plans to add another 3 MW in the coming year. On data center power management, Company successfully reduced the Power Utilization Efficiency (PUE) of the 23 data centers to 1.67 from 1.71 in FY 2019. Data Center/server room consolidation was a key enabler towards achieving this efficiency.

These initiatives collectively resulted in the Company's specific energy consumption reducing by ~6.5 percent and specific carbon footprint reducing by ~8.1 percent, as compared to FY 2018, on a per FTE (full time equivalent) basis.

### Technology absorption, adaption and innovation:

The Company continues to adopt and use the latest technologies to improve the productivity and quality of its services and products. The Company's operations do not require significant import of technology.

### Research & Development (R&D): Specific areas in which R&D was carried out by the Company

TCS Research and Innovation continued its alignment to the Company's business strategy and customer expectations manifest in the Business 4.0 framework. Agility in processes and enablers for a Machine First Delivery Model have been in focus.

TCS has continued to invest in foundational research in Artificial Intelligence (AI), Deep Learning and high performance Computing Systems, to further Machine First Delivery Models. Research and innovation (R&I) programs created business impact across domains. TCS' Knowledge Extraction Framework was deployed for a large retail customer in the Middle East. The Compliance Automation was piloted for a leading European Bank. The Physical Sciences team is working closely with a mining company, providing deep insights into molecular modeling. The Data and Decision Sciences team provided an award winning solution for a CPG supply chain customer using reinforcement learning. The drone program from the incubation team had many successful client engagements. Ignio™, a cognitive platform was significantly enhanced in FY 2019. Using its Machine-First™ approach, the platform enables customers transform underlying technology operations and enhance productivity. The MasterCraft Suite sees continuing investment, and has 100+ active customers. Jile 2.0, the agile planning, delivery and transformation offering, was launched. R&I was a clear differentiator to many business opportunities in FY 2019.

R&I also provided enablers to further digitize and automate TCS' own processes. R&I provided inputs for the TCS National Qualifier Test which has opened up the TCS entry test to talented youth even in remote parts of India. Season Seven of TCS' CodeVita Contest, run on an improved coding platform, saw 210,000 participants build and submit 850,000 pieces of code.

Research, innovation, the contextual knowledge within the units, the portfolio of intellectual property help TCS gain significant market share as well as mind share. To further strengthen delivery of research, innovation, business and technology transformations in close collaboration with the customer, the Company launched TCS Pace™ as an umbrella brand, and physical spaces called TCS Pace Port™. These hubs will be flexible modular spaces, featuring innovation showcases, co-innovation network, start-up accelerators, collaborative Think Spaces, Academic Research Spaces and Agile Workspaces, designed to ignite collaborative experimentation, research and rapid product prototyping along with customers, partners and academia. The first TCS Pace Port™ was launched in Tokyo.

TCS leveraged both the Academic Research Ecosystem and the Emerging Technology ecosystem for collaborative research as part of its Co-Innovation (TCS COIN™) Program. Your Company continues to collaborate significantly with existing global academic partners and premier Indian institutes. Emerging Technology COIN continued its interactions with innovation ecosystems in Americas, Europe and Asia.

The Company continued to foster its culture of innovation, providing all employees the opportunity to innovate and receive recognition. The TCS Innovista competition attracted 3600+ entries across business units. An innovation challenge per week was held to solve customer problems with associates participating across the Company.

TCS R&I remained closely connected to customers through events in different geographies. The TCS Innovation Forum was held in New York City, Mexico City, London and Edinburgh attracting 700+ customers, partners and technology experts. TCS hosted "The TCS Slush Experience" a curated pitching session to connect to TCS customers to some breakthrough technology companies at "Slush", the biggest start-up event in Europe. TCS Innovation Days and workshops were held for customers in various geographies. Pilot and proofs of concept implementations resulted from these connects.

TCS R&I leadership continued to lead National Task Forces in areas like AI and 5G. TCS Researchers presented 200+ papers in premier conferences, have written books and book chapters through the year. The Company released a book of essays titled "Reimagining Research" describing several of its key research projects. Over a dozen researchers won best paper awards. TCS Incubation team won the 2018 NASA Space Apps Challenge.

TCS R&I solutions won a number of awards. At the 13$^{th}$ edition of TATA Innovista (2018) TCS won five awards across categories. TCS Research won the first place for modeling results in an (Additive Manufacture) AM-Bench 2018 Benchmark Challenge conducted by the National Institute of Standards and Technology (NIST), USA. TCS Optumera™ received the Best Machine Learning/Artificial Intelligence Implementation Award at Cypher 2018 as well as the

"Best Application of AI in the Enterprise Category" award at The AIconics; Verification by Abstraction and Test Generation emerged winner in the International Competition on Software Verification 2019 held at TACAS in Prague, Czech Republic. TCS' Digital Twin Solution won the IT Innovation - Express IT Award. The TCS digital assistive solution to improve physiotherapy regimen for children with locomotor disabilities won several awards and was deployed jointly in a TCS client's program at a rehabilitation center.

As of March 31, 2019, the Company has applied for 4,596 patents cumulatively. Till date the Company has been granted 946 patents.

### Future Plan of Action

Business 4.0 and its enabling technologies, digital reimagination of industry and society, and industrialization of software and computing will continue to be the focus of TCS R&I. Engagement with all its businesses, with its Co-Innovation Network, and with society at large will continue.

### Expenditure on R&D

TCS Innovation Labs are located in India and other parts of the world. These R&D centers, as certified by Department of Scientific & Industrial Research (DSIR) function from Pune, Chennai, Bengaluru, Delhi- NCR, Hyderabad, Kolkata and Mumbai.

Expenditure incurred in the R&D centers and innovation centers during FY 2019 and FY 2018 are given below:

(₹ crore)

| Expenditure on R&D and innovation | | Unconsolidated | | Consolidated | |
|---|---|---|---|---|---|
| | | FY 2019 | FY 2018 | FY 2019 | FY 2018 |
| a. | Capital | **2** | - | **2** | - |
| b. | Recurring | **303** | 295 | **306** | 298 |
| c. | Total R&D expenditure (a+b) | **305** | 295 | **308** | 298 |
| d. | Innovation center expenditure | **1,285** | 1,079 | **1,352** | 1,202 |
| e. | Total R&D and innovation expenditure (c+d) | **1,590** | 1,374 | **1,660** | 1,500 |
| f. | R&D and innovation expenditure as a percentage of total turnover | **1.3%** | 1.4% | **1.1%** | 1.2% |

### Foreign exchange earnings and outgo

Export revenue constituted 93.3 percent of the total unconsolidated revenue in FY 2019 (92.2 percent in FY 2018).

(₹ crore)

| Foreign exchange earnings and outgo | | FY 2019 | FY 2018 |
|---|---|---|---|
| a. | Foreign exchange earnings | **119,499** | 92,258 |
| b. | CIF Value of imports | **447** | 768 |
| c. | Expenditure in foreign currency | **49,336** | 33,014 |

## 28. Acknowledgments

The Directors thank the Company's employees, customers, vendors, investors and academic partners for their continuous support.

The Directors also thank the Government of India, Governments of various states in India, Governments of various countries and concerned Government departments and agencies for their co-operation.

The Directors appreciate and value the contribution made by every member of the TCS family.

On behalf of the Board of Directors

**N Chandrasekaran**
Chairman

Mumbai, April 12, 2019

Annexure I

# Form No. AOC-2

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

Form for disclosure of particulars of contracts or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under fourth proviso thereto:

1. **Details of contracts or arrangements or transactions not at arm's length basis:** Tata Consultancy Services Limited (the Company) has not entered into any contract/arrangement/transaction with its related parties, which is not in ordinary course of business or at arm's length during FY 2019. The Company has laid down policies and processes/ procedures so as to ensure compliance to the subject section in the Companies Act, 2013 (Act) and the corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.
   (a) Name(s) of the related party and nature of relationship: Not Applicable
   (b) Nature of contracts/arrangements/transactions: Not Applicable
   (c) Duration of the contracts/arrangements/transactions: Not Applicable
   (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
   (e) Justification for entering into such contracts or arrangements or transactions: Not Applicable
   (f) Date(s) of approval by the Board: Not Applicable
   (g) Amount paid as advances, if any: Not Applicable
   (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: Not Applicable
2. **Details of material contracts or arrangement or transactions at arm's length basis:**
   (a) Name(s) of the related party and nature of relationship: Not Applicable
   (b) Nature of contracts/arrangements/transactions: Not Applicable
   (c) Duration of the contracts/arrangements/transactions: Not Applicable
   (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
   (e) Date(s) of approval by the Board, if any: Not Applicable
   (f) Amount paid as advances, if any: None

Note: All related party transactions are benchmarked for arm's length, approved by Audit Committee and reviewed by Statutory Auditors. The above disclosures on material transactions are based on threshold of 10 percent of consolidated turnover and considering wholly owned subsidiaries are exempt for the purpose of Section 188(1) of the Act.

On behalf of the Board of Directors

**N Chandrasekaran**
Chairman

Mumbai, April 12, 2019

Annexure II

# Annual Report on CSR Activities

**A brief outline of the Company's Corporate Social Responsibility (CSR) policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

The guiding principle of TCS' CSR programs is "Impact through Empowerment". Empowerment results in enabling people to lead a better life. The Company's focus areas are Education and Skill Development, Health and Wellness and Environmental Sustainability. In addition, the Company has been supporting the restoration of heritage sites as well as participating in relief operations during natural disasters.

The Company's participation focuses on operations where it can contribute meaningfully either through employee volunteering or by using core competency which develops solutions. In addition, for key engagements, it also partners with other Tata entities, NGOs, Government and clients.

The communities that the Company chooses are economically backward, and consist of marginalized groups (like women, children and aged) and differently abled. In addition, the Affirmative Action programs of the Company in India are directed towards SC/ST communities as defined by the Government of India.

The projects undertaken are within the broad framework of Schedule VII of the Companies Act, 2013. Details of the CSR policy and projects or programs undertaken by the Company are available on links given below:

https://on.tcs.com/Global-CSR-Policy

https://www.tcs.com/community-initiatives-and-impact

1. **The composition of the CSR committee:** The Company has a CSR committee of directors comprising N Chandrasekaran, Chairman of the Committee, O P Bhatt, Rajesh Gopinathan and Aarthi Subramanian.
2. **Average net profit of the company for last three financial years for the purpose of computation of CSR:** ₹27,078 crore.
3. **Prescribed CSR Expenditure (two per cent of the amount as in item 2 above):** ₹542 crore.
4. **Details of CSR spent during the financial year:**
    a. **Total amount to be spent for the financial year:** ₹542 crore

    b. **Amount unspent:** ₹108 crore

    Company spends amount on projects keeping in mind sustainability, impact on the desired recipients,and efficacy of implementing agencies. Considering the multi year projects, total amount to be spent and the extent of due diligence to be performed, the Company is focusing on select projects to ensure maximum impact to society. The Company also spends actively in various communities and on social initiatives in the countries it operates in. These expenditures, while in the nature of CSR spend, do not qualify under Section 135 of the Companies Act 2013. The total CSR spend of the Company for FY 2019 including both the nature of expenses is ₹527 crore.

    c. **Manner in which the amount spent during the financial year:** Annexed
5. **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

    Please refer to item no. 4(b) above.
6. **A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.**

    We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and CSR policy of the Company.

| | |
|---|---|
| **Rajesh Gopinathan** | **N Chandrasekaran** |
| Chief Executive Officer and Managing Director | Chairman, Corporate Social Responsibility Committee |

Mumbai, April 12, 2019

4 (c) Manner in which amount spent during the financial year is detailed below:

(₹ crore)

| Sr. No. | CSR Project or Activity identified | Sector in which project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount Outlay (budget) project or program wise | Amount spent on the projects or program Subheads : (1) Direct Expenditure (2) Overheads | Cumulative Expenditure up to the reporting period | Amount Spent : Direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 1 | Training and educating children, women, elderly, differently abled, scholarships, special education and increasing employability | Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects, measures for reducing inequalities faced by socially and economically backward groups | Pan India | 314 | 36 | 283 | Through implementing agency |
| 2 | Disaster Relief, technical support for Hospitals including Cancer Institutes, promoting hygenic sanitation. | Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water | Pan India | 677 | 296 | 606 | Through implementing agency |
| 3 | Water conservation through desilting, repair and maintenance of lakes,watershed restoration for sustainability and flood protection | Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga | Pan India | 16 | 3 | 5 | Direct |
| 4 | Contribution to TCS Foundation | Various sectors covered by Schedule VII of the Companies Act, 2013 | Pan India | 584 | 92 | 582 | Through implementing agency |
| | **Sub-total** | | | **1,591** | **427** | **1,476** | |
| | Overheads for various CSR initiatives | | | | 7 | | |
| | **Total CSR Spend** | | | | **434** | | |

**Note:** With respect to the projects identified by the Company as a part of its CSR activities, the Company had an outlay of ₹1,600 crore against which a cumulative expenditure of ₹1,483 crore has been incurred up to March 31, 2019.

Annexure III

# Form No. MGT-9
# Extract of Annual Return
# as on the financial year ended on March 31, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

i. CIN: L22210MH1995PLC084781

ii. Registration Date: January 19, 1995

iii. Name of the Company: Tata Consultancy Services Limited

iv. Category / Sub-Category of the Company: Company Limited by shares / Indian Non-Government Company

v. Address of the Registered office and contact details:

9th Floor, Nirmal Building,
Nariman Point,
Mumbai 400 021
Tel: 91 22 6778 9595
Email: investor.relations@tcs.com
Website: www.tcs.com

vi. Whether listed company: Yes

vii. Name, Address and Contact details of Registrar and Transfer Agent, if any:

TSR DARASHAW Limited
6-10, Haji Moosa Patrawala Industrial Estate
20, Dr. E. Moses Road
Mahalaxmi
Mumbai 400 011
Tel: 91 22 6656 8484
Fax: 91 22 6656 8494
Email: csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

| Sr. No. | Name and description of main products / services | NIC Code of the product / service | % to total turnover of the Company |
|---|---|---|---|
| 1. | Computer Programming, Consultancy and Related Activities | 620 | 100 |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1. | Tata Sons Private Limited<br>Bombay House, 24, Homi Modi Street, Mumbai, Maharashtra 400 001, India | U99999MH1917PTC000478 | Holding | 72.02 | 2(46) |
| 2. | APTOnline Limited<br>E-Park, No.1, Jubilee Gardens, Cyberabad, Hyderabad, Telangana 500081, India | U75142TG2002PLC039671 | Subsidiary | 89 | 2(87) |
| 3. | C-Edge Technologies Limited<br>Palm Centre, Banyan Park, Suren Road, Andheri East, Mumbai, Maharashtra 400093, India | U72900MH2006PLC159038 | - do - | 51 | 2(87) |
| 4. | MP Online Limited<br>No 4th Floor, OB 14 to 17 DB City Corporate Block , DB Mall Arera Hill, Bhopal 462011, Madhya Pradesh, India | U72400MP2006PLC018777 | - do - | 89 | 2(87) |
| 5. | TCS e-Serve International Limited<br>9th Floor, Nirmal Building, Nariman Point, Mumbai 400021, Maharashtra, India | U72300MH2007PLC240002 | - do - | 100 | 2(87) |
| 6. | MahaOnline Limited<br>Directorate of Information Technology, Mantralaya Annex, 7th Floor, Mumbai 400032, Maharashtra, India | U72900MH2010PLC206026 | - do - | 74 | 2(87) |
| 7. | TCS Foundation<br>9th Floor, Nirmal Building, Nariman Point, Mumbai 400021, Maharashtra, India | U74999MH2015NPL262710 | - do - | 100 | 2(87) |
| 8. | Tata Consultancy Services (Africa) (PTY) Ltd.<br>39 Ferguson Road, Illovo, Johannesburg 2196, South Africa | Not Applicable | - do - | 100 | 2(87) |
| 9. | Tata Consultancy Services (South Africa) (PTY) Ltd.<br>39 Ferguson Road, Illovo, Johannesburg 2196, South Africa | - do - | - do - | 100 | 2(87) |
| 10. | Tata Consultancy Services Qatar S. S. C.<br>935 Al Fardan Office Tower, Al Fardan 61, P.O. Box No. 31316, Doha, State of Qatar | - do - | -do- | 100 | 2(87) |
| 11. | Tata Consultancy Services Saudi Arabia<br>Akaria, Centre II, 7th Floor, Office No 712, Riyadh – 11372, Kingdom of Saudi Arabia | - do - | - do - | 76 | 2(87) |
| 12. | Tata Consultancy Services Asia Pacific Pte Ltd.<br>60, Anson Road, # 18-01,Mapletree Anson, Singapore 079914 | - do - | - do - | 100 | 2(87) |
| 13. | Tata Consultancy Services Malaysia Sdn Bhd<br>Level 8, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia | - do - | - do - | 100 | 2(87) |
| 14. | Tata Consultancy Services (China) Co., Ltd.<br>1st floor, Tower D 3rd Block Zhongguancun Software Park, Building No. 9, No. 8 Dongbeiwang West Road, Haidian District, Beijing, People's Republic of China | - do - | - do - | 93.20 | 2(87) |
| 15. | PT Tata Consultancy Services Indonesia<br>Gedung Menara Prima Lt.6 Unit F, Jl. Dr. Ide Anak Agung Gde Agung Blok 6.2, Kawasan Mega, Kuningan Kel. Kuningan Timur, Kec. Setiabudi Jakarta Selatan 12950, Indonesia | - do - | - do - | 100 | 2(87) |
| 16. | Tata Consultancy Services (Thailand) Limited<br>32/46, Sino-Thai Tower, 18th Floor, Sukhumvit 21 Road (Asoke) Road, Klongtoey-Nua Sub-District, Wattana District, Bangkok, Thailand | -do- | - do - | 100 | 2(87) |
| 17. | Tata Consultancy Services (Philippines) Inc.<br>10th Floor, Panorama Towers, 34th Street Corner, Lane A, Bonifacio Global City, Taguig City, Philippines 1634 | - do - | - do - | 100 | 2(87) |

| Sr. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 18. | Tata Consultancy Services Japan, Ltd.<br>4-1-4 Shibakoen, Minato Ku, Tokyo, Japan | Not Applicable | Subsidiary | 51 | 2(87) |
| 19. | Tata Consultancy Services Canada Inc.<br>400 University Avenue, 25th Floor, Toronto, Ontario M5G 1S5, Canada | - do - | - do - | 100 | 2(87) |
| 20. | Tata Consultancy Services De Espana S.A.<br>C/ Santa Leonor 65, Edificio F 2ª Planta 28037, Madrid, Spain | - do - | - do - | 100 | 2(87) |
| 21. | Tata Consultancy Services Deutschland GmbH<br>Messeturm, D-60308 Frankfurt a.M., Germany | - do - | - do - | 100 | 2(87) |
| 22. | Tata Consultancy Services Netherlands BV<br>Symphony Towers, 20th Floor, Gustav Mahlerplein 85-91, 1082 MS Amsterdam, The Netherlands | - do - | - do - | 100 | 2(87) |
| 23. | Tata Consultancy Services Sverige AB<br>Mäster Samuelsgatan, 42 SE 111 57, Sweden | - do - | - do - | 100 | 2(87) |
| 24. | Tata Consultancy Services Belgium<br>Lenneke Marelaan 6, 1932 Sint-Stevens-Woluwe, Belgium | - do - | - do - | 100 | 2(87) |
| 25. | TCS Italia s.r.l.<br>Corso Italia 1, Milano 20122, Italy | - do - | - do - | 100 | 2(87) |
| 26. | Diligenta Limited<br>Lynch Wood, Peterborough, Cambridgeshire, PE2 6FY, United Kingdom | - do - | - do - | 100 | 2(87) |
| 27. | Tata Consultancy Services (Portugal) Unipessoal Limitada<br>Av. José Gomes Ferreira, 15.7 U, 1495-139 Algés, Portugal | - do - | - do - | 100 | 2(87) |
| 28. | Tata Consultancy Services Luxembourg S.A.<br>Rue Pafebruch 89D, L - 8308 Capellen, Luxembourg | - do - | - do - | 100 | 2(87) |
| 29. | Tata Consultancy Services Switzerland Ltd<br>Thurgauerstrasse 36/38, 8050 Zurich, Switzerland | - do - | - do - | 100 | 2(87) |
| 30. | Tata Consultancy Services Osterreich GmbH<br>Orbi Tower, Thomas Klestil-Platz 13, 1030 Wien, Austria | - do - | - do - | 100 | 2(87) |
| 31. | Tata Consultancy Services Danmark ApS<br>C/o CityCallCenter ApS, Hammerensgade 1, 2, 1267 Kobenhavn K, Denmark | - do - | - do - | 100 | 2(87) |
| 32. | Tata Consultancy Services France SA<br>Tour Franklin-La Defense 8, 100/101 Terrasse Boieldieu -92042, La Defense Cedex, Paris, France | - do - | - do - | 100 | 2(87) |
| 33. | TCS FNS Pty Limited<br>Level 6, 76 Berry Street, North Sydney, NSW 2060 Australia | - do - | - do - | 100 | 2(87) |
| 34. | TCS Financial Solutions Australia Holdings Pty Limited<br>Level 6, 76 Berry Street, North Sydney, NSW 2060 Australia | - do - | - do - | 100 | 2(87) |
| 35. | TCS Financial Solutions Australia Pty Limited<br>Level 6, 76 Berry Street, North Sydney, NSW 2060 Australia | - do - | - do - | 100 | 2(87) |
| 36. | TCS Financial Solutions Beijing Co., Ltd.<br>Unit 2509, No.23, Qinghe Anningzhuang East Road No.18, Haidian District, Beijing, Peoples Republic China 100193 | - do - | - do - | 100 | 2(87) |
| 37. | TCS Iberoamerica SA<br>Colonia 1329; Montevideo, Uruguay (Postal Code: 11100) | - do - | - do - | 100 | 2(87) |
| 38. | TCS Solution Center S.A.<br>Ruta 8, km 17500, Zonamerica, Ed 600, Montevideo, Uruguay | - do - | - do - | 100 | 2(87) |
| 39. | Tata Consultancy Services Argentina S.A.<br>Uspallata 3046; Capital Federal, Ciudad Autónoma de Buenos Aires, Argentina (CP: C1437JCJ) | - do - | - do - | 100 | 2(87) |

| Sr. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 40. | Tata Consultancy Services De Mexico S.A., De C.V.<br>Av. Insurgentes Sur 664, 2nd Floor, Colonia Del Valle, Ciudad de Mexico, México, DF, México (Postal Code: 03100) | Not Applicable | Subsidiary | 100 | 2(87) |
| 41. | TCS Inversiones Chile Limitada<br>Curico 18, Piso 3 & 5, Santiago, Chile (Postal Code: 8330088) | - do - | - do - | 100 | 2(87) |
| 42. | Tata Consultancy Services Do Brasil Ltda<br>Alameda Madeira, 328 - 13° andar, Alphaville Industrial -<br>Barueri – SP. Zip Code 06453-020 | - do - | - do - | 100 | 2(87) |
| 43. | Tata Consultancy Services Chile S.A.<br>Curicó 18, Piso 3 & 5, Santiago, Chile (Postal Code: 8330088) | - do - | - do - | 100 | 2(87) |
| 44. | TATASOLUTION CENTER S.A.<br>Francisco Salazar E10-61 and Camilo Destruge, Building INLUXOR 7th Floor; Quito, Ecuador | - do - | - do - | 100 | 2(87) |
| 45. | TCS Uruguay S.A.<br>Monte Caseros 2600, Montevideo, Uruguay (Postal Code:11100) | - do - | - do - | 100 | 2(87) |
| 46. | Technology Outsourcing S.A.C.<br>Las Begonisa 475, Sexto Pisa, San Isidro, Lima 27- Peru | - do - | - do - | 100 | 2(87) |
| 47. | MGDC S.C.<br>Avenue Tizoc No.97, Colonia Ciudad del Sol, Zapopan Jalisco, Guadalajara, Mexico (Postal Code 45050) | - do - | - do - | 100 | 2(87) |
| 48. | Tata America International Corporation<br>101, Park Avenue, 26th Floor, New York 10178, U.S.A. | - do - | - do - | 100 | 2(87) |
| 49. | CMC Americas, Inc.<br>379 Thornall Street, Edison 08837, New Jersey, U.S.A. | - do - | - do - | 100 | 2(87) |
| 50. | TCS e-Serve America, Inc.<br>Corporation Trust Center, 1209, Orange Street, Wilmington, New Castle County, Delaware – 19801 U.S.A. | - do - | - do - | 100 | 2(87) |
| 51 | W12 Studios Limited<br>75 Bayham Street, London, England, NW1 0AA | -do- | - do - | 100 | 2(87) |

## IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity).

### i) Category-wise Shareholding

| Sr. No. | Category of shareholders | No. of shares held at the beginning of the year April 1, 2018 | | | | No. of shares held at the end of the year March 31, 2019 | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| **A.** | **Promoters and Promoter Group** | | | | | | | | | |
| **(1)** | **Indian** | | | | | | | | | |
| (a) | Individuals/Hindu Undivided Family | - | - | - | - | - | - | - | - | - |
| (b) | Central Government/ State Government(s) | - | - | - | - | - | - | - | - | - |
| (c) | Bodies Corporate | 1,376,673,818 | - | 1,376,673,818 | 71.9 | 2,703,542,000 | - | 2,703,542,000 | 72.0 | 0.1 |
| (d) | Financial Institutions/ Banks | - | - | - | - | - | - | - | - | - |
| (e) | Others-Trust | - | - | - | - | - | - | - | - | - |
| **Sub-Total (A) (1)** | | **1,376,673,818** | **-** | **1,376,673,818** | **71.9** | **2,703,542,000** | **-** | **2,703,542,000** | **72.0** | **0.1** |
| **(2)** | **Foreign** | | | | | | | | | |
| (a) | Individuals (Non-Resident Individuals/ Foreign Individuals) | - | - | - | - | - | - | - | - | - |
| (b) | Bodies Corporate | - | - | - | - | - | - | - | - | - |
| (c) | Institutions | - | - | - | - | - | - | - | - | - |
| (d) | Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| (e) | Any Other (specify) | - | - | - | - | - | - | - | - | - |
| **Sub-Total (A) (2)** | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total Shareholding of Promoter and Promoter Group (A)** | | **1,376,673,818** | **-** | **1,376,673,818** | **71.9** | **2,703,542,000** | **-** | **2,703,542,000** | **72.0** | **0.1** |
| **(B)** | **Public Shareholding** | | | | | | | | | |
| **(1)** | **Institutions** | | | | | | | | | |
| (a) | Mutual Funds/UTI | 41,197,074 | 1,725 | 41,198,799 | 2.2 | 93,354,218 | 3,450 | 93,357,668 | 2.5 | 0.3 |
| (b) | Financial Institutions/ Banks | 542,844 | 2,555 | 545,399 | - | 707,232 | 5,110 | 712,342 | - | - |
| (c) | Cental Government/State Government(s) | 890,812 | - | 890,812 | - | 2,037,771 | - | 2,037,771 | 0.1 | 0.1 |
| (d) | Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (e) | Insurance Companies | 90,163,887 | - | 90,163,887 | 4.7 | 196,172,807 | - | 196,172,807 | 5.2 | 0.5 |
| (f) | Foreign Institutional Investors | 2,903,768 | - | 2,903,768 | 0.2 | 4,732,576 | - | 4,732,576 | 0.1 | (0.1) |
| (g) | Foreign Venture Capital Investors | - | - | - | - | - | - | - | - | - |
| (h) | Qualified Foreign Investors | - | - | - | - | - | - | - | - | - |
| (i) | Foreign Portfolio Investors (Corporate) | 320,212,127 | - | 320,212,127 | 16.7 | 588,110,025 | - | 588,110,025 | 15.7 | (1.0) |
| (j) | Any Other (specify) | - | - | - | - | - | - | - | - | - |
| **Sub-Total (B) (1)** | | **455,910,512** | **4,280** | **455,914,792** | **23.8** | **885,114,629** | **8,560** | **885,123,189** | **23.6** | **(0.2)** |

| Sr. No. | Category of shareholders | No. of shares held at the beginning of the year April 1, 2018 | | | | No. of shares held at the end of the year March 31, 2019 | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| **(2)** | **Non-Institutions** | | | | | | | | | |
| (a) | Bodies Corporate | 6,543,057 | 18,072 | 6,561,129 | 0.3 | 12,451,882 | 34,647 | 12,486,529 | 0.3 | - |
| (b) | Individuals - | | | | | | | | | |
| i | Individual shareholders holding nominal share capital up to ₹1 lakh | 55,447,184 | 817,080 | 56,264,264 | 2.9 | 114,051,696 | 1,414,588 | 115,466,284 | 3.1 | 0.2 |
| ii | Individual shareholders holding nominal share capital in excess of ₹1 lakh | 12,205,322 | - | 12,205,322 | 0.7 | 20,132,741 | - | 20,132,741 | 0.5 | (0.2) |
| (c) | Qualified Foreign Investors | - | - | - | - | - | - | - | - | - |
| (d) | Any Other | | | | | | | | | |
| i | Trusts | 3,956,861 | - | 3,956,861 | 0.2 | 9,879,420 | - | 9,879,420 | 0.3 | 0.1 |
| ii | Foreign Companies | 28 | - | 28 | - | 56 | - | 56 | - | - |
| iii | Clearing Members/ Clearing House | 1,777,666 | - | 1,777,666 | 0.1 | 3,842,202 | - | 3,842,202 | 0.1 | - |
| iv | Alternative Investment Fund | 825,661 | - | 825,661 | - | 1,663,495 | - | 1,663,495 | - | - |
| v | IEPF Suspense A/c | 108,050 | - | 108,050 | 0.1 | 248,790 | - | 248,790 | 0.1 | - |
| **Sub-total (B) (2)** | | **80,863,829** | **835,152** | **81,698,981** | **4.3** | **162,270,282** | **1,449,235** | **163,719,517** | **4.4** | **0.1** |
| **Total Public Shareholding (B) = (B)(1)+(B)(2)** | | **536,774,341** | **839,432** | **537,613,773** | **28.1** | **1,047,384,911** | **1,457,795** | **1,048,842,706** | **27.9** | **(0.2)** |
| **TOTAL (A)+(B)** | | **1,913,448,159** | **839,432** | **1,914,287,591** | **100.0** | **3,750,926,911** | **1,457,795** | **3,752,384,706** | **100.0** | **-** |
| **(C)** | **Shares held by Custodians and against which Depository Receipts have been issued** | - | - | - | - | - | - | - | - | - |
| **GRAND TOTAL (A)+(B)+(C)** | | **1,913,448,159** | **839,432** | **1,914,287,591** | **100.0** | **3,750,926,911** | **1,457,795** | **3,752,384,706** | **100.0** | **-** |

ii) Shareholding of Promoters (including Promoter Group)

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year April 1, 2018 | | | Shareholding at the end of the year March 31, 2019 | | | % change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | % of shares pledged/ encumbered to total shares | No. of shares | % of total shares of the Company | % of shares pledged/ encumbered to total shares | |
| 1. | Tata Sons Private Limited (Promoter) | 1,376,118,911 | 71.9 | 2.1 | 2,702,450,947 | 72.0 | 2.1 | 0.1 |
| 2. | Tata Industries Limited* | 3,610 | - | - | 7,220 | - | - | - |
| 3. | Tata Investment Corporation Limited* | 527,110 | - | - | 1,036,269 | - | - | - |
| 4. | Tata Steel Limited* | 23,804 | - | - | 46,798 | - | - | - |
| 5. | The Tata Power Company Limited* | 383 | - | - | 766 | - | - | - |
| **Total** | | **1,376,673,818** | **71.9** | **2.1** | **2,703,542,000** | **72.0** | **2.1** | **0.1** |

* Forms part of the Promoter Group

iii) Change in Promoters' (including Promoter Group) Shareholding (please specify, if there is no change)

| Sr. No. | Name of the shareholder | Shareholding at the beginning of the year April 1, 2018 | | Date | Reason | Increase/Decrease in Shareholding | | Cumulative shareholding during the year | |
|---|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1. | Tata Sons Private Limited (Promoter) | 1,376,118,911 | 71.9 | | | | | 1,376,118,911 | 71.9 |
| | | | | 03-Jun-2018 | Bonus issue | 1,376,118,911 | 71.9 | | |
| | | | | 21-Sep-2018 | Tendered in buy-back offer | (49,786,875) | (1.3) | | |
| | | | | | | | | 2,702,450,947 | 72.0 |
| 2. | Tata Industries Limited* | 3,610 | - | | | | | 3,610 | - |
| | | | | 03-Jun-2018 | Bonus issue | 3,610 | - | | |
| | | | | | | | | 7,220 | - |
| 3. | Tata Investment Corporation Limited* | 527,110 | - | | | | | 527,110 | - |
| | | | | 03-Jun-2018 | Bonus issue | 527,110 | - | | |
| | | | | 21-Sep-2018 | Tendered in buy-back offer | (17,951) | - | | |
| | | | | | | | | 1,036,269 | - |
| 4. | Tata Steel Limited* | 23,804 | - | | | | | 23,804 | - |
| | | | | 03-Jun-2018 | Bonus issue | 23,804 | - | | |
| | | | | 21-Sep-2018 | Tendered in buy-back offer | (810) | - | | |
| | | | | | | | | 46,798 | - |
| 5. | The Tata Power Company Limited* | 383 | - | | | | | 383 | - |
| | | | | 03-Jun-2018 | Bonus issue | 383 | - | | - |
| | | | | | | | | 766 | - |

* Forms part of the Promoter Group

iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and holder of GDRs and ADRs):

| Sr. No | Top Ten Shareholders* | Shareholding at the beginning of the year April 1, 2018 | | Cumulative shareholding at end of the year March 31, 2019 | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1. | Life Insurance Corporation of India | 75,384,947 | 3.9 | 152,493,927 | 4.1 |
| 2. | SBI Mutual Fund | 7,056,720 | 0.4 | 21,680,561 | 0.6 |
| 3. | First State Investments Icvc- Stewart Investors Asia Pacific Leaders Fund | 15,054,489 | 0.8 | 19,248,438 | 0.5 |
| 4. | Government of Singapore | 6,497,754 | 0.3 | 18,028,475 | 0.5 |
| 5. | Oppenheimer Developing Markets Fund | 7,996,009 | 0.4 | 16,731,906 | 0.5 |
| 6. | ICICI Prudential Life Insurance Company Ltd | 3,886,141 | 0.2 | 16,139,316 | 0.4 |
| 7. | Axis Mutual Fund Trustee Limited | 4,055,256 | 0.2 | 15,244,614 | 0.4 |
| 8. | Abu Dhabi Investment Authority | 6,296,384 | 0.3 | 15,036,984 | 0.4 |
| 9. | Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds | 7,595,080 | 0.4 | 14,112,213 | 0.4 |
| 10. | Vanguard Total International Stock Index Fund | 6,179,273 | 0.3 | 13,978,944 | 0.4 |

* The shares of the Company are traded on daily basis and hence the datewise increase/decrease in shareholding is not indicated. Shareholding is consolidated based on permanent account number (PAN) of the shareholder.

v) Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | Name of the Shareholder | Date | Reason | Shareholding at the beginning of the year April 1, 2018 | | Cumulative shareholding at the end of the year March 31, 2019 | |
|---|---|---|---|---|---|---|---|
| | | | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| Directors | | | | | | | |
| 1. | N Chandrasekaran | 01-Apr-2018 | | 88,528 | - | 88,528 | - |
| | | 03-Jun-2018 | Bonus issue | 88,528 | - | 177,056 | - |
| | | 31-Mar-2019 | | | | 177,056 | - |
| 2. | Aarthi Subramanian | 01-Apr-2018 | | 2,800 | - | 2,800 | - |
| | | 03-Jun-2018 | Bonus issue | 2,800 | - | 5,600 | - |
| | | 31-Mar-2019 | | | | 5,600 | - |
| 3 | Rajesh Gopinathan | 01-Apr-2018 | | 1,130 | - | 1,130 | - |
| | | 03-Jun-2018 | Bonus issue | 1,130 | - | 2,260 | - |
| | | 31-Mar-2019 | | | | 2,260 | - |
| 4. | N Ganapathy Subramaniam | 01-Apr-2018 | | 98,880 | - | 98,880 | - |
| | | 03-Jun-2018 | Bonus issue | 98,880 | - | 197,760 | - |
| | | 31-Mar-2019 | | | | 197,760 | - |
| 5. | Keki Mistry* | 01-Apr-2018 | NA | NA | NA | NA | - |
| | | 18-Dec-2018 | | 4,078 | - | 4,078 | - |
| | | 31-Mar-2019 | | | | 4,078 | - |
| Key Managerial Personnel | | | | | | | |
| 1. | Ramakrishnan V | 01-Apr-2018 | | 1,000 | - | 1,000 | - |
| | | 03-Jun-2018 | Bonus issue | 1,000 | - | 2,000 | - |
| | | 31-Mar-2019 | | | | 2,000 | - |
| 2. | Rajendra Moholkar | 01-Apr-2018 | | 182 | - | 182 | - |
| | | 03-Jun-2018 | Bonus issue | 182 | - | 364 | - |
| | | 31-Mar-2019 | | | | 364 | - |

*Appointed as Additional and Independent Director w.e.f. December 18, 2018 and hence shareholding details have been disclosed w.e.f. December 18, 2018.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ crore)

| | Secured loans excluding deposits | Unsecured loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| | Note 1 | Note 2 | Note 3 | |
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 44 | 181 | 3 | 228 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| **Total (i+ii+iii)** | **44** | **181** | **3** | **228** |
| Change in Indebtedness during the financial year | | | | |
| • Addition | - | - | 1 | 1 |
| • Reduction | (5) | (181) | - | (186) |
| Net change | (5) | (181) | 1 | (185) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal amount | 39 | - | 4 | 43 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| **Total (i+ii+iii)** | **39** | - | **4** | **43** |

**Notes:**

1. Secured loans excluding deposits of ₹39 crore as at March 31, 2019, represents obligations under finance lease including current portion of obligations.
2. Opening balance as at April 1, 2018, of unsecured loans represent bank overdraft of ₹181 crore.
3. Deposits represent amounts received from lessee for the premises given on sub-lease and from vendors for contracts to be executed.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

(₹ lakh)

| Sr. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | |
|---|---|---|---|---|
| | | Rajesh Gopinathan Chief Executive Officer and Managing Director | N Ganapathy Subramaniam Chief Operating Officer and Executive Director | Total Amount |
| 1. | Gross salary | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 115.74 | 109.02 | 224.76 |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | 126.76 | 13.30 | 140.06 |
| | (c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961 | - | - | - |
| 2. | Stock Option | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission | 1,300.00 | 900.00 | 2,200.00 |
| | as % of profit | 0.03 | 0.02 | 0.05 |
| 5. | Others, Allowances | 60.35 | 138.76 | 199.11 |
| | **Total (A)** | **1,602.85** | **1,161.08** | **2,763.93** |
| | Ceiling as per the Act (@ 10% of profits calculated under Section 198 of the Companies Act, 2013) | | | 404,348.06 |

**B. Remuneration to other directors:**

(₹ lakh)

| Sr. No. | Particulars of Remuneration | Sitting Fees for attending board/ committee meetings | Commission | Others, please specify | Total Amount |
|---|---|---|---|---|---|
| **1.** | **Independent Directors** | | | | |
| | Aman Mehta | 4.80 | 315.00 | - | 319.80 |
| | V Thyagarajan* | 3.00 | 100.00 | - | 103.00 |
| | Prof Clayton M Christensen** | 0.30 | 75.00 | - | 75.30 |
| | Dr Ron Sommer | 5.10 | 220.00 | - | 225.10 |
| | O P Bhatt | 7.50 | 215.00 | - | 222.50 |
| | Dr Pradeep Kumar Khosla | 2.10 | 150.00 | - | 152.10 |
| | Hanne Sorensen*** | 0.60 | 50.00 | - | 50.60 |
| | Keki Mistry*** | 0.60 | 50.00 | - | 50.60 |
| | Don Callahan**** | 0.30 | 35.00 | - | 35.30 |
| | **Total (1)** | **24.30** | **1,210.00** | - | **1,234.30** |
| **2.** | **Other Non-Executive Directors** | | | | |
| | N Chandrasekaran@ | 3.60 | - | - | 3.60 |
| | Aarthi Subramanian@@ | 5.70 | - | - | 5.70 |
| | **Total (2)** | **9.30** | **-** | - | **9.30** |
| | **Total (B)=(1+2)** | **33.60** | **1,210.00** | - | **1,243.60** |
| | Total Managerial Remuneration | | | | |
| | Ceiling as per the Act (@1% of profits calculated under Section 198 of the Companies Act, 2013) | | 40,434.81 | | |

* Relinquished the position of Independent Director w.e.f. July 10, 2018.

** Relinquished the position of Independent Director w.e.f. September 28, 2018.

*** Appointed as Additional and Independent Director w.e.f. December 18, 2018.

**** Appointed as an Additional and Independent Director w.e.f. January 10, 2019.

@ As a policy, N Chandrasekaran, Chairman, has abstained from receiving commission from the Company.

@@ In line with the internal guidelines of the Company, no payment is made towards commission to the Non-Executive Directors of the Company, who are in full time employment with any other Tata company.

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

(₹ lakh)

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---|---|---|---|---|
| | | Ramakrishnan V Chief Financial Officer | Rajendra Moholkar Company Secretary | Total |
| 1. | Gross salary | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 72.06 | 21.66 | 93.72 |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | 43.54 | 1.20 | 44.74 |
| | (c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961 | - | - | - |
| 2. | Stock Option | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission | - | - | - |
| | as % of profit | - | - | - |
| 5. | Others, Allowances | 297.47 | 117.29 | 414.76 |
| | **Total** | **413.07** | **140.15** | **553.22** |

Note: For more information, please refer to the Corporate Governance Report.

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2019.

Annexure IV

# Form No. MR-3
# Secretarial Audit Report
# For The Financial Year Ended March 31, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Tata Consultancy Services Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Tata Consultancy Services Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2019, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on March 31, 2019 according to the applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018, as applicable.

(vi) Other laws applicable specifically to the Company namely:-

(a) Information Technology Act, 2000 and the rules made thereunder;

(b) Special Economic Zones Act, 2005 and the rules made thereunder;

(c ) Software Technology Parks of India rules and regulations

(d) The Indian Copyright Act, 1957

(e) The Patents Act, 1970

(f) The Trade Marks Act, 1999

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

(ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above. The Company has spent an amount of ₹434 crore against the amount of ₹542 crore to be spent during the year towards Corporate Social Responsibility.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes, the decisions at the Board Meetings were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines etc.

We further report that during the audit period, the Company had following event which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

The Company has completed 1:1 bonus issue of equity shares in June 2018 and buyback of equity shares in September 2018.

For **Parikh & Associates**
Company Secretaries

**P N Parikh**
Partner
FCS No: 327 CP No: 1228

Mumbai, April 12, 2019

*This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.*

## 'Annexure A'

To,
The Members
Tata Consultancy Services Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Parikh & Associates**
Company Secretaries

**P N Parikh**
Partner
FCS No: 327 CP No: 1228

Mumbai, April 12, 2019

# Management
# Discussion and Analysis

## 1.0 Overview of the Industry[1]

In FY 2019, the global market for software and services is estimated to have grown to $1.4 trillion. IT Services is estimated to have grown by 3.2% YoY, driven by strong growth in digital engagements, particularly cloud adoption. Business Process Management grew by 4.5% over the prior year, on account of greater focus on automation, while packaged software grew 7.4% YoY, driven by rapid adoption of SaaS, and security and privacy solutions.

TCS has historically grown much faster than the market. In the latest five-year period, while the market for IT-BPM services expanded by a CAGR of 2% (IT Services CAGR: 1.5%), TCS had a CAGR of 9.2% in USD terms. One reason for the outperformance is market share gains on account of superior capabilities, and higher customer satisfaction. The second reason has been greater participation in our customers' growth and transformation initiatives, which represent the expanding part of their technology spending.

## 2.0 Our Business

### a. An Overview

TCS is an IT services, consulting and business solutions organization partnering many of the world's largest businesses in their transformational journeys for the last 50 years. We have a global presence, deep domain expertise in multiple industry verticals and a complete portfolio of offerings – grouped under consulting and service integration, digital transformation services, cognitive business operations, and products and platforms – targeting every C-suite stakeholder.

The Company leverages all these and its deep contextual knowledge of its customers' businesses to craft unique, high quality, high impact solutions designed to deliver differentiated business outcomes. These solutions are delivered using the latest technologies through a unique Location Independent Agile delivery model, embedding a Machine First™ approach, recognized as a benchmark of excellence in software development.

Our geographic footprint covers North America, Latin America, the United Kingdom, Continental Europe, Asia Pacific, India, and Middle East and Africa.

[1] Nasscom Strategic Review Report 2019

TCS considers industry verticals as its go-to-market business segments. The five key vertical clusters are: Banking, Financial Services & Insurance (BFSI), Retail and Consumer Business, Communication Media and Technology (CMT), Manufacturing and Others. The last category includes Life Sciences and Healthcare, Energy, Resources and Utilities, Public Services and others.

### b. Strategy

TCS has successfully navigated through multiple technology cycles over the last five decades, pivoting and adapting each time to build relevant new capabilities through organic talent development and helping our clients realize the benefits of emerging technologies. Our responsiveness, agility and adaptability to change have been core to our longevity.

Customer-centricity is at the core of TCS' strategy, organization structure and investment decisions. The philosophy has been to expand and deepen customer engagements by continually looking for new areas in the customer's business where we can add value, proactively invest in building newer capabilities, and launch new offerings to participate in those opportunities. Over time, this has meant expanding beyond IT and participating in the departmental spends of other stakeholders – such as business heads, CMOs, CROs, COOs, CFOs and even CEOs.

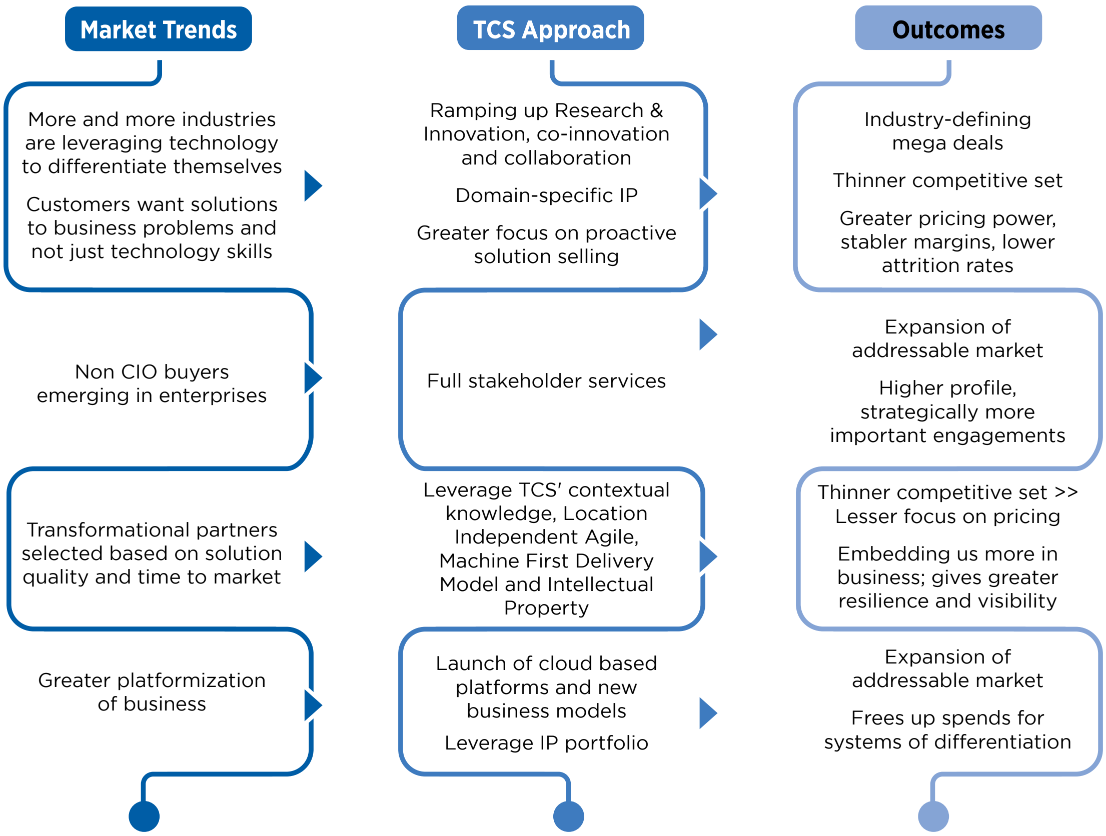
This strategy has resulted in a continual expansion of customer relationships in terms of the services consumed, revenue and share of wallet, as evidenced by the client metrics we report every quarter and every year. The willingness to invest in the relationship, the commitment to deliver impactful outcomes and the track record of execution excellence have resulted in high satisfaction levels and long, enduring customer relationships.

This steady expansion of the engagement over the years, covering ever more aspects of the enterprise's operations, has resulted in the build-up of deep and holistic contextual knowledge of the customer's business. This has been the cornerstone of our ability to participate in our customers' growth and transformation initiatives in recent years.

We have been leveraging this contextual knowledge, our long standing investments in research and innovation, our extensive

Intellectual Property (IP) portfolio of accelerators, products and platforms, and partnerships and alliances with leading technology providers, to craft unique solutions that transform our customers' businesses, and give them a competitive edge in the market.

A more detailed breakup of the various elements of strategy, their outcomes and the validation metrics is provided below:




## 3.0 Business 4.0

In 2017, TCS unveiled its Business 4.0 thought leadership framework[2] to guide customers in their growth and transformation journeys. The four defining behaviors of successful enterprises in the Business 4.0 era are: drive mass personalization, leverage the ecosystem, embrace risk and create exponential value. They accomplish this by harnessing the abundance of resources – compute power, storage, talent, market reach – created by the convergence of intelligence, agility, automation and cloud.

This framework has resonated very well with customers. A study[3] commissioned by TCS in FY 2019 showed that over 90% of the surveyed enterprises have adopted at least one of the four behaviors, and that leaders – who have adopted all four behaviors – are expecting their strategies to drive over 10% growth over the next three years.

We have augmented our thought leadership in this area, with our unique Location Independent Agile model and the forward-thinking Machine First™ Delivery Model.

TCS' Location Independent Agile model allows large transformational programs to be delivered by globally distributed teams working collaboratively in an Agile mode, resulting in significant speed to market benefit to the customer.

To help customers optimize their operations, TCS has been advocating the Machine First™ approach that embeds analytics, automation and AI deep within the enterprise to reimagine entire slices of operations at a time to make them lighter, smarter and more agile, while delivering a superior customer experience.

[2] Refer FY 2018 Annual Report
[3] See Page 13 for a summary of the study. Full details available at: https://www.business4.tcs.com/

a. Strategic Investments

TCS pioneered the use of the word 'digital' to describe the new family of technologies that emerged in the last few years, and recognizing their potential, made investments ahead of time[4] in developing relevant capabilities – in terms of reskilling the workforce, research and innovation, building collaborative workspaces and innovation centers, IP in these new areas and alliances and partnerships. Those early investments have given TCS a head start in participating in our customers' Business 4.0 journeys.

In FY 2019, in addition to supporting ongoing investments, TCS launched several new digital solutions targeting industry-specific use-cases, made two targeted acquisitions – of W12 Studios and BridgePoint, and set up the inaugural TCS Pace Port™ in Tokyo to serve as an innovation hub which customers can readily leverage to operationalize all four phases of their innovation journeys viz. discovery, definition, refinement, and delivery.

b. Outcomes

TCS' thought leadership and investments have made us the preferred innovation and transformation partner to progressive enterprises across different industry verticals. Customers are banking on TCS' contextual knowledge and solutioning capabilities to leverage new technologies to change their business models, drive new revenue streams, strengthen customer relationships by offering superior experiences, and revamping their operations.

This has increased demand for the entire gamut of services, solutions, products and platforms offered by TCS, resulting in a stronger order book, more robust revenue growth, and improved market share. These transformational engagements are raising our profile within C-suites, embedding us more deeply within our customers' businesses and resulting in greater predictability and resilience.

## 4.0 Talent Management

The ability to attract, motivate and retain talent is critical to TCS' continued success. Our HR strategy is focused on attracting the best talent globally, reskilling and transforming the workforce and providing a stimulating environment which is flexible, nurtures social contract, fosters innovation, and builds a result-oriented, high performance culture.

The progressive policies, continual investment in upgrading employees' skills and the philosophy of empowering individuals and helping them realize their potential has made TCS' HR processes and outcomes an industry benchmark.

a. Talent Acquisition

TCS' talent acquisition strategy is to hire the right competencies required by the business at

**Global, Diverse Workforce**

- 424,285 employees
- 35.9% women
- 147 Nationalities

**Talent Development**

- 311k + associates trained in digital
- 52 million learning hours logged
- 348k trained in Agile

**Talent Retention**

- Best in class attrition
  - 11.3% in IT Services

[4] Refer MD&A in FY 2011 Annual Report, Letter from CEO in FY 2012 Annual Report

**Academic Interface Program:** Targets students and faculty with workshops, internships, sponsorship of contests, Faculty Development Programs, research scholarships, curriculum review, establishing technical institutes

- 806 institutes in India, 2,047 internships
- 844 workshops; 111,587 students
- 313 faculty development programs; 9,948 faculty members
- 254 institutes outside India; 352 internships
- 1,577 pursuing higher education under TCS Higher Education Program

**Campus Commune:** A unique student engagement portal for collaboration and peer networking, featuring webinars, educational videos and expert blogs

- 1.2 million+ students

**Gamified hiring:** Programming contests to spot top talent

- TESTimony, EngiNx, GameOn and CodeVita
- 200,000 registrations from 65 countries in CodeVita's 7th season
- 2,000+ job offers

the right time, a judicious mix of lateral hires and trainees. TCS continues to remain the preferred employer at leading engineering campuses in India. The Company's college recruitment efforts in USA, Canada, Latin America, China and Hungary have been progressing well with very encouraging outcomes. TCS has also been recruiting graduates from the Top 10 B-Schools in the US for key business roles. Including both fresher and lateral hires, TCS was one of the largest job creators in IT services in several major markets.

In FY 2019, TCS reimagined entry level hiring in India and democratized the opportunity to work for TCS by holding a National Qualifier Test (NQT), a nationwide, online campus hiring initiative on its digital platform TCS iON. It opened access to fast track careers in TCS to talented young engineers even in remote parts of India. The NQT witnessed a massive response from students with over 280,000 registrations across 100 cities in 24 states. By completely reimagining the entire process – the examination and subsequent interviews – leveraging the power of our digital platform, we have been able to tap into the larger talent pool outside the traditional catchment area, and create an inclusive agile supply chain.

### b. Talent Diversity

TCS is an equal opportunity employer, and subscribes to the Tata Code of Conduct in embracing diversity in race, nationality, religion, ancestry, marital status, gender, age, ethnic origin, physical ability, and sexual orientation. Compensation levels are merit-based, determined by qualification, experience levels, special-skills if any, and individual performance.

TCS has a well-defined Diversity and Inclusion Policy. Through programs like #UniquelyTogether, we celebrate our inclusive environment that accommodates different cultures. Our Center of Excellence for Accessibility works on IT solutions for differently-abled individuals, aiding their integration into the workforce.

Progressive policies such as extended parental leave, special focus on security of women employees, mentoring program for junior women employees (nWin), discussion circles to help women through major life stages, a reorientation program to re-connect employees after long leave, projecting profiles of inspirational women leaders (Be-Inspired), special leadership development programs to address the needs and aspirations of women, a learning module to equip mid-level managers to work with diverse teams, a virtual support group called 'Workplace Parents Group' on child psychology and parenting workshops for working parents have all gone towards making the workplace more gender-equal. TCS is today one of the world's largest employers of women.

c. Talent Development

Investment in human capital by equipping employees with skills – soft skills, design skills, multi-technology skills and domain skills – has been one of the biggest drivers of value creation at TCS. Over the last five decades, TCS has navigated every technology change by investing in organic talent development, in keeping with its core value of fostering a culture of lifelong learning.

The sheer scale and rapidity of technology change in the Business 4.0 world called for a reimagined approach to reskilling, with a scalable talent development system using embedded analytics with prediction engines to draw insights, and provide personalized recommendations to employees, based on a pull, rather than a push, model.

TCS' Digital Learning Platform is an integrated ecosystem that combines virtual, physical and experiential learning infrastructure with high quality content, available any place, any time and on any device. There are virtual development environments where learners can try out their learning, with a social connect so they can consult peers. Additionally, there is a focus on enhancing the learning experience through simulations, gamified learning and adaptive assessments. From nano courses designed to create awareness to deep dive-based practice content for higher levels of competency and certifications, content is available according to the needs of the learner.

Leadership training is another focus area for TCS, with different Leadership Development Programs tailored for entry level managers and for middle managers. TCS' Inspire2Lead initiative is focused on energizing employees in supervisory roles and helping them become better leaders. The Company uses a number of senior leaders who are certified coaches to mentor and coach upcoming leaders. A special program for grooming mid-level women managers for leadership roles has started giving results.

Cultural and Language Initiatives (CLI) focus on the three Cs - culture, communication and collaboration. Some of the initiatives are: country specific 'culture shots' offering training for first-time visitor to a new country, training on English language for non-English speaking employees and training on 11 foreign languages.

d. Career Management

TCS has multiple initiatives to help employees grow in their careers:

- CareerHub is a platform enabling capture and fulfillment of career aspirations of employees and providing them a mentoring platform. Employees can choose their own mentor based on a match with their aspirational skill sets.
- Inspire: A specialized program to groom and provide fast track career progression to high potentials.
- Structured coaching programs at senior leadership levels to help them realize their full potential.
- Leadership review and assessment profile of all leaders ensures the maintenance of a healthy succession pipeline.

e. Talent Engagement

Some of the platforms and initiatives we have at TCS to enhance and enrich employee engagement are:

- Cara: AI-based HR assistant which answers employee questions on HR policies.
- Milo: Chatbot to facilitate the mentoring process.
- Knome, KnowMax, GEMS: Platforms for social collaboration within the organization, learning, sharing and for reward and recognition.
- Safety First: Initiative focused on employee safety and security.
- Fit4life: Builds a fraternity of health and fitness conscious employees and creates a culture of fitness.
- Purpose4life: Forum for volunteering for community projects in the areas of Education, Health and Environment.
- Maitree: Community of TCSers and their families which plans activities that helps in improving employee bonding and promoting work-life balance.
- PULSE: Our annual employee engagement and satisfaction survey is the organization's formal listening forum.
- TCS created robust avenues to build an emotionally strong and mentally resilient workforce through #TCS Cares. Many employees reached out internally with their own real world stories.

## 5.0 FY 2019 Financial Performance and Analysis

The discussions in this section relate to the consolidated, Rupee-denominated financial results pertaining to the year that ended March 31, 2019. The financial statements of Tata Consultancy Services Limited and its subsidiaries (collectively referred to as 'TCS' or 'the Company') are 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. Significant accounting policies used in the preparation of the financial statements are disclosed in the notes to the consolidated financial statements.

The following table gives an overview of the consolidated financial results of the Company:

₹ crore

| | FY 2019 | % of Revenue | % Growth | FY 2018 | % of Revenue |
|---|---|---|---|---|---|
| Revenue | 146,463 | 100.0 | 19.0 | 123,104 | 100.0 |
| Earnings before interest, tax, depreciation and amortization (before other income) | 39,506 | 27.0 | 21.5 | 32,516 | 26.4 |
| Profit Before Tax (PBT) | 41,563 | 28.4 | 21.9 | 34,092 | 27.7 |
| Profit after tax attributable to shareholders of the Company | 31,472 | 21.5 | 21.9 | 25,826 | 21.0 |
| Earnings per share (in ₹) | 83.05 | - | 23.8 | 67.10* | - |

* EPS is adjusted for bonus issue

### a. Analysis of revenue growth

On a reported basis, TCS' revenue grew 19% in FY 2019, compared to 4.4% in the prior year. This was largely an outcome of greater demand for our services and solutions during the year, driven by expanding participation in our customers' growth and transformation initiatives. In addition, there was some benefit from the movement in currency exchange rates.

FY 2019 saw volatility in USD-INR, ranging from ₹64.90 and ₹74.10, and averaging at ₹70.07. There was also significant volatility in exchange rates of emerging markets' currencies. Average currency exchange rates during FY 2019 for the three major currencies are given below:

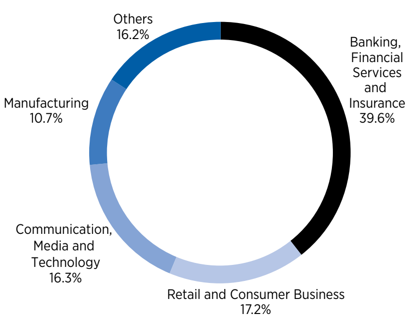
| Currency | Weightage (%) | FY 2019 ₹ | FY 2018 ₹ | % Change YoY |
|---|---|---|---|---|
| USD | 53.6 | 70.07 | 64.49 | 8.7 |
| GBP | 13.9 | 91.60 | 86.05 | 6.5 |
| EUR | 10.1 | 80.82 | 76.16 | 6.1 |

Movements in currency exchange rates through the year resulted in a positive impact of 7.6% on the reported revenue. The constant currency revenue growth for the year, which is the reported revenue growth stripped of the currency impact, was 11.4%.

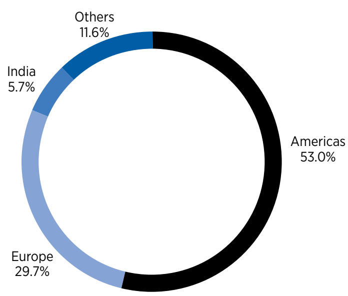
| Breakup of revenue growth | FY 2019 (%) | FY 2018 (%) |
|---|---|---|
| Business growth | 11.4 | 6.7 |
| Impact of exchange rate | 7.6 | (2.3) |
| Total growth | 19.0 | 4.4 |

### b. Segmental Performance

The revenue break-up by Industry Vertical and Geography is provided below:




**Revenue by Industry Vertical**




**Revenue by Geography**

Segment revenues, year on year growth, a brief commentary and segment margins are provided below:

| Industry Vertical | Segment Revenue FY 2019 *(FY 2018)* ₹ crore | YoY Revenue Growth % | Commentary | Segment Margin FY 2019 *(FY 2018)* % |
|---|---|---|---|---|
| Banking, Financial Services and Insurance | 57,938 *(48,418)* | 19.7 | • Customers have been spending on digital technologies to tap into newer segments and to improve customer experience.<br>• Additionally, blurring industry boundaries are causing banks, insurers, and investment managers to rethink existing business models, and reimagine products and services by leveraging ecosystems.<br>• To comply with constantly changing regulations, particularly with regard to customer data, our clients are looking for more agile ways and robust cyber security solutions.<br>• Cost optimization and legacy estate modernization continue to be drivers of growth. | 27.8 *(26.9)* |
| Communication, Media and Technology | 23,925 *(21,131)* | 13.2 | • Key drivers of spend were continued investments in analytics and superior customer experience for growth in subscription centric business models, simplification and automation of core operations to improve efficiencies, OTT platforms and services, roll outs of fiber networks for high bandwidth connectivity, and mergers, acquisitions and divestitures.<br>• Customers invested more on re-architecting existing products on cloud native platforms, and in transforming their marketing, sales, customer service and supply chain operations to support changing business models | 27.8 *(27.4)* |
| Retail and Consumer Business | 25,164 *(21,055)* | 19.5 | • Key drivers of spend included frictionless and interconnected customer experiences, hyper-personalization, building new ecosystems and new models - maximizing unique assets like stores, supply chain, service squad to expand the customer value chain, and algorithmic retailing using Optumera, OmniStore and SupplAI. | 27.3 *(26.5)* |
| Manufacturing | 15,682 *(13,361)* | 17.4 | • Manufacturers are adapting to Industry 4.0 by leveraging digital technologies like IoT, for greater connectedness, customer experience, increased efficiency, safety, meeting compliance requirements, predictive maintenance and product innovation. Additionally customers are undertaking enterprise wide business transformation programs to drive synergistic growth. | 27.5 *(27.7)* |
| Others | 23,754 *(19,139)* | 24.1 | • Growth in the Life Sciences segment has been led by continued M&A, accelerated R&D using AI and advanced analytics and collaboration with larger ecosystems.<br>• Other segments benefited from the shift to managed services, intelligent automation, cloud adoption, analytics, wearables, cyber security, connectedness and digital twins. | 23.4 *(22.7)* |

### c. TCS Products and Platforms

**4,596** Patents filed
**946** granted

**TCS BaNCS**

Highlights:

- Banking: Serves ~25% of the world population
- Capital Markets: Records 10 million trades per day (peak), represents $40 trillion worth of AUC across 100 countries
- Insurance: Administers over 20 million life, annuity and pension policies; 135 million property and casualty policies
- 18 new wins and 29 go lives in FY 2019

**iON**

- Assessment: 162.5 million candidates assessed till date; delivered world's largest digital assessment with 18.9 million candidates in FY 2019
- Learning: 2.67 million learners on the platform, 87,677 courses available, 345 clients
- ERP on Cloud: 289 clients in manufacturing, 142 in education
- 102 patents filed till date, 7 granted

**ignio**

- World leading cognitive automation software for IT and business operations
- 44 wins in FY 2019
- Manages over 1.5 million technology resources autonomously

**TCS ADD**

- Comprehensive suite for digital transformation of drug development and clinical trials
- 7 new wins and 2 go-lives in FY 2019

**TCS HOBS**

- Plug and play SaaS based business platform to digitally transform business, network and revenue management domains of subscription based businesses
- Expanded into new business segments such as pre-paid DTH, aircraft engines, retail and airlines; leverages new technologies such as Big Data, RPA, conversational interfaces; alliance with Salesforce.com for joint solution development
- 6 new wins and 8 go-lives in FY 2019

**Optumera™**

- AI powered merchandise optimization platform that enables retailers to unlock exponential value by optimizing their space, mix and price in an integrated manner
- 5 new wins and 4 go-lives in FY 2019

**Omnistore™**

- Unified store suite which leverages AI to help deliver personalized, interconnected journeys across various touch points for frictionless customer experience and predictive operations
- 2 new wins and 2 go-lives in FY 2019

**SupplAI™**

- Reinforcement learning based supply chain suite to optimize availability, reduce wastage and supply chain cost simultaneously
- 2 new wins in FY 2019

**TCS MasterCraft™**

- Digital platform to optimally automate and manage IT processes
- FY 2019 Highlights: 22 new wins, 1 billion records cleansed, 50 billion records masked, 100 million lines of code (mloc) analyzed, 25 mloc generated

**jile**

- SaaS-based, scalable Agile DevOps platform to accelerate software development and delivery and integrate DevOps tools Launched in FY 2019; 11 wins till date

## 6.0 Business Outlook

Global economic growth is projected to weaken from 3.6% in 2018 to 3.3%[5] in 2019, led by trade tensions, prolonged Brexit uncertainty, cyber threats and deceleration in China. However, given the evolving role of technology as a key strategic enabler across multiple industries, traditional correlations between economic growth and technology spending by enterprises may get tested hereafter.

Industry after industry are realizing the power of digital technologies and their businesses are increasingly embedded in technology. This is leading to reimagination of their technology landscape, delivering experience through enterprise and consumer apps on the front, investing in an always-on digital core, adopting open API's and microservices to participate in ecosystems. In addition, data, analytics, intelligent automation all leading to adopting consumption driven 'as-a-service' business models, agile way of working, greater cognitive quotient in their day-to-

[5] World Economic Outlook, April 2019, International Monetary Fund

day operations. These willy-nilly result in greater focus on product innovation, rapidly delivering value to business and an algorithmic thinking or a MachineFirst™ approach to operations. All these are key areas of investments across enterprises that result in greater flexibility to business in growing organically, or participate in mergers and divestitures with ease.

## 7.0 Enterprise Risk Management

Our global operations bring in considerable complexities and in response to that, we have established a robust enterprise risk and compliance management framework and process to ensure achievement of our strategic objectives. This process is enabled by a digital platform that provides an enterprise-wide view of risks and compliance which enables us to take a more holistic approach towards informed decision making. Risks are assessed and managed at various levels with a top-down and bottom-up approach covering the enterprise, the business units, the geographies, the functions and projects.

Listed below are some of our key risks, anticipated impact on the Company and mitigation strategy.

| Key Risks | Impact on the Company | Mitigation |
|---|---|---|
| Volatile global political and economic scenario | Corporate spending on technology has shown strong correlations with GDP growth. The Company derives a material portion of its revenues from customers' discretionary spending which is linked to their business outlook. Political disruptions or volatile economic conditions (US- China trade conflicts, Brexit, escalation in conflicts between India and Pakistan, US elections etc.) may adversely affect that outlook resulting in reduced spending which could restrict revenue growth opportunities. | • Broad-based business mix, well diversified across geographies and industry verticals<br>• Offerings and value propositions targeting all stakeholders (in addition to the CIO) in the customer organization, covering discretionary as well as non-discretionary spends, and relevant at every point in the business cycle<br>• Cater to market segments which might provide counter-cyclical support<br>• Long term contracting models |
| Restrictions on global mobility, location strategies | Distributed software development models require the free movement of people across countries and any restrictions in key markets poses a threat to the global mobility of skilled professionals. Legislations which restrict the availability of work visas or apply onerous eligibility criteria or costs could lead to project delays and increased costs. | • Ongoing monitoring of the global environment, working with advisors, partners and governments<br>• Material reduction in dependency on work visas through increased local hiring, use of contractors, local mobility and training in all major markets<br>• Use of Location Independent Agile to promote systematic collaboration and reduce the need for co-location<br>• Active engagement in Science, Technology, Engineering and Math (STEM) initiatives designed to structurally increase the availability of engineering talent in major markets<br>• Greater brand visibility through event sponsorships, community outreach, showcasing of investments, innovation capabilities and employment generation.<br>• Increased outreach to government stakeholders, trade bodies, think tanks and research institutes |

| Key Risks | Impact on the Company | Mitigation |
|---|---|---|
| Business model changes | Rapidly evolving technologies are changing technology consumption patterns, creating new classes of buyers within the enterprise, giving rise to entirely new business models and therefore new kinds of competitors. This is resulting in increased demands on the Company's agility to keep pace with the changing customer expectations. Failure to cope may result in loss of market share and impact business growth. | • Strong customer-centricity which results in a strategy, investments and enabling organization structure that are always aligned to customer needs<br>• Early and continued investments in building scale and differentiated capabilities on emerging technologies through large scale reskilling, external hiring, research and innovation, solution development and IP asset creation leveraging deep contextual knowledge<br>• Staying relevant to customers by constantly launching new service practices and technology solutions<br>• Thought leadership by propagating the Business 4.0 framework, the Machine First approach and Location Independent Agile methods to guide customers in their transformation journeys<br>• Constant scouring of the technology landscape through alliance partnerships, and strong connections in academia and the start-up ecosystem to spot new trends and technologies and launch offerings around those |
| Litigation risks | Given the scale and geographic spread of the Company's operations, litigation risks can arise from commercial disputes, perceived violation of intellectual property rights and employment related matters. Our rising profile and scale also makes us a target to litigations without any legal merit. This risk is inherent to doing business across the various countries and commensurate with risk faced by other players similarly placed in the industry. In addition to incurring legal costs and distracting management, litigations garner negative media attention and pose reputation risk. Adverse rulings can result in substantive damages. | • Strengthening internal processes and controls to adequately ensure compliance with contractual obligations, information security and protection of intellectual property<br>• Improved governance and controls over immigration process /increasing localization and sensitization of business managers<br>• Potential disputes are promptly brought to the attention of management and dealt with appropriately<br>• The Company has a team of in-house counsels in all major geographies it operates in. It also has a network of highly reputed global law firms in countries it operates in<br>• There is a robust mechanism to track and respond to notices as well as defend the Company's position in all claims and litigation |

| Key Risks | Impact on the Company | Mitigation |
|---|---|---|
| Currency volatility | Volatility in currency exchange movements results in transaction and translation exposure. TCS' functional currency is the Indian Rupee. Appreciation of the Rupee against any major currency could impact the reported revenue in Rupee terms, the profitability and also result in collection losses. | • TCS follows a currency hedging policy that is aligned with market best practices, to limit impact of exchange volatility on receivables, forecasted revenue and other current assets and liabilities<br>• Hedging strategies are decided and is monitored periodically by the Risk Management Committee of the Board |
| Breach of data privacy and protection | Data Privacy and protection of personal data is an area of increasing concern globally. Legislations like GDPR in Europe carry severe consequences for non-compliance or breach. Many other countries are also enhancing their Data Privacy regulations to ensure protection of personal data. Any violation or security breach, observed non-compliance or inadequacy of privacy policies and procedures can result in substantive liabilities, penalties and reputational impact. | • A global Privacy Policy is in place covering all applicable geographies and areas of operations<br>• Global Privacy Office setup for deploying data privacy initiatives across the enterprise. Data Protection Officers have been appointed for UK and Europe as required by GDPR. Data Privacy Managers have been appointed in all units<br>• Continued focus on employee related agreements with respect to Personally Identifiable Information (PII) and Sensitive Personal data and Information (SPI)<br>• Data protection controls and robust risk response mechanisms are in place to cater to protection of sensitive data in the TCS ecosystem as well protection of such data in client-managed networks in Offshore/ Global Delivery Centers<br>• Industry standard data masking technologies to protect PII and SPI in sensitive customer engagements<br>• Enhancement of vendor contracts and vendor assessment<br>• Mandatory online training and workshops on Data Privacy and GDPR. Awareness campaigns through blog posts, email broadcasts, gamified awareness building, roadshows done to foster a culture of awareness and responsibility among its employees<br>• Formal Data Transfer Agreements for explicit agreements on data sharing<br>• Embedding privacy by design in our systems to secure personal data |

| Key Risks | Impact on the Company | Mitigation |
|---|---|---|
| Cyber-attacks | Cyber-attacks are forever a risk on account of the fast evolving nature of the threat. In addition to impact on business operations, a security breach could result in reputational damage, penalties and legal and financial liabilities. | • Continuous investments in automated prevention and detection solutions to address evolving threats<br>• Advanced perimeter security controls, enhanced internal vulnerability detection, data leak prevention tools<br>• Defined and tested incident management and recovery process<br>• Continued reinforcement of stringent security policies and procedures<br>• Collaboration with Computer Emergency Response Team (CERT) and other private Cyber Intelligence agencies, and enhanced awareness of emerging cyber threats<br>• Enterprise-wide training and awareness programs on Information Security<br>• Strict access controls and special handling of privileged administrator accounts.<br>• Encryption of data, data back-up and recovery mechanisms for ensuring business continuity.<br>• Ability to isolate TCS enterprise network from client network and defined escalation mechanisms to handle security incidents in client environment<br>• Periodic rigorous testing to validate effectiveness of controls through Vulnerability Assessment and Penetration Testing<br>• Internal and external audits and forensics |
| Non-compliance to complex and changing global regulations | As a global organization, the Company has to comply with complex and changing laws and regulations across multiple jurisdictions, covering areas such as Employment & Immigration, Taxation, Foreign Exchange & Export Controls, Health Safety and Environment (HSE), Anti-Corruption, Data Privacy etc. The fast pace of change in the regulatory environment also brings operational challenges. Failure to comply could result in penalties and reputational damage. | • Deployment of a comprehensive global compliance management framework that enables tracking of changes to applicable regulations globally across various jurisdictions and functional areas and managing compliance obligations<br>• Global regulatory compliance certification is fully digitized and covers compliance across all the locations of the Company<br>• Strong governance at executive and board level through compliance committees |

| Key Risks | Impact on the Company | Mitigation |
|---|---|---|
| Intellectual Property (IP) infringement | Risk of infringement of third-party IPs by TCS may lead to potential liabilities, increased litigation and impact reputation.<br>Inadequate protection of TCS' IP may lead to loss of IP leading to potential loss of ownership rights, revenue and value. | • Dedicated IP Management and Software Product Engineering group<br>• TCS IP Protection: IP Safe assessment and readiness program governing the creation of proprietary software and other IP assets, patent management and contract management, IP audits and integrated IP compliance checks<br>• IP Governance program that ensures that there is correct access and correct use of TCS IP, customer IP, partner IP, and third party IP in service engagements<br>• Employee Engagement: Employee confidentiality agreement, training and awareness for IP protection and prevention of IP contamination and infringement. Strict controls around movement of people and information across TCS' product teams and customer account teams |

## 8.0 Internal Financial Control Systems and their Adequacy

TCS has aligned its current systems of internal financial control with the requirement of Companies Act 2013, on lines of globally accepted risk based framework as issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. The Internal Control – Integrated Framework (the 2013 framework) is intended to increase transparency and accountability in an organization's process of designing and implementing a system of internal control. The framework requires a company to identify and analyze risks and manage appropriate responses. The Company has successfully laid down the framework and ensured its effectiveness.

TCS' internal controls are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance with corporate policies. TCS has a well-defined delegation of power with authority limits for approving contracts as well as expenditure. Processes for formulating and reviewing annual and long term business plans have been laid down. TCS uses a state-of-the-art enterprise resource planning (ERP) system that connects all parts of the organization, to record data for accounting, consolidation and management information purposes. It has continued its efforts to align all its processes and controls with global best practices.

Our management assessed the effectiveness of the Company's internal control over financial reporting (as defined in Clause 17 of SEBI Regulations 2015) as of March 31, 2019.

BSR & Co. LLP, the statutory auditors of TCS have audited the financial statements included in this annual report and have issued an attestation report on our internal control over financial reporting (as defined in section 143 of Companies Act 2013).

TCS has appointed Ernst & Young LLP to oversee and carry out internal audit of its activities. The audit is based on an internal audit plan, which is reviewed each year in consultation with the statutory auditors and approved by the audit committee. In line with international practice, the conduct of internal audit is oriented towards the review of internal controls and risks in the Company's operations such as software delivery, accounting and finance, procurement, employee engagement, travel, insurance, IT processes, including most of the subsidiaries and foreign branches.

TCS also undergoes periodic audit by specialized third party consultants and professionals for business specific compliances such as quality management, service management, information security, etc. The audit committee reviews reports submitted by the management and audit reports submitted by internal auditors and statutory auditors. Suggestions for improvement are considered and the audit committee follows up on corrective action. The audit committee also meets TCS' statutory auditors to ascertain, inter alia, their views on the adequacy of internal control systems and keeps the board of directors informed of its major observations periodically.

Based on its evaluation (as defined in section 177 of Companies Act 2013 and Clause 18 of SEBI Regulations 2015), our audit committee has concluded that, as of March 31, 2019, our internal financial controls were adequate and operating effectively.

## TCS' PERFORMANCE TREND (CONSOLIDATED)

| Amounts in ₹ crore | Ind AS | | | | Indian GAAP | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **FY 2019** | FY 2018 | FY 2017 | FY 2016 | FY 2015* | FY 2015 | FY 2014 | FY 2013 | FY 2012 | FY 2011 | FY 2010 |
| **Revenues** | | | | | | | | | | | |
| Total revenue | **146,463** | 123,104 | 117,966 | 108,646 | 94,648 | 94,648 | 81,809 | 62,989 | 48,894 | 37,325 | 30,029 |
| **Revenue by geographic segments** | | | | | | | | | | | |
| Americas | **77,562** | 66,145 | 66,091 | 60,011 | 51,053 | 51,053 | 45,259 | 35,247 | 27,570 | 21,457 | 17,273 |
| Europe | **43,456** | 34,155 | 30,038 | 29,092 | 26,730 | 26,730 | 23,433 | 16,813 | 12,382 | 9,251 | 8,010 |
| India | **8,393** | 7,921 | 7,415 | 6,729 | 6,108 | 6,108 | 5,488 | 4,890 | 4,202 | 3,435 | 2,598 |
| Others | **17,052** | 14,883 | 14,422 | 12,814 | 10,757 | 10,757 | 7,629 | 6,039 | 4,740 | 3,182 | 2,148 |
| **Cost** | | | | | | | | | | | |
| Employee cost | **78,246** | 66,396 | 61,621 | 55,348 | 48,296 | 50,924 | 40,486 | 31,922 | 24,683 | 18,806 | 15,066 |
| Other operating cost | **28,711** | 24,192 | 24,034 | 22,621 | 19,242 | 19,242 | 16,170 | 13,027 | 9,776 | 7,341 | 6,268 |
| Total cost (excluding interest & depreciation) | **106,957** | 90,588 | 85,655 | 77,969 | 67,538 | 70,166 | 56,656 | 44,949 | 34,459 | 26,147 | 21,334 |
| **Profitability** | | | | | | | | | | | |
| EBITDA (before other income) | **39,506** | 32,516 | 32,311 | 30,677 | 27,110 | 24,482 | 25,153 | 18,040 | 14,435 | 11,178 | 8,695 |
| Profit before tax | **41,563** | 34,092 | 34,513 | 31,840 | 28,437 | 25,809 | 25,402 | 18,090 | 13,923 | 11,021 | 8,290 |
| Profit after tax attributable to shareholders of the Company | **31,472** | 25,826 | 26,289 | 24,270 | 21,912 | 19,852 | 19,164 | 13,917 | 10,413 | 9,068 | 7,001 |
| **Financial Position** | | | | | | | | | | | |
| Equity share capital | **375** | 191 | 197 | 197 | 196 | 196 | 196 | 196 | 196 | 196 | 196 |
| Reserves and surplus | **89,071** | 84,937 | 86,017 | 70,875 | 58,140 | 50,439 | 48,999 | 38,350 | 29,284 | 24,209 | 18,171 |
| Gross block (property, plant and equipment including intangible assets) | **25,265** | 23,258 | 21,391 | 19,917 | 17,316 | 17,316 | 13,897 | 11,623 | 9,448 | 7,792 | 6,420 |
| Total investments | **29,330** | 36,008 | 41,980 | 22,822 | 1,662 | 1,662 | 3,434 | 1,897 | 1,350 | 1,763 | 3,682 |
| Net current assets | **70,047** | 63,396 | 65,804 | 47,644 | 36,189 | 28,495 | 27,227 | 19,734 | 12,673 | 9,790 | 7,395 |
| **Earnings per share in ₹** | | | | | | | | | | | |
| EPS - as reported | **83.05** | 134.19 | 133.41 | 123.18 | 111.87 | 101.35 | 97.67 | 70.99 | 53.07 | 46.27 | 35.67 |
| EPS - adjusted for Bonus Issue | **83.05** | 67.10 | 66.71 | 61.59 | 55.94 | 50.68 | 48.84 | 35.50 | 26.54 | 23.14 | 17.84 |
| Headcount (number) | | | | | | | | | | | |
| Headcount (including subsidiaries) as on March 31st | **424,285** | 394,998 | 387,223 | 353,843 | 319,656 | 319,656 | 300,464 | 276,196 | 238,583 | 198,614 | 160,429 |

Note: The Company transitioned into Ind AS from April 1, 2016 with comparative financials for the year ended March 31, 2016.
* Excluding the impact of one-time employee reward.

## OVERVIEW OF FUNDS INVESTED

Funds invested exclude earmarked balances with banks and equity shares measured at fair value through other comprehensive income.

| Amounts in ₹ crore | **FY 2019** | FY 2018 | **FY 2019** | FY 2018 | **FY 2019** | FY 2018 |
|---|---|---|---|---|---|---|
| | Current | | Non-current | | Total funds invested | |
| Investments in mutual funds, Government securities and others | **29,091** | 35,707 | **181** | 243 | **29,272** | 35,950 |
| Deposits with banks | **6,161** | 2,384 | **-** | - | **6,161** | 2,384 |
| Inter-corporate depoits | **7,667** | 2,825 | **58** | 1,972 | **7,725** | 4,797 |
| Cash and bank balances | **6,491** | 4,555 | **-** | - | **6,491** | 4,555 |
| Total | **49,410** | 45,471 | **239** | 2,215 | **49,649** | 47,686 |

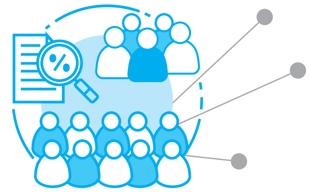
Total invested funds include ₹907 crore for the year ended March 31, 2019 (March 31, 2018: ₹848 crore), pertaining to trusts and TCS Foundation held for specified purposes.

## RATIO ANALYSIS

| | | Ind AS | | | | Indian GAAP | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Units | **FY 2019** | FY 2018 | FY 2017 | FY 2016 | FY 2015* | FY 2015 | FY 2014 | FY 2013 | FY 2012 | FY 2011 | FY 2010 |
| **Ratios - Financial Performance** | | | | | | | | | | | | |
| Employee Cost / Total Revenue | % | **53.4** | 53.9 | 52.2 | 50.9 | 51.0 | 53.8 | 49.5 | 50.7 | 50.5 | 50.4 | 50.2 |
| Other Operating Cost / Total Revenue | % | **19.6** | 19.7 | 20.4 | 20.9 | 20.4 | 20.3 | 19.8 | 20.7 | 20.0 | 19.6 | 20.8 |
| Total Cost / Total Revenue | % | **73.0** | 73.6 | 72.6 | 71.8 | 71.4 | 74.1 | 69.3 | 71.4 | 70.5 | 70.0 | 71.0 |
| EBITDA (Before Other Income) / Total Revenue | % | **27.0** | 26.4 | 27.4 | 28.2 | 28.6 | 25.9 | 30.7 | 28.6 | 29.5 | 30.0 | 29.0 |
| Profit Before Tax / Total Revenue | % | **28.4** | 27.7 | 29.3 | 29.3 | 30.0 | 27.3 | 31.1 | 28.7 | 28.5 | 29.5 | 27.6 |
| Tax / Total Revenue | % | **6.8** | 6.7 | 6.9 | 6.9 | 7.2 | 6.6 | 7.4 | 6.4 | 7.0 | 4.9 | 4.0 |
| Effective Tax Rate - Tax / PBT | % | **24.1** | 24.1 | 23.6 | 23.6 | 23.5 | 23.7 | 23.9 | 22.2 | 24.4 | 16.6 | 14.4 |
| Profit After Tax / Total Revenue | % | **21.5** | 21.0 | 22.3 | 22.3 | 23.2 | 21.0 | 23.4 | 22.1 | 21.3 | 24.3 | 23.3 |
| **Ratios - Growth** | | | | | | | | | | | | |
| Total Revenue | % | **19.0** | 4.4 | 8.6 | 14.8 | 15.7 | 15.7 | 29.9 | 28.8 | 31.0 | 24.3 | 8.0 |
| EBITDA (Before Other Income) | % | **21.5** | 0.6 | 5.3 | 25.3 | 7.8 | (2.7) | 39.4 | 25.0 | 29.1 | 28.6 | 21.3 |
| Profit After Tax | % | **21.9** | (1.8) | 8.3 | 22.3 | 14.3 | 3.6 | 37.7 | 33.6 | 14.8 | 29.5 | 33.2 |
| **Ratios - Balance Sheet** | | | | | | | | | | | | |
| Debt-Equity Ratio | Times | **0.0** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Current Ratio | Times | **4.2** | 4.6 | 5.5 | 4.1 | 3.9 | 2.4 | 2.7 | 2.7 | 2.2 | 2.4 | 1.9 |
| Days Sales Outstanding (DSO) in ₹ terms | Days | **68** | 74 | 70 | 81 | 79 | 79 | 81 | 82 | 86 | 80 | 71 |
| Days Sales Outstanding (DSO) in $ terms | Days | **69** | 74 | 73 | 80 | 78 | 78 | 82 | 82 | 81 | 82 | 74 |
| Invested Funds / Capital Employed | % | **53.5** | 53.9 | 54.6 | 44.2 | 38.0 | 43.5 | 43.0 | 36.4 | 34.8 | 36.8 | 45.7 |
| Capital Expenditure / Total Revenue | % | **1.5** | 1.5 | 1.7 | 1.8 | 3.1 | 3.1 | 3.8 | 4.2 | 4.1 | 4.9 | 3.4 |
| Operating Cash Flows / Total Revenue | % | **19.5** | 20.4 | 21.4 | 17.6 | 20.5 | 20.5 | 18.0 | 18.4 | 14.3 | 17.7 | 24.7 |
| Free Cash Flow / Operating Cash Flow Ratio | % | **92.5** | 92.8 | 92.3 | 89.7 | 84.8 | 84.8 | 78.9 | 77.3 | 71.5 | 72.7 | 86.1 |
| Depreciation / Average Gross Block | % | **8.5** | 9.0 | 9.6 | 10.1 | 11.5 | 11.5 | 10.6 | 10.3 | 10.7 | 10.4 | 10.8 |
| **Ratios - Per Share** | | | | | | | | | | | | |
| EPS - adjusted for Bonus | ₹ | **83.05** | 67.10 | 66.71 | 61.59 | 55.94 | 50.68 | 48.84 | 35.50 | 26.54 | 23.14 | 17.84 |
| Price Earning Ratio, end of year | Times | **24.1** | 21.2 | 18.2 | 20.4 | 22.8 | 25.1 | 21.8 | 22.1 | 22.0 | 25.6 | 21.9 |
| Dividend Per Share | ₹ | **30.00** | 50.00 | 47.00 | 43.50 | 79.00 | 79.00 | 32.00 | 22.00 | 25.00 | 14.00 | 20.00 |
| Dividend Per Share - adjusted for Bonus | ₹ | **30.00** | 25.00 | 23.50 | 21.75 | 39.50 | 39.50 | 16.00 | 11.00 | 12.50 | 7.00 | 10.00 |
| Market Capitalization / Total Revenue | Times | **5.1** | 4.4 | 4.1 | 4.6 | 5.3 | 5.3 | 5.1 | 4.9 | 4.7 | 6.2 | 5.1 |

Note : The company transitioned into Ind AS with effect from April 1, 2016 with comparative financials for the year ended March 31, 2016.
* Ratios excluding the impact of one-time employee reward.

# Corporate **Governance Report**



## I. Company's Philosophy on Corporate Governance

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

Strong leadership and effective corporate governance practices have been the Company's hallmark inherited from the Tata culture and ethos.

The Company has a strong legacy of fair, transparent and ethical governance practices.

The Company has adopted a Code of Conduct for its employees including the Managing Director and the Executive Directors. In addition, the Company has adopted a Code of Conduct for its non-executive directors which includes Code of Conduct for Independent Directors which suitably incorporates the duties of independent directors as laid down in the Companies Act, 2013 ("the Act"). The Company's corporate governance philosophy has been further strengthened through the Tata Business Excellence Model, the TCS Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices ("Insider Trading Code"). The Company has in place an Information Security Policy that ensures proper utilization of IT resources.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with regard to corporate governance.

## II. Board of Directors

i. As on March 31, 2019, the Company has eleven Directors. Of the eleven Directors, nine (i.e. 81.8 percent) are Non-Executive Directors out of which seven (i.e. 63.6 percent) are Independent Directors. The profiles of Directors can be found on https://www.tcs.com/ir-corporate-governance. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Act.

ii. None of the Directors on the Board holds directorships in more than ten public companies. None of the Independent Directors serves as an independent director on more than seven listed entities. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2019 have been made by the Directors. None of the Directors is related to each other except N Ganapathy Subramaniam and N Chandrasekaran.

iii. Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

iv. Six Board Meetings were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on:

April 19, 2018; June 15, 2018; July 10, 2018; October 11, 2018; January 10, 2019; and March 8, 2019.

The necessary quorum was present for all the meetings.

v. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year under review and at the last Annual General Meeting ("AGM"), name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on March 31, 2019 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies registered under Section 8 of the Act. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she is a Director. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

| Name of the Director | Category | Number of Board Meetings attended during the FY 2019 | Whether attended last AGM held on June 15, 2018 | Number of Directorships in other Public Companies | | Number of Committee positions held in other Public Companies | | Directorship in other listed entity (Category of Directorship) |
|---|---|---|---|---|---|---|---|---|
| | | | | Chairman | Member | Chairman | Member | |
| N Chandrasekaran (Chairman) DIN 00121863 | Non-Independent, Non-Executive | 6 | Yes | 5 | - | - | - | 1. Tata Steel Limited (Non-Independent, Non-Executive) 2. Tata Motors Limited (Non-Independent, Non-Executive) 3. Tata Global Beverages Limited (Non-Independent, Non-Executive) 4. The Tata Power Company Limited (Non-Independent, Non-Executive) 5. The Indian Hotels Company Limited (Non-Independent, Non-Executive) |
| Rajesh Gopinathan (Chief Executive Officer and Managing Director) DIN 06365813 | Non-Independent, Executive | 6 | Yes | - | - | - | - | - |
| N Ganapathy Subramaniam (Chief Operating Officer and Executive Director) DIN 07006215 | Non-Independent, Executive | 6 | Yes | 1 | - | - | - | Tata Elxsi Limited (Non-Independent, Non-Executive) |
| Aman Mehta DIN 00009364 | Independent, Non-Executive | 6 | Yes | - | 5 | - | 6 | 1. Wockhardt Limited (Independent, Non-Executive) 2. Godrej Consumer Products Limited (Independent, Non-Executive) 3. Max Financial Services Limited (Independent, Non-Executive) 4. Tata Steel Limited (Independent, Non-Executive) 5. Vedanta Limited (Independent, Non-Executive) |
| V Thyagarajan* DIN 00017541 | Independent, Non-Executive | 3 | Yes | N.A. | N.A. | N.A. | N.A. | N.A. |
| Prof Clayton M Christensen** DIN 00020111 | Independent, Non-Executive | - | No | N.A. | N.A. | N.A. | N.A. | N.A. |
| Dr Ron Sommer DIN 00621387 | Independent, Non-Executive | 6 | Yes | - | - | - | - | - |

| Name of the Director | Category | Number of Board Meetings attended during the FY 2019 | Whether attended last AGM held on June 15, 2018 | Number of Directorships in other Public Companies | | Number of Committee positions held in other Public Companies | | Directorship in other listed entity (Category of Directorship) |
|---|---|---|---|---|---|---|---|---|
| | | | | Chairman | Member | Chairman | Member | |
| O P Bhatt<br>DIN 00548091 | Independent, Non-Executive | 6 | Yes | - | 3 | 2 | 2 | 1. Hindustan Unilever Limited (Independent, Non-Executive)<br>2. Tata Steel Limited (Independent, Non-Executive)<br>3. Tata Motors Limited (Independent, Non-Executive) |
| Aarthi Subramanian<br>DIN 07121802 | Non-Independent, Non-Executive | 6 | Yes | - | 4 | 1 | - | - |
| Dr Pradeep Kumar Khosla<br>DIN 03611983 | Independent, Non-Executive | 5 | No | - | - | - | - | - |
| Hanne Sorensen***<br>DIN 08035439 | Independent, Non-Executive | 2 | N.A. | - | 1 | - | 1 | Tata Motors Limited (Independent, Non-Executive) |
| Keki Mistry***<br>DIN 00008886 | Independent, Non-Executive | 2 | N.A. | 1 | 7 | 3 | 4 | 1. Housing Development Finance Corporation Limited (Executive Director)<br>2. Torrent Power Limited (Independent, Non-Executive)<br>3. HDFC Bank Limited (Non-Independent, Non-Executive)<br>4. GRUH Finance Limited (Non-Independent, Non-Executive)<br>5. HDFC Life Insurance Company Limited (Nominee, Non-Executive)<br>6. HDFC Asset Management Company Limited (Non-Independent, Non-Executive) |
| Don Callahan****<br>DIN 08326836 | Independent, Non-Executive | 1 | N.A. | - | - | - | - | - |

* Relinquished the position of Independent Director w.e.f. July 10, 2018 as part of Board succession planning.

** Relinquished the position of Independent Director w.e.f. September 28, 2018 due to personal reasons.

*** Appointed as an Additional and Independent Director w.e.f. December 18, 2018.

**** Appointed as an Additional and Independent Director w.e.f. January 10, 2019.

Video/tele-conferencing facilities are also used to facilitate Directors travelling/residing abroad or at other locations to participate in the meetings.

vi. During FY 2019, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.

vii. During FY 2019, two meetings of the Independent Directors were held on April 19, 2018 and October 11, 2018. The Independent Directors, *inter-alia*, reviewed the performance of Non-Independent Directors, Board as a whole and Chairman of the Company, taking into account the views of executive directors and non-executive directors.

viii. The Board periodically reviews the compliance reports of all laws applicable to the Company.

ix. Details of equity shares of the Company held by the Directors as on March 31, 2019 are given below:

| Name | Category | Number of equity shares |
|---|---|---:|
| N Chandrasekaran | Non-Independent, Non-Executive | 177,056 |
| Aarthi Subramanian | Non-Independent, Non-Executive | 5,600 |
| Rajesh Gopinathan | Non-Independent, Executive | 2,260 |
| N Ganapathy Subramaniam | Non-Independent, Executive | 197,760 |
| Keki Mistry | Independent, Non-Executive | 4,078 |

The Company has not issued any convertible instruments.

x. The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board:

| | |
|---|---|
| Global Business | Understanding, of global business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions. |
| Strategy and Planning | Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments. |
| Governance | Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values. |

## III. Committees of the Board

i. There are ten Board Committees as on March 31, 2019, which comprises five statutory committees and five other committees that have been formed, considering the needs of the Company, details of which are as follows:

<table>
<tr><th>Name of the Committee</th><th>Extract of Terms of Reference</th><th colspan="2">Category and Composition</th><th>Other details</th></tr>
<tr><td colspan="5">Statutory Committees</td></tr>
<tr><td rowspan="8">Audit Committee</td><td rowspan="8">Committee is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations and Section 177 of the Act.<br>• Oversight of financial reporting process.<br>• Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval.<br>• Evaluation of internal financial controls and risk management systems<br>• Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.<br>• Approve policies in relation to the implementation of the Insider Trading Code and to supervise implementation of the same.</td><td>Name</td><td>Category</td><td rowspan="8">• Five meetings of the Audit Committee were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days.<br>• Committee invites such of the executives (particularly the head of the finance function), representatives of the statutory auditors and internal auditors, as it considers appropriate, to be present at its meetings.<br>• The Company Secretary acts as the Secretary to the Audit Committee.<br>• Rajendra Moholkar is the Compliance Officer, to ensure compliance and effective implementation of the Insider Trading Code.<br>• Quarterly Reports are sent to the members of the Committee on matters relating to the Insider Trading Code.<br>• The previous AGM of the Company was held on June 15, 2018 and was attended by Aman Mehta, Chairman of the Audit Committee.</td></tr>
<tr><td>Aman Mehta (Chairman)</td><td>Independent, Non-Executive</td></tr>
<tr><td>V Thyagarajan*</td><td>Independent, Non-Executive</td></tr>
<tr><td>Dr Ron Sommer</td><td>Independent, Non-Executive</td></tr>
<tr><td>O P Bhatt</td><td>Independent, Non-Executive</td></tr>
<tr><td>Aarthi Subramanian</td><td>Non-Independent, Non-Executive</td></tr>
<tr><td>Dr Pradeep Kumar Khosla**</td><td>Independent, Non-Executive</td></tr>
<tr><td colspan="2">* Relinquished the position of Independent Director and consequently ceased to be a member of this Committee w.e.f. July 10, 2018.<br>** Appointed as a member of the Committee w. e. f. January 10, 2019.</td></tr>
</table>

<table>
<tr><th>Name of the Committee</th><th>Extract of Terms of Reference</th><th>Category and Composition</th><th>Other details</th></tr>
<tr>
<td>Nomination and Remuneration Committee</td>
<td>Committee is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations and Section 178 of the Act.<ul><li>Recommend to the Board the setup and composition of the Board and its committees.</li><li>Recommend to the Board the appointment/re-appointment of Directors and Key Managerial Personnel.</li><li>Support the Board and Independent Directors in evaluation of the performance of the Board, its Committees and individual Directors.</li><li>Recommend to the Board the Remuneration Policy for Directors, executive team or Key Managerial Personnel as well as the rest of employees.</li><li>Oversee familiarization programs for Directors.</li></ul></td>
<td><table>
<tr><th>Name</th><th>Category</th></tr>
<tr><td>Aman Mehta (Chairman)</td><td>Independent, Non-Executive</td></tr>
<tr><td>N Chandrasekaran</td><td>Non-Independent, Non-Executive</td></tr>
<tr><td>V Thyagarajan*</td><td>Independent, Non-Executive</td></tr>
<tr><td>Dr Ron Sommer**</td><td>Independent, Non-Executive</td></tr>
<tr><td>O P Bhatt**</td><td>Independent, Non-Executive</td></tr>
</table>
* Relinquished the position of Independent Director and consequently ceased to be a member of this Committee w.e.f. July 10, 2018.<br>
** Appointed as a Member of the Committee w. e. f. October 11, 2018.</td>
<td><ul><li>Three Nomination and Remuneration Committee meetings were held during the year under review.</li><li>The Company does not have any Employee Stock Option Scheme.</li><li>Details of Performance Evaluation Criteria and Remuneration Policy are provided herein below.</li></ul></td>
</tr>
<tr>
<td>Stakeholders' Relationship Committee</td>
<td>Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations and Section 178 of the Act.<ul><li>Consider and resolve the grievances of security holders.</li><li>Consider and approve issue of share certificates, transfer and transmission of securities, etc.</li></ul></td>
<td><table>
<tr><th>Name</th><th>Category</th></tr>
<tr><td>Ron Sommer* (Chairman)</td><td>Independent, Non-Executive</td></tr>
<tr><td>V Thyagarajan**</td><td>Independent, Non-Executive</td></tr>
<tr><td>O P Bhatt ^</td><td>Independent, Non-Executive</td></tr>
<tr><td>Rajesh Gopinathan</td><td>Non-Independent, Executive</td></tr>
<tr><td>N Ganapathy Subramaniam</td><td>Non-Independent, Executive</td></tr>
<tr><td>Dr Pradeep Kumar Khosla^^</td><td>Independent, Non-Executive</td></tr>
</table>
* Appointed as a Member and Chairman of this Committee w.e.f. January 10, 2019.<br>
** Relinquished the position of Independent Director and consequently ceased to be a member and Chairman of this Committee w.e.f. July 10, 2018.<br>
^ Ceased to be a member w.e.f. January 10, 2019.<br>
^^ Appointed as a Member of this Committee w.e.f. January 10, 2019.</td>
<td><ul><li>Two meetings of the Stakeholders' Relationship Committee were held during the year under review.</li><li>The Company has always valued its customer relationships. This philosophy has been extended to investor relationship and an Investor Relations Department (IRD) was set up in June 2004, prior to the Company's Initial Public Offer of shares. The IRD focuses on servicing the needs of various stakeholders viz. investors, analysts, brokers and the general public.</li><li>Details of Investor complaints and Compliance Officer are provided herein below.</li></ul></td>
</tr>
<tr>
<td>Corporate Social Responsibility ("CSR") Committee</td>
<td>Committee is constituted in line with the provisions of Section 135 of the Act.<ul><li>Formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act.</li><li>Recommend the amount of expenditure to be incurred on the activities mentioned in the CSR Policy.</li><li>Monitor the CSR Policy.</li></ul></td>
<td><table>
<tr><th>Name</th><th>Category</th></tr>
<tr><td>N Chandrasekaran (Chairman)</td><td>Non-Independent, Non-Executive</td></tr>
<tr><td>O P Bhatt</td><td>Independent, Non-Executive</td></tr>
<tr><td>Rajesh Gopinathan</td><td>Non-Independent, Executive</td></tr>
<tr><td>Aarthi Subramanian</td><td>Non-Independent, Non-Executive</td></tr>
</table></td>
<td><ul><li>Three meetings of the CSR Committee were held during the year under review.</li><li>Four Board meetings of TCS Foundation, a Section 8 company which was incorporated with sole objective of carrying on Corporate Social Responsibility (CSR) activities of the Company were held during the year.</li></ul></td>
</tr>
<tr>
<td>Risk Management Committee ("RMC")</td>
<td>Committee is constituted in line with the provisions of Regulation 21 of SEBI Listing Regulations.<ul><li>Frame, implement and monitor the risk management plan for the Company.</li></ul></td>
<td><table>
<tr><th>Name</th><th>Category</th></tr>
<tr><td>O P Bhatt (Chairman)</td><td>Independent, Non-Executive</td></tr>
<tr><td>Rajesh Gopinathan</td><td>Non-Independent, Executive</td></tr>
<tr><td>Aarthi Subramanian</td><td>Non-Independent, Non -Executive</td></tr>
<tr><td>Ramakrishnan V</td><td>Chief Financial Officer</td></tr>
</table></td>
<td><ul><li>Three meetings of the RMC were held during the year under review.</li><li>Fortnightly reports are sent to the members of the RMC on matters related to the RMC.</li></ul></td>
</tr>
</table>

| Name of the Committee | Extract of Terms of Reference | Category and Composition | Other details |
|---|---|---|---|
| **Other Committees** | | | |
| Ethics and Compliance Committee | • Consider matters relating to the Company's Code of Conduct (CoC).<br>• Monitoring of Anti Bribery and Anti-Corruption Policy and Gifts Policy. | **Name** – **Category**<br>V Thyagarajan* – Independent, Non-Executive<br>O P Bhatt – Independent, Non-Executive<br>Rajesh Gopinathan – Non-Independent, Executive<br>Aarthi Subramanian – Non-Independent, Non-Executive<br>* Relinquished the position of Independent Director and consequently ceased to be a member and chairman of this Committee w.e.f. July 10, 2018. | • Two meetings of the Ethics and Compliance Committee were held during the year under review.<br>• Monthly reports are sent to the members of the Ethics and Compliance Committee on matters relating to the CoC. |
| Health, Safety and Sustainability Committee | • Framing and implementation of broad guidelines / policies with regard to the health, safety and sustainability activities. | **Name** – **Category**<br>Dr. Ron Sommer – Independent, Non-Executive<br>N Ganapathy Subramaniam – Non-Independent, Executive | • Two meetings of the Health, Safety and Sustainability Committee were held during the year under review. |
| Executive Committee | Detailed review of the following matters which form part of terms of Executive Committee, were presented to the Board:<br>• Business and strategy review;<br>• Long-term financial projections and cash flows;<br>• Capital and revenue budgets and capital expenditure programmes;<br>• Acquisitions, divestments and business restructuring proposals;<br>• Senior management succession planning;<br>• Any other item as may be decided by the Board. | **Name** – **Category**<br>N Chandrasekaran (Chairman) – Non-Independent, Non-Executive<br>Dr. Ron Sommer – Independent, Non-Executive<br>Prof. Clayton M Christensen* – Independent, Non-Executive<br>Rajesh Gopinathan – Non-Independent, Executive<br>* Relinquished the position of Independent Director and consequently ceased to be a member of this Committee w.e.f. September 28, 2018. | • The said matters were discussed in various Board meetings held during the year under review in the presence of the Executive Committee Members with the intent to avail expertise of all Board members. |
| Software Technology Parks of India (STPI) / Special Economic Zone (SEZ) Committee | • Registration / renewal of registration / de-registration of various offices of the Company under the STPI / SEZ schemes and such other scheme(s) as may be deemed fit and to also approve of other STPI/ SEZ/ other scheme(s) related matters. | **Name** – **Category**<br>V Thyagarajan* – Independent, Non Executive<br>N Ganapathy Subramaniam – Non-Independent, Executive<br>* Relinquished the position of Independent Director and consequently ceased to be a member of this Committee w.e.f. July 10, 2018. | • No meetings were held during the year. |
| Bank Account Committee | • Responsible for approval of the opening and closing of bank accounts of the Company.<br>• Authorise persons to operate the bank accounts of the Company. | **Name** – **Category**<br>Aman Mehta – Independent, Non-Executive<br>Rajesh Gopinathan – Non-Independent, Executive | • No meetings were held during the year. |
| The terms of reference of these committees are available on the website (https://www.tcs.com/ir-corporate-governance) | | | |

**ii. Stakeholders Relationship Committee - other details**

a. Name, designation and address of Compliance Officer:

Rajendra Moholkar
Company Secretary
Tata Consultancy Services Limited
9th Floor, Nirmal Building,
Nariman Point, Mumbai 400 021.
Telephone: 91 22 6778 9595

b. Details of investor complaints received and redressed during FY 2019 are as follows:

| Opening Balance | Received during the year | Resolved during the year | Closing Balance |
|---|---|---|---|
| - | 189 | 188 | 1* |

* As regards the one pending complaint, action taken report has been uploaded on SCORES i.e. the SEBI online redressal portal and same is awaiting processing by SEBI.

### iii. Nomination and Remuneration Committee - other details

Performance Evaluation Criteria for Independent Directors:

The performance evaluation criteria for independent directors is determined by the Nomination and Remuneration Committee. An indicative list of factors on which evaluation was carried out includes participation and contribution by a director, commitment, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behavior and judgment.

Remuneration Policy:

Remuneration policy of the Company is designed to create a high-performance culture. It enables the Company to attract, retain and motivate employees to achieve results. Our business model promotes customer centricity and requires employee mobility to address project needs. The remuneration policy supports such mobility through pay models that are compliant to local regulations. In each country where the Company operates, the remuneration structure is tailored to the regulations, practices and benchmarks prevalent in the IT industry.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Managing Director and the Executive Directors. Annual increments are recommended by the Nomination and Remuneration Committee within the salary scale approved by the Board and Members and are effective April 1, each year.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, decides the commission payable to the Managing Director and the Executive Directors out of the profits for the financial year and within the ceilings prescribed under the Act, based on the Board evaluation process considering the criteria such as the performance of the Company as well as that of the Managing Director and each Executive Director.

The Company pays sitting fees of ₹30,000 per meeting to its Non-Executive Directors for attending meetings of the Board and meetings of committees of the Board. The Company also pays commission to the Non-Executive Directors within the ceiling of 1 percent of the net profits of the Company as computed under the applicable provisions of the Act, with the approval of the members. The said commission is decided each year by the Board of Directors, on the recommendation of the Nomination and Remuneration Committee and distributed amongst the Non-Executive Directors based on the Board evaluation process, considering criteria such as their attendance and contribution at the Board and Committee meetings, as well as the time spent on operational matters other than at meetings. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings. The Remuneration policy is available on https://on.tcs.com/remuneration-policy.

### iv. Details of the Remuneration for the year ended March 31, 2019:

**a. Non-Executive Directors:**

(₹ lakh)

| Name | Commission | Sitting Fees |
|---|---:|---:|
| N Chandrasekaran, Chairman@ | - | 3.60 |
| Aman Mehta | 315.00 | 4.80 |
| V Thyagarajan* | 100.00 | 3.00 |
| Prof Clayton M Christensen** | 75.00 | 0.30 |
| Dr Ron Sommer | 220.00 | 5.10 |
| O P Bhatt | 215.00 | 7.50 |
| Aarthi Subramanian@@ | - | 5.70 |
| Dr Pradeep Kumar Khosla | 150.00 | 2.10 |
| Hanne Sorensen*** | 50.00 | 0.60 |
| Keki Mistry*** | 50.00 | 0.60 |
| Don Callahan**** | 35.00 | 0.30 |
| **Total** | **1,210.00** | **33.60** |

@ As a policy, N Chandrasekaran, Chairman, has abstained from receiving commission from the Company.

@@ In line with the internal guidelines of the Company, no payment is made towards commission to the Non-Executive Directors of the Company, who are in full time employment with any other Tata company.

* Relinquished the position of Independent Director w.e.f. July 10, 2018.

** Relinquished the position of Independent Director w.e.f. September 28, 2018.

*** Appointed as an Additional and Independent Director w.e.f. December 18, 2018.

**** Appointed as an Additional and Independent Director w.e.f. January 10, 2019.

b. **Managing Director and Executive Director**

(₹ lakh)

| Name of Director | Salary | Benefits, Perquisites and Allowances | Commission | ESPS |
|---|---|---|---|---|
| Rajesh Gopinathan<br>Chief Executive Officer and Managing Director<br>(w.e.f. February 21, 2017 for a period of 5 years) | 115.74 | 187.11 | 1,300.00 | - |
| N Ganapathy Subramaniam<br>Chief Operating Officer and Executive Director<br>(w.e.f. February 21, 2017 for a period of 5 years) | 109.02 | 152.06 | 900.00 | - |

The above figures do not include provisions for encashable leave, gratuity and premium paid for group health insurance, as separate actuarial valuation / premium paid are not available.

Services of the Managing Director and Executive Director may be terminated by either party, giving the other party six months' notice or the Company paying six months' salary in lieu thereof. There is no separate provision for payment of severance pay.

v. **Number of committee meetings held and attendance records**

| Name of the Committee → | Audit Committee | Nomination and Remuneration Committee | Stakeholders' Relationship Committee | Corporate Social Responsibility Committee | Risk Management Committee | Ethics and Compliance Committee | Health, Safety and Sustain-ability Committee |
|---|---|---|---|---|---|---|---|
| No. of meetings held → | 5 | 3 | 2 | 3 | 3 | 2 | 2 |
| Date of meetings → | April 19, 2018; June 15, 2018; July 10, 2018; October 11, 2018 and January 10, 2019 | April 19, 2018; October 11, 2018 and January 10, 2019 | April 18, 2018 and October 10, 2018 | July 18, 2018, October 24, 2018 and February 11, 2019@ | April 5, 2018, October 10, 2018 and January 9, 2019 | April 18, 2018 and October 10, 2018 | July 10, 2018 and January 10, 2019 |
| No. of Meetings Attended | | | | | | | |
| Name of Member | | | | | | | |
| N Chandrasekaran | - | 3 | - | 3 | - | - | - |
| Rajesh Gopinathan | - | - | 2 | 2 | 3 | 2 | - |
| Aman Mehta | 5 | 3 | - | - | - | - | - |
| V Thyagarajan* | 3 | 1 | 1 | - | - | 1 | - |
| Prof Clayton M Christensen** | - | - | - | - | - | - | - |
| Dr Ron Sommer*** | 5 | 2 | - | - | - | - | 2 |
| O P Bhatt^ | 5 | 2 | 2 | 3 | 3 | 2 | - |
| N Ganapathy Subramaniam | - | - | 2 | - | - | - | 2 |
| Aarthi Subramanian | 5 | - | - | 3 | 3 | 2 | - |
| Dr Pradeep Kumar Khosla^^ | - | - | - | - | - | - | - |
| Hanne Sorensen# | - | - | - | - | - | - | - |
| Keki Mistry# | - | - | - | - | - | - | - |
| Don Callahan# | - | - | - | - | - | | - |
| Ramakrishnan V | - | - | - | - | 3 | - | - |
| Whether quorum was present for all the meetings | The necessary quorum was present for all the above committee meetings | | | | | | |

* V Thyagarajan relinquished the position as Independent Director of the Company and consequently as a member of the Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Ethics and Compliance Committee and Software Technology Parks of India (STPI)/Special Economic Zone (SEZ) Committee w.e.f. July 10, 2018.

** Prof Clayton M Christensen relinquished the position as Independent Director of the Company and consequently as a member of the Executive Committee w.e.f. September 28, 2018.

*** Dr Ron Sommer was appointed as a member of Nomination and Remuneration Committee w.e.f. October 10, 2018 and member and Chairman of Stakeholders' Relationship Committee w.e.f. January 10, 2019.

^ O P Bhatt was appointed as a member of Nomination and Remuneration Committee w.e.f. October 10, 2018 and ceased to be a member of Stakeholders' Relationship Committee w.e.f. January 10, 2019.

^^ Dr Pradeep Kumar Khosla was appointed as a member of Audit Committee and Stakeholders' Relationship Committee on January 10, 2019.

# Do not hold membership of any of the committees of the Board.

@ TCS Foundation, a Section 8 company incorporated in 2015 with sole objective of carrying on Corporate Social Responsibility (CSR) activities of the Company, has held four meetings during the FY 2019.

## IV. General Body Meetings

### i. General Meeting

a. Annual General Meeting ("AGM"):

| Financial Year | Date | Time | Venue |
|---|---|---|---|
| 2016 | June 17, 2016 | 3.30 p.m. | Birla Matushri Sabhagar 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai – 400 020 |
| 2017 | June 16, 2017 | | |
| 2018 | June 15, 2018 | | |

b. Extraordinary General Meeting:

No extraordinary general meeting of the members was held during FY 2019.

c. Special Resolution(s):

No special resolution was passed by the Company in any of its previous three AGMs.

### ii. Details of special resolution passed through postal ballot, the persons who conducted the postal ballot exercise, details of the voting pattern and procedure of postal ballot:

The Company had sought the approval of the shareholders by way of a Special Resolution through notice of postal ballot dated June 15, 2018 for buy-back of its equity shares, which was duly passed and the results of which were announced on August 4, 2018. P N Parikh (Membership No. FCS 327) of Parikh and Associates, Practising Company Secretaries, was appointed as the Scrutinizer to scrutinize the postal ballot and remote e-voting process in a fair and transparent manner.

| Description of the Resolution | Votes in favour of the resolution | | | Votes against the resolution | | | Invalid Votes | |
|---|---|---|---|---|---|---|---|---|
| | Number of members voted through electronic voting system and through Physical ballot form | Number of valid Votes cast (Shares) | Percentage of total number of valid votes cast | Number of members voted through electronic voting system and through Physical ballot form | Number of valid Votes cast (Shares) | Percentage of total number of valid votes cast | Total number of members whose votes were declared invalid | Total number of invalid votes cast (Shares) |
| Approval for Buy-back of Equity Shares | 7,393 | 3,519,152,756 | 99.83 | 674 | 5,911,138 | 0.17 | 217 | 40,476 |

Procedure for postal ballot:

The postal ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Rules framed thereunder.

### iii. Details of special resolution proposed to be conducted through postal ballot:

None of the businesses proposed to be transacted at the ensuing AGM requires passing of a special resolution through postal ballot.

V. A certificate has been received from Parikh and Associates, Practising Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

VI. B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W – 100022) have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors' fees, on consolidated basis is given below:

(₹ lakh)

| Particulars | Amount |
|---|---|
| Services as statutory auditors (including quarterly audits) | 729.5 |
| Tax audit | 54.0 |
| Services for tax matters | 17.5 |
| SSAE16 and Other matters | 357.4 |
| Re-imbursement of out-of-pocket expenses | 48.5 |
| **Total** | **1,206.9** |

## VII. Other Disclosure

| Particulars | Regulations | Details | Website link for details/policy |
|---|---|---|---|
| Related party transactions | Regulation 23 of SEBI Listing Regulations and as defined under the Act | There are no material related party transactions during the year that have conflict with the interest of the Company. Transactions entered into with related parties during the financial year were in the ordinary course of business and at arms' length basis and were approved by the Audit Committee. The Board's approved policy for related party transactions is uploaded on the website of the Company. | https://www.tcs.com/content/dam/tcs/pdf/discover-tcs/investor-relations/faq/TCS_Related_Party_Transactions_Policy.pdf |
| Details of non - compliance by the Company, penalty, strictures imposed on the Company by the stock exchange, or Securities and Exchange Board of India ('SEBI') or any statutory authority on any matter related to capital markets | Schedule V (C) 10(b) to the SEBI Listing Regulations | There were no cases of non-compliance during the last three financial years. | |
| Whistle Blower Policy and Vigil Mechanism | Regulation 22 of SEBI Listing Regulations | The Company has a Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the Audit Committee. The said policy has been uploaded on the website of the Company. | https://www.tcs.com/content/dam/tcs/pdf/discover-tcs/investor-relations/faq/TCS-Global-Policy-Whistle-Blower-Ver-5.pdf |
| Discretionary requirements | Schedule II Part E of the SEBI Listing Regulations | • A message from the Chief Executive Officer and Managing Director on the half-yearly financial performance of the Company including a summary of the significant events in the six month period ended September 30, 2018 was sent to every member in November 2018.<br>• The auditors' report on financial statements of the Company are unqualified.<br>• Internal auditors of the Company, make quarterly presentations to the audit committee on their reports. | |

| Particulars | Regulations | Details | Website link for details/policy |
|---|---|---|---|
| Subsidiary Companies | Regulation 24 of the SEBI Listing Regulations | The audit committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the Board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.<br>The Company does not have any material unlisted Indian subsidiary company.<br>The Company has a policy for determining 'material subsidiaries' which is disclosed on its website. | https://www.tcs.com/content/dam/tcs/pdf/discover-tcs/investor-relations/faq/TCS_Material_Subsidiary_Policy.pdf |
| Policy on Determination of Materiality for Disclosures | Regulation 30 of SEBI Listing Regulations | The Company has adopted a Policy on Determination of Materiality for Disclosures. | https://www.tcs.com/content/dam/tcs/pdf/discover-tcs/investor-relations/faq/TCS-Policy-Determination-of-Materiality-for-Disclosure.pdf |
| Policy on Archival and Preservation of Documents | Regulation 9 of SEBI Listing Regulations | The Company has adopted a Policy on Archival and Preservation of Documents. | https://www.tcs.com/content/dam/tcs/pdf/discover-tcs/investor-relations/faq/TCS-Policy-Archival-of-Documents.pdf |
| Reconciliation of Share Capital Audit Report | Regulation 76 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and SEBI Circular No D&CC / FITTC/ Cir- 16/2002 dated December 31, 2002. | A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. | https://www.tcs.com/corporate-governance |
| Code of Conduct | Regulation 17 of the SEBI Listing Regulations | The members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended March 31, 2019. The Annual Report of the Company contains a certificate by the Chief Executive Officer and Managing Director, on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management. | https://www.tcs.com/tata-code-of-conduct |
| Dividend Distribution Policy | Regulation 43A of the SEBI Listing Regulations | A regular annual dividend consists of three interim dividends after each of the first three quarters of the fiscal year, topped up with a final dividend after the fourth quarter. In addition, every second or third year, the accumulated surplus cash has been returned to shareholders through a special dividend. | https://www.tcs.com/content/dam/tcs/pdf/discover-tcs/investor-relations/faq/TCS-Dividend-Distribution-Policy.pdf |
| Terms of Appointment of Independent Directors | Regulation 46 of SEBI Listing Regulations and Section 149 read with Schedule IV of the Act | Terms and conditions of appointment/re-appointment of Independent Directors are available on the Company's website. | https://www.tcs.com/content/dam/tcs/pdf/discover-tcs/investor-relations/faq/Letter_of_appointment_to_Independent_Directors_TCS.pdf |

| Particulars | Regulations | Details | Website link for details/policy |
|---|---|---|---|
| Familiarization Program | Regulations 25(7) and 46 of SEBI Listing Regulations | Details of familiarization program imparted to Independent Directors are available on the Company's website. | https://www.tcs.com/content/dam/tcs/pdf/discover-tcs/investor-relations/faq/TCS-Familiarization-Program-for-Independent-Directors-v2.pdf |
| Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2018 | | The details have been disclosed in the Business Responsibility Report forming part of the Annual Report. | |

## VIII. Means of Communication

The quarterly, half-yearly and annual financial results of the Company are published in leading newspapers in India which include The Indian Express, Financial Express, Loksatta, Business Standard, The Hindu Business Line, Hindustan Times and Sandesh. The results are also displayed on the Company's website www.tcs.com. Statutory notices are published in The Free Press Journal and Navshakti. The Company also issues press releases from time to time. Financial Results, Statutory Notices, Press Releases and Presentations made to the institutional investors/ analysts after the declaration of the quarterly, half-yearly and annual results are submitted to the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) as well as uploaded on the Company's website. Frequently Asked Questions (FAQs) giving details about the Company and its shares is uploaded on the Company's website https://www.tcs.com/investor-relations. A Management Discussion and Analysis Report is a part of this Annual Report.

## IX. General shareholder information

**i. Annual General Meeting for FY 2019**

| | | |
|---|---|---|
| Date | : | June 13, 2019 |
| Time | : | 3.30 p.m. |
| Venue | : | Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020 |

As required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard 2, particulars of Directors seeking appointment/re-appointment at this AGM are given in the Annexure to the Notice of this AGM.

**ii. Financial Calendar**

| | | |
|---|---|---|
| Year ending | : | March 31 |
| AGM in | : | June |
| Dividend Payment | : | The final dividend, if approved, shall be paid/credited on June 17, 2019 |

**iii. Date of Book Closure / Record Date** : As mentioned in the Notice of this AGM

**iv. Listing on Stock Exchanges** : National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G, Bandra Kurla Complex
Bandra (East), Mumbai 400 051

BSE Limited
25th Floor, P. J. Towers, Dalal Street, Mumbai 400 001

**v. Stock Codes/Symbol**

NSE : TCS
BSE : 532540

Listing Fees as applicable have been paid.

**vi. Corporate Identity Number (CIN) of the Company:** L22210MH1995PLC084781

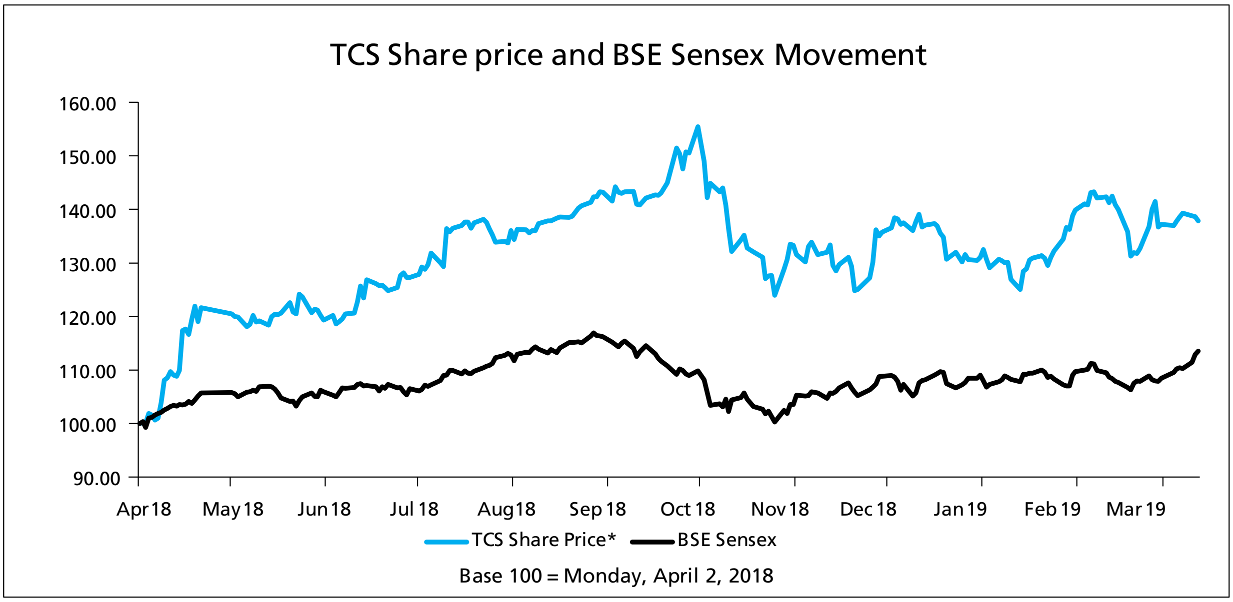
**vii. Market Price Data:**

High, Low (based on daily closing prices) and number of equity shares traded during each month in the year 2018-19 on NSE and BSE:

| Month | NSE | | | BSE | | |
|---|---|---|---|---|---|---|
| | High (₹) | Low (₹) | Total number of equity shares traded | High (₹) | Low (₹) | Total number of equity shares Traded |
| Apr-2018 | 3,539.25 | 2,909.65 | 58,151,126 | 3,540.35 | 2,902.90 | 3,783,069 |
| May-2018 | 3,603.70 | 3,420.95 | 35,193,453 | 3,604.80 | 3,427.70 | 1,755,361 |
| Jun-2018 | 1,858.00 | 1,721.60 | 74,257,498 | 1,859.80 | 1,721.20 | 7,164,804 |
| Jul-2018 | 2,005.65 | 1,851.35 | 86,782,242 | 2,005.05 | 1,855.60 | 5,412,053 |
| Aug-2018 | 2,082.40 | 1,948.40 | 42,262,355 | 2,079.45 | 1,950.65 | 2,809,851 |
| Sep-2018 | 2,198.45 | 2,043.95 | 44,640,172 | 2,198.70 | 2,043.75 | 2,134,177 |
| Oct-2018 | 2,255.55 | 1,799.10 | 68,060,513 | 2,255.80 | 1,799.60 | 6,009,839 |
| Nov-2018 | 1,983.90 | 1,812.00 | 52,728,186 | 1,976.55 | 1,811.75 | 3,600,207 |
| Dec-2018 | 2,016.80 | 1,889.20 | 49,342,879 | 2,018.70 | 1,889.50 | 2,776,094 |
| Jan-2019 | 2,014.10 | 1,813.25 | 69,895,226 | 2,014.60 | 1,814.40 | 3,463,170 |
| Feb-2019 | 2,082.90 | 1,904.80 | 66,680,299 | 2,079.90 | 1,904.85 | 3,664,344 |
| Mar-2019 | 2,039.95 | 1,967.90 | 53,740,876 | 2,040.20 | 1,968.20 | 2,582,161 |

Note: Price from May 31, 2018 is Ex-Bonus.

**viii. Performance of the share price of the Company in comparison to the BSE Sensex :**




* Adjusted for 1:1 Bonus. The share has been trading ex-bonus on the exchanges w.e.f. May 31, 2018.

**ix. Registrars and Transfer Agents**

| | | |
|---|---|---|
| Name and Address | : | TSR DARASHAW Limited ("TSRDL")<br>6-10, Haji Moosa Patrawala Industrial Estate,<br>20, Dr. E. Moses Road, Mahalaxmi,<br>Mumbai 400 011. |
| Telephone | : | 022 6656 8484 |
| Fax | : | 022 6656 8494 |
| E-mail | : | csg-unit@tsrdarashaw.com |
| Website | : | www.tsrdarashaw.com |

x. **Places for acceptance of documents** : Documents will be accepted at the above address between 10.00 a.m. and 3.30 p.m. (Monday to Friday except bank holidays).

For the convenience of the shareholders, documents will also be accepted at the following branches/agencies of TSRDL:

a. **Branches of TSRDL:**

- TSR DARASHAW Limited
  503, Barton Centre, 5th Floor
  84, Mahatma Gandhi Road
  Bangalore 560 001
  Telephone: 080 2532 0321
  Fax: 080 2558 0019
  E-mail: tsrdlbang@tsrdarashaw.com

- TSR DARASHAW Limited
  'E' Road, Northern Town
  Bistupur
  Jamshedpur 831 001
  Telephone: 0657 2426616
  Fax: 0657 2426937
  E-mail: tsrdljsr@tsrdarashaw.com

- TSR DARASHAW Limited
  Tata Centre, 1st Floor
  43, J. L. Nehru Road
  Kolkata 700 071
  Telephone: 033 2288 3087
  Fax: 033 2288 3062
  E-mail: tsrdlcal@tsrdarashaw.com

- TSR DARASHAW Limited
  2/42, Ansari Road, 1st Floor
  Daryaganj, Sant Vihar
  New Delhi 110 002
  Telephone: 011 2327 1805
  Fax: 011 2327 1802
  E-mail: tsrdldel@tsrdarashaw.com

b. **Agent of TSRDL:**
Shah Consultancy Services Limited
3, Sumatinath Complex,
2nd Dhal, Pritam Nagar,
Ellisbridge Ahmedabad 380 006
Telefax: 079 2657 6038
E-mail: shahconsultancy8154@gmail.com

xi. **Share Transfer System:**
Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. The Directors and certain Company officials (including Chief Financial Officer and Company Secretary) are authorized by the Board severally to approve transfers, which are noted at subsequent Board Meetings.

xii. **Shareholding as on March 31, 2019:**

a. **Distribution of equity shareholding as on March 31, 2019:**

| Number of shares | Holding | Percentage to capital | Number of accounts | Percentage to total accounts |
|---|---|---|---|---|
| 1 - 100 | 18,402,438 | 0.5 | 528,148 | 70.3 |
| 101 - 500 | 37,550,103 | 1.0 | 185,200 | 24.6 |
| 501 - 1000 | 14,900,327 | 0.4 | 20,749 | 2.8 |
| 1001 - 5000 | 27,199,737 | 0.7 | 13,897 | 1.9 |
| 5001 - 10000 | 9,150,929 | 0.2 | 1,292 | 0.2 |
| 10001 - 20000 | 8,811,580 | 0.2 | 622 | 0.1 |
| 20001 - 30000 | 5,636,878 | 0.2 | 230 | - |
| 30001 - 40000 | 5,424,479 | 0.1 | 154 | - |
| 40001- 50000 | 4,808,196 | 0.1 | 106 | - |
| 50001 -100000 | 21,790,964 | 0.6 | 304 | - |
| 100001 - above | 3,598,709,075 | 96.0 | 903 | 0.1 |
| **GRAND TOTAL** | **3,752,384,706** | **100.0** | **751,605** | **100.0** |

**b. Categories of equity shareholding as on March 31, 2019:**

| Category | Number of equity shares held | Percentage of holding |
|---|---|---|
| Promoters | 2,702,450,947 | 72.0 |
| Other Entities of the Promoter Group | 1,091,053 | - |
| Mutual Funds & UTI | 93,357,668 | 2.5 |
| Banks, Financial Institutions, States and Central Government | 2,750,113 | 0.1 |
| Insurance Companies | 196,172,807 | 5.2 |
| Foreign Institutional Investors and Foreign Portfolio Investors - Corporate | 592,842,601 | 15.8 |
| NRI's / OCB's / Foreign Nationals | 4,854,682 | 0.1 |
| Corporate Bodies / Trust | 26,208,151 | 0.7 |
| Indian Public & Others | 130,744,399 | 3.6 |
| Alternate Investment Fund | 1,663,495 | - |
| IEPF account | 248,790 | - |
| **GRAND TOTAL** | **3,752,384,706** | **100.0** |

**c. Top ten equity shareholders of the Company as on March 31, 2019:**

| Sr. No. | Name of the shareholder* | Number of equity shares held | Percentage of holding |
|---|---|---|---|
| 1 | Tata Sons Private Limited | 2,702,450,947 | 72.0 |
| 2 | Life Insurance Corporation of India | 152,493,927 | 4.1 |
| 3 | SBI Mutual Fund | 21,680,561 | 0.6 |
| 4 | First State Investments Icvc- Stewart Investors Asia Pacific Leaders Fund | 19,248,438 | 0.5 |
| 5 | Government of Singapore | 18,028,475 | 0.5 |
| 6 | Oppenheimer Developing Markets Fund | 16,731,906 | 0.5 |
| 7 | ICICI Prudential Life Insurance Company Ltd | 16,139,316 | 0.4 |
| 8 | Axis Mutual Fund Trustee Limited | 15,244,614 | 0.4 |
| 9 | Abu Dhabi Investment Authority | 15,036,984 | 0.4 |
| 10 | Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds | 14,112,213 | 0.4 |

* Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder.

**xiii. Dematerialization of shares and liquidity:**

The Company's shares are compulsorily traded in dematerialized form on NSE and BSE. Equity shares of the Company representing 99.96 percent of the Company's equity share capital are dematerialized as on March 31, 2019. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE467B01029.

**xiv. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:**

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments in the past and hence, as on March 31, 2019, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

**xv. Commodity price risk or foreign exchange risk and hedging activities:**

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given. For a detailed discussion on foreign exchange risk and hedging activities, please refer to Management Discussion and Analysis Report.

**xvi. Equity shares in the suspense account:**

In accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI Listing Regulations, details of equity shares in the suspense account are as follows:

| Particulars | Number of shareholders | Number of equity shares |
|---|---|---|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2018 | 26 | 820 |
| Shareholders who approached the Company for transfer of shares from suspense account during the year | - | - |
| Shareholders to whom shares were transferred from the suspense account during the year | - | - |
| Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act | - | - |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2019 | 26 | 1,640* |

*Pursuant to allotment of 1:1 bonus equity shares.

The voting rights on the shares outstanding in the suspense account as on March 31, 2019 shall remain frozen till the rightful owner of such shares claims the shares.

**xvii. Transfer of unclaimed/unpaid amounts to the Investor Education and Protection Fund:**

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividend, if not claimed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF").

Further, all the shares in respect of which dividend has remained unclaimed for seven consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

In the interest of the shareholders, the Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends/shares to IEPF Authority. Notices in this regard are also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, are uploaded on the Company's website (https://www.tcs.com/details-unclaimed-dividend-transfer-IEPF-account-2017).

In light of the aforesaid provisions, the Company has during the year under review, transferred to IEPF the unclaimed dividends, outstanding for 7 consecutive years, of the Company, erstwhile TCS e-Serve Limited and CMC Limited (since amalgamated with the Company). Further, shares of the Company, in respect of which dividend has not been claimed for 7 consecutive years or more from the date of transfer to unpaid dividend account, have also been transferred to the demat account of IEPF Authority.

The details of unclaimed dividends and shares transferred to IEPF during FY 2019 are as follows:

| Financial year | Amount of unclaimed dividend transferred (₹ lakh) | Number of shares transferred |
|---|---|---|
| 2011 | 102.6* | 3,028 |
| 2012 | 86.5 | 29,672 |
| **TOTAL** | **189.1** | **32,700** |

*Includes final dividend of erstwhile TCS e-Serve Limited and erstwhile CMC Limited

The members who have a claim on above dividends and shares may claim the same from IEPF Authority by submitting an online application in the prescribed Form No. IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend/shares so transferred. The Members/Claimants can file only one consolidated claim in a financial year as per the IEPF Rules.

The following tables give information relating to various outstanding dividends and the dates by which they can be claimed by the shareholders from the Company's Registrar and Transfer Agent:

a. **For shareholders of Tata Consultancy Service Limited (TCS):**

| Financial Year | Date of declaration | Last date for claiming unpaid dividend |
|---|---|---|
| 2011-12 | June 29, 2012 | July 29, 2019 |
| 2012-13 | July 12, 2012 | August 12, 2019 |
| | October 19, 2012 | November 18, 2019 |
| | January 14, 2013 | February 13, 2020 |
| | June 28, 2013 | July 28, 2020 |
| 2013-14 | July 18, 2013 | August 18, 2020 |
| | October 15, 2013 | November 14, 2020 |
| | January 16, 2014 | February 16, 2021 |
| | June 27, 2014 | July 27, 2021 |
| 2014-15 | July 17, 2014 | August 18, 2021 |
| | October 16, 2014 | November 16, 2021 |
| | January 15, 2015 | February 15, 2022 |
| | June 30, 2015 | July 30, 2022 |
| 2015-16 | July 9, 2015 | August 9, 2022 |
| | October 13, 2015 | November 12, 2022 |
| | January 12, 2016 | February 11, 2023 |
| | June 17, 2016 | July 17, 2023 |
| 2016-17 | July 14, 2016 | August 16, 2023 |
| | October 13, 2016 | November 16, 2023 |
| | January 12, 2017 | February 12, 2024 |
| | June 16, 2017 | July 16, 2024 |
| 2017-18 | July 13, 2017 | August 13, 2024 |
| | October 12, 2017 | November 12, 2024 |
| | January 11, 2018 | February 10, 2025 |
| | June 15, 2018 | July 15, 2025 |
| 2018-19 | July 10, 2018 | August 9, 2025 |
| | October 11, 2018 | November 10, 2025 |
| | January 10, 2019 | February 9, 2026 |

b. **For shareholders of erstwhile TCS e-Serve Limited which has merged with the Company:**

| Financial Year | Date of declaration | Last date for claiming unpaid dividend |
|---|---|---|
| 2011-12 | July 10, 2012 | August 14, 2019 |
| 2012-13 | May 30, 2013 | July 3, 2020 |

c. **For shareholders of erstwhile CMC Limited which has merged with the Company:**

| Financial Year | Date of declaration | Last date for claiming unpaid dividend |
|---|---|---|
| 2011-12 | June 27, 2012 | July 26, 2019 |
| 2012-13 | June 26, 2013 | July 25, 2020 |
| 2013-14 | June 23, 2014 | July 22, 2021 |
| 2014-15 | June 11, 2015 | July 10, 2022 |
| 2015-16 | July 16, 2015 | August 18, 2022 |

**xviii. Plant locations:**

In view of the nature of the Company's business viz. Information Technology (IT) Services and IT Enabled Services, the Company operates from various offices in India and abroad. The Company has a manufacturing facility at 17-B, Tivim Industrial Estate, Karaswada, Mapusa– Bardez, Goa 403 526.

**xix. Address for correspondence:**

**Tata Consultancy Services Limited**
9th Floor, Nirmal Building,
Nariman Point, Mumbai 400 021.
Telephone: 91 22 6778 9595
Designated e-mail address for Investor Services: investor.relations@tcs.com
Website: www.tcs.com

## DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director and Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. These Codes are available on the Company's website.

I confirm that the Company has in respect of the year ended March 31, 2019, received from the Members of the Board and Senior Management Personnel of the Company, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Personnel means the Chief Financial Officer, Global Head - HR, Global Business Unit Heads, Global Head - Legal and the Company Secretary as on March 31, 2019.

**Rajesh Gopinathan**
Chief Executive Officer and Managing Director

Mumbai, April 12, 2019

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## PRACTICING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

**To the Members of**
**Tata Consultancy Services Limited**

We have examined the compliance of the conditions of Corporate Governance by Tata Consultancy Services Limited ('the Company') for the year ended on March 31, 2019, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2019.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Parikh & Associates**
Company Secretaries

**P N Parikh**
Partner
FCS No: 327 CP No: 1228

Mumbai, April 12, 2019

TCS is deeply rooted in all the communities that we work with globally, through a variety of formal CSR programs and volunteering efforts by employees. We engage in community initiatives that are designed to create **'Impact through Empowerment'**, in the areas of education and skill building, health and wellness, and environment. We also support the restoration of heritage sites and participate in relief operations during disasters. TCS' global presence, core IT expertise and large employee base help scale up social programs. In addition, TCS partners with Tata Trusts, NGOs and various not-for- profit organizations.

All these sustainability initiatives have tangible outcomes, on both individuals and communities, and their impact is regularly measured, reported and improved upon. TCS' CSR initiatives reached more than 1.66 million beneficiaries globally, in FY 2019, once again creating a considerable societal impact in the countries in which we operate.

TCS encourages its employees to pledge a certain number of volunteering hours annually for worthy causes in their local communities. **Purpose4life (P4L)** is a platform designed to channelize and capture volunteering efforts. **Maitree** is an internal initiative that encourages and supports volunteer-driven activities by TCSers and their families. TCSers collectively contributed more than 650,000 volunteering hours in FY 2019.

## Education and Skill Building

Education is an integral part of development, and critical to a country's economic competitiveness. In India, the Right to Education (RTE) Act guarantees free and compulsory education for all children between the ages of 6 and 14.

While every child in India has the right to education, there is a huge difference in the facilities available to children in urban and rural areas. TCS' **'Lab on Bike'** program provides children from low income, disadvantaged communities and their teachers with fun learning opportunities that foster a scientific mind-set. The Lab on Bike instructor travels to government schools with a set of science experiment kits through which he conducts experiments in physics, chemistry and biology. The Lab on Bike program has been implemented by TCS in 12 schools around Bengaluru and 10 schools in Ahmedabad, in association with Agastya International Foundation.

In partnership with Tata Trusts, TCS has set up **science and mathematics laboratories in** remote tribal areas of Odisha, to provide children access to quality education.

Mobile science labs housed in vans with GPS trackers, visit different blocks of Odisha to provide hands-on training in basic science. These labs are fitted with audio-visual equipment, solar panels to provide backup power support, library books to promote reading and provide a source for referencing for students and teachers alike.

**An experiment demonstrating the wave theory in a government school in Odisha.**

TCS continues to run several pioneering programs across various Indian states in education and skill development, which prepare children for a digital future. **Launchpad and InsighT** are two such initiatives. Launchpad, started in 2016, introduces secondary school students (aged 10-13 years) to coding logic, using C++ and Python. It is a gamified approach that helps children develop logical thinking and learn programming methods. InsighT, launched in 2006, is an IT awareness and enablement initiative for senior school students (aged 15-17 years) that aims to provide an understanding of programming, IT and its applications. 13,546 students benefitted from these programs in FY 2019 (9,964 in FY 2018).

TCS supports the **Avasara Academy**, a residential school for underprivileged girls in Pune, through the 'TCS Centre for Entrepreneurship', to develop leadership potential among the students. This building is being actively used as the main academic and administrative block.

**TCS' BridgeIT** is a unique program that uses IT as a key enabler in school education, adult literacy program and the creation of entrepreneurs in rural villages. Technology is effectively utilized to educate rural communities and provide a platform to develop ideas and skills that can help increase employability and the standard of living. BridgeIT has been implemented in 265 villages across 9 states, covering 36,044 students, 5,077 adults and 236 entrepreneurs, since inception.

This holistic program has won several awards in FY 2019: the Diversity and Inclusion in Asia Network (DIAN) Decade Awards for promoting social inclusion in Asia, the UN Global Compact Network India (GCNI) Innovate Practices Award on SDGs, and the Tata Affirmative Action Program (TAAP) Good Practice Award.

**Shailendra Kumar at his Digital Centre**

> **Shailendra Kumar,** *an MBA, from Ichauli village, in the Rae Bareli district of Uttar Pradesh, initially joined his father in farming. He heard of BridgeIT when he met Devendra, a cluster leader in the program. He completed the program and eventually became a digital entrepreneur.*
>
> *Shailendra opened a digital centre, offering various digital services, as well as photo-copying, printing and scanning. He registered in the Common Service Centres, through which he could access various government online schemes, which helped him improve his economic status further.*
>
> *As a result of his entrepreneurial spirit, he is able to earn a steady income every month.*

To bridge the employability skill gap, TCS runs **IT and BPS Employability** programs, which seeks to enhance the employability of students from rural colleges by training them in business and technical skills, general aptitude, business English and corporate etiquette. 2,528 beneficiaries from the IT and BPS Employability programs, have joined TCS in FY 2019.

> **Zahirhussain** *from Tamil Nadu, completed a BE in Electronics and Communications from the Anna University College of Engineering, Villupuram. He joined the IT Employability program in his pre-final year. He was selected to join TCS through a placement drive conducted on completion of the program. He feels that the program has shaped his skills and personality to match his academic excellence. Zahirhussain is currently working in TCS, Bengaluru.*

> *"This program gives confidence and opportunities to many students like us, to explore and realise their potential. I would like to give back to the society by sharing my knowledge and empowering other students, by becoming a part of this program."*
>
> *- Zahirhussain*

Through its flagship **Adult Literacy Program (ALP),** TCS has been instrumental in augmenting the efforts of the Indian Government to achieve functional literacy. The program uses an internally developed computer-based software to enable non-literate adult learners to read, write and do arithmetic, at the end of the course.

The software is available in nine Indian and three foreign languages and takes approximately 50 to 55 learning hours to complete. TCS partners with local governments, jail authorities, NGOs, corporates and others. In FY 2019, the program was implemented across 18 states in India and 365,411 adults were made literate, a 110% growth in the number of beneficiaries over prior year. The oldest learner to complete ALP is 96-year old Sunder Bai from Hamukhedi village in Madhya Pradesh. She has inspired other women in her community to educate themselves, no matter what their age.

In FY 2019, ALP won the Project Management Institute (PMI) India Award for Contribution to Community, the SABERA Award under the Responsible Business category and the India Digital Award (Internet and Mobile Association of India) – Best use of technology to drive CSR.

> **Krishnawati Devi,** *a 32-year-old woman from Vishambharpur, Uttar Pradesh, not only gained reading, writing and arithmetic skills but also business skills, through the Adult Literacy Program (ALP). During her ALP sessions, she learnt about entrepreneurs, who started their own businesses. Inspired by their stories, she set up her own small general store, after completing her course. With the skills she learnt, she is able to run the shop on her own and supplement her family's income.*

**Krishnawati Devi managing her general store.**

TCS has also been involved in strengthening research efforts. The **Research Scholar Program (RSP)** seeks to support scholars who are pursuing full time Ph.D. courses in computing sciences in India. The program was launched to provide a major fillip to quality research in areas such as computer sciences and engineering, information systems and technology, and software engineering. Scholars have an opportunity to interact with TCS researchers and receive mentoring.

The **FC Kohli Center on Intelligent Systems (KCIS)** was established at the International Institute of Information Technology, Hyderabad (IIIT Hyderabad) with funding from TCS, to promote research, teaching and entrepreneurship, particularly to carry out sustainable innovation in areas such as natural language processing, robotics, and cognitive sciences. The research undertaken at the centre has the potential for significant social impact through the development of innovative products.

**Digital Impact Square (DISQ)** is an online, open social innovation platform, with a physical location at Nashik, Maharashtra, on which students and budding entrepreneurs from across India can build solutions to challenging civic and social problems, using digital technologies and human centric design principles.

A majority of training centres for the visually impaired across the country provides vocational training in crafts. To help them participate in a technology driven world, TCS Maitree has pioneered a one of its kind **Advanced Computer Training Centre (ACTC)** in India, which offers courses that are designed around specific industry profiles, equipping them with the domain and technology skills necessary to be gainfully employed.

**Live demo conducted on website development in HTML at the Advanced Computer Training Centre, by TCS' Maitree team**

Globally, countries like the United Kingdom, North America, Latin America and Australia face a shortage of technological skills. To address this gap, TCS has devised various programs to inspire a generation of young students to develop an interest in Science, Technology, Engineering and Math (STEM). In FY 2019, TCS reached over 660,000 students through **STEM** initiatives across geographies, including India.

**An 'Ignite My Future' session conducted for teachers at a school in St. Louis, Missouri.**

In 2017, TCS launched **'Ignite My Future in School' (IMFIS)** in partnership with Discovery Education, to prepare more than one million students in the US, for 21st century careers, by the year 2021. This initiative seeks to transform the US education system by embedding computational thinking and problem solving into core school subjects, such as mathematics, English, social studies, and the arts. IMFIS adopts a paradigm shift by connecting with schools in a way that is customized to their needs. Since inception, IMFIS has provided training materials valued at more than $2 million and engaged over 460,000 students and 8,000 educators in all 50 states.

STEM programs in Latin America focus on three areas: (i) provide children and young students from unprivileged sectors access to information technology (ii) encourage youth to take up careers in the IT field and (iii) empower women through IT education.

In the United Kingdom and Ireland, **TCS' IT Futures program** has helped inspire students in technology, through its STEM activities. The core components of the IT Futures program include conducting workshops in schools and universities, organizing and having a presence at STEM events and offering work placements and internships. In the last 12 months, TCS' **Digital Explorers** program has connected with ~300,000 young students, building on their innate skills as digital natives and exposing them to the world of technology.

In Europe, **goIT** is a technology awareness program, targeting youth in the age group of 14-18 years, to generate an interest in STEM education and build future careers in IT. TCS Germany has been hosting Girls' Day at their offices every year under the goIT umbrella. Girls learn how to solve the given tasks in groups by programming Lego Mindstorms robots. TCS Hungary together with the American Chamber of Commerce launched the **New Career Orientation Program**, which aims to help prepare secondary school students (9th to 12th grades) to choose their career paths, and also equips them with information on the opportunities available in STEM.

In **South Africa**, TCS supported students in under-served schools in Cape Town, as they participated in an exobiology experiment in their classroom. The experiment brings together learners and the International Space Station (ISS) giving them an opportunity to interact with real astronauts, scientists and researchers. Identical experiments are conducted on plant growth, both in the ISS laboratory, as well as in the classrooms on Earth. This allows students to compare the data from experiments on earth with the data from space in real time. Over the course of the experiment, students acquire next generation skills and knowledge, while deepening their innate curiosity and desire to learn.

TCS Japan promotes STEM for children, using drones. **GoIT** in China and Singapore help popularize computer science as a subject, through sessions and workshops on design thinking, idea generation, coding and mobile app prototyping.

TCS Australia inspires girls to take up careers in IT, through its flagship program **'GoIT Girls'**, for class 10 and 11 students. TCS also mentors young Australian students to build their confidence in STEM disciplines.

**TCS Australia's GoIT Mentoring Team Program with students of Cabramatta High School**

## Health and Wellness

Today, CSR is being harnessed to create new, systemic solutions that address the root causes of society's biggest health challenges. TCS has demonstrated its commitment to the community by using technology as a key enabler to provide comprehensive solutions to health-based organizations and hospitals.

TCS has provided an integrated Hospital Management System (HMS) and IT infrastructure which includes a comprehensive web-based solution, to the **Cancer Institute** at Chennai and **Tata Medical Center** at Kolkata. HMS is a secure and integrated system that aims to minimize the use of paper for information flow across the hospital. As part of the CSR engagement, TCS spear-headed end-to-end ownership of technology, business process optimization, program management and infrastructure. Patient movement inside the OPDs was streamlined, the Fast Track Management Service was enhanced and an automated Day Care appointment system was rolled out.

The **Digital Nerve Centre** (DiNC) is an innovative platform that leverages digital technologies to connect to leading cancer research centres and specialists within the National Cancer Grid. DiNC enables the country's oncology experts to effectively collaborate and communicate. TCS in collaboration with Tata Trusts is working towards the implementation of this platform in the National Cancer Grid hospitals at Tata Memorial, Mumbai; Cancer Institute, Chennai; Tata Medical Centre, Kolkata and Regional Cancer Centre, Thiruvananthapuram.

TCS' **Translational Cancer Research Centre (TTCRC)** is set up in partnership with Tata Medical Centre, to develop technology for clinical trials, risk adapted treatment, predictive outcomes and biomarkers. TCS has provided operational solutions for TTCRC since its inception, one of these being a bespoke web-enabled Clinical Trials Management System (CTMS) with decision support tools to track patients and record events, to be used for TTCRC trials.

The clinical research unit at TTCRC works closely with TCS in the development of a data-driven translational research platform, based on integrated analyses of clinical and laboratory studies.

Heart disease and stroke remain the leading causes of death in North America. TCS partners with the **American Heart Association** to support national awareness and prevention through information sharing and awareness building, particularly aimed at women.

There is an increasing prevalence of cardiovascular disease across the United Kingdom and Ireland (UK&I). TCS entered into a corporate charity partnership with the **British Heart Foundation (BHF)** to help spread awareness on heart health. TCS UK&I has raised funds for a research project that aims to identify factors contributing to heart disease.

**Operation Smile** provides free surgery for children with cleft lip and palate in remote areas of China. TCS employees regularly volunteer and provide their services on medical record and patient image management, translation services for international medical staff and also help patients who undergo surgery.

## Environment

TCS' commitment towards the environment is driven by an organization-wide environmental policy that focuses on making a continuing positive impact on the environment, includes environmental responsibilty as a core organizational value, and creates awareness among employees. The overall approach adopted aims to mitigate climate change related risks through resource optimization and impact minimization. TCS' environmental sustainability strategy is implemented through standardized processes, environmental impact performance monitoring and strong partnerships with stakeholders, including employees.

## 1. Process Focus

TCS has been certified enterprise-wide under the ISO 14001:2015 Environmental Management System (EMS) standard, across 120 locations globally. The EMS follows a risk-based approach that is founded on the principle of Plan-Do-Check-Act. This approach helps to integrate environmental risks and opportunities with TCS' business strategy. Energy, carbon, water and waste are the most material environmental aspects for our operations. We measure, manage and report on these aspects covering our global operations.

## 2. Enhanced Environmental Performance

**Energy Conservation and Carbon Management**

Energy and carbon continued to be material environmental aspects for us with greater focus on energy reduction and carbon mitigation. This year we further reduced our carbon footprint by ~8.1% over the prior year, and ~56% over the baseline year FY 2008. Having achieved our 2020 target to reduce the specific carbon footprint by 50%, we are now working on the next stage of our environmental sustainability targets. This reduction was achieved by adding more green buildings to our real estate portfolio, placing roof top solar panels across our offices, optimizing IT system power usage, and improving operational efficiency through our IoT based Remote Energy Management System. All these efforts have resulted in year-on-year energy reduction, offsetting the growth in employees, new facilities and ramping up of existing facilities.

TCS' corporate head office, TCS House in Mumbai, was awarded the highest Platinum rating by the Indian Green Building Council under the Existing Building category. TCS became the first IT services company in India to achieve the ISO 50001:2011 Energy Management System certification for its campus at Pune, Sahyadri Park.

Change over to energy efficient luminaires, retrofits and enhancement to legacy infrastructure, operational efficiency, were among the energy reduction levers. Renewable energy (RE) use in our offices increased to 10.1% as from 8.45% in the prior year, towards achieving the 2020 target of 20% RE in the energy mix. This year we added 1.7 MW of solar rooftop systems across four locations, and have plans to add another 3MW in the coming financial year. The solar rooftop installations across our campuses contribute towards 5849 MWh of energy.

We have continuously innovated and improved our data center energy efficiency through initiatives like data center/server room consolidation, rack cooling solutions, air-flow management, UPS load optimization through modular UPS solutions and centralized monitoring; thereby reducing the Power Utilization Efficiency (PUE) across 23 data centers to 1.67, reducing it from 1.71 in the prior year.

**Water Conservation**

TCS has optimized its water consumption through conservation, sewage treatment and reuse, and rainwater harvesting. All our new campuses are designed for 50% higher water efficiency, 100% treatment and recycling of sewage, and rainwater harvesting.

We continue to innovate with water management practices, primarily towards maximizing the reuse of waste streams. We successfully piloted a project to reuse cooling tower blow-down, which was earlier being discharged in order to maintain the cycle of concentration at optimum levels. The project involved setting up a treatment plant to make the water quality suitable for reuse. This initiative helped us reduce the freshwater consumption by over 90 kilo liters per day.

In FY 2019, consistent water management measures, consolidation of offices and increased occupancy at green field projects has helped us reduce our specific fresh water consumption by over 5.5% compared to FY 2018. With the addition of a rainwater harvesting system at our campus in Indore this year, and the existing system of rooftop water collection facilities, storage tanks, and recharge trenches and pits, there has been a 28% increase in the rainwater harvesting potential at TCS sites in FY 2019 over the prior year. We continue our efforts towards community water shed management and surface water body rejuvenation projects by scaling up our work at Siruseri in Chennai, Kasalganga in Solapur and Malguzari ponds in Vidarbha.

**Waste Reduction and Reuse**

Since we are an IT services and consulting organization, our facilities only generate electronic, electrical and office consumables waste, and municipal solid waste. There is also a relatively smaller proportion of potentially hazardous wastes such as lead-acid batteries and waste lube oil. TCS' waste management practices seek to maximize segregation at source, as well as reuse and recycling wherever possible.

In FY 2019, over 42% of the total food waste generated was treated using onsite composting methods or bio-digester treatment. All TCS campuses, owned offices and leased offices that have the required space, have been provided with onsite food waste management facilities. Dry waste is categorized, segregated and sent for recycling. Garden waste is composted onsite. Over 275 tons of compost was generated in FY 2019, helping TCS avoid the use of chemical fertilizers and the resultant soil and groundwater pollution.

In FY 2019, 52,862 items of obsolete or defunct electronic and electrical equipment classified as e-waste were disposed of through government-authorized handlers or recyclers, in accordance with the regulations of each country[1].

As a result of TCS' focus on resource use and waste reduction, per capita paper consumption has reduced by 12.6% over the prior year and 87% over the baseline year FY 2008. The success of this drive can be attributed to the awareness created among employees, and the enforcement of printing discipline through automated and manual means. TCS continues to achieve 100% recycling of its paper waste[2].

**Responsible Sourcing**

Our responsible sourcing program is positioned to motivate our suppliers to adhere to 100% regulatory compliance and strive for better sustainability performance. Our Sustainable Supply Chain policy and Green Procurement policy outline our commitment to making our supply chain more responsible and sustainable. TCS' Supplier Code of Conduct is included as a part of the contract with all vendors. Pre-qualification compliance assessments and site audits are carried out for high risk vendors with periodic reviews undertaken during the contract period.

## 3. Employee Engagement

Our customers, employees and vendors are very much a part of our environmental sustainability journey. We offer our customers IT-based green solutions, and motivate our vendors to adhere to safe and environmentally responsible practices.

We encourage our employees to volunteer for environmental causes in their community, and engage them through various internal awareness and communication campaigns, to sensitize them towards the risks to our environment, the need to conserve resources, and in general, to be environmentally responsible.

Throughout the year, TCS associates in North America participated in volunteering activities that positively impacted the environment, by way of park clean-ups, where they worked to remove invasive plant species and cleaned up local shorelines.

As part of the environment initiatives in Latin America, the **'Recycling with a Cause'** initiative promotes environment consciousness by recycling paper, cans, lids, etc. which are handed over to NGO partners. These NGOs in turn contribute towards healthcare support to be provided to underprivileged people, either monetarily, or with resources. Healthcare treatments include chemotherapy, wheelchair and physical rehabilitation.

Every year, TCS UK&I runs four awareness raising campaigns in its offices, in order to reduce its environmental footprint. TCS also continues to promote environmental sustainability through **Eco Futures**, a staff awareness program that focuses on recycling, energy consumption, and travel.

Across TCS locations, employees volunteer for various environment related initiatives, such as tree planting drives and beach/park cleanup campaigns, in order to create awareness around their local communities.

Every year, the month of June is celebrated as the TCS Sustainability Month, and June 2018 saw TCS observe this campaign globally with the theme 'Beat Plastic Pollution'. We pledged to make all our offices plastic free by eliminating the use of single-use plastic items and minimizing and recycling plastic packaging in our cafeterias. Additionally, the campaign comprised of several employee engagement activities that encouraged TCSers to join this movement and implement their learning not only in their personal lives but also for the benefit of the community around them.

**Plogging at TCS Trivandrum**

[1] Data for all geographies.

[2] Data given is only for India, since most overseas locations are multi-occupancy facilities, where waste handling and disposal is handled by the building authority.

# Business **Responsibility Report**


This section is as per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A more detailed Sustainability Report for FY 2019 will be published shortly on our website: www.tcs.com

## Section A: General information about the company

1. **Corporate Identity Number (CIN) of the Company:** L22210MH1995PLC084781
2. **Name of the Company:** Tata Consultancy Services Limited
3. **Registered address:** 9th Floor, Nirmal Building, Nariman Point, Mumbai - 400 021, India
4. **Website:** www.tcs.com
5. **E-mail id:** corporate.sustainability@tcs.com
6. **Financial Year reported:** April 1, 2018 to March 31, 2019
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):** ITC CODE: 85249009 Product Description: Computer Software
8. **List three key products/services that the Company manufactures/provides (as in balance sheet):** Consulting and Service Integration, Digital Transformation Services and Cognitive Business Operations.
9. **Total number of locations where business activity is undertaken by the Company:**

   (a) **Number of International Locations (Provide details of major 5):** 183 delivery centers

   Breakup for the top 5 regions is as below:

| Region | # of Delivery Centers |
|---|---|
| UK and Ireland | 17 |
| Latin America | 15 |
| North America | 14 |
| Asia Pacific | 11 |
| Europe | 3 |

   (b) **Number of National Locations:** 121

10. **Markets served by the Company – Local/State/ National/International:** North America, Latin America, United Kingdom and Ireland, Continental Europe, Asia Pacific, Middle East and Africa, and India.

## Section B: Financial details of the company

1. **Paid up Capital (INR):** 375 crore
2. **Total Turnover (INR):** 146,463 crore
3. **Total profit after taxes (INR):** 31,472 crore
4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** 1.6 % of average net profit for previous three years in respect of standalone TCS (India Initiatives only).
5. **List of activities in which expenditure in 4 above has been incurred:**

| Category (CSR in India only) | ₹ crore |
|---|---|
| Health and Wellness | 292 |
| Education and Skill Building | 39 |
| Environmental Sustainability | 3 |
| Restoration of Heritage Site | 1 |
| Disaster Relief | 7 |
| Contribution to TCS Foundation | 92 |
| **Total** | **434** |

Including overseas spend, the Company's total spending on CSR is ₹527 crore.

## Section C: Other details

1. **Does the Company have any Subsidiary Company/ Companies?** Yes.
2. **Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):** Yes, 37 subsidiaries participated.
3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]** No.

## Section D: BR information

1. **Details of Director/Directors responsible for BR**

(a) **Details of the Director/Director responsible for implementation of the BR policy/policies**

The CSR Committee of the Board of Directors is responsible for implementation of BR policies. The members of the CSR Committee[1] are as follows:

| DIN Number | Name | Designation |
|---|---|---|
| 00121863 | N Chandrasekaran | Chairman |
| 00548091 | O P Bhatt | Independent Director |
| 06365813 | Rajesh Gopinathan | Chief Executive Officer and Managing Director |
| 07121802 | Aarthi Subramanian | Director |

(b) **Details of the BR head**

Name: Milind Lakkad
Designation: Global Head Human Resources
Telephone number: 022 67789999
E-mail id: corporate.sustainability@tcs.com

[1] As of March 31, 2019

2. **Principle wise (as per NVGs) BR Policy/policies**

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

**P1** Business should conduct and govern themselves with Ethics, Transparency and Accountability

**P2** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

**P3** Businesses should promote the wellbeing of all employees

**P4** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

**P5** Businesses should respect and promote human rights

**P6** Business should respect, protect, and make efforts to restore the environment

**P7** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

**P8** Businesses should support inclusive growth and equitable development

**P9** Businesses should engage with and provide value to their customers and consumers in a responsible manner

| S. N. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Do you have a policy / policies for.... | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Does the policy conform to any national / international standards? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 4 | Has the policy been approved by the Board? If yes, has it been signed by MD/Owner/CEO/ appropriate Board Director? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 5 | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? Indicate the link for the policy to be viewed online? | Y* | Y* | Y* | Y** | Y* | Y*** | Y* | Y* | Y* |
| 6 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 7 | Does the company have in-house structure to implement the policy/ policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 8 | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | Y | N | Y | N | N | Y | N | N | Y |

* TATA Code of Conduct (https://on.tcs.com/Tata-Code-Of-Conduct)

** CSR Policy (https://on.tcs.com/Global-CSR-Policy)

*** Environment Policy (https://on.tcs.com/Environmental-Policy)

3. **Governance related to BR**

   (a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:**

   Six Board Meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days.

   (b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

   Yes, the Company publishes its Sustainability Report annually. The hyperlink is: http://sites.tcs.com/corporate-sustainability

## Section E: Principle wise performance

### Principle 1 –

1. **Does the policy relating to ethics, bribery and corruption cover only the company?** No.

   **Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/ Others?** Yes.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so:**

   In FY 2019, 160 ethics concerns from various stakeholders were received. Of these, 145 (90.6%) were satisfactorily resolved as on March 31, 2019. The remaining concerns are currently under resolution.

### Principle 2

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities:**

   Three instances of work done by TCS that results in social or environmental good are

   a) **Energy management solution (EMS) -** an IoT based, closed-loop data detecting and machine learning system to monitor, detect and analyse energy consumption patterns in real-time and to uncover opportunities of reducing energy consumption and reducing the carbon footprint impact.

   b) **Digital Nerve Centre (DiNC)** is an innovative platform that leverages digital technologies to connect to leading cancer research centres and specialists within the National Cancer Grid. DiNC enables the country's oncology experts to effectively collaborate and communicate. TCS in collaboration with Tata Trusts is working towards the implementation of this platform in the National Cancer Grid hospitals at Tata Memorial, Mumbai; Cancer Institute, Chennai; Tata Medical Centre, Kolkata and Regional Cancer Centre, Thiruvananthapuram.

   c) **mKRISHI®** – A personalized advisory solution that empowers farmers with actionable data-driven insights, to improve farm productivity and farmer income. (More details online – (https://www.tcs.com/enabling-digital-farming-with-pride)

2. **For each such product, provide the following details in respect of resource used (Energy, Water, Raw material etc.) per unit of product (optional)**

   a) **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

      a) **EMS -** During FY 2019, TCS was able to reduce the specific electricity consumption by 6.5 %. This has been achieved through a series of initiatives including real time energy monitoring (smart metering), timely interventions enabled through TCS' IoT platform, change over to energy efficient lighting and modernization of legacy infrastructure to energy efficient systems.

      b) **DiNC –** Not applicable.

      c) **mKRISHI® –** Not applicable.

   b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year:** Not applicable.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)?**

   (a) **If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

   Our suppliers sign the Supplier Code of Conduct and the Tata Code of Conduct. Our policy on supply chain sustainability can be found here: https://on.tcs.com/Sustainable-Supply-Chain-Policy

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?** Yes.

   (a) **If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   While the criteria for selection of goods and services is quality, reliability and price, TCS gives preference to small organisations, particularly promoted by entrepreneurs from socially backward communities.

Under the BridgeIT program, TCS has trained digital entrepreneurs who have established themselves as key resources in the villages within which they operate.

To enhance livelihood options in Panvel, India, TCS associates have trained women to make eco-friendly jute bags through the 'Women Empowerment program'. TCS procures these bags for distribution at various marketing events organized by the company.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so:**

   Yes. For more details please refer to the Corporate Sustainability Report which forms part of this Annual Report.

## Principle 3

1. **Please indicate the Total number of employees:** 424,285 as on March 31, 2019.
2. **Please indicate the Total number of employees hired on temporary/ contractual/ casual basis:** 20,376 as on March 31, 2019.
3. **Please indicate the Number of permanent women employees:** 152,114 as on March 31, 2019.
4. **Please indicate the Number of permanent employees with disabilities:** 442 as on March 31, 2019.
5. **Do you have an employee association that is recognized by management?** Yes.
6. **What percentage of your permanent employees are members of this recognized employee association?**

   0.03% (For India).
7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:**

   The Company has adopted a policy on prevention, prohibition and Redressal of Sexual harassment at workplace and has duly constituted an Internal Complaints Committee in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

   During FY 2019, the Company has received 87 complaints on sexual harassment, out of which 76 complaints have been resolved with appropriate action taken as on March 31, 2019. The remaining complaints are under review.

   There have been no complaints in other areas.
8. **What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?**

   (a) Permanent Employees - 96%

   (b) Permanent Women Employees - 96%

   (c) Casual/Temporary/Contractual Employees - 77%

   (d) Employees with Disabilities - 96%

## Principle 4

1. **Has the company mapped its internal and external stakeholders?** Yes.
2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders:** Yes.
3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so:**

   Yes. Please refer to the section on Corporate Sustainability in this Annual Report for details on our Adult Literacy Program, BridgeIT, BPS/IT Employability programs, Advanced Computer Training Centre etc.

## Principle 5

1. **Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs/Others?**

   The policy is applicable to TCS, its subsidiaries and vendors.
2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   None was received.

## Principle 6

1) **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.**

   The policy is applicable to TCS, its subsidiaries and vendors.

2) **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc:**

   Yes. TCS' Environmental Policy is available on https://on.tcs.com/Environmental-Policy

3) **Does the company identify and assess potential environmental risks?** Yes.

4) **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   Not applicable.

5) **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Yes. Please refer to the section on Corporate Sustainability in this Annual Report.

6) **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?** Yes.

7) **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.** One.

## Principle 7

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   Yes. National Association of Software and Services Companies (NASSCOM), Confederation of Indian Industries (CII), Federation of India Chambers of Commerce and Industry (FICCI), US India Business Council (USIBC), US Chamber of Commerce (USCC) and Confederation of British Industry (CBI).

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others):**

   Yes. TCS participated in consultations on governance and administration, sustainable business principles, inclusive development policies (with a focus on skill building and literacy), economic reforms and tax and other legislations. TCS uses the Tata Code of Conduct as a guide for its actions in influencing public and regulatory policy.

## Principle 8

1. **Does the company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof?**

   Yes. Please refer to the section on Corporate Sustainability in this Annual Report.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?**

   TCS uses all of these modes.

3. **Have you done any impact assessment of your initiative?** Yes.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?** ₹527 crore including overseas spend. For more details, please refer to Annexure II of Directors' Report in this Annual Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   Yes. Initiatives conducted under CSR are tracked to determine the outcomes achieved and the benefits to the community. Internal tracking mechanisms, monthly reports and follow-up field visits, telephonic and email communications are regularly carried out. The Company has engaged highly trained employees to drive and monitor the CSR activities.

## Principle 9

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

   4.2% of the complaints received is pending resolution as on March 31, 2019.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information):** Not applicable.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anticompetitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so:**

   No.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   Yes.

# Awards and **Accolades**

## Business

- Voted the **Overall Most Outstanding Company** in India, in **Asiamoney's 2018 Asia's Outstanding Companies** poll
- **Named the Fastest Growing Brand of the Decade** in IT Services globally by Brand Finance. TCS' brand value crossed $12.8 billion this year, up 447% over the decade
- **Ranked #1 for Customer Satisfaction** for the sixth consecutive year in Europe's largest independent survey of IT service providers, carried out by Whitelane Research. In the individual market rankings, TCS was placed first in United Kingdom (81%), Germany (77%), Netherlands (80%), Nordics (82%), BeLux (80%) and Switzerland (74%)
- Won the **Best Risk Management Framework & Systems - IT-ITES sector** award presented by ICICI Lombard and CNBC-TV18 at the prestigious India Risk Management Awards
- Won the **Best Patents Portfolio Award (2013-2018)** in the Large (Engineering) Industries category at the CII Industrial Intellectual Property Awards 2018
- Ranked **#1** in the **DQ Top 20 2018**
- Ranked #35 on the **Forbes 2000 list of World's Best Regarded Companies in 2018**
- Ranked **#1** in **Investor Relations, #1** in **ESG**, and **#2** in **Best Managed Company** in India in **FinanceAsia's 2019 Asia's Best Managed Companies** survey of portfolio managers and analysts across Asia
- **Topped the sector** in **Institutional Investor's 2018 All Asia Executive Team rankings,** clinching first place in **Best Corporate Governance** and second place each in **Best Investor Relations Program** and **Best ESG / SRI Metrics.** Individual rankings were:
    - Rajesh Gopinathan, CEO and Managing Director, ranked **Best CEO** (First Place)
    - V Ramakrishnan, CFO, ranked **Best CFO** (Second Place)
    - Kedar Shirali, Global Head – Investor Relations ranked **Best IR Professional** (First Place)
- TCS' #DigitalDirections campaign won three accolades at the Communicate magazine's **Corporate Engagement Awards** - Two Golds, for **'Best Stakeholder Communications'** and **'Best Sponsorship Activity To Support or Develop A Corporate Reputation'**, and One Silver for **'Best PR and external communications'**
- TCS BaNCS, along with its customer DBS, won the **'Financial Markets Technology Implementation of the Year – Best Custodian System Implementation'** at The Asian Banker Financial Markets Awards 2018
- Recognized as one of India's **top innovative organizations** at the **2018 India Innovation Conference and Awards**
- ignio™ won an award for **First Use of Machine Learning** within the Workload Automation Analytics Industry from Enterprise Management Association

## Employer

- Recognized as a **Global Top Employer** for the fourth consecutive year by the **Top Employers Institute**, and the **Number One Top Employer** in four regions – North America, Europe, Asia Pacific, and the Middle East
- Ranked #3 in the 17th edition of the **Business Today Best Companies to Work For** survey
- Won the **2018 Canadian National HR** award for **'Best Recruitment Campaign'**, for the fourth straight year
- Won **11 Stevies®** – 5 Gold Stevies, 2 Silver Stevies and 4 Bronze Stevies – at the **2018 Great Employers Awards** for achievements in **Talent Acquisition and Development, Leadership Training**, and **Creative Use of Technology**
- Awarded the **2018 BEST Award** by the **Association for Talent Development**
- Won **6 Stevies®** at the 2018 **American Business Awards®**: a Gold Stevie® for **Mobile Marketing Campaign** of the Year, a Silver Stevie® for **Corporate Social Responsibility Program** of the Year, and 4 Bronze Stevies® for **Company** of the Year, **New Product or Service** of the Year for **Human Capital Management, Human Resources Department** of the Year, and **Human Resources Team of the Year** for **Talent Engagement**
- Won the **Businessworld HR Excellence award** for **Excellence in Diversity and Inclusion**

## Sustainability

- Won **Company of the Year Award** from the Canada-India Business Council for achievements in business growth and impressive corporate social responsibility initiatives
- Won the **Hr NETWORK Scotland National Award 2018** for the **IT Futures program** in UK
- Won **Gold** in the **EcoVadis CSR Assessment** for the fifth year in a row
- Recognized among **Sustainability Leaders** in the **Dow Jones Sustainability World Index**
- Won the **Social Responsibility Award** at the North American Employee Engagement Awards for the third year in a row
- Named America's **Most Community-Minded Information Technology Company** in the 2018 Civic 50 by Points of Light

## Partner

- Won the **2018 Pega Partner Excellence** Award
- Won the **Business Excellence - Market Development award** at the **2018 Cloudera Partner Impact Awards**; additionally, named the **North EMEA Partner of the Year**
- Named **HPE Global Hybrid IT Solutions Partner** of the Year
- Won the **Salesforce Partner Innovation Award** during **Dreamforce 2018**
- Recognized as **Adobe System Integrator Partner** of the Year 2018 for India region
- Won the **'Valued Partner'** award from **ASML**
- Named an **Azure Expert Managed Service Provider** by **Microsoft**

# Consolidated
# **Financial Statements**

## Independent Auditors' Report

**To the Members of**

**Tata Consultancy Services Limited**

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of Tata Consultancy Services Limited (hereinafter referred to as "the Holding Company") and its subsidiaries listed in Annexure I (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2019, and 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 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 ('the 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 2019, of its consolidated profit and other comprehensive income, 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 Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI'), and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 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 Matters

| The key audit matters | How the matter was addressed in our audit |
|---|---|
| **Revenue recognition – Fixed price development contracts** | |
| The Group inter alia engages in Fixed-price development contracts, where, revenue is recognized using the percentage of completion computed as per the input method based on management's estimate of contract costs (Refer Note 2(f) to the consolidated financial statements)<br><br>We identified revenue recognition of fixed price development contracts as a KAM considering –<br>• There is an inherent risk around the accuracy of revenues given the customised and complex nature of these contracts and significant involvement of IT systems; | Our audit procedures on revenue recognized from fixed price development contracts included<br>• Obtaining an understanding of the systems, processes and controls implemented by management for recording and calculating revenue and the associated contract assets, unearned and deferred revenue balances.<br>• Involving Information technology ('IT') specialists to assess the design and operating effectiveness of key IT controls over:<br>➢ IT environment in which the business systems operate, including access controls, program change controls, program development controls and IT operation controls; |

<table>
<tr><th>The key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>
<ul>
<li>Application of revenue recognition accounting standard is complex and involves a number of key judgments and estimates including estimating the future cost-to-completion of these contracts, which is used to determine the percentage of completion of the relevant performance obligation;</li>
<li>These contracts may involve onerous obligations on the Company that require critical estimates to be made by management; and</li>
<li>At year-end a significant amount of work in progress (Contract assets and liabilities) related to these contracts is recognised on the balance sheet.</li>
</ul>
</td><td>
<ul>
<li>➢ Testing the IT controls over the completeness and accuracy of cost and revenue reports generated by the system; and</li>
<li>➢ Testing the access and application controls pertaining to allocation of resources and budgeting systems which prevents the unauthorized changes to recording of costs incurred and controls relating to the estimation of contract costs required to complete the project.</li>
</ul>
<ul>
<li>On selected samples of contracts, we tested that the revenue recognized is in accordance with the accounting standard by–
<ul>
<li>➢ Evaluating the identification of performance obligation;</li>
<li>➢ Testing management’s calculation of the estimation of contract cost and onerous obligation, if any. We:
<ul>
<li>➢ Observed that the estimates of cost to complete were reviewed and approved by appropriate levels of management;</li>
<li>➢ Performed a retrospective review of costs incurred with estimated costs to identify significant variations and verify whether those variations have been considered in estimating the remaining costs to complete the contract;</li>
<li>➢ Assessed the appropriateness of work in progress (contract assets) on balance sheet by evaluating the underlying documentation to identify possible delays in achieving milestones which may require change in estimated costs to complete the remaining performance obligations; and</li>
<li>➢ Performed test of details including analytics to determine reasonableness of contract costs</li>
</ul></li>
</ul></li>
</ul>
</td></tr>
<tr><td colspan="2">Adoption of Ind AS 115 – Revenue from Contracts with Customers</td></tr>
<tr><td>
As described in Note 2(f) to the consolidated financial statements, the Group has adopted Ind AS 115, Revenue from Contracts with Customers (‘Ind AS 115’) which is the new revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit.
The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, the standard mandates robust disclosures in respect of revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.
The Group adopted Ind AS 115 and applied the available exemption provided therein, to not restate the comparative periods.
</td><td>
Our audit procedures on adoption of Ind AS 115, Revenue from contracts with Customers (‘Ind AS 115’), which is the new revenue accounting standard, include –
<ul>
<li>Evaluated the design and implementation of the processes and internal controls relating to implementation of the new revenue accounting standard;</li>
<li>Evaluated the detailed analysis performed by management on revenue streams by selecting samples for the existing contracts with customers and considered revenue recognition policy in the current period in respect of those revenue streams;</li>
<li>Evaluated the changes made to IT systems to reflect the changes required in revenue recognition as per the new accounting standard;</li>
<li>Evaluated the cumulative effect adjustments as at 1 April 2018 for compliance with the new revenue standard; and</li>
<li>Evaluated the appropriateness of the disclosures provided under the new revenue standard and assessed the completeness and mathematical accuracy of the relevant disclosures.</li>
</ul>
</td></tr>
</table>

<table>
<tr><th>The key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Evaluation of uncertain tax positions</td></tr>
<tr><td>The Group operates in multiple jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including transfer pricing and indirect tax matters. These involve significant management judgment to determine the possible outcome of the uncertain tax positions, consequently having an impact on related accounting and disclosures in the consolidated financial statements.<br>Refer Notes 2(k) and 33 to the consolidated financial statements.</td><td>Our audit procedures include the following substantive procedures:<br>• Obtained understanding of key uncertain tax positions; and<br>• We along with our internal tax experts -<br>➢ Read and analysed select key correspondences, external legal opinions / consultations by management for key uncertain tax positions;<br>➢ Discussed with appropriate senior management and evaluated management's underlying key assumptions in estimating the tax provisions; and<br>➢ Assessed management's estimate of the possible outcome of the disputed cases;</td></tr>
</table>

**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 auditors' report thereon.

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 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance 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 Board of Directors of the entities 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 entity 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 Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the entities included in the Group is responsible for overseeing the financial reporting process of each entity.

**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 auditor's 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 whether the entity has adequate internal financial controls system in place 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.
- Conclude on the appropriateness of management's 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group (Holding company and subsidiaries) 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 such entities or business activities 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.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities 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**

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 and its subsidiaries which are incorporated in India, as on 31 March 2019 and taken on record by the Board of Directors of respective companies, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2019 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 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 A.

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:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group. Refer Note 33 to the consolidated financial statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts. Refer Notes 20 and 21 to the consolidated financial statements in respect of such items as it relates to the Group.

iii. 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 2019.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealing in specified banks notes during the period from 8 November 2016 to 30 November 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019.

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

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 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) which are required to be commented upon by us.

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

**Yezdi Nagporewalla**
Partner
Membership No: 049265

Mumbai
12 April 2019

# Annexure I: List of entities consolidated as at 31 March 2019

| | |
|---|---|
| 1 | APTOnline Limited |
| 2 | C-Edge Technologies Limited |
| 3 | CMC Americas, Inc. |
| 4 | Diligenta Limited |
| 5 | MahaOnline Limited |
| 6 | MP Online Limited |
| 7 | Tata America International Corporation |
| 8 | Tata Consultancy Services (Africa) (PTY) Ltd. |
| 9 | Tata Consultancy Services Asia Pacific Pte Ltd. |
| 10 | Tata Consultancy Services Belgium (Formerly Tata Consultancy Services Belgium S.A.) |
| 11 | Tata Consultancy Services Canada Inc. |
| 12 | Tata Consultancy Services Deutschland GmbH |
| 13 | Tata Consultancy Services Netherlands BV |
| 14 | Tata Consultancy Services Qatar S.S.C. |
| 15 | Tata Consultancy Services Sverige AB |
| 16 | TCS e-Serve International Limited |
| 17 | TCS FNS Pty Limited |
| 18 | TCS Foundation |
| 19 | TCS Iberoamerica SA |
| 20 | PT Tata Consultancy Services Indonesia |
| 21 | Tata Consultancy Services (China) Co., Ltd. |
| 22 | Tata Consultancy Services (Philippines) Inc. |
| 23 | Tata Consultancy Services (Thailand) Limited |
| 24 | Tata Consultancy Services Japan, Ltd. |
| 25 | Tata Consultancy Services Malaysia Sdn Bhd |
| 26 | TCS Italia s.r.l. |
| 27 | Tata Consultancy Services (South Africa) (PTY) Ltd. |
| 28 | TCS e-Serve America, Inc. |
| 29 | Tata Consultancy Services Chile S.A. |
| 30 | TATASOLUTION CENTER S.A. |
| 31 | Technology Outsourcing S.A.C. |
| 32 | Tata Consultancy Services (Portugal) Unipessoal, Limitada |
| 33 | TCS Financial Solutions Australia Pty Limited |
| 34 | TCS Financial Solutions Beijing Co., Ltd. |
| 35 | TCS Financial Solutions Australia Holdings Pty Limited |
| 36 | MGDC S.C. |
| 37 | Tata Consultancy Services Argentina S.A. |
| 38 | Tata Consultancy Services De Mexico S.A., De C.V. |
| 39 | Tata Consultancy Services Do Brasil Ltda |
| 40 | TCS Inversiones Chile Limitada |
| 41 | Tata Consultancy Services France SA (Formerly known as Alti SA) |
| 42 | TCS Uruguay S.A. |
| 43 | TCS Solution Center S.A. |
| 44 | Tata Consultancy Services Danmark ApS |
| 45 | Tata Consultancy Services De Espana S.A. |
| 46 | Tata Consultancy Services Luxembourg S.A. |
| 47 | Tata Consultancy Services Osterreich GmbH |
| 48 | Tata Consultancy Services Saudi Arabia |
| 49 | Tata Consultancy Services Switzerland Ltd. |
| 50 | Tata Sons & Consultancy Services Employees' Welfare Trust |
| 51 | TCS e-Serve Limited – Employees' Welfare Trust |
| 52 | TCS e-Serve International Limited – Employees' Welfare Benefit Trust |
| 53 | W12 Studios Limited |

# Annexure A to the Independent Auditor's Report

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

**Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of Tata Consultancy Services Limited ("the Holding Company") as of 31 March 2019, we have audited the internal financial controls with reference to the financial statements of the Holding Company and its subsidiaries, which are incorporated in India as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company and its subsidiaries which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Holding company and its subsidiaries, which are incorporated in India, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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 entity'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 Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiaries which are incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 financial statements was 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 system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control 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 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 control system with reference to financial statements of the Holding Company and its subsidiaries which are incorporated in India.

**Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to 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 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 financial statements.

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

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Holding Company and its subsidiaries which are incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2019, based on the internal control with reference to financial statements criteria established by the Holding Company and its subsidiaries which are incorporated in India, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

**Yezdi Nagporewalla**
Partner
Membership No: 049265

Mumbai
12 April 2019

# Consolidated Balance Sheet

(₹ crore)

| | Note | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| ASSETS | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 5 | **10,411** | 10,216 |
| (b) Capital work-in-progress | | **963** | 1,278 |
| (c) Goodwill | 6 | **1,700** | 1,745 |
| (d) Other intangible assets | 7 | **179** | 12 |
| (e) Financial assets | | | |
| (i) Investments | 8(A) | **239** | 301 |
| (ii) Trade receivables | 14(A) | **95** | 94 |
| (iii) Unbilled receivables (Previous year: Unbilled revenue) | | **391** | 227 |
| (iv) Loans receivables | 9(A) | **60** | 1,975 |
| (v) Other financial assets | 10(A) | **738** | 691 |
| (f) Income tax assets (net) | | **4,017** | 4,131 |
| (g) Deferred tax assets (net) | 11 | **2,656** | 3,449 |
| (h) Other assets | 12(A) | **1,363** | 953 |
| **Total non-current assets** | | **22,812** | 25,072 |
| **Current assets** | | | |
| (a) Inventories | 13 | **10** | 26 |
| (b) Financial assets | | | |
| (i) Investments | 8(B) | **29,091** | 35,707 |
| (ii) Trade receivables | 14(B) | **27,346** | 24,943 |
| (iii) Unbilled receivables (Previous year: Unbilled revenue) | | **5,157** | 6,686 |
| (iv) Cash and cash equivalents | 15 | **7,224** | 4,883 |
| (v) Other balances with banks | 16 | **5,624** | 2,278 |
| (vi) Loans receivables | 9(B) | **8,029** | 3,205 |
| (vii) Other financial assets | 10(B) | **1,769** | 875 |
| (c) Income tax assets (net) | | **1,853** | 37 |
| (d) Other assets | 12(B) | **6,028** | 2,584 |
| **Total current assets** | | **92,131** | 81,224 |
| **TOTAL ASSETS** | | **114,943** | 106,296 |
| EQUITY AND LIABILITIES | | | |
| **Equity** | | | |
| (a) Share capital | 17 | **375** | 191 |
| (b) Other equity | 18 | **89,071** | 84,937 |
| **Equity attributable to shareholders of the Company** | | **89,446** | 85,128 |
| Non-controlling interests | | **453** | 402 |
| **Total equity** | | **89,899** | 85,530 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 19(A) | **44** | 54 |
| (ii) Other financial liabilities | 20(A) | **287** | 503 |
| (b) Unearned and deferred revenue | | **844** | 503 |
| (c) Employee benefit obligations | 25(A) | **330** | 290 |
| (d) Provisions | 21(A) | **-** | 26 |
| (e) Deferred tax liabilities (net) | 11 | **1,042** | 1,170 |
| (f) Other liabilities | 22(A) | **413** | 392 |
| **Total non-current liabilities** | | **2,960** | 2,938 |
| **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 19(B) | **-** | 181 |
| (ii) Trade payables | | **6,292** | 5,094 |
| (iii) Other financial liabilities | 20(B) | **4,903** | 3,913 |
| (b) Unearned and deferred revenue | | **2,392** | 2,032 |
| (c) Income tax liabilities(net) | | **2,667** | 1,421 |
| (d) Employee benefit obligations | 25(B) | **2,356** | 2,018 |
| (e) Provisions | 21(B) | **239** | 240 |
| (f) Other liabilities | 22(B) | **3,235** | 2,929 |
| **Total current liabilities** | | **22,084** | 17,828 |
| **TOTAL EQUITY AND LIABILITIES** | | **114,943** | 106,296 |
| NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS | 1-37 | | |

As per our report of even date attached

For and on behalf of the Board

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

**Yezdi Nagporewalla**
*Partner*
*Membership No: 049265*

**N Chandrasekaran**
*Chairman*

**V Ramakrishnan**
*CFO*

**O P Bhatt**
*Director*

**Hanne Birgitte Breinbjerg Sorensen**
*Director*

**Rajesh Gopinathan**
*CEO and Managing Director*

**Aman Mehta**
*Director*

**Aarthi Subramanian**
*Director*

**Dr Pradeep Kumar Khosla**
*Director*

**N Ganapathy Subramaniam**
*COO and Executive Director*

**Dr Ron Sommer**
*Director*

**Keki M Mistry**
*Director*

**Daniel Hughes Callahan**
*Director*

**Rajendra Moholkar**
*Company Secretary*

*Mumbai, April 12, 2019*

# Consolidated Statement of Profit and Loss

(₹ crore)

| | Note | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| I. Revenue | 23 | **146,463** | 123,104 |
| II. Other income | 24 | **4,311** | 3,642 |
| III. TOTAL INCOME | | **150,774** | 126,746 |
| IV. **Expenses** | | | |
| (a) Employee benefit expenses | 25 | **78,246** | 66,396 |
| (b) Cost of equipment and software licences | 26 | **2,270** | 2,700 |
| (c) Depreciation and amortisation expense | | **2,056** | 2,014 |
| (d) Other expenses | 27 | **26,441** | 21,492 |
| (e) Finance costs | | **198** | 52 |
| TOTAL EXPENSES | | **109,211** | 92,654 |
| V. PROFIT BEFORE TAX | | **41,563** | 34,092 |
| VI. **Tax expense** | | | |
| (a) Current tax | 11 | **9,502** | 8,265 |
| (b) Deferred tax | 11 | **499** | (53) |
| TOTAL TAX EXPENSE | | **10,001** | 8,212 |
| VII. PROFIT FOR THE YEAR | | **31,562** | 25,880 |
| VIII. OTHER COMPREHENSIVE INCOME (OCI) | | | |
| (A) (i) **Items that will not be reclassified subsequently to profit or loss** | | | |
| (a) Remeasurement of defined employee benefit plans | | **(51)** | 106 |
| (b) Net change in fair values of investments in equity shares carried at fair value through OCI | | **(1)** | (84) |
| (ii) **Income tax on items that will not be reclassified subsequently to profit or loss** | | **11** | (5) |
| (B) (i) **Items that will be reclassified subsequently to profit or loss** | | | |
| (a) Net change in fair values of investments other than equity shares carried at fair value through OCI | | **425** | (821) |
| (b) Net change in intrinsic value of derivatives designated as cash flow hedges | | **153** | (122) |
| (c) Net change in time value of derivatives designated as cash flow hedges | | **44** | (59) |
| (d) Exchange differences on translation of financial statements of foreign operations | | **(86)** | 552 |
| (ii) **Income tax on items that will be reclassified subsequently to profit or loss** | | **(171)** | 305 |
| TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES) | | **324** | (128) |
| IX. TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | **31,886** | 25,752 |
| **Profit for the year attributable to:** | | | |
| Shareholders of the Company | | **31,472** | 25,826 |
| Non-controlling interests | | **90** | 54 |
| | | **31,562** | 25,880 |
| **Total comprehensive income for the year attributable to:** | | | |
| Shareholders of the Company | | **31,787** | 25,682 |
| Non-controlling interests | | **99** | 70 |
| | | **31,886** | 25,752 |
| X. **Earnings per equity share:- Basic and diluted (₹)** | 31 | **83.05** | 67.10 |
| Weighted average number of equity shares | | **378,97,49,350** | 384,91,85,612 |
| XI. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS | 1-37 | | |

As per our report of even date attached

For and on behalf of the Board

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

**Yezdi Nagporewalla**
*Partner*
*Membership No: 049265*

**N Chandrasekaran** *Chairman* | **V Ramakrishnan** *CFO* | **O P Bhatt** *Director* | **Hanne Birgitte Breinbjerg Sorensen** *Director*

**Rajesh Gopinathan** *CEO and Managing Director* | **Aman Mehta** *Director* | **Aarthi Subramanian** *Director* | **Dr Pradeep Kumar Khosla** *Director*

**N Ganapathy Subramaniam** *COO and Executive Director* | **Dr Ron Sommer** *Director* | **Keki M Mistry** *Director* | **Daniel Hughes Callahan** *Director*

**Rajendra Moholkar** *Company Secretary*

*Mumbai, April 12, 2019*

# Consolidated Statement of Changes in Equity

## A. EQUITY SHARE CAPITAL

(₹ crore)

| Balance as at April 1, 2017 | Changes in equity share capital during the year* | Balance as at March 31, 2018 |
|---|---|---|
| 197 | (6) | 191 |

(₹ crore)

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

*Refer note 17.

## 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 | Securities premium | Capital redemption reserve | General reserve | Special Economic Zone re-investment reserve | Retained earnings | Statutory reserve | Investment revaluation reserve | Cash flow hedging reserve – Intrinsic value | Cash flow hedging reserve – Time value | Foreign currency translation reserve | | | |
| Balance as at April 1, 2017 | 75 | 1,919 | 523 | 10,549 | 97 | 71,071 | 218 | 538 | 105 | (17) | 939 | 86,017 | 366 | 86,383 |
| Profit for the year | - | - | - | - | - | 25,826 | - | - | - | - | - | 25,826 | 54 | 25,880 |
| Other comprehensive income / (losses) | - | - | - | - | - | 102 | - | (622) | (107) | (52) | 535 | (144) | 16 | (128) |
| **Total comprehensive income / (losses)** | - | - | - | - | - | 25,928 | - | (622) | (107) | (52) | 535 | 25,682 | 70 | 25,752 |
| Dividend (including tax on dividend of ₹ 1,444 crore) | - | - | - | - | - | (10,726) | - | - | - | - | - | (10,726) | (34) | (10,760) |
| Buy-back of equity shares* | - | (1,919) | 6 | (9,118) | - | (4,963) | - | - | - | - | - | (15,994) | - | (15,994) |
| Expenses for buy-back of equity shares* | - | - | - | - | - | (42) | - | - | - | - | - | (42) | - | (42) |
| Transfer to Special Economic Zone re-investment reserve | - | - | - | - | 1,579 | (1,579) | - | - | - | - | - | - | - | - |
| Transfer from Special Economic Zone re-investment reserve | - | - | - | - | (98) | 98 | - | - | - | - | - | - | - | - |
| Transfer to reserves | - | - | - | (8) | - | (32) | 40 | - | - | - | - | - | - | - |
| Balance as at March 31, 2018 | 75 | - | 529 | 1,423 | 1,578 | 79,755 | 258 | (84) | (2) | (69) | 1,474 | 84,937 | 402 | 85,339 |
| Balance as at April 1, 2018 | **75** | **-** | **529** | **1,423** | **1,578** | **79,755** | **258** | **(84)** | **(2)** | **(69)** | **1,474** | **84,937** | **402** | **85,339** |
| Profit for the year | **-** | **-** | **-** | **-** | **-** | **31,472** | **-** | **-** | **-** | **-** | **-** | **31,472** | **90** | **31,562** |
| Other comprehensive income / (losses) | **-** | **-** | **-** | **-** | **-** | **(41)** | **-** | **275** | **136** | **39** | **(94)** | **315** | **9** | **324** |
| **Total comprehensive income / (losses)** | **-** | **-** | **-** | **-** | **-** | **31,431** | **-** | **275** | **136** | **39** | **(94)** | **31,787** | **99** | **31,886** |
| Dividend (including tax on dividend of ₹ 1,342 crore) | **-** | **-** | **-** | **-** | **-** | **(11,424)** | **-** | **-** | **-** | **-** | **-** | **(11,424)** | **(48)** | **(11,472)** |
| Buy-back of equity shares* | **-** | **-** | **8** | **-** | **-** | **(16,000)** | **-** | **-** | **-** | **-** | **-** | **(15,992)** | **-** | **(15,992)** |
| Expenses for buy-back of equity shares* | **-** | **-** | **-** | **-** | **-** | **(45)** | **-** | **-** | **-** | **-** | **-** | **(45)** | **-** | **(45)** |
| Issue of bonus shares* | **-** | **-** | **(106)** | **-** | **-** | **(86)** | **-** | **-** | **-** | **-** | **-** | **(192)** | **-** | **(192)** |
| Realised loss on equity shares carried at fair value through OCI | **-** | **-** | **-** | **-** | **-** | **(1)** | **-** | **1** | **-** | **-** | **-** | **-** | **-** | **-** |
| Transfer to Special Economic Zone re-investment reserve | **-** | **-** | **-** | **-** | **2,750** | **(2,750)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Transfer from Special Economic Zone re-investment reserve | **-** | **-** | **-** | **-** | **(3,334)** | **3,334** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Transfer to reserves | **-** | **-** | **-** | **(1,396)** | **-** | **1,306** | **90** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Balance as at March 31, 2019 | **75** | **-** | **431** | **27** | **994** | **85,520** | **348** | **192** | **134** | **(30)** | **1,380** | **89,071** | **453** | **89,524** |

*Refer note 17.

Total equity (primarily retained earnings) includes ₹ 864 crore and ₹ 777 crore as at March 31, 2019 and 2018, 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) Securities premium**

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

**(c) 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.

**(d) General reserve**

The general reserve is a free reserve which is used from time to time to transfer profits from 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.

**(e) Special Economic Zone re-investment reserve**

The Special Economic Zone (SEZ) re-investment reserve has been 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.

**(f) Investment revaluation reserve**

This reserve represents the cumulative gains and losses arising on the revaluation of equity / debt instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings / profit and loss when those assets have been disposed off.

**(g) Cash flow hedging reserve**

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

**(h) Foreign currency translation reserve**

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS 1-37

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As per our report of even date attached

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

**Yezdi Nagporewalla**
*Partner*
*Membership No: 049265*

*Mumbai, April 12, 2019*

For and on behalf of the Board

**N Chandrasekaran**
*Chairman*

**V Ramakrishnan**
*CFO*

**O P Bhatt**
*Director*

**Hanne Birgitte Breinbjerg Sorensen**
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**N Ganapathy Subramaniam**
*COO and Executive Director*

**Dr Ron Sommer**
*Director*

**Keki M Mistry**
*Director*

**Daniel Hughes Callahan**
*Director*

**Rajendra Moholkar**
*Company Secretary*

# Consolidated Statement of Cash Flows

(₹ crore)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **I. CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| **Profit for the year** | **31,562** | 25,880 |
| **Adjustments to reconcile profit and loss to net cash provided by operating activities** | | |
| Depreciation and amortisation expense | **2,056** | 2,014 |
| Bad debts and advances written off, allowance for doubtful trade receivables and advances (net) | **187** | 206 |
| Tax expense | **10,001** | 8,212 |
| Finance costs | **198** | 52 |
| Net gain on disposal of property, plant and equipment | **(84)** | (25) |
| Unrealised foreign exchange (gain) / loss | **7** | (94) |
| Dividend income | **(18)** | (9) |
| Interest income | **(2,762)** | (2,445) |
| Net gain on investments | **(427)** | (906) |
| **Operating profit before working capital changes** | **40,720** | 32,885 |
| **Net change in** | | |
| Inventories | **16** | (5) |
| Trade receivables | **(2,883)** | (1,833) |
| Unbilled receivables (Previous year: Unbilled revenue) | **1,286** | (1,441) |
| Loans and other financial assets | **(499)** | 388 |
| Other assets | **(3,687)** | (459) |
| Trade payables | **1,496** | (346) |
| Unearned and deferred revenue | **679** | 1,104 |
| Other financial liabilities | **791** | 1,003 |
| Other liabilities and provisions | **632** | 1,380 |
| **Cash generated from operations** | **38,551** | 32,676 |
| Taxes paid (net of refunds) | **(9,958)** | (7,609) |
| **Net cash generated from operating activities** | **28,593** | 25,067 |
| **II. CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Bank deposits placed | **(5,733)** | (2,057) |
| Inter-corporate deposits placed | **(13,724)** | (6,915) |
| Purchase of investments* | **(96,751)** | (97,473) |
| Payment for purchase of property, plant and equipment | **(2,053)** | (1,862) |
| Payment for purchase of intangible assets | **(178)** | - |
| Earmarked deposits placed with banks | **(296)** | (231) |
| Purchase of subsidiary, net of cash of ₹ 16 crore (March 31, 2018: NIL) | **(50)** | - |
| Proceeds from bank deposits | **2,375** | 431 |
| Proceeds from inter-corporate deposits | **10,797** | 4,685 |
| Proceeds from disposal / redemption of investments* | **104,133** | 103,482 |
| Proceeds from disposal of property, plant and equipment | **99** | 58 |
| Proceeds from earmarked deposits with banks | **340** | 136 |
| Dividend received | **18** | 9 |
| Interest received | **2,619** | 2,623 |
| **Net cash generated from investing activities** | **1,596** | 2,886 |
| **III. CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Buy-back of equity shares | **(16,000)** | (16,000) |
| Expenses for buy-back of equity shares | **(45)** | (42) |
| Short-term borrowings (net) | **(181)** | (19) |
| Dividend paid (including tax on dividend) | **(11,424)** | (10,726) |
| Dividend paid to non-controlling interests (including tax on dividend) | **(48)** | (34) |
| Repayment of finance lease obligations | **(13)** | (24) |
| Interest paid | **(186)** | (40) |
| **Net cash used in financing activities** | **(27,897)** | (26,885) |
| **Net change in cash and cash equivalents** | **2,292** | 1,068 |
| Cash and cash equivalents at the beginning of the year | **4,883** | 3,597 |
| Exchange difference on translation of foreign currency cash and cash equivalents | **49** | 218 |
| **Cash and cash equivalents at the end of the year (Refer note 15)** | **7,224** | 4,883 |

*Purchase of investments include ₹ 277 crore and ₹ 709 crore for the years ended March 31, 2019 and 2018, respectively, and proceeds from disposal / redemption of investments include ₹ 230 crore and ₹ 1,182 crore for the years ended March 31, 2019 and 2018, respectively, held by TCS Foundation, formed for conducting corporate social responsibility activities of the Group.

IV. NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS 1-37

As per our report of even date attached

For and on behalf of the Board

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

**Yezdi Nagporewalla**
*Partner*
*Membership No: 049265*

*Mumbai, April 12, 2019*

**N Chandrasekaran**
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**Dr Ron Sommer**
*Director*

**Keki M Mistry**
*Director*

**Daniel Hughes Callahan**
*Director*

**Rajendra Moholkar**
*Company Secretary*

# Notes forming part of the Consolidated Financial Statements

## 1) Corporate information

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

The Company is a public limited company incorporated and domiciled in India. The address of its corporate office is TCS House, Raveline Street, Fort, Mumbai 400001. As at March 31, 2019, Tata Sons Private Limited (formerly Tata Sons Limited), the holding company owned 72.02% of the Company's equity share capital.

The Board of Directors approved the consolidated financial statements for the year ended March 31, 2019 and authorised for issue on April 12, 2019.

## 2) Significant accounting policies

### (a) 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.

### (b) Basis of preparation

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.

These consolidated financial statements have been prepared on historical cost basis except for certain financial instruments 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.

### (c) 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.

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.

### (d) 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.

## Notes forming part of the Consolidated Financial Statements

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.

**(e) Use of estimates and judgements**

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

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

Key sources of estimation of uncertainty at the date of consolidated financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of impairment of goodwill, useful lives of property, plant and equipment, valuation of deferred tax assets, and fair value measurements of financial instruments, these are discussed below. Key sources of estimation of uncertainty in respect of revenue recognition, employee benefits and provisions and contingent liabilities have been discussed in their respective policies.

***Impairment of goodwill***

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

***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.

***Valuation of deferred tax assets***

The Group reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy has been explained under Note 2(k).

***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. The policy has been further explained under note 2(l).

**(f) 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.

## Notes forming part of the Consolidated Financial Statements

Effective April 1, 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Group has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the consolidated statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. Refer note 2(f) – Significant accounting policies – Revenue recognition in the Annual report of the Company for the year ended March 31, 2018, for revenue recognition policy as per Ind AS 18 and Ind AS 11. The impact of adoption of the standard on the financial statements of the Group is insignificant.

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

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

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

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

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

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

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

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

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

## Notes forming part of the Consolidated Financial Statements

***Use of significant judgements in revenue recognition***

- The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Group uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contracts is recognised using percentage-of-completion method. The Group uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of the completion of the performance obligation.
- Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of the licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

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

**(h) Leases**

***Finance lease***

Assets taken on lease by the Group in its capacity as lessee, where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at lower of the fair value or present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

***Operating lease***

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in the consolidated statement of profit and loss, unless the lease agreement explicitly states that increase is on account of inflation.

# Notes forming part of the Consolidated Financial Statements

**(i) Cost recognition**

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

The costs of the Group are broadly categorised into employee benefit expenses, cost of equipment and software licences, depreciation and amortisation and other expenses. Employee benefit expenses includes salaries, incentives and allowances, contributions to provident and other funds and staff welfare expenses. Other expenses mainly include fees to external consultants, facility expenses, travel expenses, communication expenses, bad debts and advances written off, allowance for doubtful trade receivables and advances (net) and other expenses. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, recruitment and training, entertainment, etc.

**(j) Foreign currency**

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the consolidated statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

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.

**(k) Income taxes**

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

***Current income taxes***

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

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

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

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

***Deferred income taxes***

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

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

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

## Notes forming part of the Consolidated Financial Statements

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

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

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

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

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

**(l) Financial instruments**

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

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

***Cash and cash equivalents***

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

***Financial assets at amortised cost***

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

***Financial assets at fair value through other comprehensive income***

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

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

***Financial assets at fair value through profit or loss***

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

***Financial liabilities***

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

***Equity instruments***

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

***Hedge accounting***

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

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

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

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

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

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

**(m) Provisions and contingent liabilities**

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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

**(n) 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 the 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 | 5 years |
| Electrical installations | 10 years |
| Furniture and fixtures | 5 years |

Assets held under finance lease are depreciated over the shorter of the lease term and their useful lives.

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

**(o) Goodwill and intangible assets**

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.

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

Intangible assets consist of acquired contract rights, 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 |
|---|---|
| Acquired contract rights | 3-12 years |
| Rights under licensing agreement and software licences | Lower of licence period and 2-5 years |
| Customer-related intangibles | 3 years |

**(p) Impairment**

**(i) 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. In determining the allowances for doubtful trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**(ii) Non-financial assets**

**(a) Tangible and other intangible assets**

Property, plant and equipment and 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

## Notes forming part of the Consolidated Financial Statements

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.

**(b) Goodwill**

CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is indication for impairment. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit.

**(q) Employee benefits**

**(i) 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.

**(ii) Defined contribution plans**

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

**(iii) 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.

**(iv) 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.

**(r) 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.

**(s) Earnings per share**

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

## Notes forming part of the Consolidated Financial Statements

### 3) Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Group has not applied as they are effective from April 1, 2019:

**Ind AS 116 – Leases**

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Group will adopt Ind AS 116 effective annual reporting period beginning April 1, 2019. The Group will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Group will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On that date, the Group will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the Standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. In accordance with the standard, the Group will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Group will be using the practical expedient provided by the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

The Group is in the process of finalising changes to systems and processes to meet the accounting and the reporting requirements of the standard in conjunction with review of lease agreements.

The Group will recognise with effect from April 1, 2019 new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to (a) amortisation charge for the right-to-use asset, and (b) interest accrued on lease liability

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

As a lessor, sublease shall be classified as an operating lease if the head lease is classified as a short term lease. In all other cases, the sublease shall be classified as a finance lease.

On transition, for leases other than short-term leases and leases of low value assets, the Group will recognise a right-of-use asset of ₹ 5,623 crore and a corresponding lease liability of ₹ 6,555 crore with the cumulative effect of applying the standard by adjusting retained earnings net of taxes. There will be consequent reclassification in the cash flow categories in the consolidated statement of cash flows.

**Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty

## Notes forming part of the Consolidated Financial Statements

(2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements.

**Ind AS 109 – Prepayment Features with Negative Compensation**

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Group does not expect this amendment to have any impact on its financial statements.

**Ind AS 19 – Plan Amendment, Curtailment or Settlement**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any significant impact on its financial statements.

**Ind AS 23 – Borrowing Costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect any impact from this amendment.

**Ind AS 28 – Long-term Interests in Associates and Joint Ventures**

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Group does not currently have any long-term interests in associates and joint ventures.

**Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements**

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Group will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

### 4) Acquisitions

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

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

(₹ crore)

| | As at March 31, 2019 |
|---|---|
| Cash and cash equivalents | 16 |
| Net assets acquired, at fair value other than cash and cash equivalents | 8 |
| Intangible assets | 28 |
| Goodwill | 14 |
| | 66 |

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

# Notes forming part of the Consolidated Financial Statements

## 5) Property, plant and equipment

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

(₹ 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, 2017** | 348 | 6,708 | 1,973 | 395 | 6,082 | 32 | 2,112 | 1,722 | 1,519 | 20,891 |
| Additions | - | 394 | 344 | 105 | 852 | 3 | 159 | 129 | 150 | 2,136 |
| Disposals | - | - | (77) | (1) | (215) | (1) | (56) | (22) | (39) | (411) |
| Translation exchange difference | - | - | 17 | 2 | 67 | - | 6 | 2 | 10 | 104 |
| **Cost as at March 31, 2018** | 348 | 7,102 | 2,257 | 501 | 6,786 | 34 | 2,221 | 1,831 | 1,640 | 22,720 |
| **Accumulated depreciation as at April 1, 2017** | - | (1,467) | (1,143) | (75) | (4,630) | (24) | (1,518) | (871) | (1,106) | (10,834) |
| Depreciation for the year | - | (356) | (202) | (46) | (819) | (5) | (251) | (150) | (148) | (1,977) |
| Disposals | - | 2 | 73 | 1 | 202 | 1 | 54 | 19 | 27 | 379 |
| Translation exchange difference | - | - | (11) | (2) | (45) | - | (5) | (2) | (7) | (72) |
| **Accumulated depreciation as at March 31, 2018** | - | (1,821) | (1,283) | (122) | (5,292) | (28) | (1,720) | (1,004) | (1,234) | (12,504) |
| **Net carrying amount as at March 31, 2018** | 348 | 5,281 | 974 | 379 | 1,494 | 6 | 501 | 827 | 406 | 10,216 |

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

(₹ crore)

| | **As at March 31, 2019** | As at March 31, 2018 |
|---|---|---|
| Leasehold improvements | **27** | 33 |
| Computer equipment | **2** | 5 |
| Office equipment | **1** | 1 |
| Furniture and fixtures | **1** | 1 |
| **Leased assets** | **31** | 40 |

# Notes forming part of the Consolidated Financial Statements

## 6) Goodwill

Goodwill consist of the following:

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Balance at the beginning of the year** | **1,745** | 1,597 |
| Additional amount recognised from business combination during the year | **14** | - |
| Translation exchange difference | **(59)** | 148 |
| **Balance at the end of the year** | **1,700** | 1,745 |

The Group tests goodwill annually for impairment.

Goodwill of ₹ 594 crore and ₹ 618 crore as at March 31, 2019 and 2018, 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 10.77%. An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

The remaining amount of goodwill of ₹ 1,106 crore and ₹ 1,127 crore as at March 31, 2019 and 2018, 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.

## 7) Other intangible assets

Intangible assets consist of the following:

(₹ crore)

| | Acquired contract rights | Rights under licensing agreement and software licences | Customer-related intangibles | Total |
|---|---|---|---|---|
| **Cost as at April 1, 2018** | **369** | **80** | **89** | **538** |
| Additions | **-** | **178** | **-** | **178** |
| Acquisition through a business combination | **-** | **-** | **28** | **28** |
| Translation exchange difference | **3** | **(2)** | **(2)** | **(1)** |
| **Cost as at March 31, 2019** | **372** | **256** | **115** | **743** |
| **Accumulated amortisation as at April 1, 2018** | **(369)** | **(68)** | **(89)** | **(526)** |
| Amortisation for the year | **-** | **(35)** | **(4)** | **(39)** |
| Translation exchange difference | **(3)** | **1** | **3** | **1** |
| **Accumulated amortisation as at March 31, 2019** | **(372)** | **(102)** | **(90)** | **(564)** |
| **Net carrying amount as at March 31, 2019** | **-** | **154** | **25** | **179** |

(₹ crore)

| | Acquired contract rights | Rights under licensing agreement and software licences | Customer-related intangibles | Total |
|---|---|---|---|---|
| **Cost as at April 1, 2017** | 339 | 80 | 81 | 500 |
| Translation exchange difference | 30 | - | 8 | 38 |
| **Cost as at March 31, 2018** | 369 | 80 | 89 | 538 |
| **Accumulated amortisation as at April 1, 2017** | (311) | (61) | (81) | (453) |
| Amortisation for the year | (30) | (7) | - | (37) |
| Translation exchange difference | (28) | - | (8) | (36) |
| **Accumulated amortisation as at March 31, 2018** | (369) | (68) | (89) | (526) |
| **Net carrying amount as at March 31, 2018** | - | 12 | - | 12 |

## Notes forming part of the Consolidated Financial Statements

The estimated amortisation for the years subsequent to March 31, 2019 is as follows:

(₹ crore)

| Year ending March 31, | Amortisation expense |
|---|---|
| 2020 | **59** |
| 2021 | **54** |
| 2022 | **50** |
| 2023 | **16** |
| 2024 | **-** |
| Thereafter | **-** |
| | **179** |

### 8) Investments

Investments consist of the following:

**(A) Investments - Non-current**

(₹ crore)

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **(a)** | **Investments carried at fair value through profit or loss** | | |
| | Mutual fund units (unquoted) | **-** | 59 |
| **(b)** | **Investments designated at fair value through OCI** | | |
| | Fully paid equity shares (unquoted) | | |
| | Mozido LLC | **69** | 65 |
| | FCM LLC | **52** | 49 |
| | Taj Air Limited | **19** | 19 |
| | Philippine Dealing System Holdings Corporation | **6** | 6 |
| | KOOH Sports Private Limited | **-** | 3 |
| | Less: Impairment in value of investments | **(88)** | (84) |
| **(c)** | **Investments carried at amortised cost** | | |
| | Government bonds and securities (quoted) | **165** | 168 |
| | Corporate bonds (quoted) | **16** | 16 |
| | | **239** | 301 |

Investments - Non-current includes ₹ 181 crore and ₹ 185 crore as at March 31, 2019 and 2018 respectively, pertains to trusts held for specified purposes.

# Notes forming part of the Consolidated Financial Statements

**(B) Investments - current**

(₹ crore)

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **(a)** | **Investments carried at fair value through profit or loss** | | |
| | Mutual fund units (quoted) | **3,745** | 9,735 |
| | Mutual fund units (unquoted) | **63** | - |
| **(b)** | **Investments carried at fair value through OCI** | | |
| | Government bonds and securities (quoted) | **23,566** | 25,217 |
| | Corporate bonds (quoted) | **1,206** | 755 |
| **(c)** | **Investment carried at amortised cost** | | |
| | Certificate of deposits (quoted) | **490** | - |
| | Corporate bonds (quoted) | **21** | - |
| | | **29,091** | 35,707 |

Investments - current includes ₹ 121 crore and ₹ 42 crore as at March 31, 2019 and 2018, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Aggregate value of quoted investments | **29,209** | 35,891 |
| Aggregate value of unquoted investments (net of impairment) | **121** | 117 |
| Aggregate market value of quoted investments | **29,222** | 35,899 |
| Aggregate value of impairment of investments | **(88)** | (84) |
| **Market value of quoted investments carried at amortised cost** | | |
| Government bonds and securities | **177** | 176 |
| Certificate of deposits | **491** | - |
| Corporate bonds | **36** | 16 |

(₹ crore)

| In numbers | Currency | Face value per share | Investments | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|---|---|
| | | | **Fully paid equity shares (unquoted)** | | |
| 1,00,00,000 | USD | 1 | Mozido LLC | **69** | 65 |
| 15 | USD | 5,00,000 | FCM LLC | **52** | 49 |
| 1,90,00,000 | INR | 10 | Taj Air Limited | **19** | 19 |
| 5,00,000 | PHP | 100 | Philippine Dealing System Holdings Corporation | **6** | 6 |
| 20,00,000 | INR | 10 | KOOH Sports Private Limited | **-** | 3 |
| | | | Less: Impairment in value of investments | **(88)** | (84) |
| | | | | **58** | 58 |

# Notes forming part of the Consolidated Financial Statements

## 9) Loans receivables

Loans receivables (unsecured) consist of the following:

**(A) Loans receivables - Non-current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Considered good** | | |
| Inter-corporate deposits | 58 | 1,972 |
| Loans and advances to employees | 2 | 3 |
| | 60 | 1,975 |

**(B) Loans receivables - Current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **(a) Considered good** | | |
| Inter-corporate deposits | 7,667 | 2,825 |
| Loans and advances to employees | 362 | 380 |
| **(b) Credit impaired** | | |
| Loans and advances to employees | 63 | 63 |
| Less: Allowance on loans and advances to employees | (63) | (63) |
| | 8,029 | 3,205 |

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

Inter-corporate deposits Includes ₹ 600 crore and ₹ 619 crore as at March 31, 2019 and 2018, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

## 10) Other financial assets

Other financial assets consist of the following:

**(A) Other financial assets - Non-current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Security deposits | 737 | 683 |
| (b) Earmarked balances with banks | 1 | 1 |
| (c) Interest receivable | - | 3 |
| (d) Others | - | 4 |
| | 738 | 691 |

**(B) Other financial assets - Current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Security deposits | 154 | 217 |
| (b) Fair value of foreign exchange derivative assets | 585 | 89 |
| (c) Interest receivable | 834 | 534 |
| (d) Others | 196 | 35 |
| | 1,769 | 875 |

Interest receivable includes ₹ 46 crore and ₹ 11 crore as at March 31, 2019 and 2018, respectively, pertaining to trusts and TCS Foundation.

# Notes forming part of the Consolidated Financial Statements

## 11) Income taxes

The income tax expense consists of the following:

(₹ crore)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Current tax** | | |
| Current tax expense for current year | **10,024** | 8,493 |
| Current tax benefit pertaining to prior years | **(522)** | (228) |
| | **9,502** | 8,265 |
| **Deferred tax** | | |
| Deferred tax expense / (benefit) for current year | **607** | (57) |
| Deferred tax expense / (benefit) pertaining to prior years | **(108)** | 4 |
| | **499** | (53) |
| **Total income tax expense recognised in current year** | **10,001** | 8,212 |

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, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Profit before taxes | **41,563** | 34,092 |
| Indian statutory income tax rate | **34.94%** | 34.61% |
| Expected income tax expense | **14,524** | 11,799 |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense** | | |
| Tax holidays | **(4,829)** | (4,389) |
| Income exempt from tax | **(151)** | (194) |
| Undistributed earnings in branches and subsidiaries | **605** | 486 |
| Tax on income at different rates | **674** | 472 |
| Tax pertaining to prior years | **(630)** | (224) |
| Others (net) | **(192)** | 262 |
| **Total income tax expense** | **10,001** | 8,212 |

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 the Consolidated Financial Statements

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

(₹ crore)

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

Gross deferred tax assets and liabilities are as follows:

(₹ crore)

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

## Notes forming part of the Consolidated Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2018 are as follows:

(₹ crore)

| | Opening balance | Recognised in profit and loss | Recognised in / reclassified from other comprehensive income | Exchange difference | Closing balance |
|---|---|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | | | |
| Property, plant and equipment and intangible assets | (106) | 145 | - | 4 | 43 |
| Provision for employee benefits | 389 | 8 | (5) | 3 | 395 |
| Cash flow hedges | (12) | - | 22 | - | 10 |
| Receivables, financial assets at amortised cost | 220 | 81 | - | - | 301 |
| MAT credit entitlement | 2,084 | 133 | - | - | 2,217 |
| Branch profit tax | (286) | (114) | - | - | (400) |
| Undistributed earnings of subsidiaries | (509) | (96) | - | - | (605) |
| Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income | (285) | - | 283 | - | (2) |
| Operating lease liabilities | 90 | (5) | - | - | 85 |
| Others | 324 | (99) | - | 10 | 235 |
| **Total deferred tax assets / (liabilities)** | 1,909 | 53 | 300 | 17 | 2,279 |

Gross deferred tax assets and liabilities are as follows:

(₹ crore)

| **As at March 31, 2018** | Assets | Liabilities | Net |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Property, plant and equipment and Intangible assets | 175 | 132 | 43 |
| Provision for employee benefits | 402 | 7 | 395 |
| Cash flow hedges | 10 | - | 10 |
| Receivables, financial assets at amortised cost | 300 | (1) | 301 |
| MAT credit entitlement | 2,217 | - | 2,217 |
| Branch profit tax | - | 400 | (400) |
| Undistributed earnings of subsidiaries | - | 605 | (605) |
| Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income | - | 2 | (2) |
| Operating lease liabilities | 85 | - | 85 |
| Others | 260 | 25 | 235 |
| **Total deferred tax assets / (liabilities)** | 3,449 | 1,170 | 2,279 |

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

## Notes forming part of the Consolidated Financial Statements

Unrecognised deferred tax assets relate primarily to business losses and tax credit entitlement. These unexpired business losses will expire based on the year of origination as follows:

(₹ crore)

| March 31, | Unabsorbed business losses |
|---|---|
| 2020 | 2 |
| 2021 | 15 |
| 2022 | 5 |
| 2023 | 6 |
| 2024 | 16 |
| Thereafter | - |
| | 44 |

Under the Income-tax Act, 1961, Tata Consultancy Services Limited is liable to pay Minimum Alternate Tax in the tax holiday period. MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities. MAT is recognised as a deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised. Accordingly, Tata Consultancy Services Limited has recognised a deferred tax asset of ₹ 1,170 crore.

Deferred tax liability on temporary differences of ₹ 8,456 crore as at March 31, 2019, associated with investments in subsidiaries, has not been recognised, as it is the intention of Tata Consultancy Services Limited to reinvest the earnings of these subsidiaries for the foreseeable future.

The Company and its subsidiaries have ongoing disputes with income tax authorities in India and in some of the jurisdictions where they operate. The disputes relate to tax treatment of certain expenses claimed as deductions, computation or eligibility of tax incentives or allowances, and characterisation of fees for services received. The Company and its subsidiaries have contingent liability of ₹ 1,504 crore and ₹ 5,639 crore as at March 31, 2019 and 2018, respectively, in respect of tax demands which are being contested by the Company and its subsidiaries based on the management evaluation and advice of tax consultants. In respect of tax contingencies of ₹ 318 crore and ₹ 318 crore as at March 31, 2019 and 2018, respectively, not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited.

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

The number of years that are subject to tax assessments varies depending on tax jurisdiction. The major tax jurisdictions of Tata Consultancy Services Limited include India, United States of America and United Kingdom. In India, tax filings from fiscal 2016 are generally subject to examination by the tax authorities. In United States of America, the federal statute of limitation applies to fiscals 2015 and earlier and applicable state statutes of limitation vary by state. In United Kingdom, the statute of limitation generally applies to fiscal 2016 and earlier.

# Notes forming part of the Consolidated Financial Statements

## 12) Other assets

Other assets consist of the following:

**(A) Other assets - Non-current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Considered good** | | |
| (a) Contract assets | 190 | - |
| (b) Prepaid expenses | 351 | 356 |
| (c) Prepaid rent | 339 | 373 |
| (d) Contract fulfillment costs | 174 | 95 |
| (e) Capital advances | 276 | 106 |
| (f) Advances to related parties | 3 | 2 |
| (g) Others | 30 | 21 |
| | 1,363 | 953 |
| **Advances to related parties, considered good, comprise:** | | |
| Voltas Limited | 2 | 2 |
| Concorde Motors (India) Limited | 1 | - |

**(B) Other assets - Current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Considered good** | | |
| (a) Contract assets | 3,238 | - |
| (b) Prepaid expenses | 614 | 1,083 |
| (c) Prepaid rent | 50 | 54 |
| (d) Contract fulfillment costs | 537 | 463 |
| (e) Advance to suppliers | 139 | 144 |
| (f) Advance to related parties | 2 | 3 |
| (g) Indirect taxes recoverable | 1,170 | 699 |
| (h) Other advances | 142 | 41 |
| (i) Others | 136 | 97 |
| **Considered doubtful** | | |
| (a) Advance to suppliers | 3 | 3 |
| (b) Indirect taxes recoverable | 4 | 2 |
| (c) Other advances | 4 | 3 |
| Less: Allowance on doubtful assets | (11) | (8) |
| | 6,028 | 2,584 |
| **Advance to related parties, considered good comprise:** | | |
| Tata AIG General Insurance Company Limited | 1 | 1 |
| The Titan Company Limited | 1 | 2 |

Contract fulfillment costs of ₹ 665 crore and ₹ 607 crore for the years ended March 31, 2019 and 2018, respectively, have been amortised in the statement of profit and loss. Refer note 23 for changes in contract assets.

# Notes forming part of the Consolidated Financial Statements

## 13) Inventories

Inventories consist of the following:

(₹ crore)

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| (a) | Raw materials, sub-assemblies and components | 9 | 25 |
| (b) | Finished goods and work-in-progress* | - | - |
| (c) | Goods-in-transit (raw materials)* | - | - |
| (d) | Stores and spares | 1 | 1 |
| | | 10 | 26 |

*Represents value less than ₹ 0.50 crore.

Inventories are carried at lower of cost and net realisable value.

## 14) Trade receivables

Trade receivables (unsecured) consist of the following:

**(A) Trade receivables - Non-current**

(₹ crore)

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| (a) | Considered good | 569 | 460 |
| | Less: Allowance for doubtful trade receivables | (474) | (366) |
| | | 95 | 94 |

**(B) Trade receivables - Current**

(₹ crore)

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| (a) | Considered good | 27,629 | 25,196 |
| | Less: Allowance for doubtful trade receivables | (340) | (301) |
| | | 27,289 | 24,895 |
| (b) | Credit impaired | 263 | 211 |
| | Less: Allowance for doubtful trade receivables | (206) | (163) |
| | | 57 | 48 |
| | | 27,346 | 24,943 |

Above balances of trade receivables include balances with related parties (Refer note 35).

# Notes forming part of the Consolidated Financial Statements

## 15) Cash and cash equivalents

Cash and cash equivalents consist of the following:

(₹ crore)

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| (a) | Balances with banks | | |
| | In current accounts | **6,463** | 4,487 |
| | In deposit accounts | **733** | 328 |
| (b) | Cheques on hand | **2** | 3 |
| (c) | Cash on hand* | **19** | - |
| (d) | Remittances in transit | **7** | 65 |
| | | **7,224** | 4,883 |

*Represents value less than ₹ 0.50 crore.

Balances with banks in current accounts include ₹ 5 crore and ₹ 3 crore as at March 31, 2019 and 2018, respectively, pertaining to trusts held for specified purposes.

## 16) Other balances with banks

Other balances with banks consist of the following:

(₹ crore)

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| (a) | Earmarked balances with banks | **196** | 222 |
| (b) | Short-term bank deposits | **5,428** | 2,056 |
| | | **5,624** | 2,278 |

Earmarked balances with banks significantly includes margin money for purchase of investments, margin money for derivative contracts and unclaimed dividends.

# Notes forming part of the Consolidated Financial Statements

## 17) Share capital

The authorised, issued, subscribed and fully paid-up share capital comprises of:

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Authorised** | | |
| (a) 460,05,00,000 equity shares of ₹ 1 each | **460** | 460 |
| (March 31, 2018: 460,05,00,000 equity shares of ₹ 1 each) | | |
| (b) 105,02,50,000 preference shares of ₹ 1 each | **105** | 105 |
| (March 31, 2018: 105,02,50,000 preference shares of ₹ 1 each) | | |
| | **565** | 565 |
| **Issued, Subscribed and Fully paid up** | | |
| 375,23,84,706 equity shares of ₹ 1 each | **375** | 191 |
| (March 31, 2018: 191,42,87,591 equity shares of ₹ 1 each) | | |
| | **375** | 191 |

The Board of Directors of the Company at its meeting held on April 19, 2018, approved a proposal to issue bonus shares in the ratio of one equity share of ₹ 1 each for every one equity share of ₹ 1 each held by the shareholders of the Company as on the record date, which was approved by the shareholders by means of an ordinary resolution through a postal ballot. The Company allotted 191,42,87,591 equity shares as fully paid up bonus shares by capitalisation of profits transferred from retained earnings amounting to ₹ 86 crore and capital redemption reserve amounting to ₹ 106 crore.

The Board of Directors of the Company at its meeting held on June 15, 2018, approved a proposal to buyback of upto 7,61,90,476 equity shares of the Company for an aggregate amount not exceeding ₹ 16,000 crore being 1.99% of the total paid up equity share capital at ₹ 2,100 per equity share, which was approved by the shareholders by means of a special resolution through a postal ballot. A Letter of Offer was made to all eligible shareholders. The Company bought back 7,61,90,476 equity shares out of the shares that were tendered by eligible shareholders and extinguished the equity shares on September 26, 2018. Capital redemption reserve was created to the extent of share capital extinguished (₹ 8 crore). The excess of cost of buy-back of ₹ 16,045 crore (including ₹ 45 crore towards transaction costs of buy-back) over par value of shares was offset from retained earnings.

In the previous year, 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.

**(i) Reconciliation of number of shares**

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Number of shares | Amount (₹ crore) | Number of shares | Amount (₹ crore) |
| **Equity shares** | | | | |
| **Opening balance** | **191,42,87,591** | **191** | 197,04,27,941 | 197 |
| Issued during the year | **191,42,87,591** | **192** | - | - |
| Shares extinguished on buy-back | **(7,61,90,476)** | **(8)** | (5,61,40,350) | (6) |
| **Closing balance** | **375,23,84,706** | **375** | 191,42,87,591 | 191 |

# Notes forming part of the Consolidated Financial Statements

**(ii) Rights, preferences and restrictions attached to shares**

**Equity 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, 2019** | As at March 31, 2018 |
|---|---|---|
| **Equity shares** | | |
| **Holding company** | | |
| 270,24,50,947 equity shares (March 31, 2018: 137,61,18,911 equity shares) are held by Tata Sons Private Limited | **270** | 138 |
| **Subsidiaries and Associates of Holding company** | | |
| 7,220 equity shares (March 31, 2018: 3,610 equity shares) are held by Tata Industries Limited* | **-** | - |
| NIL equity share (March 31, 2018: 2,06,000 equity shares) are held by Tata AIG Life Insurance Company Limited* | **-** | - |
| NIL equity share (March 31, 2018: 7,76,533 equity shares) are held by Tata AIA Life Insurance Company Limited* | **-** | - |
| 10,36,269 equity shares (March 31, 2018: 5,27,110 equity shares) are held by Tata Investment Corporation Limited* | **-** | - |
| 46,798 equity shares (March 31, 2018: 23,804 equity shares) are held by Tata Steel Limited* | **-** | - |
| 766 equity shares (March 31, 2018: 383 equity shares) are held by The Tata Power Company Limited* | **-** | - |
| **Total** | **270** | 138 |

*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, 2019** | As at March 31, 2018 |
|---|---|---|
| **Equity shares** | | |
| Tata Sons Private Limited, the holding company | **270,24,50,947** | 137,61,18,911 |
| % of shareholding | **72.02%** | 71.89% |

**(v) Equity shares movement during 5 years preceding March 31, 2019**

**(a) Bonus issue of equity shares**

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

## Notes forming part of the Consolidated Financial Statements

**(b) Buy-back of equity shares**

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

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

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

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

15,06,983 equity shares of ₹ 1 each have been issued to the shareholders of TCS e-Serve Limited in terms of the composite scheme of amalgamation sanctioned by the High Court of Judicature at Bombay vide its Order dated September 6, 2013.

**(vi)** 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.

## 18) Other equity

Other equity consist of the following:

(₹ crore)

| | **As at March 31, 2019** | As at March 31, 2018 |
|---|---|---|
| (a) Capital reserve (on consolidation) | **75** | 75 |
| (b) Securities premium | | |
| (i) Opening balance | **-** | 1,919 |
| (ii) Utiilised for buy-back of equity shares* | **-** | (1,919) |
| | **-** | - |
| (c) Capital redemption reserve | | |
| (i) Opening balance | **529** | 523 |
| (ii) Transfer from retained earnings* | **8** | 6 |
| (iii) Issue of bonus shares* | **(106)** | - |
| | **431** | 529 |
| (d) General reserve | | |
| (i) Opening balance | **1,423** | 10,549 |
| (ii) Transfer to retained earnings | **(1,396)** | (8) |
| (iii) Utiilised for buy-back of equity shares* | **-** | (9,118) |
| | **27** | 1,423 |
| (e) Special Economic Zone re-investment reserve | | |
| (i) Opening balance | **1,578** | 97 |
| (ii) Transfer from retained earnings | **2,750** | 1,579 |
| (iii) Transfer to retained earnings | **(3,334)** | (98) |
| | **994** | 1,578 |

# Notes forming part of the Consolidated Financial Statements

(₹ crore)

| | | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|---|
| (f) | Retained earnings | | | |
| | (i) | Opening balance | **79,755** | 71,071 |
| | (ii) | Profit for the year | **31,472** | 25,826 |
| | (iii) | Remeasurement of defined employee benefit plans | **(41)** | 102 |
| | (iv) | Utiilised for buy-back of equity shares* | **(15,992)** | (4,957) |
| | (v) | Expense relating to buy-back of equity shares* | **(45)** | (42) |
| | (vi) | Issue of bonus shares* | **(86)** | - |
| | (vii) | Realised loss on equity shares carried at fair value through OCI | **(1)** | - |
| | (viii) | Transfer from Special Economic Zone re-investment reserve | **3,334** | 98 |
| | (ix) | Transfer from general reserve | **1,396** | 8 |
| | | | **99,792** | 92,106 |
| | (x) | Less: Appropriations | | |
| | | (a) Dividend on equity shares | **10,085** | 9,284 |
| | | (b) Tax on dividend | **1,339** | 1,442 |
| | | (c) Transfer to capital redemption reserve* | **8** | 6 |
| | | (d) Transfer to Special Economic Zone re-investment reserve | **2,750** | 1,579 |
| | | (e) Transfer to statutory reserve | **90** | 40 |
| | | | **85,520** | 79,755 |
| (g) | Statutory reserve | | | |
| | (i) | Opening balance | **258** | 218 |
| | (ii) | Transfer from retained earnings | **90** | 40 |
| | | | **348** | 258 |
| (h) | Investment revaluation reserve | | | |
| | (i) | Opening balance | **(84)** | 538 |
| | (ii) | Net cumulative loss reclassified to retained earning on sale of financial assets carried at fair value | **1** | - |
| | (iii) | Change during the year (net) | **275** | (622) |
| | | | **192** | (84) |
| (i) | Cash flow hedging reserve (Refer note 30 b) | | | |
| | (i) | Opening balance | **(71)** | 88 |
| | (ii) | Change during the year (net) | **175** | (159) |
| | | | **104** | (71) |
| (j) | Foreign currency translation reserve | | | |
| | (i) | Opening balance | **1,474** | 939 |
| | (ii) | Change during the year (net) | **(94)** | 535 |
| | | | **1,380** | 1,474 |
| | | | **89,071** | 84,937 |

*Refer note 17.

## Notes forming part of the Consolidated Financial Statements

**Other components of equity**

Other components of equity consist of the following:

**Investment revaluation reserve**

(₹ crore)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Balance at the beginning of the year** | **(84)** | 538 |
| Net loss arising on revaluation of financial assets carried at fair value | **(1)** | (84) |
| Net cumulative loss reclassified to retained earnings on sale of financial assets carried at fair value | **1** | - |
| Net gain / (loss) arising on revaluation of investments other than equities carried at fair value through other comprehensive income | **425** | (625) |
| Deferred tax relating to net gain / (loss) arising on revaluation of investments other than equities carried at fair value through other comprehensive income | **(149)** | 216 |
| Net cumulative (gain) / loss reclassified to statement of profit and loss on sale of investments other than equities carried at fair value through other comprehensive income | **-** | (196) |
| Deferred tax relating to net cumulative (gain) / loss reclassified to statement of profit and loss on sale of investments other than equities carried at fair value through other comprehensive income | **-** | 67 |
| **Balance at the end of the year** | **192** | (84) |

## 19) Borrowings

Borrowings consist of the following:

**(A) Borrowings - Non-current (secured loans)**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Long-term maturities of finance lease obligations | **44** | 54 |
| | **44** | 54 |

Finance lease obligations are secured against property, plant and equipment obtained under finance lease arrangements (Refer note 29).

**(B) Borrowings - Current (unsecured loans)**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Overdraft from banks | **-** | 181 |
| | **-** | 181 |

# Notes forming part of the Consolidated Financial Statements

## 20) Other financial liabilities

Other financial liabilities consist of the following:

**(A) Other financial liabilities - Non-current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Capital creditors | **3** | 18 |
| (b) Others | **284** | 485 |
| | **287** | 503 |

Others include advance taxes paid of ₹ 226 crore and ₹ 227 crore as at March 31, 2019 and 2018, respectively, by the seller of TCS e-Serve Limited which (merged with the Company), on refund by the tax authorities, is payable to the seller.

**(B) Other financial liabilities - Current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Accrued payroll | **3,203** | 2,637 |
| (b) Current maturities of finance lease obligations | **18** | 12 |
| (c) Unclaimed dividends | **41** | 28 |
| (d) Fair value of foreign exchange derivative liabilities | **60** | 91 |
| (e) Capital creditors | **303** | 262 |
| (f) Liabilities towards customer contracts | **895** | 776 |
| (g) Others | **383** | 107 |
| | **4,903** | 3,913 |

Finance lease obligations are secured against property, plant and equipment obtained under finance lease arrangements (Refer note 29).

## 21) Provisions

Provisions consist of the following:

**(A) Provisions - Non-current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Provision for foreseeable loss | **-** | 26 |
| | **-** | 26 |

**(B) Provisions - Current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Provision for foreseeable loss | **184** | 199 |
| (b) Other provisions | **55** | 41 |
| | **239** | 240 |

## Notes forming part of the Consolidated Financial Statements

### 22) Other liabilities

Other liabilities consist of the following:

**(A) Other liabilities - Non-current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Operating lease liabilities | 413 | 392 |
| | 413 | 392 |

**(B) Other liabilities - Current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Advance received from customers | 575 | 796 |
| (b) Indirect taxes payable and other statutory liabilities | 2,526 | 1,986 |
| (c) Operating lease liabilities | 60 | 99 |
| (d) Others | 74 | 48 |
| | 3,235 | 2,929 |

### 23) Revenue

Revenue consists of the following:

(₹ crore)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Consultancy services | 143,935 | 120,128 |
| Sale of equipment and software licences | 2,528 | 2,976 |
| | 146,463 | 123,104 |

Revenue disaggregation as per industry vertical and geography has been included in segment information (Refer note 32).

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognise those revenues, the Group has applied the practical expedient in Ind AS 115. Accordingly, the Group has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ₹ 82,489 crore out of which 54.48% 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.

## Notes forming part of the Consolidated Financial Statements

Changes in contract assets are as follows:

(₹ crore)

| | Year ended March 31, 2019 |
|---|---|
| **Balance at the beginning of the year** | **2,882** |
| Revenue recognised during the year | **11,404** |
| Invoices raised during the year | **(10,893)** |
| Translation exchange difference | **35** |
| **Balance at the end of the year** | **3,428** |

Changes in unearned and deferred revenue are as follows:

(₹ crore)

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

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

(₹ crore)

| | Year ended March 31, 2019 |
|---|---|
| **Contracted price** | **148,649** |
| Reductions towards variable consideration components | **(2,186)** |
| **Revenue recognised** | **146,463** |

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

### 24) Other income (net)

Other income (net) consists of the following:

(₹ crore)

| | | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| (a) | Interest income | **2,762** | 2,445 |
| (b) | Dividend income | **18** | 9 |
| (c) | Net gain on investments carried at fair value through profit or loss | **427** | 706 |
| (d) | Net gain on sale of investments carried at amortised cost | **-** | 4 |
| (e) | Net gain on sale of investments other than equity shares carried at fair value through OCI | **-** | 196 |
| (f) | Net gain on disposal of property, plant and equipment | **84** | 25 |
| (g) | Net foreign exchange gains | **967** | 163 |
| (h) | Rent income | **6** | 16 |
| (i) | Other income | **47** | 78 |
| | | **4,311** | 3,642 |

## Notes forming part of the Consolidated Financial Statements

(₹ crore)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Interest income comprise** | | |
| Interest on bank balances and bank deposits | **188** | 62 |
| Interest income on financial assets carried at amortised cost | **576** | 245 |
| Interest income on financial assets carried at fair value through OCI | **1,838** | 1,727 |
| Other interest (including interest on income tax refunds) | **160** | 411 |
| **Dividend income comprises** | | |
| Dividend from mutual fund units | **18** | 9 |

## 25) Employee benefits

Employee benefit expenses consist of the following:

(₹ crore)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| (a) Salaries, incentives and allowances | **70,642** | 59,950 |
| (b) Contributions to provident and other funds | **5,308** | 4,505 |
| (c) Staff welfare expenses | **2,296** | 1,941 |
| | **78,246** | 66,396 |

Employee benefit obligations consist of the following:

**(A) Employee benefit obligations - Non-current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Gratuity liability | **11** | 3 |
| (b) Foreign defined benefit plans | **232** | 213 |
| (c) Other employee benefit obligations | **87** | 74 |
| | **330** | 290 |

**(B) Employee benefit obligations - Current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Compensated absences | **2,330** | 1,995 |
| (b) Other employee benefit obligations | **26** | 23 |
| | **2,356** | 2,018 |

# Notes forming part of the Consolidated Financial Statements

**Employee benefits plans**

***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, 2019 | | | | | Year ended March 31, 2018 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total |
| **Change in benefit obligations** | | | | | | | | | | |
| Benefit obligations, beginning of the year | 2,308 | 3 | 626 | 103 | 3,040 | 2,084 | 4 | 537 | 81 | 2,706 |
| Translation exchange difference | - | - | (5) | 1 | (4) | - | - | 59 | 5 | 64 |
| Plan participants' contribution | - | - | 9 | - | 9 | - | - | 7 | - | 7 |
| Service cost | 289 | 1 | 14 | 19 | 323 | 273 | 1 | 12 | 19 | 305 |
| Interest cost | 190 | - | 9 | 4 | 203 | 159 | - | 9 | 3 | 171 |
| Remeasurement of the net defined benefit liability | 39 | - | 25 | (2) | 62 | (86) | (2) | (12) | (3) | (103) |
| Past service cost / (credit) | - | - | (35) | 1 | (34) | - | - | 33 | 2 | 35 |
| Benefits paid | (147) | - | (14) | (6) | (167) | (122) | - | (19) | (4) | (145) |
| **Benefit obligations, end of the year** | 2,679 | 4 | 629 | 120 | 3,432 | 2,308 | 3 | 626 | 103 | 3,040 |

(₹ crore)

| | Year ended March 31, 2019 | | | | | Year ended March 31, 2018 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total |
| **Change in plan assets** | | | | | | | | | | |
| Fair value of plan assets, beginning of the year | 2,433 | - | 529 | - | 2,962 | 2,157 | - | 461 | - | 2,618 |
| Translation exchange difference | - | - | (3) | - | (3) | - | - | 52 | - | 52 |
| Interest income | 193 | - | 7 | - | 200 | 165 | - | 10 | - | 175 |
| Employers' contributions | 171 | - | 15 | - | 186 | 233 | - | 15 | - | 248 |
| Plan participants' contribution | - | - | 9 | - | 9 | - | - | 7 | - | 7 |
| Benefits paid | (147) | - | (14) | - | (161) | (122) | - | (19) | - | (141) |
| Remeasurement - return on plan assets excluding amount included in interest income | 22 | - | (11) | - | 11 | - | - | 3 | - | 3 |
| **Fair value of plan assets, end of the year** | 2,672 | - | 532 | - | 3,204 | 2,433 | - | 529 | - | 2,962 |

## Notes forming part of the Consolidated Financial Statements

(₹ crore)

| | As at March 31, 2019 | | | | | As at March 31, 2018 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total |
| **Funded status** | | | | | | | | | | |
| Deficit of plan assets over obligations | (7) | (4) | (112) | (120) | (243) | - | (3) | (110) | (103) | (216) |
| Surplus of plan assets over obligations | - | - | 15 | - | 15 | 125 | - | 13 | - | 138 |
| | (7) | (4) | (97) | (120) | (228) | 125 | (3) | (97) | (103) | (78) |

(₹ crore)

| | As at March 31, 2019 | | | | | As at March 31, 2018 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total |
| **Category of assets** | | | | | | | | | | |
| Corporate bonds | 684 | - | 101 | - | 785 | 560 | - | 50 | - | 610 |
| Equity shares | 20 | - | 67 | - | 87 | 116 | - | - | - | 116 |
| Government bonds and securities | 1,150 | - | - | - | 1,150 | 996 | - | - | - | 996 |
| Insurer managed funds | 760 | - | 32 | - | 792 | 714 | - | 224 | - | 938 |
| Bank balances | 6 | - | 16 | - | 22 | 5 | - | 1 | - | 6 |
| Others | 52 | - | 316 | - | 368 | 42 | - | 254 | - | 296 |
| **Total** | 2,672 | - | 532 | - | 3,204 | 2,433 | - | 529 | - | 2,962 |

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

(₹ crore)

| | Year ended March 31, 2019 | | | | | Year ended March 31, 2018 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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 | 289 | 1 | 14 | 19 | 323 | 273 | 1 | 12 | 19 | 305 |
| Net interest on net defined benefit (asset) / liability | (3) | - | 2 | 4 | 3 | (6) | - | (1) | 3 | (4) |
| Past service cost / (credit) | - | - | (35) | 1 | (34) | - | - | 33 | 2 | 35 |
| **Net periodic gratuity / pension cost** | 286 | 1 | (19) | 24 | 292 | 267 | 1 | 44 | 24 | 336 |
| **Actual return on plan assets** | 215 | - | (4) | - | 211 | 165 | - | 13 | - | 178 |

## Notes forming part of the Consolidated Financial Statements

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

(₹ crore)

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

(₹ crore)

| | Year ended March 31, 2018 | | | | |
|---|---|---|---|---|---|
| | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total |
| Actuarial (gains) and losses arising from changes in demographic assumptions | 16 | - | (6) | 1 | 11 |
| Actuarial gains arising from changes in financial assumptions | (85) | (2) | (14) | (1) | (102) |
| Actuarial (gains) and losses arising from changes in experience adjustments | (17) | - | 8 | (3) | (12) |
| Remeasurement of the net defined benefit liability | (86) | (2) | (12) | (3) | (103) |
| Remeasurement - return on plan assets excluding amount included in interest income | - | - | (3) | - | (3) |
| **Total** | (86) | (2) | (15) | (3) | (106) |

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

| | **Year ended March 31, 2019** | | Year ended March 31, 2018 | |
|---|---|---|---|---|
| | **Domestic plans** | **Foreign plans** | Domestic plans | Foreign plans |
| Discount rate | **7.00%-7.75%** | **0.75%-9.00%** | 7.25%-7.75% | 0.60%-7.75% |
| Rate of increase in compensation levels of covered employees | **6.00%-8.00%** | **1.25%-7.00%** | 5.00%-8.00% | 1.25%-6.00% |
| Rate of return on plan assets | **7.00%-7.75%** | **0.75%-9.00%** | 7.25%-7.75% | 0.60%-7.75% |
| Weighted average duration of defined benefit obligations | **8-11 years** | **6.25-27 years** | 8-12 years | 5-28 years |

The expected benefits are based on the same assumptions as are used to measure Group's defined benefit plan obligations as at March 31, 2019. The Group is expected to contribute ₹ 330 crore to defined benefit plan obligations funds for the year ended March 31, 2020 comprising domestic component of ₹ 315 crore and foreign component of ₹ 15 crore.

## Notes forming part of the Consolidated Financial Statements

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

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

(₹ crore)

| | **As at March 31, 2019** | As at March 31, 2018 |
|---|---|---|
| Increase of 0.50% | **(157)** | (143) |
| Decrease of 0.50% | **175** | 158 |

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

(₹ crore)

| | **As at March 31, 2019** | As at March 31, 2018 |
|---|---|---|
| Increase of 0.50% | **120** | 96 |
| Decrease of 0.50% | **(113)** | (90) |

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

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

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

The defined benefit obligations shall mature after year ended March 31, 2019 as follows:

(₹ crore)

| **Year ending March 31,** | **Defined benefit obligations** |
|---|---|
| 2020 | **262** |
| 2021 | **231** |
| 2022 | **242** |
| 2023 | **244** |
| 2024 | **242** |
| 2025-2029 | **1,274** |

***Provident fund***

In accordance with Indian law, all eligible employees of Tata Consultancy Services Limited in India are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly to a Trust set up by the Company to manage the investments and distribute the amounts entitled to employees. This plan is a defined benefit plan as the Company is obligated to provide its members a rate of return which should, at the minimum, meet the interest rate declared by Government administered provident fund. A part of the Company's contribution is transferred to Government administered pension fund. The contributions made by the Company and the shortfall of interest, if any, are recognised as an expense in profit or loss under employee benefit expenses. In accordance with an actuarial valuation of provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the assumptions as mentioned below, there is no deficiency in the interest cost as the present value of the expected future earnings of the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of Government administered provident fund.

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

The details of fund and plan assets are given below:

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Fair value of plan assets | **14,555** | 13,084 |
| Present value of defined benefit obligations | **(14,555)** | (13,084) |
| **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:

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Discount rate | **7.75%** | 7.75% |
| Average remaining tenure of investment portfolio | **8.38 years** | 7.95 years |
| Guaranteed rate of return | **8.65%** | 8.55% |

The Group contributed ₹ 917 crore and ₹ 848 crore for the years ended March 31, 2019 and 2018, respectively, to the provident fund.

***Superannuation***

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

The Group contributed ₹ 324 crore and ₹ 264 crore for the years ended March 31, 2019 and 2018, respectively, to the Employees' Superannuation Fund.

***Foreign defined contribution plans***

The Group contributed ₹ 1,161 crore and ₹ 927 crore for the years ended March 31, 2019 and 2018, respectively, towards foreign defined contribution plans.

# Notes forming part of the Consolidated Financial Statements

## 26) Cost of equipment and software licences

Cost of equipment and software licences include:

(₹ crore)

| | | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| (a) | Raw materials, sub-assemblies and components consumed | 40 | 86 |
| (b) | Equipment and software licences purchased | 2,230 | 2,614 |
| | | 2,270 | 2,700 |
| | Finished goods and work-in-progress | | |
| | Opening stock | - | 1 |
| | Less: Closing stock* | - | - |
| | | - | 1 |

*Represents value less than ₹ 0.50 crore.

## 27) Other expense

Other expenses consist of the following:

(₹ crore)

| | | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| (a) | Fees to external consultants | 11,330 | 8,992 |
| (b) | Facility expenses | 4,262 | 3,938 |
| (c) | Travel expenses | 3,474 | 2,816 |
| (d) | Communication expenses | 1,321 | 1,062 |
| (e) | Bad debts and advances written off, allowance for doubtful trade receivables and advances (net) | 187 | 206 |
| (f) | Other expenses | 5,867 | 4,478 |
| | | 26,441 | 21,492 |

The Company made a contribution to an electoral trust of ₹ 220 crore and NIL for the years ended March 31, 2019 and 2018, respectively, which is included in other expenses.

28) Research and development expenditure including capital expenditure aggregating ₹ 308 crore and ₹ 298 crore was incurred in the years ended March 31, 2019 and 2018, respectively.

## 29) Lease

The Group has taken on lease property and equipment under operating lease arrangements. Most of the leases include renewal and escalation clauses. Operating lease rent expenses were ₹ 2,181 crore and ₹ 1,998 crore for the years ended March 31, 2019 and 2018, respectively.

## Notes forming part of the Consolidated Financial Statements

The following is a summary of future minimum lease rental commitments towards non-cancellable operating leases and finance leases:

(₹ crore)

| **Operating lease** | **As at March 31, 2019** | As at March 31, 2018 |
|---|---|---|
| Due within one year | **863** | 897 |
| Due in a period between one year and five years | **2,676** | 3,053 |
| Due after five years | **2,330** | 1,061 |
| **Total minimum lease commitments** | **5,869** | 5,011 |

(₹ crore)

| | **As at March 31, 2019** | | As at March 31, 2018 | |
|---|---|---|---|---|
| **Finance lease** | **Minimum lease commitments** | **Present value of minimum lease commitments** | Minimum lease commitments | Present value of minimum lease commitments |
| Due within one year | **24** | **18** | 20 | 12 |
| Due in a period between one year and five years | **55** | **44** | 62 | 45 |
| Due after five years | **-** | **-** | 10 | 9 |
| **Total minimum lease commitments** | **79** | **62** | 92 | 66 |
| Less: Interest | **(17)** | | (26) | |
| **Present value of minimum lease commitments** | **62** | | 66 | |

(₹ crore)

| **Receivables under sub-leases** | **As at March 31, 2019** | As at March 31, 2018 |
|---|---|---|
| Due within one year | **3** | 6 |
| Due in a period between one year and five years | **4** | 7 |
| **Total** | **7** | 13 |

Income from sub-leases of ₹ 6 crore and ₹ 16 crore have been recognised in the statement of profit and loss for the years ended March 31, 2019 and 2018, respectively.

## Notes forming part of the Consolidated Financial Statements

### 30) Financial instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(l) to the consolidated financial statements.

**(a) Financial assets and liabilities**

The carrying value of financial instruments by categories as at March 31, 2019 is as follows:

(₹ crore)

| | Fair value through profit or loss | Fair value through other comprehensive income | Derivative instruments in hedging relationship | Derivative instruments not in hedging relationship | Amortised cost | Total carrying value |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Cash and cash equivalents | - | - | - | - | 7,224 | 7,224 |
| Bank deposits | - | - | - | - | 5,428 | 5,428 |
| Earmarked balances with banks | - | - | - | - | 197 | 197 |
| Investments | 3,808 | 24,830 | - | - | 692 | 29,330 |
| Trade receivables | - | - | - | - | 27,441 | 27,441 |
| Unbilled receivables | - | - | - | - | 5,548 | 5,548 |
| Loans receivables | - | - | - | - | 8,089 | 8,089 |
| Other financial assets | - | - | 237 | 348 | 1,921 | 2,506 |
| **Total** | 3,808 | 24,830 | 237 | 348 | 56,540 | 85,763 |
| **Financial liabilities** | | | | | | |
| Trade payables | - | - | - | - | 6,292 | 6,292 |
| Borrowings | - | - | - | - | 44 | 44 |
| Other financial liabilities | 218 | - | - | 60 | 4,912 | 5,190 |
| **Total** | 218 | - | - | 60 | 11,248 | 11,526 |

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

## Notes forming part of the Consolidated Financial Statements

The carrying value of financial instruments by categories as at March 31, 2018 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 | - | - | - | - | 4,883 | 4,883 |
| Bank deposits | - | - | - | - | 2,056 | 2,056 |
| Earmarked balances with banks | - | - | - | - | 223 | 223 |
| Investments | 9,794 | 26,030 | - | - | 184 | 36,008 |
| Trade receivables | - | - | - | - | 25,037 | 25,037 |
| Unbilled revenue | - | - | - | - | 6,913 | 6,913 |
| Loans receivables | - | - | - | - | 5,180 | 5,180 |
| Other financial assets | - | - | 34 | 55 | 1,476 | 1,565 |
| **Total** | 9,794 | 26,030 | 34 | 55 | 45,952 | 81,865 |
| **Financial liabilities** | | | | | | |
| Trade payables | - | - | - | - | 5,094 | 5,094 |
| Borrowings | - | - | - | - | 235 | 235 |
| Other financial liabilities | 203 | - | 24 | 67 | 4,122 | 4,416 |
| **Total** | 203 | - | 24 | 67 | 9,451 | 9,745 |

*Loans receivables include inter-corporate deposits of ₹ 4,797 crore, with original maturity period within 50 months.

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables (previous year: unbilled revenues, loans receivables and trade payables as at March 31, 2019 and 2018, approximate the fair value. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the periods presented. Fair value of investments carried at amortised cost is ₹ 704 crore and ₹ 192 crore as at March 31, 2019 and 2018, respectively.

**Fair value hierarchy**

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

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

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

## Notes forming part of the Consolidated Financial Statements

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

(₹ crore)

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

(₹ crore)

| **As at March 31, 2018** | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Mutual fund units | 9,735 | 59 | - | 9,794 |
| Equity shares | - | - | 58 | 58 |
| Government bonds and securities | 25,393 | - | - | 25,393 |
| Corporate bonds | 771 | - | - | 771 |
| Derivative financial assets | - | 89 | - | 89 |
| **Total** | 35,899 | 148 | 58 | 36,105 |
| **Financial liabilities** | | | | |
| Derivative financial liabilities | - | 91 | - | 91 |
| Other financial liabilities | - | - | 203 | 203 |
| **Total** | - | 91 | 203 | 294 |

Reconciliation of Level 3 fair value measurement is as follows:

(₹ crore)

| | **Year ended March 31, 2019** | Year ended March 31, 2018 |
|---|---|---|
| **Balance at the beginning of the year** | **58** | 141 |
| Disposals during the year | **(3)** | - |
| Impairment in value of investments | **-** | (83) |
| Translation exchange difference | **3** | - |
| **Balance at the end of the year** | **58** | 58 |

## Notes forming part of the Consolidated Financial Statements

**(b) Derivative financial instruments and hedging activity**

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

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

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

| **Foreign currency** | **As at March 31, 2019** | | | As at March 31, 2018 | | |
|---|---|---|---|---|---|---|
| | **No. of contracts** | **Notional amount of contracts (In millions)** | **Fair value (₹ crore)** | No. of contracts | Notional amount of contracts (In millions) | Fair value (₹ crore) |
| US Dollar | **28** | **1,000** | **128** | 24 | 1,466 | 20 |
| Great Britain Pound | **24** | **177** | **23** | 34 | 263 | (23) |
| Euro | **33** | **239** | **50** | 26 | 216 | 1 |
| Australian Dollar | **26** | **181** | **22** | 21 | 150 | 12 |
| Canadian Dollar | **21** | **99** | **14** | - | - | - |

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

(₹ crore)

| | **Year ended March 31, 2019** | | Year ended March 31, 2018 | |
|---|---|---|---|---|
| | **Intrinsic value** | **Time value** | Intrinsic value | Time value |
| **Balance at the beginning of the year** | **(2)** | **(69)** | 105 | (17) |
| (Gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions | **(488)** | **458** | (127) | 340 |
| Deferred tax on (gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions | **94** | **(25)** | 15 | (38) |
| Change in the fair value of effective portion of cash flow hedges | **641** | **(414)** | 5 | (399) |
| Deferred tax on fair value of effective portion of cash flow hedges | **(111)** | **20** | - | 45 |
| **Balance at the end of the year** | **134** | **(30)** | (2) | (69) |

In addition to the above cash flow hedges, the Group has outstanding foreign exchange forward, currency options and futures contracts with notional amount aggregating ₹ 34,939 crore and ₹ 22,404 crore whose fair value showed a net gain of ₹ 288 crore and net loss of ₹ 12 crore as at March 31, 2019 and 2018, respectively. Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting.

Exchange gain of ₹ 408 crore and exchange loss of ₹ 52 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, 2019 and 2018, respectively.

Net foreign exchange gains include gain of ₹ 30 crore and exchange loss of ₹ 213 crore transferred from cash flow hedging reserve for the years ended March 31, 2019 and 2018, respectively.

## Notes forming part of the Consolidated Financial Statements

Net gain on derivative instruments of ₹ 104 crore recognised in cash flow hedging reserve as at March 31, 2019, is expected to be transferred to the statement of profit and loss by March 31, 2020. The maximum period over which the exposure to cash flow variability has been hedged is through calendar year 2019.

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, 2019** | As at March 31, 2018 |
|---|---|---|
| 10% Appreciation of the underlying foreign currencies | **(64)** | (323) |
| 10% Depreciation of the underlying foreign currencies | **1,370** | 1,054 |

**(c) 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.

**(i) 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.

**(i) (a) Foreign currency exchange rate risk**

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

The Group, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. Further, any movement in the functional currencies of the various operations of the Group against major foreign currencies may impact the Group's revenue in international business.

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

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

The following analysis has been worked out based on the net exposures for each of the subsidiaries and Tata Consultancy Services Limited as of the date of balance sheet which could affect the statement of profit and loss and other comprehensive income and equity. Further the exposure as indicated below is mitigated by some of the derivative contracts entered into by the Group as disclosed in note 30(b).

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

(₹ crore)

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

## Notes forming part of the Consolidated Financial Statements

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of Tata Consultancy Services Limited and its subsidiaries would result in decrease / increase in the Group's profit before taxes by approximately ₹ 423 crore for the year ended March 31, 2019.

The following table sets forth information relating to foreign currency exposure as at March 31, 2018:

(₹ crore)

| | USD | EUR | GBP | Others |
|---|---|---|---|---|
| Net financial assets | 2,481 | 349 | 266 | 1,228 |
| Net financial liabilities | (298) | (1) | (6) | (359) |

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of Tata Consultancy Services Limited and its subsidiaries would result in decrease / increase in the Group's profit before taxes by approximately ₹ 366 crore for the year ended March 31, 2018.

**(i) (b) 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.

**(ii) Credit risk**

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

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. Inter-corporate deposits of ₹ 7,725 crore are with a financial institution having a high credit-rating assigned by credit-rating agencies. Bank deposits include an amount of ₹ 4,870 crore held with two Indian banks having high credit rating which are individually in excess of 10% or more of the Group's total bank deposits as at year ended March 31, 2019. 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 represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 89,172 crore and ₹ 81,771 crore as at March 31, 2019 and 2018, respectively, being the total of the carrying amount of balances with banks, bank deposits, investments, trade receivables, unbilled receivables (previous year: unbilled revenue), contract assets and other financial assets.

The Group's exposure to customers is diversified and no single customer contributes to more than 10% of outstanding trade receivables, unbilled receivables (previous year: unbilled revenue) and contract assets as at March 31, 2019 and 2018.

**Geographic concentration of credit risk**

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

| | **As at March 31, 2019** | | As at March 31, 2018 | |
|---|---|---|---|---|
| | **Gross%** | **Net%** | Gross% | Net% |
| United States of America | **45.95** | **46.67** | 41.83 | 42.49 |
| India | **11.83** | **10.37** | 14.29 | 13.00 |
| United Kingdom | **14.12** | **14.30** | 13.46 | 13.59 |

Geographical concentration of trade receivables, unbilled receivables (previous year: unbilled revenue) and contract assets is allocated based on the location of the customers.

## Notes forming part of the Consolidated Financial Statements

**(iii) 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 as and when they fall due.

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

(₹ crore)

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

(₹ crore)

| **March 31, 2018** | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5th year | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | |
| Trade payables | 5,094 | - | - | - | 5,094 |
| Borrowings | 181 | 21 | 41 | 10 | 253 |
| Other financial liabilities | 3,822 | 233 | 227 | 55 | 4,337 |
| | 9,097 | 254 | 268 | 65 | 9,684 |
| **Derivative financial liabilities** | 91 | - | - | - | 91 |
| **Total** | 9,188 | 254 | 268 | 65 | 9,775 |

## 31) Earnings per share (EPS)

| | **Year ended March 31, 2019** | Year ended March 31, 2018 |
|---|---|---|
| Profit for the year (₹ crore) | **31,472** | 25,826 |
| Weighted average number of equity shares | **378,97,49,350** | 384,91,85,612 |
| Earnings per share basic and diluted (₹) | **83.05** | 67.10 |
| Face value per equity share (₹) | **1** | 1 |

Pursuant to issue of bonus shares, the weighted average number of equity shares and earnings per share of the previous periods have been accordingly re-stated.

## 32) Segment information

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

## Notes forming part of the Consolidated Financial Statements

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

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reporting segment have been allocated on the basis of associated revenue of the segment or manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Property, plant and equipment that are used interchangeably among segments are not allocated to reportable segments.

Summarised segment information for the years ended March 31, 2019 and 2018 is as follows:

**Year ended March 31, 2019** (₹ crore)

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

**As at March 31, 2019** (₹ crore)

| | Banking, Financial Services and Insurance | Manufacturing | Retail and Consumer Business | Communication, Media and Technology | Others | Total |
|---|---|---|---|---|---|---|
| **Segment assets** | 13,650 | 4,305 | 6,982 | 6,042 | 7,945 | 38,924 |
| Unallocable assets | | | | | | 76,019 |
| **Total assets** | | | | | | 114,943 |
| **Segment liabilities** | 3,167 | 262 | 535 | 452 | 1,081 | 5,497 |
| Unallocable liabilities | | | | | | 19,547 |
| **Total liabilities** | | | | | | 25,044 |

## Notes forming part of the Consolidated Financial Statements

**Year ended March 31, 2018** (₹ crore)

| | Banking, Financial Services and Insurance | Manufacturing | Retail and Consumer Business | Communication, Media and Technology | Others | Total |
|---|---|---|---|---|---|---|
| **Revenue** | 48,418 | 13,361 | 21,055 | 21,131 | 19,139 | 123,104 |
| **Segment result** | 13,045 | 3,698 | 5,580 | 5,797 | 4,339 | 32,459 |
| Total Unallocable expenses | | | | | | 2,009 |
| **Operating income** | | | | | | 30,450 |
| Other income (net) | | | | | | 3,642 |
| **Profit before taxes** | | | | | | 34,092 |
| Tax expense | | | | | | 8,212 |
| **Profit for the year** | | | | | | 25,880 |
| Depreciation and amortisation expense | 55 | - | - | - | 2 | 57 |
| Depreciation and amortisation expense (unallocable) | | | | | | 1,957 |
| Significant non-cash items (allocable) | 51 | 4 | 33 | 38 | 80 | 206 |

**As at March 31, 2018** (₹ crore)

| | Banking, Financial Services and Insurance | Manufacturing | Retail and Consumer Business | Communication, Media and Technology | Others | Total |
|---|---|---|---|---|---|---|
| **Segment assets** | 11,700 | 3,559 | 6,024 | 6,033 | 7,003 | 34,319 |
| Unallocable assets | | | | | | 71,977 |
| **Total assets** | | | | | | 106,296 |
| **Segment liabilities** | 2,661 | 178 | 478 | 428 | 780 | 4,525 |
| Unallocable liabilities | | | | | | 16,241 |
| **Total liabilities** | | | | | | 20,766 |

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

**Information regarding geographical revenue is as follows:**

(₹ crore)

| **Geography** | **Year ended March 31, 2019** | Year ended March 31, 2018 |
|---|---|---|
| Americas (1) | **77,562** | 66,145 |
| Europe (2) | **43,456** | 34,155 |
| India | **8,393** | 7,921 |
| Others | **17,052** | 14,883 |
| **Total** | **146,463** | 123,104 |

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

# Notes forming part of the Consolidated Financial Statements

Information regarding geographical non-current assets is as follows:

(₹ crore)

| Geography | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Americas (3) | **1,531** | 1,354 |
| Europe (4) | **2,250** | 1,694 |
| India | **14,313** | 14,699 |
| Others | **539** | 588 |
| **Total** | **18,633** | 18,335 |

i. (1) and (3) are substantially related to operations in the United States of America.

ii. (2) includes revenue in the United Kingdom of ₹ 22,862 crore and ₹ 17,625 crore for the years ended March 31, 2019 and 2018, respectively.

iii. (4) includes non-current assets from operations in the United Kingdom of ₹ 891 crore and ₹ 568 crore as at March 31, 2019 and 2018, respectively.

**Information about major customers**

No single customer represents 10% or more of the Group's total revenue for the years ended March 31, 2019 and 2018, respectively.

## 33) Commitments and contingent liabilities

**Capital commitments**

The Group has contractually committed (net of advances) ₹ 1,289 crore and ₹ 783 crore as at March 31, 2019 and 2018, respectively, for purchase of property, plant and equipment.

**Contingencies**

***Direct tax matters***

*Refer note 11.*

***Indirect tax matters***

The Company and its subsidiaries have ongoing disputes with Indian tax authorities mainly relating to treatment of characterisation and classification of certain items. The Company and its subsidiaries in India have demands amounting to ₹ 392 crore and ₹ 305 crore as at March 31, 2019 and 2018, respectively from various indirect tax authorities which are being contested by the Company and its subsidiaries based on the management evaluation and advice of tax consultants.

***Other claims***

Claims aggregating ₹ 3,227 crore and ₹ 3,000 crore as at March 31, 2019 and 2018, respectively, against the Group have not been acknowledged as debts.

In October 2014, Epic Systems Corporation (referred to as Epic) filed a legal claim against the Company in the Court of Western District Madison, Wisconsin for alleged infringement of Epic's proprietary information. In April 2016, the Company received an unfavourable jury verdict awarding damages totalling ₹ 6,499 crore (US $ 940 million) to Epic. In September 2017, the Company received a Court order reducing the damages from ₹ 6,499 crore (US $ 940 million) to ₹ 2,904 crore (US $ 420 million) to Epic. Pursuant to US Court procedures, a Letter of Credit has been made available to Epic for ₹ 3,042 crore (US $ 440 million) as financial security in order to stay execution of the judgment pending post-judgment proceedings and appeal. Pursuant to reaffirmation of the court order in March 2019, the Company has filed a notice of appeal in the superior Court to fully set aside the Order. The Company has received legal advice to the effect that the order and the reduced damages awarded are not supported by evidence presented during the trial. Accordingly, an amount of ₹ 3,042 crore (US $ 440 million) is disclosed as contingent liability which is included in the claims not acknowledged as debts.

***Letter of comfort***

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

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

## Notes forming part of the Consolidated Financial Statements

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

| Name of the entity | Country of incorporation | % of voting power as at March 31, 2019 | % of voting power as at March 31, 2018 | Net Assets, i.e. total assets minus total liabilities | | Share in profit or loss | | Share in Other comprehensive income | | Share in Total comprehensive income | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | As % of consolidated net assets | Amount (₹ crore) | As % of consolidated profit or loss | Amount (₹ crore) | As % of consolidated other comprehensive income | Amount (₹ crore) | As % of Total comprehensive income | Amount (₹ crore) |
| Tata Consultancy Services Limited | India | - | - | 82.19 | 78,898 | 84.14 | 30,065 | 106.60 | 436 | 84.40 | 30,501 |
| **Subsidiaries (held directly)** | | | | | | | | | | | |
| **Indian** | | | | | | | | | | | |
| APTOnline Limited | India | 89.00 | 89.00 | 0.09 | 88 | 0.07 | 25 | - | - | 0.07 | 25 |
| MP Online Limited | India | 89.00 | 89.00 | 0.10 | 95 | 0.06 | 21 | - | - | 0.06 | 21 |
| C-Edge Technologies Limited | India | 51.00 | 51.00 | 0.21 | 199 | 0.18 | 64 | - | - | 0.18 | 64 |
| MahaOnline Limited | India | 74.00 | 74.00 | 0.07 | 66 | 0.04 | 15 | - | - | 0.04 | 15 |
| TCS e-Serve International Limited | India | 100.00 | 100.00 | 0.15 | 148 | (0.16) | (58) | - | - | (0.16) | (58) |
| TCS Foundation | India | 100.00 | 100.00 | 0.74 | 713 | 0.21 | 76 | - | - | 0.21 | 76 |
| **Foreign** | | | | | | | | | | | |
| Diligenta Limited | UK | 100.00 | 100.00 | 0.98 | 939 | 0.63 | 226 | (0.24) | (1) | 0.62 | 225 |
| Tata Consultancy Services Canada Inc. | Canada | 100.00 | 100.00 | 0.84 | 805 | 1.14 | 409 | - | - | 1.13 | 409 |
| Tata America International Corporation | USA | 100.00 | 100.00 | 2.43 | 2,337 | 4.91 | 1,754 | - | - | 4.85 | 1,754 |
| Tata Consultancy Services Asia Pacific Pte Ltd. | Singapore | 100.00 | 100.00 | 0.55 | 530 | 0.31 | 109 | - | - | 0.30 | 109 |
| Tata Consultancy Services Belgium | Belgium | 100.00 | 100.00 | 0.35 | 338 | 0.45 | 161 | - | - | 0.45 | 161 |
| Tata Consultancy Services Deutschland GmbH | Germany | 100.00 | 100.00 | 0.55 | 526 | 0.64 | 227 | - | - | 0.63 | 227 |
| Tata Consultancy Services Netherlands BV | Netherlands | 100.00 | 100.00 | 3.36 | 3,226 | 2.34 | 836 | - | - | 2.31 | 836 |
| Tata Consultancy Services Sverige AB | Sweden | 100.00 | 100.00 | 0.48 | 460 | 0.49 | 176 | - | - | 0.49 | 176 |
| TCS FNS Pty Limited | Australia | 100.00 | 100.00 | 0.15 | 148 | 0.09 | 31 | - | - | 0.09 | 31 |
| TCS Iberoamerica SA | Uruguay | 100.00 | 100.00 | 1.50 | 1,443 | 0.58 | 208 | - | - | 0.58 | 208 |
| Tata Consultancy Services (Africa) (PTY) Ltd. | South Africa | 100.00 | 100.00 | 0.05 | 51 | 0.10 | 34 | - | - | 0.09 | 34 |
| CMC Americas, Inc. | USA | 100.00 | 100.00 | 0.08 | 76 | 0.09 | 31 | - | - | 0.09 | 31 |
| Tata Consultancy Services Qatar S.S.C. | Qatar | 100.00 | 100.00 | 0.04 | 43 | 0.03 | 10 | - | - | 0.03 | 10 |
| W12 Studios Limited (w.e.f. October 31, 2018) | UK | 100.00 | - | 0.02 | 23 | - | 1 | - | - | - | 1 |

## Notes forming part of the Consolidated Financial Statements

| Name of the entity | Country of incorporation | % of voting power as at March 31, 2019 | % of voting power as at March 31, 2018 | Net Assets, i.e. total assets minus total liabilities | | Share in profit or loss | | Share in Other comprehensive income | | Share in Total comprehensive income | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | As % of consolidated net assets | Amount (₹ crore) | As % of consolidated profit or loss | Amount (₹ crore) | As % of consolidated other comprehensive income | Amount (₹ crore) | As % of Total comprehensive income | Amount (₹ crore) |
| **Subsidiaries (held indirectly)** | | | | | | | | | | | |
| **Foreign** | | | | | | | | | | | |
| CMC eBiz, Inc. (w.e.f. June 19, 2018) | USA | - | 100.00 | - | - | - | - | - | - | - | - |
| TCS e-Serve America, Inc. | USA | 100.00 | 100.00 | 0.06 | 55 | 0.09 | 31 | - | - | 0.09 | 31 |
| Tata Consultancy Services (China) Co., Ltd. | China | 93.20 | 93.20 | 0.18 | 175 | 0.09 | 33 | - | - | 0.09 | 33 |
| Tata Consultancy Services Japan, Ltd. | Japan | 51.00 | 51.00 | 1.19 | 1,138 | 0.54 | 194 | - | - | 0.54 | 194 |
| Tata Consultancy Services Malaysia Sdn Bhd | Malaysia | 100.00 | 100.00 | 0.15 | 143 | 0.04 | 14 | - | - | 0.04 | 14 |
| PT Tata Consultancy Services Indonesia | Indonesia | 100.00 | 100.00 | 0.03 | 32 | 0.04 | 14 | - | - | 0.04 | 14 |
| Tata Consultancy Services (Philippines) Inc. | Philippines | 100.00 | 100.00 | 0.19 | 186 | 0.04 | 14 | (0.24) | (1) | 0.04 | 13 |
| Tata Consultancy Services (Thailand) Limited | Thailand | 100.00 | 100.00 | 0.02 | 17 | 0.01 | 3 | - | - | 0.01 | 3 |
| TCS Italia s.r.l. | Italy | 100.00 | 100.00 | 0.02 | 21 | 0.03 | 12 | - | - | 0.03 | 12 |
| Tata Consultancy Services Luxembourg S.A. | Capellen (G.D. de Luxembourg) | 100.00 | 100.00 | 0.08 | 81 | 0.09 | 31 | - | - | 0.09 | 31 |
| Tata Consultancy Services Switzerland Ltd. | Switzerland | 100.00 | 100.00 | 0.29 | 282 | 0.40 | 142 | (6.60) | (27) | 0.32 | 115 |
| Tata Consultancy Services Osterreich GmbH | Austria | 100.00 | 100.00 | 0.01 | 5 | 0.01 | 4 | - | - | 0.01 | 4 |
| Tata Consultancy Services Danmark ApS | Denmark | 100.00 | 100.00 | - | 4 | - | 1 | - | - | - | 1 |
| Tata Consultancy Services De Espana S.A. | Spain | 100.00 | 100.00 | 0.03 | 25 | 0.01 | 5 | - | - | 0.01 | 5 |
| Tata Consultancy Services (Portugal) Unipessoal, Limitada | Portugal | 100.00 | 100.00 | - | (3) | 0.01 | 5 | - | - | 0.01 | 5 |
| Tata Consultancy Services France SA | France | 100.00 | 100.00 | (0.39) | (378) | (0.15) | (52) | 0.73 | 3 | (0.14) | (49) |
| Tata Consultancy Services Saudi Arabia | Saudi Arabia | 76.00 | 76.00 | 0.18 | 175 | 0.20 | 71 | - | - | 0.20 | 71 |
| Tata Consultancy Services (South Africa) (PTY) Ltd. | South Africa | 100.00 | 100.00 | 0.08 | 79 | 0.10 | 37 | - | - | 0.10 | 37 |
| TCS Financial Solutions Beijing Co., Ltd. | China | 100.00 | 100.00 | 0.02 | 16 | 0.02 | 6 | - | - | 0.02 | 6 |
| TCS Financial Solutions Australia Holdings Pty Limited | Australia | 100.00 | 100.00 | 0.05 | 48 | 0.07 | 26 | - | - | 0.07 | 26 |
| TCS Financial Solutions Australia Pty Limited | Australia | 100.00 | 100.00 | 0.14 | 133 | 0.11 | 39 | - | - | 0.11 | 39 |
| TCS Solution Center S.A. | Uruguay | 100.00 | 100.00 | 0.23 | 222 | 0.24 | 87 | - | - | 0.24 | 87 |
| TCS Uruguay S.A. | Uruguay | 100.00 | 100.00 | 0.06 | 62 | 0.13 | 45 | - | - | 0.12 | 45 |
| Tata Consultancy Services Argentina S.A. (w.e.f. September 6, 2018) | Argentina | 100.00 | 99.99 | 0.02 | 18 | (0.07) | (26) | - | - | (0.07) | (26) |

## Notes forming part of the Consolidated Financial Statements

| Name of the entity | Country of incorporation | % of voting power as at March 31, 2019 | % of voting power as at March 31, 2018 | Net Assets, i.e. total assets minus total liabilities | | Share in profit or loss | | Share in Other comprehensive income | | Share in Total comprehensive income | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | As % of consolidated net assets | Amount (₹ crore) | As % of consolidated profit or loss | Amount (₹ crore) | As % of consolidated other comprehensive income | Amount (₹ crore) | As % of Total comprehensive income | Amount (₹ crore) |
| Tata Consultancy Services Do Brasil Ltda | Brazil | 100.00 | 100.00 | 0.16 | 158 | 0.25 | 89 | - | - | 0.25 | 89 |
| Tata Consultancy Services De Mexico S.A., De C.V. | Mexico | 100.00 | 100.00 | 0.85 | 814 | 0.57 | 205 | - | - | 0.57 | 205 |
| MGDC S.C. | Mexico | 100.00 | 100.00 | 0.21 | 201 | 0.20 | 73 | 0.73 | 3 | 0.21 | 76 |
| TCS Inversiones Chile Limitada | Chile | 100.00 | 100.00 | 0.34 | 326 | 0.30 | 108 | - | - | 0.30 | 108 |
| Tata Consultancy Services Chile S.A. | Chile | 100.00 | 100.00 | 0.49 | 470 | 0.13 | 45 | - | - | 0.12 | 45 |
| Technology Outsourcing S.A.C. | Peru | 100.00 | 100.00 | 0.01 | 11 | 0.01 | 4 | - | - | 0.01 | 4 |
| TATASOLUTION CENTER S.A. | Ecuador | 100.00 | 100.00 | 0.07 | 70 | 0.11 | 35 | (0.98) | (4) | 0.06 | 31 |
| **Trusts** | India | - | - | 0.30 | 256 | 0.04 | 14 | - | - | 0.05 | 14 |
| **TOTAL** | | | | **100.00** | **95,994** | **100.00** | **35,730** | **100.00** | **409** | **100.00** | **36,139** |
| **a) Adjustments arising out of consolidation** | | | | | **(6,095)** | | **(4,168)** | | **(85)** | | **(4,253)** |
| **b) Non-controlling interests** | | | | | | | | | | | |
| **Indian Subsidiaries** | | | | | | | | | | | |
| APTOnline Limited | | | | | (10) | | (3) | | - | | (3) |
| MP Online Limited | | | | | (10) | | (2) | | - | | (2) |
| C-Edge Technologies Limited | | | | | (93) | | (24) | | - | | (24) |
| MahaOnline Limited | | | | | (16) | | (5) | | - | | (5) |
| **Foreign Subsidiaries** | | | | | | | | | | | |
| Tata Consultancy Services (China) Co., Ltd. | | | | | (12) | | (2) | | (3) | | (5) |
| Tata Consultancy Services Japan, Ltd. | | | | | (312) | | (54) | | (6) | | (60) |
| **TOTAL** | | | | | **(453)** | | **(90)** | | **(9)** | | **(99)** |
| **TOTAL** | | | | | **89,446** | | **31,472** | | **315** | | **31,787** |

# Notes forming part of the Consolidated Financial Statements

## 35) Related party transactions

Tata Consultancy Services Limited's principal related parties consist of its holding company Tata Sons Private Limited and its subsidiaries, its own subsidiaries, affiliates and key managerial personnel. The Group's material related party transactions and outstanding balances are with related parties with whom the Group routinely enter into transactions in the ordinary course of business. Refer note 34 for list of subsidiaries of the Company.

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

Transactions with related parties are as follows:

(₹ crore)

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

*Refer note 17.

(₹ crore)

| | Year ended March 31, 2018 | | | | |
|---|---|---|---|---|---|
| | Tata Sons Private Limited | Subsidiaries of Tata Sons Private Limited | Associates / joint ventures of Tata Sons Private Limited and their subsidiaries | Other related parties | Total |
| Revenue | 13 | 260 | 1,993 | - | 2,266 |
| Purchases of goods and services (including reimbursements) | 5 | 37 | 571 | - | 613 |
| Brand equity contribution | 185 | - | - | - | 185 |
| Facility expense | 1 | 36 | 6 | - | 43 |
| Bad debts and advances written off, allowance for doubtful trade receivables and advances (net) | - | 5 | 5 | - | 10 |
| Contribution to post employment benefit plans | - | - | - | 821 | 821 |
| Purchase of property, plant and equipment | - | 6 | 45 | - | 51 |
| Loans and advances recovered | - | - | 5 | - | 5 |
| Dividend paid | 6,826 | 3 | 2 | - | 6,831 |
| Buy-back of shares | 10,278 | 7 | 21 | - | 10,306 |

## Notes forming part of the Consolidated Financial Statements

Balances receivable from related parties are as follows:

(₹ crore)

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

(₹ crore)

| | As at March 31, 2018 | | | |
|---|---|---|---|---|
| | Tata Sons Private Limited | Subsidiaries of Tata Sons Private Limited | Associates / joint ventures of Tata Sons Private Limited and their subsidiaries | Total |
| Trade receivables and unbilled revenue | 8 | 122 | 637 | 767 |
| Loans receivables, other financial assets and other assets | 3 | 27 | 7 | 37 |
| **Total** | 11 | 149 | 644 | 804 |

Balances payable to related parties are as follows:

(₹ crore)

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

(₹ crore)

| | As at March 31, 2018 | | | |
|---|---|---|---|---|
| | Tata Sons Private Limited | Subsidiaries of Tata Sons Private Limited | Associates / joint ventures of Tata Sons Private Limited and their subsidiaries | Total |
| Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities | 165 | 22 | 206 | 393 |
| Commitments | - | 8 | 39 | 47 |

## Notes forming part of the Consolidated Financial Statements

Transactions with key management personnel are as follows:

(₹ crore)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Short-term benefits | **33** | 27 |
| Dividend paid during the year | **1** | 1 |
| **Total** | **34** | 28 |

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

The above figures do not include provisions for encashable leave, gratuity and premium paid for group health insurance, as separate actuarial valuation / premium paid are not available.

36) The sitting fees and commission paid to non-executive directors is ₹ 12 crore and ₹ 13 crore as at March 31, 2019 and 2018, respectively.

### 37) Subsequent events

Dividends paid during the year ended March 31, 2019 include an amount of ₹ 29 per equity share towards final dividend for the year ended March 31, 2018 and an amount of ₹ 12 per equity share towards interim dividends for the year ending March 31, 2019. Dividends paid during the year ended March 31, 2018 include an amount of ₹ 27.50 per equity share towards final dividend for the year ended March 31, 2017 and an amount of ₹ 21 per equity share towards interim dividends for the year ending March 31, 2018.

Dividends declared by the Company are based on profits available for distribution. Distribution of dividends out of general reserve and retained earnings is subject to applicable dividend distribution tax. On April 12, 2019, the Board of Directors of the Company have proposed a final dividend of ₹ 18 per share in respect of the year ending March 31, 2019 subject to the approval of shareholders at the Annual General Meeting. The proposal is subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately ₹ 8,142 crore, inclusive of corporate dividend tax of ₹ 1,388 crore.

As per our report of even date attached

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

**Yezdi Nagporewalla**
*Partner*
*Membership No: 049265*

*Mumbai, April 12, 2019*

For and on behalf of the Board

**N Chandrasekaran**
*Chairman*

**V Ramakrishnan**
*CFO*

**O P Bhatt**
*Director*

**Hanne Birgitte Breinbjerg Sorensen**
*Director*

**Rajesh Gopinathan**
*CEO and Managing Director*

**Aman Mehta**
*Director*

**Aarthi Subramanian**
*Director*

**Dr Pradeep Kumar Khosla**
*Director*

**N Ganapathy Subramaniam**
*COO and Executive Director*

**Dr Ron Sommer**
*Director*

**Keki M Mistry**
*Director*

**Daniel Hughes Callahan**
*Director*

**Rajendra Moholkar**
*Company Secretary*

# Unconsolidated
# **Financial Statements**

## Independent Auditors' Report

**To the Members of**

**Tata Consultancy Services Limited**

### Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of Tata Consultancy Services Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2019, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the 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 state of affairs of the Company as at 31 March 2019, and profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### 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 Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

| The key audit matters | How our audit addressed the key audit matter |
|---|---|
| **Revenue recognition – Fixed price development contracts** | |
| The Company inter alia engages in Fixed-price development contracts, where, revenue is recognized using the percentage of completion computed as per the input method based on management's estimate of contract costs (Refer Note 2(d) to the standalone financial statements).<br><br>We identified revenue recognition of fixed price development contracts as a KAM considering –<br>• There is an inherent risk around the accuracy of revenues given, the customised and complex nature of these contracts and significant involvement of IT systems; | Our audit procedures on revenue recognized from fixed price development contracts included<br>• Obtaining an understanding of the systems, processes and controls implemented by management for recording and calculating revenue and the associated contract assets, unearned and deferred revenue balances.<br>• Involving Information technology ('IT') specialists to assess the design and operating effectiveness of key IT controls over:<br>➢ IT environment in which the business systems operate, including access controls, program change controls, program development controls and IT operation controls; |

<table>
<tr><th>The key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>• Application of revenue recognition accounting standard is complex and involves a number of key judgments and estimates including estimating the future cost-to-completion of these contracts, which is used to determine the percentage of completion of the relevant performance obligation;<br>• These contracts may involve onerous obligations on the Company that require critical estimates to be made by management; and<br>• At year-end a significant amount of work in progress (Contract assets and liabilities) related to these contracts is recognised on the balance sheet.</td><td>➢ Testing the IT controls over the completeness and accuracy of cost and revenue reports generated by the system; and<br>➢ Testing the access and application controls pertaining to allocation of resources and budgeting systems which prevents the unauthorized changes to recording of costs incurred and controls relating to the estimation of contract costs required to complete the project.<br>• On selected samples of contracts, we tested that the revenue recognized is in accordance with the accounting standard by –<br>➢ Evaluating the identification of performance obligation;<br>➢ Testing management's calculation of the estimation of contract cost and onerous obligation, if any. We:<br>  ➢ Observed that the estimates of cost to complete were reviewed and approved by appropriate levels of management;<br>  ➢ Performed a retrospective review of costs incurred with estimated costs to identify significant variations and verify whether those variations have been considered in estimating the remaining costs to complete the contract;<br>  ➢ Assessed the appropriateness of work in progress (contract assets) on balance sheet by evaluating the underlying documentation to identify possible delays in achieving milestones which may require change in estimated costs to complete the remaining performance obligations; and<br>  ➢ Performed test of details including analytics to determine reasonableness of contract costs.</td></tr>
<tr><td colspan="2">Adoption of Ind AS 115 – Revenue from Contracts with Customers</td></tr>
<tr><td>As described in Note 2(d) to the standalone financial statements, the Company has adopted Ind AS 115, Revenue from Contracts with Customers ('Ind AS 115') which is the new revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit.<br>The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, the standard mandates robust disclosures in respect of revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.<br>The Company adopted Ind AS 115 and applied the available exemption provided therein, to not restate the comparative periods.</td><td>Our audit procedures on adoption of Ind AS 115, Revenue from contracts with Customers ('Ind AS 115'), which is the new revenue accounting standard, include –<br>• Evaluated the design and implementation of the processes and internal controls relating to implementation of the new revenue accounting standard;<br>• Evaluated the detailed analysis performed by management on revenue streams by selecting samples for the existing contracts with customers and considered revenue recognition policy in the current period in respect of those revenue streams;<br>• Evaluated the changes made to IT systems to reflect the changes required in revenue recognition as per the new accounting standard;<br>• Evaluated the cumulative effect adjustments as at 1 April 2018 for compliance with the new revenue standard; and<br>• Evaluated the appropriateness of the disclosures provided under the new revenue standard and assessed the completeness and mathematical accuracy of the relevant disclosures.</td></tr>
</table>

| The key audit matters | How our audit addressed the key audit matter |
|---|---|
| **Evaluation of uncertain tax positions** | |
| The Company operates in multiple jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including transfer pricing and indirect tax matters. These involve significant management judgment to determine the possible outcome of the uncertain tax positions, consequently having an impact on related accounting and disclosures in the standalone financial statements.<br>Refer Note 2(i) and Note 33 to the standalone financial statements. | Our audit procedures include the following substantive procedures:<br>• Obtained understanding of key uncertain tax positions; and<br>• We along with our internal tax experts -<br>➢ Read and analysed select key correspondences, external legal opinions / consultations by management for key uncertain tax positions;<br>➢ Discussed with appropriate senior management and evaluated management's underlying key assumptions in estimating the tax provisions; and<br>➢ Assessed management's estimate of the possible outcome of the disputed cases. |

**Other Information**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditors' report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Financial Statements**

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit / loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 standalone 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 standalone 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 whether the company has adequate internal financial controls with reference to standalone financial statements in place 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.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. 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 standalone 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 standalone 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 (Auditors’ Report) Order, 2016 (“the Order”) issued by the Central Government of India in terms of Section 143(11) of the Act, we give in “Annexure A” a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   (A) As required by Section 143(3) of the Act, we report 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.

      (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

      (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

      (d) In our opinion, the aforesaid standalone 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 as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 financial statements of the Company 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 Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 33 to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 18 and 19 to the standalone financial statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director 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) which are required to be commented upon by us.

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

**Yezdi Nagporewalla**
Partner
Membership No: 049265

Mumbai
12 April 2019

# Annexure A to the Independent Auditors' Report

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2019, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in fixed assets are held in the name of the Company.

In respect of immovable properties been taken on lease and disclosed as property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans given, investments made, guarantees and securities given.

(v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

(vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Goods and Services tax, duty of Customs, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Services tax, duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2019, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of disputes, except for the following:

| Name of the Statute | Nature of the Dues | Amount (₹ in crore) ** | Period | Forum where dispute is pending |
|---|---|---|---|---|
| The Income-tax Act, 1961 | Income-tax | 2,199 | Assessment Year - 2007-2008, 2011-2012, 2014-2015, 2015-2016 | Commissioner of Income Tax (Appeals) |
| | | 197 | Assessment Year - 2006-2007, 2011-2012 | Income-Tax Appellate Tribunal |

| Name of the Statute | Nature of the Dues | Amount (₹ in crore) ** | Period | Forum where dispute is pending |
|---|---|---|---|---|
| The Central Sales Tax Act, 1956 and Value Added Tax Act | Sales tax and VAT | 207 | Financial Year - 1994-1995, 2001-2002, 2003-2004, 2004-2005, 2005-2006, 2007-2008, 2008-2009, 2009-2010, 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015 | High Court |
| | | 8 | Financial Year - 1990-1991, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010, 2010-2011, 2011-2012, 2012-2013, 2013-2014 | Tribunal |
| | | -* | Financial Year - 1995-1996, 2004-2005, 2005-2006, 2011-2012 | Assistant Commissioner |
| | | 5 | Financial Year - 1994-1995, 2005-2006, 2008-2009, 2010-2011, 2011-2012, 2013-2014, 2014-2015, 2015-2016 | Deputy Commissioner |
| | | 12 | Financial Year - 1997-1998, 2005-2006, 2009-2010, 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015, 2015-2016 | Joint Commissioner |
| | | -* | Financial Year - 2007-2008 | Additional Commissioner |
| | | 1 | Financial Year - 2012-2013, 2014-2015 | Commissioner |
| The Finance Act, 1994 | Service tax | 6 | Financial Year - 2002-2003, 2003-2004, 2004-2005, 2006-2007, 2007-2008, 2008-2009, 2009-2010, 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015 | Commissioner Appeals |
| | | 70 | Financial Year - 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010, 2010-2011, 2011-2012, 2012-2013, 2013-2014 | Tribunal |

*Indicates amount less than ₹ 0.50 crore.

**These amounts are net of amount paid/ adjusted under protest ₹ 3,848 crore.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company did not have any outstanding loans or borrowings from financial institutions or government and there are no dues to debenture holders during the year.

(ix) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

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

**Yezdi Nagporewalla**
Partner
Membership No: 049265

Mumbai
12 April 2019

# Annexure B to the Independent Auditors' Report

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

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to standalone financial statements of Tata Consultancy Services Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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 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 Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. 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 financial statements was 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 control system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control 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 standalone 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 Company's internal financial controls system with reference to financial statements.

**Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to 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 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 financial statements.

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

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31 March 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

**Yezdi Nagporewalla**
Partner
Membership No: 049265

Mumbai
12 April 2019

# Balance Sheet

(₹ crore)

| | Note | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| ASSETS | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 4 | **9,522** | 9,430 |
| (b) Capital work-in-progress | | **834** | 1,238 |
| (c) Intangible assets | 5 | **139** | 10 |
| (d) Financial assets | | | |
| (i) Investments | 6(A) | **2,189** | 2,186 |
| (ii) Trade receivables | 12(A) | **95** | 94 |
| (iii) Unbilled receivables (Previous year: Unbilled revenue) | | **387** | 179 |
| (iv) Loans receivables | 7(A) | **2** | 1,503 |
| (v) Other financial assets | 8(A) | **565** | 504 |
| (e) Income tax assets (net) | | **3,598** | 3,824 |
| (f) Deferred tax assets (net) | 9 | **2,097** | 3,051 |
| (g) Other assets | 10(A) | **1,040** | 815 |
| **Total non-current assets** | | **20,468** | 22,834 |
| **Current assets** | | | |
| (a) Inventories | 11 | **10** | 25 |
| (b) Financial assets | | | |
| (i) Investments | 6(B) | **28,280** | 35,073 |
| (ii) Trade receivables | 12(B) | **24,029** | 18,882 |
| (iii) Unbilled receivables (Previous year: Unbilled revenue) | | **4,389** | 5,330 |
| (iv) Cash and cash equivalents | 13 | **3,327** | 1,278 |
| (v) Other balances with banks | 14 | **5,573** | 2,209 |
| (vi) Loans receivables | 7(B) | **7,018** | 2,793 |
| (vii) Other financial assets | 8(B) | **1,613** | 807 |
| (c) Other assets | 10(B) | **4,793** | 1,825 |
| **Total current assets** | | **79,032** | 68,222 |
| **TOTAL ASSETS** | | **99,500** | 91,056 |
| EQUITY AND LIABILITIES | | | |
| **Equity** | | | |
| (a) Share capital | 15 | **375** | 191 |
| (b) Other equity | 16 | **78,523** | 75,675 |
| **Total equity** | | **78,898** | 75,866 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 17(A) | **33** | 39 |
| (ii) Other financial liabilities | 18(A) | **232** | 246 |
| (b) Unearned and deferred revenue | | **662** | - |
| (c) Employee benefit obligations | 23(A) | **82** | 62 |
| (d) Provisions | 19(A) | **-** | 26 |
| (e) Deferred tax liabilities (net) | 9 | **339** | 424 |
| (f) Other liabilities | 20(A) | **358** | 335 |
| **Total non-current liabilities** | | **1,706** | 1,132 |
| **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 17(B) | **-** | 181 |
| (ii) Trade payables | | | |
| 1. Dues of micro enterprises and small enterprises | 34 | **22** | 6 |
| 2. Dues of creditors other than micro enterprises and small enterprises | | **7,670** | 4,769 |
| (iii) Other financial liabilities | 18(B) | **3,351** | 2,739 |
| (b) Unearned and deferred revenue | | **1,804** | 1,711 |
| (c) Income tax liabilities (net) | | **2,157** | 1,144 |
| (d) Employee benefit obligations | 23(B) | **1,776** | 1,478 |
| (e) Provisions | 19(B) | **174** | 171 |
| (f) Other liabilities | 20(B) | **1,942** | 1,859 |
| **Total current liabilities** | | **18,896** | 14,058 |
| **TOTAL EQUITY AND LIABILITIES** | | **99,500** | 91,056 |
| NOTES FORMING PART OF THE FINANCIAL STATEMENTS | 1-37 | | |

As per our report of even date attached

For and on behalf of the Board

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

**N Chandrasekaran** *Chairman*

**V Ramakrishnan** *CFO*

**O P Bhatt** *Director*

**Hanne Birgitte Breinbjerg Sorensen** *Director*

**Yezdi Nagporewalla**
*Partner*
*Membership No: 049265*

**Rajesh Gopinathan** *CEO and Managing Director*

**Aman Mehta** *Director*

**Aarthi Subramanian** *Director*

**Dr Pradeep Kumar Khosla** *Director*

**N Ganapathy Subramaniam** *COO and Executive Director*

**Dr Ron Sommer** *Director*

**Keki M Mistry** *Director*

**Daniel Hughes Callahan** *Director*

**Rajendra Moholkar** *Company Secretary*

*Mumbai, April 12, 2019*

# Statement of Profit and Loss

(₹ crore)

| | | Note | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|---|
| I. | Revenue | 21 | **123,170** | 97,356 |
| II. | Other income | 22 | **7,627** | 5,803 |
| III. | TOTAL INCOME | | **130,797** | 103,159 |
| IV. | **Expenses** | | | |
| | (a) Employee benefit expenses | 23 | **59,377** | 51,499 |
| | (b) Cost of equipment and software licences | 24 | **2,003** | 2,006 |
| | (c) Depreciation and amortisation expense | | **1,716** | 1,647 |
| | (d) Other expenses | 25 | **26,826** | 16,046 |
| | (e) Finance costs | | **170** | 30 |
| | TOTAL EXPENSES | | **90,092** | 71,228 |
| V. | PROFIT BEFORE TAX | | **40,705** | 31,931 |
| VI. | **Tax expense** | | | |
| | (a) Current tax | 9 | **9,943** | 6,878 |
| | (b) Deferred tax | 9 | **697** | (188) |
| | TOTAL TAX EXPENSE | | **10,640** | 6,690 |
| VII. | PROFIT FOR THE YEAR | | **30,065** | 25,241 |
| VIII. | OTHER COMPREHENSIVE INCOME (OCI) | | | |
| (A) | (i) **Items that will not be reclassified subsequently to profit or loss** | | | |
| | (a) Remeasurement of defined employee benefit plans | | **(17)** | 86 |
| | (b) Net change in fair values of investments in equity shares carried at fair value through OCI | | **(1)** | (19) |
| | (ii) **Income tax on items that will not be reclassified subsequently to profit or loss** | | **3** | - |
| (B) | (i) **Items that will be reclassified subsequently to profit or loss** | | | |
| | (a) Net change in fair values of investments other than equity shares carried at fair value through OCI | | **425** | (821) |
| | (b) Net change in intrinsic value of derivatives designated as cash flow hedges | | **153** | (122) |
| | (c) Net change in time value of derivatives designated as cash flow hedges | | **44** | (59) |
| | (ii) **Income tax on items that will be reclassified subsequently to profit or loss** | | **(171)** | 306 |
| | TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES) | | **436** | (629) |
| IX. | TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | **30,501** | 24,612 |
| X. | **Earnings per equity share:- Basic and diluted (₹)** | 30 | **79.34** | 65.57 |
| | Weighted average number of equity shares | | **378,97,49,350** | 384,91,85,612 |
| XI. | NOTES FORMING PART OF THE FINANCIAL STATEMENTS | 1-37 | | |

As per our report of even date attached

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

**Yezdi Nagporewalla**
*Partner*
*Membership No: 049265*

*Mumbai, April 12, 2019*

For and on behalf of the Board

**N Chandrasekaran**
*Chairman*

**V Ramakrishnan**
*CFO*

**O P Bhatt**
*Director*

**Hanne Birgitte Breinbjerg Sorensen**
*Director*

**Rajesh Gopinathan**
*CEO and Managing Director*

**Aman Mehta**
*Director*

**Aarthi Subramanian**
*Director*

**Dr Pradeep Kumar Khosla**
*Director*

**N Ganapathy Subramaniam**
*COO and Executive Director*

**Dr Ron Sommer**
*Director*

**Keki M Mistry**
*Director*

**Daniel Hughes Callahan**
*Director*

**Rajendra Moholkar**
*Company Secretary*

# Statement of Changes in Equity

## A. EQUITY SHARE CAPITAL

(₹ crore)

| Balance as at April 1, 2017 | Changes in equity share capital during the year* | Balance as at March 31, 2018 |
|---|---|---|
| 197 | (6) | 191 |

(₹ crore)

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

*Refer note 15.

## B. OTHER EQUITY

(₹ crore)

| | Reserves and surplus | | | | | | Items of other comprehensive income | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Capital reserve# | Securities premium | Capital redemption reserve | General reserve | Special Economic Zone re-investment reserve | Retained earnings | Investment revaluation reserve | Cash flow hedging reserve | | Total equity |
| | | | | | | | | Intrinsic value | Time value | |
| Balance as at April 1, 2017 | - | 1,919 | 100 | 9,118 | 97 | 65,965 | 538 | 105 | (17) | 77,825 |
| Profit for the year | - | - | - | - | - | 25,241 | - | - | - | 25,241 |
| Other comprehensive income / (losses) | - | - | - | - | - | 86 | (556) | (107) | (52) | (629) |
| **Total comprehensive income** | - | - | - | - | - | 25,327 | (556) | (107) | (52) | 24,612 |
| Dividend (including tax on dividend of ₹ 1,442 crore) | - | - | - | - | - | (10,726) | - | - | - | (10,726) |
| Buy-back of equity shares* | - | (1,919) | 6 | (9,118) | - | (4,963) | - | - | - | (15,994) |
| Expenses for buy-back of equity shares* | - | - | - | - | - | (42) | - | - | - | (42) |
| Transfer to Special Economic Zone re-investment reserve | - | - | - | - | 1,579 | (1,579) | - | - | - | - |
| Transfer from Special Economic Zone re-investment reserve | - | - | - | - | (98) | 98 | - | - | - | - |
| Balance as at March 31, 2018 | - | - | 106 | - | 1,578 | 74,080 | (18) | (2) | (69) | 75,675 |
| Balance as at April 1, 2018 | **-** | **-** | **106** | **-** | **1,578** | **74,080** | **(18)** | **(2)** | **(69)** | **75,675** |
| Profit for the year | **-** | **-** | **-** | **-** | **-** | **30,065** | **-** | **-** | **-** | **30,065** |
| Other comprehensive income / (losses) | **-** | **-** | **-** | **-** | **-** | **(14)** | **275** | **136** | **39** | **436** |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **-** | **30,051** | **275** | **136** | **39** | **30,501** |
| Dividend (including tax on dividend of ₹ 1,339 crore) | **-** | **-** | **-** | **-** | **-** | **(11,424)** | **-** | **-** | **-** | **(11,424)** |
| Buy-back of equity shares* | **-** | **-** | **8** | **-** | **-** | **(16,000)** | **-** | **-** | **-** | **(15,992)** |
| Expenses for buy-back of equity shares* | **-** | **-** | **-** | **-** | **-** | **(45)** | **-** | **-** | **-** | **(45)** |
| Issue of bonus shares* | **-** | **-** | **(106)** | **-** | **-** | **(86)** | **-** | **-** | **-** | **(192)** |
| Realised loss on equity shares carried at fair value through OCI | **-** | **-** | **-** | **-** | **-** | **(1)** | **1** | **-** | **-** | **-** |
| Transfer to Special Economic Zone re-investment reserve | **-** | **-** | **-** | **-** | **2,750** | **(2,750)** | **-** | **-** | **-** | **-** |
| Transfer from Special Economic Zone re-investment reserve | **-** | **-** | **-** | **-** | **(3,334)** | **3,334** | **-** | **-** | **-** | **-** |
| Balance as at March 31, 2019 | **-** | **-** | **8** | **-** | **994** | **77,159** | **258** | **134** | **(30)** | **78,523** |

*Refer note 15.

#Represents values less than ₹ 0.50 crore.

# Statement of Changes in Equity

## Nature and purpose of reserves

**(a) Capital reserve**

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

**(b) Securities premium**

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

**(c) 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 utilized in accordance with the provisions of section 69 of the Companies Act, 2013.

**(d) General reserve**

The general reserve is a free reserve which is used from time to time to transfer profits from 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.

**(e) Special Economic Zone re-investment reserve**

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

**(f) Investment revaluation reserve**

This reserve represents the cumulative gains and losses arising on the revaluation of equity / debt instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings / profit and loss when those assets have been disposed off.

**(g) Cash flow hedging reserve**

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-37

As per our report of even date attached

For and on behalf of the Board

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

**Yezdi Nagporewalla**
*Partner*
*Membership No: 049265*

*Mumbai, April 12, 2019*

| | | | |
|---|---|---|---|
| **N Chandrasekaran**<br>*Chairman* | **V Ramakrishnan**<br>*CFO* | **O P Bhatt**<br>*Director* | **Hanne Birgitte Breinbjerg Sorensen**<br>*Director* |
| **Rajesh Gopinathan**<br>*CEO and Managing Director* | **Aman Mehta**<br>*Director* | **Aarthi Subramanian**<br>*Director* | **Dr Pradeep Kumar Khosla**<br>*Director* |
| **N Ganapathy Subramaniam**<br>*COO and Executive Director* | **Dr Ron Sommer**<br>*Director* | **Keki M Mistry**<br>*Director* | **Daniel Hughes Callahan**<br>*Director* |
| **Rajendra Moholkar**<br>*Company Secretary* | | | |

# Statement of Cash Flows

(₹ crore)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| I. CASH FLOWS FROM OPERATING ACTIVITIES | | |
| **Profit for the year** | **30,065** | 25,241 |
| **Adjustments to reconcile profit and loss to net cash provided by operating activities** | | |
| Depreciation and amortisation expense | **1,716** | 1,647 |
| Bad debts and advances written off, allowance for doubtful trade receivables and advances (net) | **188** | 95 |
| Tax expense | **10,640** | 6,690 |
| Finance costs | **170** | 30 |
| Net gain on disposal of property, plant and equipment | **(84)** | (26) |
| Exchange difference on translation of foreign currency cash and cash equivalents | **7** | (94) |
| Dividend income (Including exchange gain) | **(3,574)** | (2,212) |
| Interest income | **(2,651)** | (2,388) |
| Net gain on investments | **(416)** | (858) |
| **Operating profit before working capital changes** | **36,061** | 28,125 |
| **Net change in** | | |
| Inventories | **16** | (4) |
| Trade receivables | **(5,335)** | (2,416) |
| Unbilled receivables (Previous period: Unbilled revenue) | **733** | (1,274) |
| Loans receivables and other financial assets | **(417)** | 398 |
| Other assets | **(3,036)** | (554) |
| Trade payables | **2,915** | 585 |
| Unearned and deferred revenue | **755** | 585 |
| Other financial liabilities | **610** | 796 |
| Other liabilities and provisions | **400** | 1,391 |
| **Cash generated from operations** | **32,702** | 27,632 |
| Taxes paid (net of refunds) | **(8,704)** | (6,045) |
| **Net cash generated from operating activities** | **23,998** | 21,587 |
| II. CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Bank deposits placed | **(5,400)** | (2,000) |
| Inter-corporate deposits placed | **(13,222)** | (6,000) |
| Purchase of investments | **(92,020)** | (94,374) |
| Payment for purchase of property, plant and equipment | **(1,556)** | (1,606) |
| Payment for purchase of intangible assets | **(161)** | - |
| Earmarked deposits placed with banks | **(290)** | (230) |
| Acquisition of subsidiary | **(66)** | - |
| Proceeds from bank deposits | **2,000** | 416 |
| Proceeds from inter-corporate deposits | **10,472** | 4,425 |
| Proceeds from disposal / redemption of investments | **99,561** | 100,063 |
| Proceeds from disposal of property, plant and equipment | **98** | 29 |
| Proceeds from earmarked deposits with banks | **339** | 135 |
| Dividend received from subsidiaries (including exchange gain) | **3,574** | 2,207 |
| Dividend received from other investments | **-** | 5 |
| Interest received | **2,554** | 2,564 |
| **Net cash generated from investing activities** | **5,883** | 5,634 |
| III. CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Buy-back of equity shares | **(16,000)** | (16,000) |
| Expenses for buy-back of equity shares | **(45)** | (42) |
| Short-term borrowings (net) | **(181)** | (20) |
| Dividend paid (including tax on dividend) | **(11,424)** | (10,726) |
| Repayment of finance lease obligations | **(5)** | (6) |
| Interest paid | **(170)** | (33) |
| **Net cash used in financing activities** | **(27,825)** | (26,827) |
| **Net change in cash and cash equivalents** | **2,056** | 394 |
| Cash and cash equivalents at the beginning of the year | **1,278** | 790 |
| Exchange difference on translation of foreign currency cash and cash equivalents | **(7)** | 94 |
| **Cash and cash equivalents at the end of the year (Refer note 13)** | **3,327** | 1,278 |
| IV. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-37 | | |

As per our report of even date attached

For and on behalf of the Board

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

**Yezdi Nagporewalla**
*Partner*
*Membership No: 049265*

**N Chandrasekaran**
*Chairman*

**V Ramakrishnan**
*CFO*

**O P Bhatt**
*Director*

**Hanne Birgitte Breinbjerg Sorensen**
*Director*

**Rajesh Gopinathan**
*CEO and Managing Director*

**Aman Mehta**
*Director*

**Aarthi Subramanian**
*Director*

**Dr Pradeep Kumar Khosla**
*Director*

**N Ganapathy Subramaniam**
*COO and Executive Director*

**Dr Ron Sommer**
*Director*

**Keki M Mistry**
*Director*

**Daniel Hughes Callahan**
*Director*

**Rajendra Moholkar**
*Company Secretary*

*Mumbai, April 12, 2019*

# Notes forming part of the Financial Statements

## 1) Corporate information

Tata Consultancy Services Limited (referred to as "TCS Limited" or "the Company") provides IT services, consulting and business solutions that has been partnering with many of the world's largest businesses in their transformation journeys for the last fifty years. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions. This is delivered through its unique Location-Independent Agile delivery model recognised as a benchmark of excellence in software development.

The Company is a public limited company incorporated and domiciled in India. The address of its corporate office is TCS House, Raveline Street, Fort, Mumbai - 400001. As at March 31, 2019, Tata Sons Private Limited (formerly Tata Sons Limited), the holding company owned 72.02% of the Company's equity share capital.

The Board of Directors approved the financial statements for the year ended March 31, 2019 and authorised for issue on April 12, 2019.

## 2) Significant accounting policies

**(a) Statement of compliance**

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

**(b) Basis of preparation**

These financial statements have been prepared in Indian Rupee (₹) which is the functional currency of the Company.

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

The statement of cash flows have been prepared under indirect method.

**(c) Use of estimates and judgements**

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of the financial statements and the reported amounts of income and expense 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.

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets and fair value measurement of financial instruments, these are discussed below. Key sources of estimation of uncertainty in respect of revenue recognition, employee benefits and provisions and contingent liabilities have been discussed in their respective policies.

***Impairment of investments in subsidiaries***

The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

## Notes forming part of the Financial Statements

***Useful lives of property, plant and equipment***

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

***Valuation of deferred tax assets***

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy has been explained under note 2(i).

***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. The policy has been further explained under note 2(j).

**(d) Revenue recognition**

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

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. Refer note 2(d) – Significant accounting policies – Revenue recognition in the Annual report of the Company for the year ended March 31, 2018, for the revenue recognition policy as per Ind AS 18 and Ind AS 11. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

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

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

## Notes forming part of the Financial Statements

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.

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

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

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

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

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

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

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

***Use of significant judgements in revenue recognition***

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

## Notes forming part of the Financial Statements

- 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.

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

**(f) Leases**

***Finance lease***

Assets taken on lease by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

***Operating lease***

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in the statement of profit and loss, unless the lease agreement explicitly states that increase is on account of inflation.

**(g) Cost recognition**

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

The costs of the Company are broadly categorised in employee benefit expenses, cost of equipment and software licences, depreciation and amortisation expense and other expenses. Employee benefit expenses include salaries, incentives and allowances, contributions to provident and other funds and staff welfare 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 receivable and advances (net) and other expenses. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, recruitment and training, entertainment, etc.

**(h) Foreign currency**

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

**(i) 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 branches in India and overseas. The current tax payable by the Company in India is Indian income tax payable on worldwide income after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

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

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

***Deferred income taxes***

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

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

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

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

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

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

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

**(j) Financial instruments**

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

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

***Cash and cash equivalents***

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

***Financial assets at amortised cost***

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets 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.

## Notes forming part of the Financial Statements

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

***Financial assets at fair value through profit or loss***

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

***Financial liabilities***

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

***Equity instruments***

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

***Hedge accounting***

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

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

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

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

The Company separates the intrinsic value and time value of an option and designates as hedging instruments only the change in intrinsic value of the option. The change in fair value of the time value and intrinsic value of an option is recognised in the statement of 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 or loss.

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

**(k) Provisions and contingent liabilities**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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

**(l) Investment in subsidiaries**

Investment in subsidiaries are measured at cost less impairment loss, if any.

**(m) 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 value are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

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

Assets held under finance lease are depreciated over the shorter of the lease term and their useful lives.

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

**(n) Intangible assets**

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

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

**(o) Impairment**

**(i) Financial assets (other than at fair value)**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**(ii) Non-financial assets**

**Tangible and intangible assets**

Property, plant and equipment and 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.

## Notes forming part of the Financial Statements

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.

**(p) Employee benefits**

**(i) 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.

**(ii) Defined contribution plans**

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

**(iii) 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.

**(iv) 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.

**(q) Inventories**

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

**(r) Earnings per share**

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

### 3) Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from April 1, 2019:

**Ind AS 116 – Leases**

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Company will be using the practical expedient provided the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

The Company is in the process of finalising changes to systems and processes to meet the accounting and reporting requirements of the standard.

With effect from April 1, 2019, the Company will recognise new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to (a) amortization change for the right-to-use asset, and (b) interest accrued on lease liability.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

As a lessor, sublease shall be classified as an operating lease if the head lease is classified as a short term lease. In all other cases, the sublease shall be classified as a finance lease.

On preliminary assessment, for leases other than short-term leases and leases of low value assets, the Company will recognise a right-of-use asset of ₹ 4,206 crore and a corresponding lease liability of ₹ 5,029 crore with the cumulative effect of applying the standard by adjusting retained earnings net of taxes. There will be consequent reclassification in the cash flow categories in the statement of cash flows.

**Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

## Notes forming part of the Financial Statements

**Ind AS 109 – Prepayment Features with Negative Compensation**

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. TCS Limited does not expect this amendment to have any impact on its financial statements.

**Ind AS 19 – Plan Amendment, Curtailment or Settlement**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. TCS Limited does not expect this amendment to have any significant impact on its financial statements.

**Ind AS 23 – Borrowing Costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. TCS Limited does not expect any impact from this amendment.

**Ind AS 28 – Long-term Interests in Associates and Joint Ventures**

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. TCS Limited does not currently have any long-term interests in associates and joint ventures.

**Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements**

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. TCS Limited will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

# Notes forming part of the Financial Statements

## 4) Property, plant and equipment

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, 2018** | **327** | **7,026** | **1,702** | **489** | **5,695** | **32** | **2,038** | **1,711** | **1,308** | **20,328** |
| Additions | **(4)** | **335** | **212** | **53** | **758** | **6** | **171** | **120** | **139** | **1,790** |
| Disposals | **-** | **(13)** | **(94)** | **(3)** | **(180)** | **(2)** | **(45)** | **(29)** | **(27)** | **(393)** |
| **Cost as at March 31, 2019** | **323** | **7,348** | **1,820** | **539** | **6,273** | **36** | **2,164** | **1,802** | **1,420** | **21,725** |
| **Accumulated depreciation as at April 1, 2018** | **-** | **(1,792)** | **(970)** | **(116)** | **(4,526)** | **(26)** | **(1,572)** | **(910)** | **(986)** | **(10,898)** |
| Depreciation for the year | **-** | **(368)** | **(134)** | **(52)** | **(626)** | **(4)** | **(213)** | **(142)** | **(145)** | **(1,684)** |
| Disposals | **-** | **10** | **94** | **2** | **177** | **1** | **45** | **23** | **27** | **379** |
| **Accumulated depreciation as at March 31, 2019** | **-** | **(2,150)** | **(1,010)** | **(166)** | **(4,975)** | **(29)** | **(1,740)** | **(1,029)** | **(1,104)** | **(12,203)** |
| **Net carrying amount as at March 31, 2019** | **323** | **5,198** | **810** | **373** | **1,298** | **7** | **424** | **773** | **316** | **9,522** |

(₹ 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, 2017** | 327 | 6,637 | 1,412 | 392 | 5,130 | 31 | 1,943 | 1,601 | 1,208 | 18,681 |
| Additions | - | 394 | 311 | 98 | 673 | 2 | 139 | 122 | 120 | 1,859 |
| Disposals | - | (5) | (21) | (1) | (108) | (1) | (44) | (12) | (20) | (212) |
| **Cost as at March 31, 2018** | 327 | 7,026 | 1,702 | 489 | 5,695 | 32 | 2,038 | 1,711 | 1,308 | 20,328 |
| **Accumulated depreciation as at April 1, 2017** | - | (1,444) | (862) | (73) | (4,005) | (22) | (1,401) | (778) | (882) | (9,467) |
| Depreciation for the year | - | (352) | (129) | (44) | (629) | (5) | (215) | (143) | (123) | (1,640) |
| Disposals | - | 4 | 21 | 1 | 108 | 1 | 44 | 11 | 19 | 209 |
| **Accumulated depreciation as at March 31, 2018** | - | (1,792) | (970) | (116) | (4,526) | (26) | (1,572) | (910) | (986) | (10,898) |
| **Net carrying amount as at March 31, 2018** | 327 | 5,234 | 732 | 373 | 1,169 | 6 | 466 | 801 | 322 | 9,430 |

Net book value of leasehold improvements of ₹ 25 crore and ₹ 30 crore as at March 31, 2019 and March 31, 2018, respectively, is under finance lease.

## Notes forming part of the Financial Statements

### 5) Intangible assets

Intangible assets consist of the following:

(₹ crore)

| | **Rights under licensing agreement and software licences** |
|---|---|
| **Cost as at April 1, 2018** | **68** |
| Additions | **161** |
| Disposals / Derecognised | **-** |
| **Cost as at March 31, 2019** | **229** |
| **Accumulated amortisation as at April 1, 2018** | **(58)** |
| Amortisation for the year | **(32)** |
| Disposals / Derecognised | **-** |
| **Accumulated amortisation as at March 31, 2019** | **(90)** |
| **Net carrying amount as at March 31, 2019** | **139** |

(₹ crore)

| | Rights under licensing agreement and software licences |
|---|---|
| **Cost as at April 1, 2017** | 68 |
| Additions | - |
| Disposals / Derecognised | - |
| **Cost as at March 31, 2018** | 68 |
| **Accumulated amortisation as at April 1, 2017** | (51) |
| Amortisation for the year | (7) |
| Disposals / Derecognised | - |
| **Accumulated amortisation as at March 31, 2018** | (58) |
| **Net carrying amount as at March 31, 2018** | 10 |

The estimated amortisation for the years subsequent to March 31, 2019 is as follows:

(₹ crore)

| **Year ending March 31,** | **Amortisation expense** |
|---|---|
| 2020 | **44** |
| 2021 | **40** |
| 2022 | **40** |
| 2023 | **15** |
| Thereafter | **-** |
| | **139** |

# Notes forming part of the Financial Statements

## 6) Investments

Investments consist of the following:

**(A) Investments – Non-current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **(a) Investment in subsidiaries** | | |
| Fully paid equity shares (unquoted) | **2,189** | 2,124 |
| **(b) Investments carried at fair value through profit or loss** | | |
| Mutual fund units (unquoted) | **-** | 59 |
| **(c) Investments designated at fair value through OCI** | | |
| Fully paid equity shares (unquoted) | **-** | 3 |
| | **2,189** | 2,186 |

**(B) Investments – Current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **(a) Investments carried at fair value through profit or loss** | | |
| Mutual fund units (quoted) | **2,955** | 9,101 |
| Mutual fund units (unquoted) | **63** | - |
| **(b) Investments carried at fair value through OCI** | | |
| Government bonds and securities (quoted) | **23,566** | 25,217 |
| Corporate bonds (quoted) | **1,206** | 755 |
| **(c) Investment carried at amortised cost** | | |
| Certificate of deposits (quoted) | **490** | - |
| | **28,280** | 35,073 |
| **Market value of quoted investments carried at amortised cost** | | |
| Certificate of deposits | **491** | - |

**Aggregate value of quoted and unquoted investments is as follows:**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Aggregate value of quoted investments | **28,217** | 35,073 |
| Aggregate value of unquoted investments (net of impairment) | **2,252** | 2,186 |
| Aggregate market value of quoted investments | **28,218** | 35,073 |
| Aggregate value of impairment of investments | **19** | 19 |

## Notes forming part of the Financial Statements

(₹ crore)

| In numbers | Currency | Face value per share | Investment in subsidiaries | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|---|---|
| | | | **Fully paid equity shares (unquoted)** | | |
| 212,27,83,424 | UYU | 1 | TCS Iberoamerica SA | **461** | 461 |
| 15,75,300 | INR | 10 | APTOnline Limited* | **-** | - |
| 1,300 | EUR | - | Tata Consultancy Services Belgium | **1** | 1 |
| 66,000 | EUR | 1,000 | Tata Consultancy Services Netherlands BV | **403** | 403 |
| 1,000 | SEK | 100 | Tata Consultancy Services Sverige AB | **19** | 19 |
| 1 | EUR | - | Tata Consultancy Services Deutschland GmbH | **2** | 2 |
| 20,000 | USD | 10 | Tata America International Corporation | **453** | 453 |
| 75,82,820 | SGD | 1 | Tata Consultancy Services Asia Pacific Pte Ltd. | **19** | 19 |
| 3,72,58,815 | AUD | 1 | TCS FNS Pty Limited | **212** | 212 |
| 10,00,001 | GBP | 1 | Diligenta Limited | **429** | 429 |
| 1,000 | USD | - | Tata Consultancy Services Canada Inc.* | **-** | - |
| 100 | CAD | 70,653.61 | Tata Consultancy Services Canada Inc. | **31** | 31 |
| 51,00,000 | INR | 10 | C-Edge Technologies Limited | **5** | 5 |
| 8,90,000 | INR | 10 | MP Online Limited | **1** | 1 |
| 1,40,00,000 | ZAR | 1 | Tata Consultancy Services (Africa) (PTY) Ltd. | **66** | 66 |
| 18,89,005 | INR | 10 | MahaOnline Limited | **2** | 2 |
| - | QAR | - | Tata Consultancy Services Qatar S.S.C. | **2** | 2 |
| 16,00,01,000 | USD | 0.01 | CMC Americas, Inc. | **8** | 8 |
| 10,00,000 | INR | 100 | TCS e-Serve International Limited | **10** | 10 |
| 1,00,500 | GBP | 0.00001 | W12 Studios Limited (w.e.f. October 31, 2018) | **66** | - |
| 10,00,000 | INR | 10 | TCS Foundation | **-** | - |
| | | | | **2,189** | 2,124 |

(₹ crore)

| In numbers | Currency | Face value per share | Investments designated at fair value through OCI | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|---|---|
| | | | **Fully paid equity shares (unquoted)** | | |
| 1,90,00,000 | INR | 10 | Taj Air Limited | **19** | 19 |
| 20,00,000 | INR | 10 | KOOH Sports Private Limited | **-** | 3 |
| | | | Less: Impairment of investments | **(19)** | (19) |
| | | | | **-** | 3 |

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

*Represents value less than ₹ 0.50 crore.

# Notes forming part of the Financial Statements

## 7) Loans receivables

Loans receivables (unsecured) consist of the following:

**(A) Loans receivables – Non-current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Considered good** | | |
| Inter-corporate deposits | **-** | 1,500 |
| Loans and advances to employees | **2** | 3 |
| | **2** | 1,503 |

**(B) Loans receivables – Current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **(a) Considered good** | | |
| Inter-corporate deposits | **6,750** | 2,500 |
| Loans and advances to employees | **268** | 293 |
| **(b) Credit impaired** | | |
| Loans and advances to employees | **61** | 61 |
| Less: Allowance on loans and advances to employees | **(61)** | (61) |
| | **7,018** | 2,793 |

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

## 8) Other financial assets

Other financial assets consist of the following:

**(A) Other financial assets – Non-current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Security deposits | **565** | 504 |
| | **565** | 504 |

**(B) Other financial assets – Current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Security deposits | **101** | 181 |
| (b) Fair value of foreign exchange derivative assets | **584** | 89 |
| (c) Interest receivable | **770** | 520 |
| (d) Others | **158** | 17 |
| | **1,613** | 807 |

## Notes forming part of the Financial Statements

### 9) Income taxes

The income tax expense consists of the following:

(₹ crore)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Current tax** | | |
| Current tax expense for current year | **8,672** | 6,966 |
| Current tax (benefit) / expense pertaining to prior years | **1,271** | (88) |
| | **9,943** | 6,878 |
| **Deferred tax** | | |
| Deferred tax (benefit) / expense for current year | **697** | (217) |
| Deferred tax (benefit) / expense pertaining to prior years | **-** | 29 |
| | **697** | (188) |
| **Total income tax expense recognised in current year** | **10,640** | 6,690 |

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

(₹ crore)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Profit before taxes | **40,705** | 31,931 |
| Indian statutory income tax rate | **34.94%** | 34.61% |
| Expected income tax expense | **14,224** | 11,050 |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense** | | |
| Tax holidays | **(4,735)** | (4,247) |
| Income exempt from tax | **(21)** | (36) |
| Undistributed earnings in branches | **299** | 113 |
| Tax on income at different rates | **(403)** | (236) |
| Tax pertaining to prior years | **1,271** | (242) |
| Others (net) | **5** | 288 |
| **Total income tax expense** | **10,640** | 6,690 |

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

# Notes forming part of the Financial Statements

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

(₹ crore)

| | Opening balance | Recognised in profit and loss | Recognised in / reclassified from other comprehensive income | Closing balance |
|---|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to:** | | | | |
| Property, plant and equipment and intangible assets | 67 | 30 | - | 97 |
| Provision for employee benefits | 311 | 57 | - | 368 |
| Cash flow hedges | 10 | | (22) | (12) |
| Receivables, financial assets at amortised cost | 238 | 46 | - | 284 |
| MAT credit entitlement | 2,204 | (1,047) | - | 1,157 |
| Branch profit tax | (400) | 101 | - | (299) |
| Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income | - | - | (149) | (149) |
| Operating lease liabilities | 80 | 8 | - | 88 |
| Others | 117 | 108 | - | 225 |
| **Total deferred tax assets / (liabilities)** | **2,626** | **(697)** | **(171)** | **1,758** |

Gross deferred tax assets and liabilities are as follows:

(₹ crore)

| **As at March 31, 2019** | Assets | Liabilities | Net |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Property, plant and equipment and Intangible assets | 137 | 40 | 97 |
| Provision for employee benefits | 368 | - | 368 |
| Cash flow hedges | (12) | - | (12) |
| Receivables, financial assets at amortised cost | 284 | - | 284 |
| MAT credit entitlement | 1,157 | - | 1,157 |
| Branch profit tax | - | 299 | (299) |
| Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income | (149) | - | (149) |
| Operating lease liabilities | 88 | - | 88 |
| Others | 224 | - | 224 |
| **Total deferred tax assets / (liabilities)** | **2,097** | **339** | **1,758** |

## Notes forming part of the Financial Statements

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

(₹ crore)

| | Opening balance | Recognised in profit and loss | Recognised in / reclassified from other comprehensive income | Closing balance |
|---|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | | |
| Property, plant and equipment and intangible assets | (84) | 151 | - | 67 |
| Provision for employee benefits | 296 | 15 | - | 311 |
| Cash flow hedges | (12) | - | 22 | 10 |
| Receivables, financial assets at amortised cost | 205 | 33 | - | 238 |
| MAT credit entitlement | 2,062 | 142 | - | 2,204 |
| Branch profit tax | (286) | (114) | - | (400) |
| Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income | (285) | 1 | 284 | - |
| Operating lease liabilities | 80 | - | - | 80 |
| Others | 157 | (40) | - | 117 |
| **Total deferred tax assets / (liabilities)** | 2,133 | 188 | 306 | 2,627 |

Gross deferred tax assets and liabilities are as follows:

(₹ crore)

| **As at March 31, 2018** | Assets | Liabilities | Net |
|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Property, plant and equipment and Intangible assets | 91 | (24) | 67 |
| Provision for employee benefits | 311 | - | 311 |
| Cash flow hedges | 10 | - | 10 |
| Receivables, financial assets at amortised cost | 238 | - | 238 |
| MAT credit entitlement | 2,204 | - | 2,204 |
| Branch profit tax | - | (400) | (400) |
| Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income | - | - | - |
| Operating lease liabilities | 80 | - | 80 |
| Others | 117 | - | 117 |
| **Total deferred tax assets / (liabilities)** | 3,051 | (424) | 2,627 |

Under the Income-tax Act, 1961, the Company is liable to pay Minimum Alternate Tax in the tax holiday period. MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities. MAT is recognised as a deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised. Accordingly, the Company has recognised a deferred tax asset of ₹ 1,157 crore.

# Notes forming part of the Financial Statements

The Company has ongoing disputes with income tax authorities relating to tax treatment of certain items. These mainly include disallowed expenses, tax treatment of certain expenses claimed by the Company as deductions, and computation of, or eligibility of, certain tax incentives or allowances.

The Company has contingent liability in respect of demands from direct tax authorities in India and other jurisdictions, which are being contested by the Company on appeal amounting ₹ 1,501 crore and ₹ 5,616 crore as at March 31, 2019 and March 31, 2018 respectively. In respect of tax contingencies of ₹ 318 crore and ₹ 318 crore as at March 31, 2019 and March 31, 2018, respectively, not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited.

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

The number of years that are subject to tax assessments varies depending on tax jurisdiction. The major tax jurisdictions of Tata Consultancy Services Limited include India, United States of America and United Kingdom. In India, tax filings from fiscal 2016 are generally subject to examination by the tax authorities. In United States of America, the federal statute of limitation applies to fiscals 2015 and earlier and applicable state statutes of limitation vary by state. In United Kingdom, the statute of limitation generally applies to fiscal 2016 and earlier.

## 10) Other assets

Other assets consist of the following:

**(A) Other assets – Non-current**

(₹ crore)

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| | **Considered good** | | |
| (a) | Contract assets | **100** | - |
| (b) | Prepaid expenses | **151** | 237 |
| (c) | Prepaid rent | **339** | 373 |
| (d) | Contract fulfillment costs | **174** | 95 |
| (e) | Capital advances | **272** | 105 |
| (f) | Advances to related parties | **3** | 2 |
| (g) | Others | **1** | 3 |
| | | **1,040** | 815 |
| **Advances to related parties, considered good, comprise:** | | | |
| Voltas Limited | | **2** | 2 |
| Tata Realty and Infrastructure Ltd* | | **-** | - |
| Concorde Motors (India) Limited | | **1** | - |

*Represents value less than ₹ 0.50 crore.

## Notes forming part of the Financial Statements

**(B) Other assets – Current**

(₹ crore)

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| | **Considered good** | | |
| (a) | Contract assets | **2,723** | - |
| (b) | Prepaid expenses | **344** | 735 |
| (c) | Prepaid rent | **35** | 39 |
| (d) | Contract fulfillment costs | **468** | 427 |
| (e) | Advance to suppliers | **79** | 84 |
| (f) | Advance to related parties | **8** | 4 |
| (g) | Indirect taxes recoverable | **962** | 482 |
| (h) | Other advances | **123** | 20 |
| (i) | Others | **51** | 34 |
| | **Considered doubtful** | | |
| (a) | Advance to suppliers | **3** | 3 |
| (b) | Indirect taxes recoverable | **2** | 2 |
| (c) | Other advances | **3** | 3 |
| | Less: Allowance on doubtful assets | **(8)** | (8) |
| | | **4,793** | 1,825 |
| **Advance to related parties, considered good comprise** | | | |
| TCS e-Serve International Limited | | **7** | - |
| The Titan Company Limited | | **1** | 2 |
| Tata Consultancy Services Danmark ApS | | **-** | 1 |
| Tata AIG General Insurance Company Limited | | **1** | 1 |
| APTOnline Limited* | | **-** | - |

*Represents value less than ₹ 0.50 crore.

Contract fulfillment costs of ₹ 479 crore and ₹ 463 crore for the years ended March 31, 2019 and 2018, respectively, have been amortised in the statement of profit and loss. Refer note 21 for the changes in contract asset.

### 11) Inventories

Inventories consist of the following:

(₹ crore)

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| (a) | Raw materials, sub-assemblies and components | **9** | 25 |
| (b) | Finished goods and work-in-progress | **-** | - |
| (c) | Goods-in-transit (raw materials)* | **-** | - |
| (d) | Stores and spares | **1** | - |
| | | **10** | 25 |

Inventories are carried at the lower of cost and net realisable value.

*Represents values less than ₹ 0.50 crore.

# Notes forming part of the Financial Statements

## 12) Trade receivables (Unsecured)

**(A) Trade receivables – Non-current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Considered good | **569** | 460 |
| Less: Allowance for doubtful trade receivables | **(474)** | (366) |
| | **95** | 94 |

**(B) Trade receivables – Current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Considered good | **24,227** | 19,065 |
| Less: Allowance for doubtful trade receivables | **(222)** | (194) |
| | **24,005** | 18,871 |
| (b) Credit impaired | **165** | 103 |
| Less: Allowance for doubtful trade receivables | **(141)** | (92) |
| | **24** | 11 |
| | **24,029** | 18,882 |

Above balances of trade receivables include balances with related parties (Refer note 35).

## 13) Cash and cash equivalents

Cash and cash equivalents consist of the following:

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Balances with banks | | |
| In current accounts | **2,919** | 1,211 |
| In deposit accounts | **406** | 2 |
| (b) Cheques on hand | **2** | 3 |
| (c) Cash on hand* | **-** | - |
| (d) Remittances in transit | **-** | 62 |
| | **3,327** | 1,278 |

*Represents value less than ₹ 0.50 crore.

## Notes forming part of the Financial Statements

### 14) Other balances with banks

Other balances with banks consist of the following:

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Earmarked balances with banks | **173** | 209 |
| (b) Short-term bank deposits | **5,400** | 2,000 |
| | **5,573** | 2,209 |

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

### 15) Share capital

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

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Authorised** | | |
| (a) 460,05,00,000 equity shares of ₹ 1 each | **460** | 460 |
| (March 31, 2018: 460,05,00,000 equity shares of ₹ 1 each) | | |
| (b) 105,02,50,000 preference shares of ₹ 1 each | **105** | 105 |
| (March 31, 2018: 105,02,50,000 preference shares of ₹ 1 each) | | |
| | **565** | 565 |
| **Issued, Subscribed and Fully paid up** | | |
| (a) 375,23,84,706 equity shares of ₹ 1 each | **375** | 191 |
| (March 31, 2018: 191,42,87,591 equity shares of ₹ 1 each) | | |
| | **375** | 191 |

The Board of Directors of the Company at its meeting held on April 19, 2018, approved a proposal to issue bonus shares in the ratio of one equity share of ₹ 1 each for every one equity share of ₹ 1 each held by the shareholders of the Company as on the record date, which was approved by the shareholders by means of an ordinary resolution through a postal ballot. The Company allotted 191,42,87,591 equity shares as fully paid up bonus shares by capitalisation of profits transferred from retained earnings amounting to ₹ 86 crore and capital redemption reserve amounting to ₹ 106 crore.

The Board of Directors of the Company at its meeting held on June 15, 2018, approved a proposal to buyback of upto 7,61,90,476 equity shares of the Company for an aggregate amount not exceeding ₹ 16,000 crore being 1.99% of the total paid up equity share capital at ₹ 2,100 per equity share, which was approved by the shareholders by means of a special resolution through a postal ballot. A Letter of Offer was made to all eligible shareholders. The Company bought back 7,61,90,476 equity shares out of the shares that were tendered by eligible shareholders and extinguished the equity shares on September 26, 2018. Capital redemption reserve was created to the extent of share capital extinguished (₹ 8 crore). The excess of cost of buy-back of ₹ 16,045 crore (including ₹ 45 crore towards transaction costs of buy-back) over par value of shares was offset from retained earnings.

In the previous year, 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.

## Notes forming part of the Financial Statements

**(i) Reconciliation of number of shares**

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | **Number of shares** | **Amount (₹ crore)** | Number of shares | Amount (₹ crore) |
| **Equity shares** | | | | |
| **Opening balance** | **191,42,87,591** | **191** | 197,04,27,941 | 197 |
| Issued during the year | **191,42,87,591** | **192** | - | - |
| Shares extinguished on buy-back | **(7,61,90,476)** | **(8)** | (5,61,40,350) | (6) |
| **Closing balance** | **375,23,84,706** | **375** | 191,42,87,591 | 191 |

**(ii) Rights, preferences and restrictions attached to shares**

**Equity 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, 2019** | As at March 31, 2018 |
|---|---|---|
| **Equity shares** | | |
| **Holding company** | | |
| 270,24,50,947 equity shares (March 31, 2018: 137,61,18,911 equity shares) are held by Tata Sons Private Limited | **270** | 138 |
| **Subsidiaries and Associates of Holding company** | | |
| 7,220 equity shares (March 31, 2018: 3,610 equity shares) are held by Tata Industries Limited* | **-** | - |
| NIL equity share (March 31, 2018: 2,06,000 equity shares) are held by Tata AIG Life Insurance Company Limited* | **-** | - |
| NIL equity shares (March 31, 2018: 7,76,533 equity shares) are held by Tata AIA Life Insurance Company Limited* | **-** | - |
| 10,36,269 equity shares (March 31, 2018: 5,27,110 equity shares) are held by Tata Investment Corporation Limited* | **-** | - |
| 46,798 equity shares (March 31, 2018: 23,804 equity shares) are held by Tata Steel Limited* | **-** | - |
| 766 equity shares (March 31, 2018: 383 equity shares) are held by The Tata Power Company Limited* | **-** | - |
| **Total** | **270** | 138 |

*Equity shares having value less than ₹ 0.50 crore.

## Notes forming part of the Financial Statements

**(iv) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| | **As at March 31, 2019** | As at March 31, 2018 |
|---|---|---|
| **Equity shares** | | |
| Tata Sons Private Limited, the holding company | **270,24,50,947** | 137,61,18,911 |
| % of shareholding | **72.02%** | 71.89% |

**(v) Equity shares movement during the 5 years preceding March 31, 2019**

**(a) Equity shares issued as bonus**

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

**(b) Equity shares extinguished on buy-back**

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

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.

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

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

15,06,983 equity shares of ₹ 1 each have been issued to the shareholders of TCS e-Serve Limited in terms of the composite scheme of amalgamation sanctioned by the High Court of Judicature at Bombay vide its Order dated September 6, 2013.

**(vi)** 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.

## 16) Other equity

Other equity consist of the following:

(₹ crore)

| | **As at March 31, 2019** | As at March 31, 2018 |
|---|---|---|
| (a) Capital reserve# | **-** | - |
| (b) Securities premium | | |
| (i) Opening balance | **-** | 1,919 |
| (ii) Utiilised for buy-back of equity shares* | **-** | (1,919) |
| | **-** | - |
| (c) Capital redemption reserve | | |
| (i) Opening balance | **106** | 100 |
| (ii) Transfer from retained earnings | **8** | 6 |
| (iii) Issue of bonus shares* | **(106)** | - |
| | **8** | 106 |

## Notes forming part of the Financial Statements

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (d) General reserve | | |
| (i) Opening balance | - | 9,118 |
| (ii) Transfer to retained earnings | - | - |
| (iii) Utiilised for buy-back of equity shares* | - | (9,118) |
| | - | - |
| (e) Special Economic Zone re-investment reserve | | |
| (i) Opening balance | 1,578 | 97 |
| (ii) Transfer from retained earnings | 2,750 | 1,579 |
| (iii) Transfer to retained earnings | (3,334) | (98) |
| | 994 | 1,578 |
| (f) Retained earnings | | |
| (i) Opening balance | 74,080 | 65,965 |
| (ii) Profit for the year | 30,065 | 25,241 |
| (iii) Remeasurement of defined employee benefit plans | (14) | 86 |
| (iv) Utiilised for buy-back of equity shares* | (15,992) | (4,957) |
| (v) Expense relating to buy back of equity shares* | (45) | (42) |
| (vi) Issue of bonus shares* | (86) | - |
| (vii) Realised loss on equity shares carried at fair value through OCI | (1) | - |
| (viii) Transfer from Special Economic Zone re-investment reserve | 3,334 | 98 |
| | 91,341 | 86,391 |
| (x) Less: Appropriations | | |
| (a) Dividend on equity shares | 10,085 | 9,284 |
| (b) Tax on dividend | 1,339 | 1,442 |
| (c) Transfer to capital redemption reserve* | 8 | 6 |
| (d) Transfer to Special Economic Zone re-investment reserve | 2,750 | 1,579 |
| | 77,159 | 74,080 |
| (g) Investment revaluation reserve | | |
| (i) Opening balance | (18) | 538 |
| (ii) Realised (gain) / loss on equity shares carried at fair value through OCI | 1 | - |
| (iii) Change during the year (net) | 275 | (556) |
| | 258 | (18) |
| (h) Cash flow hedging reserve (Refer note 29b) | | |
| (i) Opening balance | (71) | 88 |
| (ii) Change during the year (net) | 175 | (159) |
| | 104 | (71) |
| | 78,523 | 75,675 |

*Refer note 15.

#Represents value less than ₹ 0.50 crore.

## Notes forming part of the Financial Statements

**Movement in Investment revaluation reserve**

(₹ crore)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Balance at the beginning of the year** | **(18)** | 538 |
| Net gain / (loss) arising on revaluation of financial assets carried at fair value | **(1)** | (19) |
| Net cumulative (gain) / loss reclassified to retained earnings on sale of financial assets carried at fair value | **1** | - |
| Net gain / (loss) arising on revaluation of investments other than equities carried at fair value through other comprehensive income | **425** | (625) |
| Deferred tax relating to net gain / (loss) arising on revaluation of investments other than equities carried at fair value through other comprehensive income | **(149)** | 216 |
| Net cumulative (gain) / loss reclassified to statement of profit and loss on sale of investments other than equities carried at fair value through other comprehensive income | **-** | (196) |
| Deferred tax relating to net cumulative (gain) / loss reclassified to statement of profit and loss on sale of investments other than equities carried at fair value through other comprehensive income | **-** | 68 |
| **Balance at the end of the year** | **258** | (18) |

## 17) Borrowings

Borrowings consist of the following:

**(A) Borrowings – Non-current (Secured)**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Long-term maturities of finance lease obligations | **33** | 39 |
| | **33** | 39 |

Finance lease obligations are secured against property, plant and equipment obtained under finance lease arrangements (Refer note 28).

**(B) Borrowings – Current (Unsecured)**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Overdraft from banks | **-** | 181 |
| | **-** | 181 |

# Notes forming part of the Financial Statements

## 18) Other financial liabilities

Other financial liabilities consist of the following:

**(A) Other financial liabilities – Non-current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Capital creditors | **3** | 18 |
| (b) Others | **229** | 228 |
| | **232** | 246 |

Others include advance taxes paid of ₹ 226 crore and ₹ 227 crore as at March 31, 2019 and 2018, respectively, by the seller of TCS e-Serve Limited (merged with the Company) which on refund by the tax authorities is payable to the seller.

**(B) Other financial liabilities – Current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Accrued payroll | **2,151** | 1,667 |
| (b) Current maturities of finance lease obligations | **6** | 5 |
| (c) Unclaimed dividends | **41** | 28 |
| (d) Fair value of foreign exchange derivative liabilities | **59** | 91 |
| (e) Capital creditors | **257** | 245 |
| (f) Liability towards customer contracts | **810** | 669 |
| (g) Others | **27** | 34 |
| | **3,351** | 2,739 |

Finance lease obligations are secured against property, plant and equipment obtained under finance lease arrangements (Refer note 28).

## 19) Provisions

Provisions consist of the following:

**(A) Provisions – Non-current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Provision for foreseeable loss | **-** | 26 |
| | **-** | 26 |

**(B) Provisions – Current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Provision for foreseeable loss | **150** | 41 |
| (b) Other provisions | **24** | 130 |
| | **174** | 171 |

# Notes forming part of the Financial Statements

## 20) Other liabilities

Other liabilities consist of the following:

**(A) Other liabilities – Non-current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Operating lease liabilities | **358** | 335 |
| | **358** | 335 |

**(B) Other liabilities – Current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Advance received from customers | **269** | 556 |
| (b) Indirect taxes payable and other statutory liabilities | **1,556** | 1,111 |
| (c) Operating lease liabilities | **47** | 84 |
| (d) Others | **70** | 108 |
| | **1,942** | 1,859 |

## 21) Revenue

Revenue consist of the following:

(₹ crore)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Consultancy services | **121,033** | 95,150 |
| Sale of equipment and software licences | **2,137** | 2,206 |
| | **123,170** | 97,356 |

Revenue disaggregation by industry vertical is as follows:

(₹ crore)

| **Industry vertical** | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Banking, Financial Services and Insurance | **45,558** | 36,405 |
| Manufacturing | **11,568** | 9,177 |
| Retail and Consumer Business | **22,379** | 17,467 |
| Communication, Media and Technology | **21,131** | 17,716 |
| Others | **22,534** | 16,591 |
| | **123,170** | 97,356 |

## Notes forming part of the Financial Statements

Revenue disaggregation by geography is as follows:

(₹ crore)

| Geography | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Americas | **71,554** | 54,538 |
| Europe | **32,120** | 25,445 |
| India | **8,277** | 7,575 |
| Others | **11,219** | 9,798 |
| | **123,170** | 97,356 |

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

**Information about major customers:**

No single customer represents 10% or more of the Company's total revenue during the year ended March 31, 2019 and March 31, 2018.

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially) satisfied performance obligations, along with the broad time band for the expected time to recognise those revenues, the Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ₹ 68,065 crore out of which 53.87% 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, 2019 |
|---|---|
| **Balance at the beginning of the year** | **2,281** |
| Revenue recognised during the year | **9,578** |
| Invoices raised during the year | **(9,093)** |
| Translation exchange difference | **57** |
| **Balance at the end of the year** | **2,823** |

Changes in unearned and deferred revenue are as follows:

(₹ crore)

| | Year ended March 31, 2019 |
|---|---|
| **Balance at the beginning of the year** | **1,711** |
| Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year | **(1,648)** |
| Increase due to invoicing during the year, excluding amounts recognised as revenue during the year | **2,418** |
| Translation exchange difference | **(15)** |
| **Balance at the end of the year** | **2,466** |

## Notes forming part of the Financial Statements

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

(₹ crore)

| | Year ended March 31, 2019 |
|---|---|
| **Contracted price** | **125,101** |
| Reductions towards variable consideration components | **(1,931)** |
| **Revenue recognised** | **123,170** |

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

### 22) Other income

Other income consist of the following:

(₹ crore)

| | | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| (a) | Interest income | **2,651** | 2,388 |
| (b) | Dividend income | **3,571** | 2,207 |
| (c) | Net gain on investments carried at fair value through profit or loss | **416** | 662 |
| (d) | Net gain on sale of investments carried at amortised cost | **-** | - |
| (e) | Net gain on sale of investments other than equity shares carried at fair value through OCI | **-** | 196 |
| (f) | Net gain on disposal of property, plant and equipment | **84** | 26 |
| (g) | Net foreign exchange gains | **844** | 265 |
| (h) | Rent income | **7** | 5 |
| (i) | Other income | **54** | 54 |
| | | **7,627** | 5,803 |
| **Interest income comprises:** | | | |
| Interest on bank balances and bank deposits | | **157** | 41 |
| Interest income on financial assets carried at amortised cost | | **506** | 210 |
| Interest income on financial assets carried at fair value through OCI | | **1,838** | 1,727 |
| Other interest (including interest on income tax refunds) | | **150** | 410 |
| **Dividend income comprise:** | | | |
| Dividends from subsidiaries | | **3,571** | 2,202 |
| Dividend from mutual fund units / other investments | | **-** | 5 |

### 23) Employee benefits

Employee benefit expenses consist of the following:

(₹ crore)

| | | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| (a) | Salaries, incentives and allowances | **54,080** | 47,004 |
| (b) | Contributions to provident and other funds | **3,665** | 3,165 |
| (c) | Staff welfare expenses | **1,632** | 1,330 |
| | | **59,377** | 51,499 |

# Notes forming part of the Financial Statements

Employee benefit obligation consist of the following:

**(A) Employee benefit obligation – Non-current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Gratuity liability | **7** | - |
| (b) Other employee benefit obligations | **75** | 62 |
| | **82** | 62 |

**(B) Employee benefit obligation – Current**

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Compensated absences | **1,756** | 1,461 |
| (b) Other employee benefit obligations | **20** | 17 |
| | **1,776** | 1,478 |

**Employee benefit plans**

***Gratuity and pension***

In accordance with Indian law, the Company operates a scheme of gratuity which is a defined benefit plan. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days' salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service. The Company manages the plan through a trust. Trustees administer contributions made to the trust. Certain overseas 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, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Change in benefit obligations** | | |
| Benefit obligations, beginning of the year | **2,307** | 2,083 |
| Service cost | **289** | 273 |
| Interest cost | **190** | 159 |
| Remeasurement of the net defined benefit liability | **39** | (86) |
| Benefits paid | **(147)** | (122) |
| **Benefit obligations, end of the year** | **2,678** | 2,307 |

## Notes forming part of the Financial Statements

(₹ crore)

| | **Year ended March 31, 2019** | Year ended March 31, 2018 |
|---|---|---|
| **Change in plan assets** | | |
| Fair value of plan assets, beginning of the year | **2,432** | 2,156 |
| Interest income | **193** | 165 |
| Employers' contributions | **171** | 233 |
| Benefits paid | **(147)** | (122) |
| Remeasurement - return on plan assets excluding amount included in interest income | **22** | - |
| **Fair value of plan assets, end of the year** | **2,671** | 2,432 |

(₹ crore)

| | **As at March 31, 2019** | As at March 31, 2018 |
|---|---|---|
| **Funded status** | | |
| Deficit of plan assets over obligations | **(7)** | - |
| Surplus of plan assets over obligations | **-** | 125 |
| | **(7)** | 125 |

(₹ crore)

| | **As at March 31, 2019** | As at March 31, 2018 |
|---|---|---|
| **Category of assets** | | |
| Corporate bonds | **684** | 560 |
| Equity shares | **20** | 116 |
| Government bonds and securities | **1,150** | 996 |
| Insurer managed funds | **759** | 713 |
| Bank balances | **6** | 5 |
| Others | **52** | 42 |
| **Total** | **2,671** | 2,432 |

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

(₹ crore)

| | **Year ended March 31, 2019** | Year ended March 31, 2018 |
|---|---|---|
| Service cost | **289** | 273 |
| Net interest on net defined benefit (asset) / liability | **(3)** | (6) |
| **Net periodic gratuity / pension cost** | **286** | 267 |
| **Actual return on plan assets** | **215** | 165 |

## Notes forming part of the Financial Statements

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

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Actuarial (gains) and losses arising from changes in demographic assumptions | **(17)** | 16 |
| Actuarial (gains) and losses arising from changes in financial assumptions | **-** | (85) |
| Actuarial (gains) and losses arising from changes in experience adjustments | **56** | (17) |
| Remeasurement of the net defined benefit liability | **39** | (86) |
| Remeasurement - return on plan assets excluding amount included in interest income | **(22)** | - |
| **Total** | **17** | (86) |

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

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Discount rate | **7.75%** | 7.75% |
| Rate of increase in compensation levels of covered employees | **6.00%** | 6.00% |
| Rate of return on plan assets | **7.75%** | 7.75% |
| Weighted average duration of defined benefit obligations | **8 years** | 8 years |

The expected benefits are based on the same assumptions as are used to measure the Company's defined benefit plan obligations as at March 31, 2019. The Company is expected to contribute ₹ 315 crore to defined benefit plan obligations funds for the year ending March 31, 2020.

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, 2019 | As at March 31, 2018 |
|---|---|---|
| Increase of 0.50% | **(100)** | (79) |
| Decrease of 0.50% | **108** | 85 |

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

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Increase of 0.50% | **109** | 85 |
| Decrease of 0.50% | **(102)** | (80) |

## Notes forming part of the Financial Statements

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

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

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

The defined benefit obligations shall mature after year ended March 31, 2019 as follows:

(₹ crore)

| **Year ending March 31,** | **Defined benefit obligations** |
|---|---|
| 2020 | **241** |
| 2021 | **223** |
| 2022 | **233** |
| 2023 | **233** |
| 2024 | **230** |
| 2025-2029 | **1,155** |

***Provident fund***

In accordance with Indian law, all eligible employees of the Company in India are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly to a Trust set up by the Company to manage the investments and distribute the amounts entitled to employees. This plan is a defined benefit plan as the Company is obligated to provide its members a rate of return which should, at the minimum, meet the interest rate declared by Government administered provident fund. A part of the Company's contribution is transferred to Government administered pension fund. The contributions made by the Company and the shortfall of interest, if any, are recognised as an expense in statement of profit and loss under employee benefit expenses. In accordance with an actuarial valuation of provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the assumptions as mentioned below, there is no deficiency in the interest cost as the present value of the expected future earnings of the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of Government administered provident fund.

The details of fund and plan assets are given below:

(₹ crore)

| | **As at March 31, 2019** | As at March 31, 2018 |
|---|---|---|
| Fair value of plan assets | **14,555** | 13,084 |
| Present value of defined benefit obligations | **(14,555)** | (13,084) |
| **Net excess / (shortfall)** | **-** | - |

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

# Notes forming part of the Financial Statements

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

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Discount rate | **7.75%** | 7.75% |
| Average remaining tenure of investment portfolio | **8.38 years** | 7.95 years |
| Guaranteed rate of return | **8.65%** | 8.55% |

The Company contributed ₹ 856 crore and ₹ 795 crore for the years ended March 31, 2019 and 2018, respectively, to the provident fund.

***Superannuation***

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

The Company contributed ₹ 232 crore and ₹ 222 crore for the years ended March 31, 2019 and 2018, respectively, to the Employees' Superannuation Fund.

***Foreign defined contribution plan***

The Company contributed ₹ 475 crore and ₹ 331 crore for the years ended March 31, 2019 and 2018, respectively, towards foreign defined contribution plans.

## 24) Cost of equipment and software licenses

Cost of equipment and software licenses consist of the following:

(₹ crore)

| | | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| (a) | Raw materials, sub-assemblies and components consumed | **40** | 86 |
| (b) | Equipment and software licences purchased | **1,963** | 1,920 |
| | | **2,003** | 2,006 |
| | Finished goods and work-in-progress | | |
| | Opening stock | **-** | 1 |
| | Less: Closing stock* | **-** | - |
| | | **-** | 1 |

*Represents value less than ₹ 0.50 crore.

# Notes forming part of the Financial Statements

## 25) Other expenses

Other expenses consist of the following:

(₹ crore)

| | | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| (a) | Fees to external consultants | **12,259** | 6,415 |
| (b) | Facility expenses | **3,275** | 3,079 |
| (c) | Travel expenses | **2,718** | 2,179 |
| (d) | Communication expenses | **837** | 710 |
| (e) | Bad debts and advances written off, allowance for doubtful trade receivables and advances (net) | **188** | 95 |
| (f) | Other expenses | **7,549** | 3,568 |
| | | **26,826** | 16,046 |

Other expenses include ₹ 3,897 crore and ₹ 255 crore for the years ended March 31, 2019 and March 31, 2018, respectively, towards sales, marketing and advertisement expenses.

The Company made a contribution to an electoral trust of ₹ 220 crore and NIL for the years ended March 31, 2019 and 2018, respectively, which is included in other expenses.

26) Research and development expenditure including capital expenditure aggregating ₹ 305 crore and ₹ 295 crore was incurred in the years ended March 31, 2019 and 2018, respectively.

27) As per section 135 of the Companies Act, 2013, amount required to be spent by the Company during the year ended March 31, 2019 and 2018 is ₹ 542 cores and ₹ 497 crore, respectively, computed at 2% of its average net profit for the immediately preceding three financial years, on Corporate Social Responsibility (CSR). The Company incurred an amount of ₹ 434 crore and ₹ 400 crore during the year ended March 31, 2019 and 2018, respectively, towards CSR expenditure for purposes other than construction / acquisition of any asset.

## 28) Leases

The Company has taken on lease properties and equipment under operating lease arrangements. Most of the leases include renewal and escalation clauses. Operating lease rent expenses were ₹ 1,468 crore and ₹ 1,431 crore for the years ended March 31, 2019 and 2018, respectively.

The following is a summary of future minimum lease rental commitments towards non-cancellable operating leases and finance leases:

(₹ crore)

| **Operating lease** | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Due within one year | **561** | 557 |
| Due in a period between one year and five years | **1,914** | 1,973 |
| Due after five years | **1,957** | 2,443 |
| **Total minimum lease commitments** | **4,432** | 4,973 |

## Notes forming part of the Financial Statements

(₹ crore)

| Finance lease | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | **Minimum lease commitments** | **Present value of minimum lease commitments** | Minimum lease commitments | Present value of minimum lease commitments |
| Due within one year | **12** | **6** | 11 | 5 |
| Due in a period between one year and five years | **44** | **33** | 46 | 30 |
| Due after five years | **-** | **-** | 10 | 9 |
| **Total minimum lease commitments** | **56** | **39** | 67 | 44 |
| Less: Interest | **(17)** | | (23) | |
| **Present value of minimum lease commitments** | **39** | | 44 | |

(₹ crore)

| **Receivables under sub-leases** | **As at March 31, 2019** | As at March 31, 2018 |
|---|---|---|
| Due within one year | **7** | 5 |
| Due in a period between one year and five years | **18** | 15 |
| Due after five years | **1** | 3 |
| **Total** | **26** | 23 |

Income under sub-leases of ₹ 7 crore and ₹ 5 crore have been recognised in the statement of profit and loss for the year ended March 31, 2019 and March 31, 2018, respectively.

### 29) Financial instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(j) to the financial statements.

## Notes forming part of the Financial Statements

**(a) Financial assets and liabilities**

The carrying value of financial instruments by categories as of March 31, 2019 is as follows:

(₹ crore)

| | Fair value through profit or loss | Fair value through other comprehensive income | Derivative instruments in hedging relationship | Derivative instruments not in hedging relationship | Amortised cost | Total carrying value |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Cash and cash equivalents | - | - | - | - | 3,327 | 3,327 |
| Bank deposits | - | - | - | - | 5,400 | 5,400 |
| Earmarked balances with banks | - | - | - | - | 173 | 173 |
| Investments (other than in subsidiary) | 3,018 | 24,772 | - | - | 490 | 28,280 |
| Trade receivables | - | - | - | - | 24,124 | 24,124 |
| Unbilled receivables | - | - | - | - | 4,776 | 4,776 |
| Loans receivables | - | - | - | - | 7,020 | 7,020 |
| Other financial assets | - | - | 237 | 347 | 1,594 | 2,178 |
| **Total** | 3,018 | 24,772 | 237 | 347 | 46,904 | 75,278 |
| **Financial liabilities** | | | | | | |
| Trade payables | - | - | - | - | 7,692 | 7,692 |
| Borrowings | - | - | - | - | 33 | 33 |
| Other financial liabilities | - | - | - | 59 | 3,524 | 3,583 |
| **Total** | - | - | - | 59 | 11,249 | 11,308 |

*Loans receivables include inter-corporate deposits of ₹ 6,750 crore, with original maturity period within 24 months.

The carrying value of financial instruments by categories as of March 31, 2018 is as follows:

(₹ crore)

| | Fair value through profit or loss | Fair value through other comprehensive income | Derivative instruments in hedging relationship | Derivative instruments not in hedging relationship | Amortised cost | Total carrying value |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Cash and cash equivalents | - | - | - | - | 1,278 | 1,278 |
| Bank deposits | - | - | - | - | 2,000 | 2,000 |
| Earmarked balances with banks | - | - | - | - | 209 | 209 |
| Investments (other than in subsidiary) | 9,160 | 25,975 | - | - | - | 35,135 |
| Trade receivables | - | - | - | - | 18,976 | 18,976 |
| Unbilled revenue | - | - | - | - | 5,509 | 5,509 |
| Loans receivables | - | - | - | - | 4,296 | 4,296 |
| Other financial assets | - | - | 34 | 55 | 1,222 | 1,311 |
| **Total** | 9,160 | 25,975 | 34 | 55 | 33,490 | 68,714 |
| **Financial liabilities** | | | | | | |
| Trade payables | - | - | - | - | 4,775 | 4,775 |
| Borrowings | - | - | - | - | 220 | 220 |
| Other financial liabilities | - | - | 25 | 66 | 2,894 | 2,985 |
| **Total** | - | - | 25 | 66 | 7,889 | 7,980 |

*Loans receivables include inter-corporate deposits of ₹ 4,000 crore, with original maturity period within 24 months.

## Notes forming part of the Financial Statements

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables (previous year: unbilled revenue), loans receivables and trade payables as at March 31, 2019 and March 31, 2018 approximate the fair value. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the periods presented.

**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 disclosure are required):

(₹ crore)

| **As at March 31, 2019** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Mutual fund units | **2,955** | **63** | **-** | **3,018** |
| Equity shares | **-** | **-** | **-** | **-** |
| Government bonds and securities | **23,566** | **-** | **-** | **23,566** |
| Certificate of deposits | **491** | **-** | **-** | **491** |
| Corporate bonds | **1,206** | **-** | **-** | **1,206** |
| Derivative financial assets | **-** | **584** | **-** | **584** |
| **Total** | **28,218** | **647** | **-** | **28,865** |
| **Financial liabilities** | | | | |
| Derivative financial liabilities | **-** | **59** | **-** | **59** |
| Other financial liabilities | **-** | **-** | **-** | **-** |
| **Total** | **-** | **59** | **-** | **59** |

(₹ crore)

| **As at March 31, 2018** | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Mutual fund units | 9,101 | 59 | - | 9,160 |
| Equity shares | - | - | 3 | 3 |
| Government bonds and securities | 25,217 | - | - | 25,217 |
| Corporate bonds | 755 | - | - | 755 |
| Derivative financial assets | - | 89 | - | 89 |
| **Total** | 35,073 | 148 | 3 | 35,224 |
| **Financial liabilities** | | | | |
| Derivative financial liabilities | - | 91 | - | 91 |
| Other financial liabilities | - | - | - | - |
| **Total** | - | 91 | - | 91 |

## Notes forming part of the Financial Statements

Reconciliation of Level 3 fair value measurement is as follows:

(₹ crore)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Balance at the beginning of the year** | **3** | 22 |
| Disposals during the year | **(3)** | - |
| Impairment in value of investments | **-** | (19) |
| **Balance at the end of the year** | **-** | 3 |

**(b) Derivative financial instruments and hedging activity**

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

The Board of Directors of the Company has constituted a Risk Management Committee (RMC) to frame, implement and monitor the risk management plan of the Company which inter-alia covers risks arising out of exposure to foreign currency fluctuations. Under the guidance and framework provided by the RMC, the Company uses various derivative instruments such as foreign exchange forwards, currency option 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, 2019** | | | As at March 31, 2018 | | |
|---|---|---|---|---|---|---|
| | **No. of contracts** | **Notional amount of contracts (In millions)** | **Fair value (₹ crore)** | No. of contracts | Notional amount of contracts (In millions) | Fair value (₹ crore) |
| US Dollar | **28** | **1,000** | **128** | 24 | 1,466 | 20 |
| Great Britain Pound | **24** | **177** | **23** | 34 | 263 | (23) |
| Euro | **33** | **239** | **50** | 26 | 216 | 1 |
| Australian Dollar | **26** | **181** | **22** | 21 | 150 | 12 |
| Canadian Dollar | **21** | **99** | **14** | - | - | - |

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

| | **Year ended March 31, 2019** | | Year ended March 31, 2018 | |
|---|---|---|---|---|
| | **Intrinsic value** | **Time value** | Intrinsic value | Time value |
| **Balance at the beginning of the year** | **(2)** | **(69)** | 105 | (17) |
| (Gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions | **(488)** | **458** | (127) | 340 |
| Deferred tax on (gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions | **94** | **(25)** | 15 | (40) |
| Change in the fair value of effective portion of cash flow hedges | **641** | **(414)** | 5 | (399) |
| Deferred tax on fair value of effective portion of cash flow hedges | **(111)** | **20** | - | 47 |
| **Balance at the end of the year** | **134** | **(30)** | (2) | (69) |

## Notes forming part of the Financial Statements

In addition to the above cash flow hedges, the Company has outstanding foreign exchange forward, currency options and futures contracts with notional amount aggregating ₹ 34,593 crore and ₹ 22,404 crore whose fair value showed a net gain of ₹ 288 crore and net loss of ₹ 12 crore as at March 31, 2019 and 2018, respectively. Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting.

Exchange gain of ₹ 405 crore and exchange loss of ₹ 52 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, 2019 and 2018, respectively.

Net foreign exchange gains include gain of ₹ 30 crore and exchange loss of ₹ 213 crore transferred from cash flow hedging reserve for the years ended March 31, 2019 and 2018, respectively.

Net gain on derivative instruments of ₹ 104 crore recognised in cash flow hedging reserve as at March 31, 2019, is expected to be transferred to the statement of profit and loss by March 31, 2020. The maximum period over which the exposure to cash flow variability has been hedged is through calendar year 2019.

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

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| 10% Appreciation of the underlying foreign currencies | **(64)** | (323) |
| 10% Depreciation of the underlying foreign currencies | **1,370** | 1,054 |

**(c) Financial risk management**

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

**i. Market risk**

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

**a) Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the Company.

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. Further, any movement in the functional currency of the various operations of the Company against major foreign currencies may impact the Company's revenue in international business.

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

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the functional currency of the Company.

The following analysis has been worked out based on the net exposures of the Company as of the date of balance sheet which could affect the statements of profit and loss and other comprehensive income and equity. Further the exposure as indicated below is mitigated by some of the derivative contracts entered into by the Company as disclosed in note 29(b).

## Notes forming part of the Financial Statements

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

(₹ crore)

| | USD | EUR | GBP | Others |
|---|---|---|---|---|
| Net financial assets | **4,431** | **275** | **837** | **1,203** |
| Net financial liabilities | **4,044** | **178** | **414** | **377** |

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before taxes by approximately ₹ 173 crore for the year ended March 31, 2019.

The following table sets forth information relating to foreign currency exposure as at March 31, 2018:

(₹ crore)

| | USD | EUR | GBP | Others |
|---|---|---|---|---|
| Net financial assets | 3,783 | 431 | 944 | 1,218 |
| Net financial liabilities | 3,077 | 323 | 761 | 541 |

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before taxes by approximately ₹ 168 crore for the year ended March 31, 2018.

**b) Interest rate risk**

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

**ii. Credit risk**

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

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. Inter-corporate deposits of ₹ 6,750 crore are with a financial institution having a high credit-rating assigned by credit-rating agencies. Bank deposits include an amount of ₹ 4,850 crore held with two Indian banks having high credit rating which are individually in excess of 10% or more of the Company's total bank deposits as at March 31, 2019. None of the other financial instruments of the Company result in material concentration of credit risk.

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 75,278 crore and ₹ 68,711 crore as at March 31, 2019, and 2018, respectively, being the total of the carrying amount of balances with banks, bank deposits, investments excluding equity and preference investments, trade receivables, unbilled receivables (previous year: unbilled revenue), contract assets and other financial assets.

The Company's exposure to customers is diversified and no single customer contributes to more than 10% of outstanding trade receivable, unbilled receivables (previous year: unbilled revenue) and contract assets as at March 31, 2019 and March 31, 2018.

## Notes forming part of the Financial Statements

**Geographic concentration of credit risk**

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

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Gross% | Net% | Gross% | Net% |
| United States of America | 49.42 | 50.53 | 39.37 | 40.41 |
| India | 16.45 | 14.87 | 19.47 | 17.87 |
| United Kingdom | 15.39 | 15.55 | 17.18 | 17.35 |

Geographical concentration of trade receivables, unbilled receivables (previous year: unbilled revenue) and contract assets is allocated based on the location of the customers.

**iii. Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

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

(₹ crore)

| March 31, 2019 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5th year | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | |
| Trade payables | 7,692 | - | - | - | 7,692 |
| Borrowings | - | 11 | 33 | - | 44 |
| Other financial liabilities | 3,286 | 1 | 227 | 4 | 3,518 |
| | 10,978 | 12 | 260 | 4 | 11,254 |
| **Derivative financial liabilities** | 59 | - | - | - | 59 |
| **Total** | 11,037 | 12 | 260 | 4 | 11,313 |

(₹ crore)

| March 31, 2018 | Due in 1st year | Due in 2nd year | Due in 3rd to 5th year | Due after 5th year | Total |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | |
| Trade payables | 4,775 | - | - | - | 4,775 |
| Borrowings | 181 | 12 | 34 | 10 | 237 |
| Other financial liabilities | 2,648 | 19 | 227 | - | 2,894 |
| | 7,604 | 31 | 261 | 10 | 7,906 |
| **Derivative financial liabilities** | 91 | - | - | - | 91 |
| **Total** | 7,695 | 31 | 261 | 10 | 7,997 |

# Notes forming part of the Financial Statements

## 30) Earnings Per Share (EPS)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Profit for the year (₹ crore) | **30,065** | 25,241 |
| Weighted average number of equity shares | **378,97,49,350** | 384,91,85,612 |
| Earnings per share basic and diluted (₹) | **79.34** | 65.57 |
| Face value per equity share (₹) | **1** | 1 |

Pursuant to issue of bonus shares, the weighted average number of equity shares and earnings per share of the previous periods have been accordingly re-stated.

## 31) Auditors remuneration

(₹ crore)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Services as statutory auditors (including quarterly audits) | **7** | 7 |
| Tax audit | **1** | 1 |
| Services for tax matters | **-*** | -* |
| Other services | **4** | 4 |
| Re-imbursement of out-of-pocket expenses | **-*** | -* |

*Represents value less than ₹ 0.50 crore.

## 32) Segment information

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

## 33) Commitments and Contingencies

**Capital commitments**

The Company has contractually committed (net of advances) ₹ 1,258 crore and ₹ 760 crore as at March 31, 2019 and 2018, respectively, for purchase of property, plant and equipment.

**Contingencies**

***Direct tax matters***

Refer note 9.

***Indirect tax matters***

The Company has ongoing disputes with tax authorities mainly relating to treatment of characterisation and classification of certain items. The Company has demands amounting to ₹ 325 crore and ₹ 275 crore as at March 31, 2019 and 2018, respectively from various indirect tax authorities which are being contested by the Company based on the management evaluation and on the advice of tax consultants.

***Other claims***

Claims aggregating ₹ 3,138 crore and ₹ 2,977 crore as at March 31, 2019 and 2018, respectively, against the Company have not been acknowledged as debts.

In October 2014, Epic Systems Corporation (referred to as Epic) filed a legal claim against the Company in the Court of Western District Madison, Wisconsin for alleged infringement of Epic's proprietary information. In April 2016, the Company received an unfavourable jury verdict awarding damages totaling ₹ 6,499 crore (US $ 940 million) to Epic.

## Notes forming part of the Financial Statements

In September 2017, the Company received a Court order reducing the damages from ₹ 6,499 crore (US $ 940 million) to ₹ 2,904 crore (US $ 420 million) to Epic. Pursuant to US Court procedures, a Letter of Credit has been made available to Epic for ₹ 3,042 crore (US $ 440 million) as financial security in order to stay execution of the judgment pending post-judgment proceedings and appeal. Pursuant to reaffirmation of the court order in March 2019, the Company has filed a notice of appeal in the superior Court to fully set aside the Order. The Company has received legal advice to the effect that the order and the reduced damages awarded are not supported by evidence presented during the trial. Accordingly, an amount of ₹ 3,042 crore (US $ 440 million) is disclosed as contingent liability which is included in the claims not acknowledged as debts.

***Bank guarantees and letters of comfort***

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

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

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

### 34) Micro and small enterprises

(₹ crore)

| | **As at March 31, 2019** | | As at March 31, 2018 | |
|---|---|---|---|---|
| | **Principal** | **Interest** | Principal | Interest |
| Amount due to vendor | **22** | **-** | 6 | - |
| Principal amount paid (includes unpaid) beyond the appointed date | **33** | **-** | 18 | - |
| Interest due and payable for the year* | **-** | **-** | - | - |
| Interest accrued and remaining unpaid (includes interest disallowable of ₹ 1 crore (March 31, 2018: ₹ * crore)) | **-** | **1** | - | - |

*Represents value less than ₹ 0.50 crore.

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

## Notes forming part of the Financial Statements

### 35) Related party transactions

The Company's principal related parties consist of its holding company, Tata Sons Private Limited and its subsidiaries, its own subsidiaries, affiliates and key managerial personnel. The Company's material related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business. Refer note 34 of consolidated financial statement for list of subsidiaries of the Company.

Transactions with related parties are as follows:

(₹ crore)

| | Year ended March 31, 2019 | | | | | |
|---|---|---|---|---|---|---|
| | Tata Sons Private Limited | Subsidiaries of the Company | Subsidiaries of Tata Sons Private Limited | Associates / joint ventures of Tata Sons Private Limited and their subsidiaries | Other related parties | Total |
| Revenue | 27 | 15,999 | 266 | 2,215 | - | 18,507 |
| Dividend income | - | 3,571 | - | - | - | 3,571 |
| Rent income | - | 7 | - | - | - | 7 |
| Other income | - | 38 | - | - | - | 38 |
| Purchases of goods and services (including reimbursements) | 1 | 8,178 | 415 | 369 | - | 8,963 |
| Brand equity contribution | 101 | - | - | - | - | 101 |
| Facility expenses | 1 | - | 37 | 15 | - | 53 |
| Bad debts and advances written off, allowance for doubtful trade receivables and advances (net) | - | - | (7) | - | - | (7) |
| Contribution to employees post employment benefit plans | - | - | - | - | 816 | 816 |
| Purchase of property, plant and equipment | - | - | 2 | 48 | - | 50 |
| Loans and advances given | - | 6 | 2 | 1 | - | 9 |
| Loans and advances recovered | - | 1 | - | 3 | - | 4 |
| Dividend paid | 7,254 | - | 3 | - | - | 7,257 |
| Guarantees given | - | 13 | - | - | - | 13 |
| Buy-back of shares | 10,455 | - | 4 | - | - | 10,459 |
| Cost recovery | - | 2,302 | - | - | - | 2,302 |
| Issue of bonus shares[1] | - | - | - | - | - | - |

[1]Refer note 15.

# Notes forming part of the Financial Statements

(₹ crore)

| | Year ended March 31, 2018 | | | | | |
|---|---|---|---|---|---|---|
| | Tata Sons Private Limited | Subsidiaries of the Company | Subsidiaries of Tata Sons Private Limited | Associates / joint ventures of Tata Sons Private Limited and their subsidiaries | Other related parties | Total |
| Revenue | 13 | 57,747 | 260 | 1,992 | - | 60,012 |
| Dividend income | - | 2,201 | - | - | - | 2,201 |
| Rent income | - | 5 | - | -* | - | 5 |
| Other income | - | 34 | - | -* | - | 34 |
| Purchases of goods and services (including reimbursements) | 5 | 3,009 | 31 | 549 | - | 3,594 |
| Brand equity contribution | 114 | - | - | - | - | 114 |
| Facility expenses | 1 | 8 | 34 | 6 | - | 49 |
| Bad debts and advances written off, allowance for doubtful trade receivables and advances (net) | -* | -* | 5 | 5 | - | 10 |
| Contribution to employees post employment benefit plans | - | - | - | - | 818 | 818 |
| Purchase of property, plant and equipment | - | - | 6 | 45 | - | 51 |
| Loans and advances given | - | 1 | -* | -* | - | 1 |
| Loans and advances recovered | - | - | -* | 5 | - | 5 |
| Dividend paid | 6,826 | - | 3 | 2 | - | 6,831 |
| Guarantees given | - | 1,873 | - | - | - | 1,873 |
| Buy-back of shares | 10,278 | - | 7 | 21 | - | 10,306 |
| Cost recovery | - | 2,045 | - | - | - | 2,045 |

*Represents value less than ₹ 0.50 crore.

Balances receivable from related parties are as follows:

(₹ crore)

| | **As at March 31, 2019** | | | | | |
|---|---|---|---|---|---|---|
| | **Tata Sons Private Limited** | **Subsidiaries of the Company** | **Subsidiaries of Tata Sons Private Limited** | **Associates / joint ventures of Tata Sons Private Limited and their subsidiaries** | **Other related parties** | **Total** |
| Trade receivables and unbilled receivables | **6** | **4,332** | **97** | **644** | **-** | **5,079** |
| Loans receivables, other financial assets and other assets | **2** | **6** | **28** | **6** | **-** | **42** |
| **Total** | **8** | **4,338** | **125** | **650** | **-** | **5,121** |

## Notes forming part of the Financial Statements

(₹ crore)

| | As at March 31, 2018 | | | | | |
|---|---|---|---|---|---|---|
| | Tata Sons Private Limited | Subsidiaries of the Company | Subsidiaries of Tata Sons Private Limited | Associates / joint ventures of Tata Sons Private Limited and their subsidiaries | Other related parties | Total |
| Trade receivables and unbilled revenue | 8 | 10,140 | 122 | 637 | - | 10,907 |
| Loans receivables, other financial assets and other assets | 3 | 1 | 27 | 7 | - | 38 |
| **Total** | 11 | 10,141 | 149 | 644 | - | 10,945 |

Balances payable to related parties are as follows:

(₹ crore)

| | **As at March 31, 2019** | | | | | |
|---|---|---|---|---|---|---|
| | **Tata Sons Private Limited** | **Subsidiaries of the Company** | **Subsidiaries of Tata Sons Private Limited** | **Associates / joint ventures of Tata Sons Private Limited and their subsidiaries** | **Other related parties** | **Total** |
| Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities | **91** | **3,195** | **102** | **129** | **-** | **3,517** |
| Commitments | **-** | **4,263** | **14** | **53** | **-** | **4,330** |

(₹ crore)

| | As at March 31, 2018 | | | | | |
|---|---|---|---|---|---|---|
| | Tata Sons Private Limited | Subsidiaries of the Company | Subsidiaries of Tata Sons Private Limited | Associates / joint ventures of Tata Sons Private Limited and their subsidiaries | Other related parties | Total |
| Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities | 90 | 2,006 | 22 | 203 | - | 2,321 |
| Commitments | - | 4,343 | - | - | - | 4,343 |

Transactions with key management personnel are as follows:

(₹ crore)

| | **Year ended March 31, 2019** | Year ended March 31, 2018 |
|---|---|---|
| Short-term benefits | **33** | 27 |
| Dividend paid during the year | **1** | 1 |
| **Total** | **34** | 28 |

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

The above figures do not include provisions for encashable leave, gratuity and premium paid for group health insurance, as separate actuarial valuation / premium paid are not available.

## Notes forming part of the Financial Statements

36) The sitting fees and commission paid to non-executive directors is ₹ 12 crore and ₹ 13 crore as at March 31, 2019 and 2018, respectively.

37) Subsequent event

Dividends paid during the year ended March 31, 2019 include an amount of ₹ 29 per equity share towards final dividend for the year ended March 31, 2018 and an amount of ₹ 12 per equity share towards interim dividends for the year ended March 31, 2019. Dividends paid during the year ended March 31, 2018 include an amount of ₹ 27.50 per equity share towards final dividend for the year ended March 31, 2017 and an amount of ₹ 21 per equity share towards interim dividends for the year ended March 31, 2018.

Dividends declared by the Company are based on the profit available for distribution. Distribution of dividends out of general reserve and retained earnings is subject to applicable dividend distribution tax. On April 12, 2019, the Board of Directors of the Company have proposed a final dividend of ₹ 18 per share in respect of the year ended March 31, 2019 subject to the approval of shareholders at the Annual General Meeting. The proposal is subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately ₹ 8,142 crore, inclusive of corporate dividend tax of ₹ 1,388 crore.

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As per our report of even date attached

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

**Yezdi Nagporewalla**
*Partner*
*Membership No: 049265*

*Mumbai, April 12, 2019*

For and on behalf of the Board

**N Chandrasekaran**
*Chairman*

**V Ramakrishnan**
*CFO*

**O P Bhatt**
*Director*

**Hanne Birgitte Breinbjerg Sorensen**
*Director*

**Rajesh Gopinathan**
*CEO and Managing Director*

**Aman Mehta**
*Director*

**Aarthi Subramanian**
*Director*

**Dr Pradeep Kumar Khosla**
*Director*

**N Ganapathy Subramaniam**
*COO and Executive Director*

**Dr Ron Sommer**
*Director*

**Keki M Mistry**
*Director*

**Daniel Hughes Callahan**
*Director*

**Rajendra Moholkar**
*Company Secretary*

## Statement pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014 in the prescribed Form AOC-1 relating to subsidiary companies

| Sr. No. | Name of the Subsidiary Company | Date of becoming subsidiary | Start date of accounting period of subsidiary | End date of accounting period of subsidiary | Reporting Currency | Exchange Rate | Share Capital | Reserves and Surplus | Total Assets | Total Liabilities | Investments | Turnover | Profit before Tax | Provision for Tax | Profit after Tax | Proposed Dividend | % of shareholding | Country |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | ₹ crore | | | | | | | | | | | |
| 1 | APTOnline Limited | August 9, 2004 | April 1, 2018 | March 31, 2019 | INR | 1.000000 | 2 | 86 | 171 | 83 | 31 | 154 | 35 | 10 | 25 | 13 | 89% | India |
| 2 | MP Online Limited | September 8, 2006 | April 1, 2018 | March 31, 2019 | INR | 1.000000 | 1 | 94 | 126 | 31 | 11 | 77 | 29 | 8 | 21 | 11 | 89% | India |
| 3 | C-Edge Technologies Limited | January 19, 2006 | April 1, 2018 | March 31, 2019 | INR | 1.000000 | 10 | 189 | 279 | 80 | - | 274 | 99 | 35 | 64 | 29 | 51% | India |
| 4 | MahaOnline Limited | September 23, 2010 | April 1, 2018 | March 31, 2019 | INR | 1.000000 | 3 | 63 | 138 | 72 | 25 | 79 | 21 | 6 | 15 | 7 | 74% | India |
| 5 | CMC Americas, Inc. | August 9, 2004 | April 1, 2018 | March 31, 2019 | USD | 69.136300 | 11 | 65 | 110 | 34 | - | 199 | 44 | 14 | 30 | - | 100% | U.S.A. |
| 6 | TCS e-Serve International Limited | December 31, 2008 | April 1, 2018 | March 31, 2019 | INR | 1.000000 | 10 | 138 | 767 | 619 | 46 | 1,197 | (91) | (33) | (58) | - | 100% | India |
| 7 | TCS e-Serve America, Inc. | February 10, 2009 | January 1, 2018 | December 31, 2018 | USD | 69.136300 | 2 | 53 | 85 | 30 | - | 286 | 39 | 9 | 30 | - | 100% | U.S.A. |
| 8 | Diligenta Limited | August 23, 2005 | January 1, 2018 | December 31, 2018 | GBP | 90.077640 | 9 | 930 | 1,803 | 864 | 509 | 3,012 | 273 | 52 | 221 | - | 100% | U.K. |
| 9 | Tata Consultancy Services Canada Inc. | October 1, 2009 | April 1, 2018 | March 31, 2019 | CAD | 51.513524 | 36 | 769 | 1,526 | 721 | - | 5,006 | 542 | 146 | 396 | - | 100% | Canada |
| 10 | Tata America International Corporation | August 9, 2004 | April 1, 2018 | March 31, 2019 | USD | 69.136300 | 1 | 2,336 | 4,017 | 1,680 | 121 | 4,072 | 632 | (1,121) | 1,753 | - | 100% | U.S.A. |
| 11 | Tata Consultancy Services Asia Pacific Pte Ltd. | August 9, 2004 | April 1, 2018 | March 31, 2019 | USD | 69.136300 | 30 | 500 | 1,003 | 473 | 522 | 1,837 | 123 | 14 | 109 | - | 100% | Singapore |
| 12 | Tata Consultancy Services (China) Co., Ltd. | November 16, 2006 | January 1, 2018 | December 31, 2018 | CNY | 10.297794 | 208 | (33) | 252 | 77 | - | 738 | 28 | (4) | 32 | - | 93.2% | China |
| 13 | Tata Consultancy Services Japan, Ltd. | July 1, 2014 | April 1, 2018 | March 31, 2019 | JPY | 0.624030 | 270 | 868 | 2,032 | 894 | - | 4,662 | 279 | 87 | 192 | - | 51% | Japan |
| 14 | Tata Consultancy Services Malaysia Sdn Bhd | August 9, 2004 | April 1, 2018 | March 31, 2019 | MYR | 16.937699 | 3 | 140 | 259 | 116 | - | 497 | 19 | 5 | 14 | - | 100% | Malaysia |
| 15 | PT Tata Consultancy Services Indonesia | October 5, 2006 | April 1, 2018 | March 31, 2019 | IDR | 0.004852 | - | 32 | 53 | 21 | - | 65 | 18 | 5 | 13 | - | 100% | Indonesia |
| 16 | Tata Consultancy Services (Philippines) Inc. | September 19, 2008 | April 1, 2018 | March 31, 2019 | PHP | 1.314953 | (36) | 222 | 300 | 114 | - | 503 | 15 | 1 | 14 | - | 100% | Philippines |
| 17 | Tata Consultancy Services (Thailand) Limited | May 12, 2008 | April 1, 2018 | March 31, 2019 | THB | 2.178207 | 2 | 15 | 23 | 6 | - | 47 | 4 | 1 | 3 | - | 100% | Thailand |
| 18 | Tata Consultancy Services Belgium | August 9, 2004 | April 1, 2018 | March 31, 2019 | EUR | 77.619315 | 1 | 337 | 601 | 263 | - | 1,584 | 223 | 68 | 155 | - | 100% | Belgium |
| 19 | Tata Consultancy Services Deutschland GmbH | August 9, 2004 | April 1, 2018 | March 31, 2019 | EUR | 77.619315 | 1 | 525 | 1,288 | 762 | - | 4,053 | 320 | 101 | 219 | - | 100% | Germany |
| 20 | Tata Consultancy Services Sverige AB | August 9, 2004 | April 1, 2018 | March 31, 2019 | SEK | 7.453566 | - | 460 | 1,102 | 642 | - | 2,861 | 220 | 51 | 169 | - | 100% | Sweden |
| 21 | Tata Consultancy Services Netherlands BV | August 9, 2004 | April 1, 2018 | March 31, 2019 | EUR | 77.619315 | 512 | 2,714 | 4,074 | 848 | 1,489 | 4,371 | 399 | (385) | 784 | - | 100% | Netherlands |
| 22 | TCS Italia s.r.l. | August 9, 2004 | April 1, 2018 | March 31, 2019 | EUR | 77.619315 | 17 | 4 | 161 | 140 | - | 395 | 20 | 8 | 12 | - | 100% | Italy |
| 23 | Tata Consultancy Services Luxembourg S.A. | October 28, 2005 | April 1, 2018 | March 31, 2019 | EUR | 77.619315 | 43 | 38 | 128 | 47 | - | 222 | 40 | 10 | 30 | - | 100% | Capellen (G.D. de Luxembourg) |
| 24 | Tata Consultancy Services Switzerland Ltd. | October 31, 2006 | April 1, 2018 | March 31, 2019 | CHF | 69.462775 | 10 | 272 | 789 | 507 | - | 2,076 | 175 | 35 | 140 | - | 100% | Switzerland |
| 25 | Tata Consultancy Services Osterreich GmbH | March 9, 2012 | April 1, 2018 | March 31, 2019 | EUR | 77.619315 | - | 5 | 12 | 7 | - | 27 | 4 | - | 4 | - | 100% | Austria |
| 26 | Tata Consultancy Services Danmark ApS | March 16, 2012 | April 1, 2018 | March 31, 2019 | DKK | 10.398469 | 1 | 3 | 26 | 22 | - | 49 | 1 | - | 1 | - | 100% | Denmark |
| 27 | Tata Consultancy Services De Espana S.A. | August 9, 2004 | April 1, 2018 | March 31, 2019 | EUR | 77.619315 | - | 25 | 133 | 108 | - | 266 | 2 | (3) | 5 | - | 100% | Spain |
| 28 | Tata Consultancy Services (Portugal) Unipessoal, Limitada | July 4, 2005 | April 1, 2018 | March 31, 2019 | EUR | 77.619315 | - | (3) | 21 | 24 | - | 25 | 5 | - | 5 | - | 100% | Portugal |
| 29 | Tata Consultancy Services France SA | June 28, 2013 | April 1, 2018 | March 31, 2019 | EUR | 77.619315 | 3 | (381) | 901 | 1,279 | - | 1,581 | (36) | 14 | (50) | - | 100% | France |
| 30 | Tata Consultancy Services Saudi Arabia | July 2, 2015 | April 1, 2018 | March 31, 2019 | SAR | 18.433397 | 7 | 168 | 213 | 38 | - | 376 | 88 | 18 | 70 | - | 76% | Saudi Arabia |
| 31 | Tata Consultancy Services (Africa) (PTY) Ltd. | October 23, 2007 | April 1, 2018 | March 31, 2019 | ZAR | 4.750754 | 7 | 44 | 51 | - | 51 | - | 32 | - | 32 | - | 100% | South Africa |
| 32 | Tata Consultancy Services (South Africa) (PTY) Ltd. | October 31, 2007 | April 1, 2018 | March 31, 2019 | ZAR | 4.750754 | 9 | 70 | 333 | 254 | - | 828 | 49 | 14 | 35 | - | 100% | South Africa |
| 33 | TCS FNS Pty Limited | October 17, 2005 | April 1, 2018 | March 31, 2019 | AUD | 49.003809 | 183 | (35) | 164 | 16 | 164 | - | 29 | - | 29 | - | 100% | Australia |
| 34 | TCS Financial Solutions Beijing Co., Ltd. | December 29, 2006 | January 1, 2018 | December 31, 2018 | CNY | 10.297794 | 38 | (22) | 63 | 47 | - | 69 | 6 | - | 6 | - | 100% | China |
| 35 | TCS Financial Solutions Australia Holdings Pty Limited | October 19, 2005 | April 1, 2018 | March 31, 2019 | AUD | 49.003809 | 68 | (20) | 48 | - | 1 | - | 25 | - | 25 | - | 100% | Australia |
| 36 | TCS Financial Solutions Australia Pty Limited | October 19, 2005 | April 1, 2018 | March 31, 2019 | AUD | 49.003809 | - | 133 | 171 | 38 | 35 | 70 | 51 | 13 | 38 | - | 100% | Australia |
| 37 | TCS Iberoamerica SA | August 9, 2004 | April 1, 2018 | March 31, 2019 | USD | 69.136300 | 680 | 763 | 1,492 | 49 | 1,491 | - | 231 | 22 | 209 | - | 100% | Uruguay |
| 38 | TCS Solution Center S.A. | August 9, 2004 | April 1, 2018 | March 31, 2019 | UYU | 2.055181 | 74 | 148 | 355 | 133 | - | 689 | 110 | 28 | 82 | - | 100% | Uruguay |
| 39 | Tata Consultancy Services Argentina S.A. | August 9, 2004 | April 1, 2018 | March 31, 2019 | ARS | 1.584932 | 7 | 11 | 69 | 51 | - | 38 | (16) | - | (16) | - | 100% | Argentina |
| 40 | Tata Consultancy Services Do Brasil Ltda | August 9, 2004 | January 1, 2018 | December 31, 2018 | BRL | 17.721804 | 312 | (154) | 357 | 199 | - | 608 | 21 | (64) | 85 | - | 100% | Brazil |

## Statement pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014 in the prescribed Form AOC-1 relating to subsidiary companies

| Sr. No. | Name of the Subsidiary Company | Date of becoming subsidiary | Start date of accounting period of subsidiary | End date of accounting period of subsidiary | Reporting Currency | Exchange Rate | Share Capital | Reserves and Surplus | Total Assets | Total Liabilities | Investments | Turnover | Profit before Tax | Provision for Tax | Profit after Tax | Proposed Dividend | % of shareholding | Country |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | ₹ crore | | | | | | | | | | | |
| 41 | Tata Consultancy Services De Mexico S.A., De C.V. | August 9, 2004 | January 1, 2018 | December 31, 2018 | MXN | 3.577428 | 1 | 813 | 1,173 | 359 | - | 2,090 | 338 | 136 | 202 | - | 100% | Mexico |
| 42 | Tata Consultancy Services Chile S.A. | August 9, 2004 | January 1, 2018 | December 31, 2018 | CLP | 0.101417 | 172 | 298 | 553 | 83 | 68 | 483 | 37 | (6) | 43 | - | 100% | Chile |
| 43 | TCS Inversiones Chile Limitada | August 9, 2004 | January 1, 2018 | December 31, 2018 | CLP | 0.101417 | 155 | 171 | 347 | 21 | 326 | 31 | 103 | 2 | 101 | - | 100% | Chile |
| 44 | TATASOLUTION CENTER S.A. | December 28, 2006 | January 1, 2018 | December 31, 2018 | USD | 69.136300 | 21 | 49 | 183 | 113 | - | 555 | 52 | 17 | 35 | - | 100% | Ecuador |
| 45 | TCS Uruguay S.A. | January 1, 2010 | April 1, 2018 | March 31, 2019 | UYU | 2.055181 | - | 62 | 108 | 46 | 4 | 227 | 44 | 1 | 43 | - | 100% | Uruguay |
| 46 | MGDC S.C. | January 1, 2010 | January 1, 2018 | December 31, 2018 | MXN | 3.577428 | - | 201 | 348 | 147 | - | 1,279 | 117 | 47 | 70 | - | 100% | Mexico |
| 47 | Technology Outsourcing S.A.C. | October 30, 2015 | January 1, 2018 | December 31, 2018 | PEN | 20.819170 | 11 | - | 22 | 11 | - | 68 | 6 | 2 | 4 | - | 100% | Peru |
| 48 | Tata Consultancy Services Qatar S.S.C. | December 20, 2011 | April 1, 2018 | March 31, 2019 | QAR | 18.894862 | 4 | 39 | 55 | 12 | - | 43 | 11 | 1 | 10 | - | 100% | Qatar |
| 49 | W12 Studios Limited | October 31, 2018 | April 1, 2018 | March 31, 2019 | GBP | 90.077640 | - | 23 | 34 | 11 | - | 10 | 2 | 1 | 1 | - | 100% | U.K. |
| 50 | TCS Foundation | March 25, 2015 | April 1, 2018 | March 31, 2019 | INR | 1.000000 | 1 | 712 | 719 | 6 | 80 | - | 76 | - | 76 | - | 100% | India |

Notes:

1. Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on March 31, 2019.
2. Proposed dividend includes dividend proposed during the year but not paid.
3. CMC eBiz, Inc. was liquidated w.e.f. June 19, 2018.
4. W12 Studios Limited was acquired w.e.f. October 31, 2018.
5. Tata Consultancy Services Argentina S.A. has become a wholly owned subsidiary w.e.f. September 6, 2018.

As per our report of even date attached

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

**Yezdi Nagporewalla**
*Partner*
*Membership No: 049265*

*Mumbai, April 12, 2019*

For and on behalf of the Board

**N Chandrasekaran**
*Chairman*

**V Ramakrishnan**
*CFO*

**O P Bhatt**
*Director*

**Hanne Birgitte Breinbjerg Sorensen**
*Director*

**Rajesh Gopinathan**
*CEO and Managing Director*

**Aman Mehta**
*Director*

**Aarthi Subramanian**
*Director*

**Dr Pradeep Kumar Khosla**
*Director*

**N Ganapathy Subramaniam**
*COO and Executive Director*

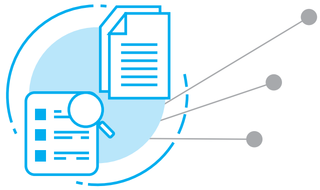
**Dr Ron Sommer**
*Director*

**Keki M Mistry**
*Director*

**Daniel Hughes Callahan**
*Director*

**Rajendra Moholkar**
*Company Secretary*

# Glossary



| | |
|---|---|
| ADM | See Application Development and Maintenance |
| Agile | Traditional methods of software development, which work in phases and are milestone focused, make it hard to keep up with today's time-to-market demands. Agile represents a collaborative approach for IT and business teams to develop software incrementally and faster. TCS is pioneering the Location Independent Agile delivery model, that allows for deployment at scale, and helps customers whose own organizations are globally distributed to execute large transformational programs quickly while ensuring stability and quality. |
| Agile Workspaces | Agile workspaces are key enablers of TCS' Location Independent Agile model, and represent the next generation work environments that facilitate greater collaboration amongst teams. It is characterized by partition-less open offices, informal seating, interactive surfaces for information capture, and modern collaboration devices for increased productivity. |
| AI | See Artificial Intelligence |
| Amortization | Amortization is an accounting concept similar to depreciation, but used to measure the consumption of intangible assets. |
| Analytics | In the enterprise context, this is the discovery, interpretation, and communication of meaningful patterns in business data to predict and improve business performance. |
| APAC | Acronym for Asia Pacific |
| API | See Application Programming Interface |
| APIfication | The process of exposing a discrete business function or data within an enterprise's systems through APIs. |
| Application Development and Maintenance | Design, development, and deployment of custom software; ongoing support, upkeep, and enhancement of such software over its lifetime. |
| Application Programming Interface | APIs are a set of easily accessible protocols for communication among various software components. |
| AR | See Augmented Reality |
| Artificial Intelligence | AI is technology that appears to emulate human performance typically by learning, coming to its own conclusions, appearing to understand complex content, engaging in natural dialogs with people, augmenting human effort or replacing people on execution of non-routine tasks. Also known as Cognitive Computing. |
| Attrition | Attrition measures what portion of the workforce left the organization (voluntarily and involuntarily) over the last 12 months (LTM).<br>Attrition (LTM) = Total number of departures in the LTM / closing headcount |
| Assets Under Custody | Assets Under Custody is a measure of the total assets for which a financial institution, typically a custodian bank, provides custodian services. |
| AUC | See Assets Under Custody |
| Augmented Reality | Augmented Reality is a technology that superimposes a computer-generated image on a user's view of the real world to enrich the interaction. |
| Automation | Automation is the execution of work by machines in accordance with rules that have either been explicitly coded by a human or 'learned' by the machine through pattern recognition of data. Popular types include Robotic Process Automation and Cognitive Automation. |
| Basis Point | A basis point is one hundredth of a percentage point, that is, 0.01 percent. |

| | |
|---|---|
| BFSI | Acronym for Banking, Financial Services and Insurance |
| Big Data | Big Data is high volume, high velocity, and/or high variety information assets that require new forms of processing to enable enhanced decision making, insight discovery, and process optimization. |
| Blockchain | Blockchain is a distributed database that maintains a continuously growing list of records, called blocks, secured from tampering and revision. |
| Bp | See Basis Point |
| BPaaS | See Business Process as a Service |
| BPS | See Business Process Services |
| Business 4.0 | Business 4.0 is TCS' thought leadership framework that helps enterprises leverage technology to further their growth and transformation agenda. Successful enterprises in the Business 4.0 epoch are ones which use technology to deliver mass personalization, leverage ecosystems, embrace risk and create exponential value. Such enterprises are agile, intelligent, automated and on the cloud. |
| Business Process as a Service | BPaaS refers to the delivery of BPS over a cloud computing model. Whereas traditional BPS relies on labor arbitrage to reduce costs, BPaaS aggregates demand using the cloud, servicing multiple customers with a single instance, multi-tenant platform and shared services, thereby delivering significant operating efficiencies. The pricing model is usually outcome based. |
| Business Process Services | Designing, enabling, and executing business operations including data management, analytics, interactions and experience management. |
| Buyback | Buyback is a corporate action in which a company returns excess cash to shareholders by buying back its shares from them and subsequently extinguishing those shares. The number of shares outstanding in the market correspondingly reduces. |
| CAGR | See Compounded Annual Growth Rate |
| CBO | See Cognitive Business Operations |
| CC | See Constant Currency |
| Chatbots | Chatbots are computer programs designed to simulate conversation with human users, especially over the internet. They are typically used in dialog systems for various practical purposes like customer service or information acquisition. |
| Cloud | See Cloud Computing |
| Cloud Computing | Cloud computing is the delivery of easily provisionable computing resources – servers, storage, databases, networking, software, analytics and more – over the Internet, consumed on a pay-as-you-go basis. |
| CMT | Acronym for Communication, Media and Technology |
| Cognitive Automation | Cognitive Automation is the use of AI and Machine Learning to automate relatively more complex tasks that require reasoning capability and contextual awareness. TCS' ignio™ is one of the leading cognitive automation software products in the market today. |
| Cognitive Business Operations | CBO refers to an integrated offering where TCS takes responsibility for the outcome of an entire slice of the customers' operations, and uses cognitive automation to transform the key elements of that operational stack. |
| Cognitive Computing | See Artificial Intelligence |
| COIN | See Co-Innovation Network |
| Co-Innovation Network | TCS uses COIN to harness the innovation taking place within the start-up ecosystem, including venture capitalists and academia globally, and incorporate it into business solutions for customers. |
| Compounded Annual Growth Rate | CAGR is the annual growth rate between any two points in time, assuming that it has been compounding during that period. |
| Constant Currency | Constant Currency is the basis for restating the current period's revenue growth after eliminating the impact of movements in exchange rates during the period. |

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| Contract Assets | Contract assets are recognized when there is excess of revenue earned over billings on contracts. |
| Core Banking System | Core banking system is a back-end system that processes daily banking transactions and posts updates to accounts and other financial records. Core banking systems typically include deposit, loan and credit processing capabilities, with interfaces to general ledger systems and reporting tools. |
| Cyber Security | Cyber Security is the body of technologies, processes and practices designed to protect networks, computers, programs and data from attack, damage or unauthorized access. In a computing context, security includes both cyber security and physical security. |
| Days' Sales Outstanding (DSO) | Days' Sales Outstanding is a popular way of depicting the Trade Receivable relative to the Company's Revenue.<br>DSO = Trade Receivable * 365 / Revenue |
| Depreciation | Depreciation is a method of allocating the cost of a tangible long-term asset over its useful life. It is a non-cash accounting entry found in the statement of profit and loss. |
| DevOps | DevOps represents a new way of working to rapidly deploy new releases of a software in production using high levels of automation and tooling. TCS recommends adoption of DevOps, along with Agile for speed to market. |
| Digital | Digital is used to represent new age technologies such as Social Media, Mobility, Analytics, Big Data, Cloud, Artificial Intelligence and Internet of Things. Increasingly, with these technologies becoming mainstream, this word is becoming redundant. |
| Discretionary Spend | Discretionary spend, also known as Change the Business (CTB) spend, is that portion of the IT budget which is used to fund projects that are not, strictly speaking, essential for day to day operations, but are more transformational in nature. In uncertain economic times, when businesses are forced to cut spends in response to decline in income, discretionary spend is often the first to be scrutinized. What is considered discretionary is subjective and may differ considerably amongst businesses. |
| Dividend | Dividend is one form of distribution of profits earned by the Company and is usually declared as an amount per equity share held by the Shareholders. TCS has a policy of declaring quarterly interim dividends and the final dividend is approved by the shareholders in the Annual General Meeting. |
| Earnings per Share | EPS for any period is the amount of that period's Net Income attributable to a single share after deducting any preference dividend and related taxes.<br>EPS = [Net profit attributable to shareholders of the Company – Preference dividend, if any] / Weighted average number of equity shares outstanding during the period |
| Effective Tax Rate | ETR is the proportion of the Profit Before Tax that is provided towards income taxes.<br>ETR = Tax expense / Profit Before Tax |
| Engineering and Industrial Services | Engineering and Industrial Services consists of next generation product engineering, manufacturing operations transformation, services transformation, embedded software and Internet of Things. |
| Enterprise Agile | Enterprise Agile is the adoption of Agile methods across all the business functions of the enterprise, designed to empower employees, foster collaboration and drive a culture of continuous innovation at scale. |
| EPS | See Earnings Per Share |
| ETR | See Effective Tax rate |
| Fair Value | 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. |
| Fixed Price | This is a form of services contract where the vendor takes a turnkey responsibility for delivering a solution for a certain price and within a mutually agreed timeframe. The customer is billed on completion of key project milestones and related deliverables. This arrangement gives the vendor considerable flexibility in the staffing and execution of the project. On the other hand, it also means bearing the project risk. |

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| Forward Contract | A Forward Contract is a hedging instrument wherein two parties agree to buy or sell a particular currency at a pre-determined rate (OR Forward Currency rate) on a specific future date.<br>For e.g. TCS enters into a forward contract to sell USD 1 million after 3 months @ ₹72. Irrespective of the prevailing USDINR spot rate, TCS will be obliged to sell USD 1 million @ ₹72 at the end of 3 months. |
| Fixed Price Contracts | This is a form of services contract where the vendor takes a turnkey responsibility for delivering a solution for a certain price and within a mutually agreed timeframe. The customer is billed on completion of key project milestones and related deliverables. This arrangement gives the vendor considerable flexibility in the staffing and execution of the project. On the other hand, it also means bearing the project risk. |
| Framework | A software framework is a kind of intellectual property, consisting of software which provides generic functionality for a certain business use case, and which is customized for a specific customer's needs with additional code. Use of such pre-built code reduces time to market and results in more stable, reliable solutions. |
| Gamification | Gamification is the process of adding games or game-like elements to any activity in order to enrich experiences and encourage user participation. |
| Hybrid Cloud | A hybrid cloud is an enterprise IT infrastructure model that combines private clouds, public clouds and on premise data centers, to meet the compute and storage needs of the business. |
| Inorganic Growth | Inorganic growth arises from growth in revenue due to mergers, acquisitions or takeovers rather than an increase in the Company's own business activity. |
| Internet of Things | IoT is a network of interconnected machines or devices which are embedded with sensors, software, network connectivity, and necessary electronics to generate and share run-time data that can be studied and used to monitor or control remotely, predict failure, and optimize the design of those machines / devices. |
| Invested Funds | Invested funds are funds that are highly liquid in nature, and can be readily converted into cash.<br>Invested funds = Cash and bank balances + Investments + Deposits with banks + Inter-corporate deposits |
| IoT | See Internet of Things |
| KMP | See Key Managerial Personnel |
| Key Managerial Personnel | KMP at TCS refers to the Chief Executive Officer and Managing Director, Chief Operating Officer, Chief Financial Officer, and the Company Secretary. Please refer to the Company's policy on KMP: http://www.tcs.com/ir-corporate-governance |
| LatAm | Acronym for Latin America |
| Location Independent Agile | Location Independent Agile is a method to orchestrate globally distributed stakeholders and talent into Agile teams for improved speed to market in large transformational programs. It comprises processes, structure, and the technology that allows enterprises to overcome location constraints and embrace Agile methods on a global scale. |
| Machine First Delivery Model | TCS' Machine First Delivery Model is a way of integrating analytics, AI and Automation deep within the enterprise to redefine how humans and machines work together and to effectively deliver superior outcomes. |
| Machine Learning | Machine learning is a type of artificial intelligence that provides computers with the ability to learn behaviors without being explicitly programmed. |
| Market Capitalization | Total market value of a Company's total outstanding equity shares at a point in time.<br>Market Cap = Last Trading Price * Total number of outstanding shares |
| MEA | Acronym for Middle East and Africa |
| MFDM | Acronym for Machine First Delivery Model |

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| Minimum Viable Product | A Minimum Viable Product is the smallest slice of a new product which can be released to the users at the earliest, followed by subsequent iterative cycles that add incremental functionality. MVPs can be used by teams to learn about user behavior and validate the product value with minimum investment. |
| Mobility | Mobility means information, convenience, and social media all combined together, and made available across a variety of screen sizes and devices. |
| Non-Controlling Interest | Non-controlling interest is the share of the net worth attributable to non-controlling shareholders of the subsidiaries. |
| Non-discretionary Spend | Non-discretionary spend, also known as Run the Business (RTB) spend, is that portion of the IT budget that covers the basic IT activities required to keep a business running<br>Even in tough economic times, non-discretionary spend remains relatively unaffected. |
| Organic Growth | Organic growth is the revenue growth a company can achieve by increasing its existing business activity. This does not include growth attributable to takeovers, acquisitions or mergers. |
| PaaS | See Platform as a Service |
| Personalization | Segmentation and responding to individual transactions, customized for a single customer in a single instance. |
| Platform as a Service | PaaS, is a category of cloud computing that provides a platform and environment to allow developers to build applications and services over the internet. PaaS services are hosted in the cloud and accessed by users simply via their web browser. |
| Pricing | This is the price charged to the customer for billable effort or turnkey project or a certain process outcome, depending on the nature of the contract. Some use this term interchangeably (and somewhat inaccurately) with the average revenue realized by the Company per utilized effort. See Realization. |
| Private Cloud | Private cloud refers to a model of cloud computing where IT infrastructure in terms of compute and storage resources are provisioned for the dedicated use of a single organization. |
| Public Cloud | Public cloud refers to a computing service model used for the provisioning of storage and computational services to the general public over the internet. Public cloud facilitates access to IT resources on a “pay as you go” billing model. |
| Quality Engineering and Transformation | Quality Engineering and Transformation services encompass business requirements validation, static and functional testing, non-functional testing including performance engineering, user experience, security and test automation. With greater adoption of Agile and DevOps, continuous testing and in-sprint test automation have gained traction. |
| Realization | This is the revenue received by the Company per utilized effort. Pricing varies by service and by market. Consequently, there can be changes in realization compared to a prior period, due to changes in the underlying business or geographic mix during the period. This does not necessarily mean that like-to-like pricing has changed. Also, realization doesn’t take into account the costs and therefore, higher realization is not necessarily better or more profitable. |
| Related Party Transactions | Any transaction between a company and its related party involving transfer of services, resources or any obligation, regardless of whether a price is charged.<br>Please refer the Company’s policy on Related Party Transactions: http://www.tcs.com/ir-corporate-governance. |
| Revenue | Revenue is the income earned by the Company from operations by providing IT & consulting services, software licenses, and hardware equipment to customers |
| Robotic Process Automation | RPA is the use of software to automate high-volume, repeatable tasks that previously required humans to perform. RPA is best suited for relatively simple and stable processes. Dynamic changes in the environment require ongoing upkeep of the robots, diluting the economic benefit of the automation. Increasingly, customers are preferring cognitive automation over RPA. |
| RPA | See Robotic Process Automation |

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| SEZ | See Special Economic Zone |
| Shareholder Payout Ratio | Shareholder Payout Ratio is the proportion of earnings paid to shareholders as a percentage of the Company's earnings, i.e. Net Income attributable to Shareholders of the Company. Payout can be in the form of dividend (including dividend distribution tax) and share buyback. |
| Simplification | Simplification is the term used to describe the rationalization of IT architectures through consolidation of systems and elimination of redundant systems and layers. The primary purpose is to shrink the IT footprint and make operations leaner and more efficient. |
| Special Economic Zone | SEZ in India are designated areas in which business and trade laws are different from the rest of the country, with various benefits and tax breaks to promote exports, attract investments, and create local jobs. |
| STEM | STEM is an acronym for education in the fields of science, technology, engineering and math. |
| T&M | See Time and Materials Contract |
| TCV | See Total Contract Value |
| Time and Materials Contract | This is a form of services contract where the customer is billed for the effort (in hours, days, weeks, etc.) logged by the project team members. Project risk is borne by the customer. This is in contrast to Fixed Price Contracts. |
| Total Contract Value | TCV is an aggregation of the value of all the contracts signed during a period, and is a useful indicator of demand. |
| Trade Receivable | This is the sum of all the invoices outstanding at the end of the period. To get a complete picture of the total outstanding, one can also add the Unbilled Receivables and subtract the Unearned and Deferred Revenues. Trade Receivable is normally viewed in proportion to the size of the organization's revenue and so it is expressed as Days' Sales Outstanding or DSO. |
| Turnkey Contracts | See Fixed Price Contracts |
| Unbilled Receivable | Unbilled Receivable is excess of revenue earned over billings on contracts for which the Company has an unconditional right to receive cash, and only passage of time is required for invoicing the customer, as per contractual terms. |
| Unearned and Deferred Revenue | Unearned and Deferred Revenue is invoice raised in line with agreed milestones for services yet to be delivered. In other words, it is the amount that has been invoiced although the underlying effort is yet to be expended. |
| VR | See Virtual Reality |
| Virtual Reality | VR is an artificial, computer-generated simulation or recreation of a real life environment or situation. It engages users by offering simulated reality experiences firsthand, primarily by stimulating their vision and hearing. |
| Virtualization | Virtualization is the abstraction of IT resources – like a server, client, storage or network – that masks the physical nature and boundaries of those resources from the users of those resources. |
| Volume | Volume in any period is the total quantum of services and products sold during that period. |
| Y-o-Y | Acronym for Year-on-Year |

Disclaimer: This glossary is intended to help understand commonly used terms and phrases in this Report. The explanations are not intended to be technical definitions. If explanations provided here are found to be different from what is described in the Company's periodic financial statements (not limited to Notes to Accounts), then the definition provided in the certified financial statements will prevail.

# Notes

Dear Shareholder,

In order to provide better service to you, **we request you to submit the form given below to:**

- **Depository Participant** with whom you have your **demat** account.

  or

- Registrar and Transfer Agents, **TSR Darashaw Limited**, in case the shares are held in **physical** form.

**To,**

________________________________

________________________________

________________________________

________________________________

## Updation of Shareholder Information

I / We request you to record the following information against my /our Folio No. /DP ID /Client ID :

**General Information:**

| | |
|---|---|
| Folio No. /DP ID/Client ID : | |
| Name of the first named Shareholder: | |
| PAN: * | |
| CIN / Registration No.: * (applicable to Corporate Shareholders) | |
| Tel No. with STD Code: | |
| Mobile No.: | |
| Address: | |
| Email Id: | |

*Self attested copy of the document(s) enclosed

**Bank Details:**

| | |
|---|---|
| IFSC: (11 digit) | |
| MICR: (9 digit) | |
| Bank A/c Type: | |
| Bank A/c No.: * | |
| Name of the Bank: | |
| Bank Branch Address: | |

* Original cancelled cheque is enclosed to enable verification of bank details

I /We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I /we would not hold the Company /RTA responsible. I/ We undertake to inform any subsequent changes in the above particulars as and when the changes take place. I /We understand that the above details shall be maintained till I /we hold the securities under the above mentioned Folio No. /beneficiary account.

Place :

Date :

________________________

Signature of Sole /First holder

# #1
Fastest Growing Brand of the Decade in IT services*

- Brand Finance 2019 IT Services' Rankings

TCS is a strategic partner of the World Economic Forum(WEF) and hosts an exclusive Global Reception during the annual meeting at Davos, that brings together the foremost leaders from business, government, academia, media and civil society. Additionally, TCS and WEF have partnered on the *Closing the Skills Gap* initiative, and secured commitments to reskill 17.2 million people towards the fourth industrial revolution.

TCS is the official partner to 12 marathons and running events across the world, in major cities like New York, London, Singapore, Amsterdam, Mumbai and Canberra. A community of 3,300 of TCS' clients and 10,400 of its employees participated in these races in 2018.

TCS Summits in North America, Europe and Asia Pacific are invite-only events that bring together top executives from leading global corporations, and experts from different fields to discuss the profound business, geo-political, technology and leadership trends that are shaping our world.

TCS' Innovation Forums, organized in London, New York, Sao Paulo and Tokyo, provide opportunities for business leaders, technology leaders, academicians and industry experts to come together to exchange ideas, learn about the latest in the enterprise technology landscape, share industry best practices and network with other attendees.

## Awards & Recognition

top EMPLOYER GLOBAL 2019 — CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

2019 Brand Finance Awards — FASTEST GROWING IT SERVICES BRAND OF THE DECADE

#1 IN CUSTOMER SATISFACTION 2018/19 EUROPE — Whitelane Research

Business Superbrands — BRITAIN'S CHOICE 2019

**TCS Safe Harbor Clause**

Certain statements in this release concerning our future prospects are forward-looking statements. Forward-looking statements by their nature involve a number of risks and uncertainties that could cause actual results to differ materially from market expectations. These risks and uncertainties include, but are not limited to, our ability to manage growth, intense competition among global IT services companies, various factors which may affect our profitability, such as wage increases or an appreciating Rupee, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on cross-border movement of skilled personnel, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which TCS has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry. TCS may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements.

TATA CONSULTANCY SERVICES

tcs 50

IT Services
Business Solutions
Consulting

Tata Consultancy Services Limited
9th Floor Nirmal Building Nariman Point Mumbai 400 021
www.tcs.com

## TATA CONSULTANCY SERVICES LIMITED

Corporate Identity Number (CIN): L22210MH1995PLC084781
Registered Office: 9th Floor, Nirmal Building, Nariman Point, Mumbai 400 021
Phone: 91 22 6778 9595 E-mail: investor.relations@tcs.com Website: www.tcs.com

### ATTENDANCE SLIP

(To be presented at the entrance)

I/We hereby record my/our presence at the twenty-fourth Annual General Meeting of the Company to be held on Thursday, June 13, 2019 at 3.30 p.m. at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020.

Folio No./DP ID No./Client ID No. ____________________

Name of the Member____________________ Signature ____________________

Name of the Proxyholder____________________ Signature ____________________

1. Only Member/Proxyholder can attend the Meeting.
2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.

## TATA CONSULTANCY SERVICES LIMITED

Corporate Identity Number (CIN): L22210MH1995PLC084781
Registered Office: 9th Floor, Nirmal Building, Nariman Point, Mumbai 400 021
Phone: 91 22 6778 9595 E-mail: investor.relations@tcs.com Website: www.tcs.com

### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) : ..............................

Registered address : ..............................

E-mail Id : .............................. Folio No./DP ID No. /Client ID No. ..............................

I/We, being the member(s) of Tata Consultancy Services Limited, holding .................................. shares, hereby appoint

1. Name: .............................. E-mail Id: ..............................
   Address: ..............................
   .............................. Signature: ..............................
   or failing him/her
2. Name: .............................. E-mail Id: ..............................
   Address: ..............................
   .............................. Signature: ..............................
   or failing him/her
3. Name: .............................. E-mail Id: ..............................
   Address: ..............................
   .............................. Signature: ..............................

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the twenty-fourth Annual General Meeting of the Company to be held on Thursday, June 13, 2019 at 3.30 p.m. at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020 and at any adjournment thereof in respect of such Resolutions as are indicated below:

| Resolution No. | Resolution | For | Against |
|---|---|---|---|
| 1. | To receive, consider and adopt:<br>a. the Audited Financial Statements of the Company for the financial year ended March 31, 2019, together with the Reports of the Board of Directors and the Auditors thereon; and<br>b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019, together with the Report of the Auditors thereon. | | |
| 2. | To confirm the payment of Interim Dividends on Equity Shares and to declare a Final Dividend on Equity Shares for the financial year 2018 -19. | | |
| 3. | To appoint a Director in place of N Ganapathy Subramaniam, who retires by rotation and, being eligible, offers himself for re-appointment. | | |
| 4. | Appointment of Hanne Birgitte Breinbjerg Sorensen as an Independent Director | | |
| 5. | Appointment of Keki Minoo Mistry as an Independent Director | | |
| 6. | Appointment of Daniel Hughes Callahan as an Independent Director | | |
| 7. | Re-appointment of Om Prakash Bhatt as an Independent Director | | |
| 8. | Payment of Commission to Non Whole-time Directors of the Company | | |

Signed this ............ day of ......................... 2019

Affix Revenue Stamp

Signature of Shareholder.............................. Signature of Proxyholder(s)..............................

**NOTES:**

1. **This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company at 9th Floor, Nirmal Building, Nariman Point, Mumbai 400 021, not less than 48 hours before commencement of the Meeting.**
2. Those Members who have multiple folios with different joint holders may use copies of this Attendance Slip/Proxy Form.