Notes forming part of the Financial Statements

1) Corporate information

Tata Consultancy Services Limited (referred to as "TCS Limited" or "the Company") provides consulting-led integrated portfolio of information technology (IT) and IT-enabled services delivered through a network of delivery centers around the globe. The Company's full services portfolio consists of IT and Assurance Services, Business Intelligence and Performance Management, Business Process Services, Consulting, Digital Enterprise Services, Eco-sustainability Services, Engineering and Industrial Services, Enterprise Security and Risk Management, Enterprise Solutions, iON-Small and Medium Businesses, IT Infrastructure Services, IT Services and Platform Solutions.

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, 2018, Tata Sons Limited, the holding company owned 71.89% of the Company's equity share capital.

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on April 19, 2018.

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 on historical cost basis, except for certain financial instruments which are measured at fair value 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.

(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 judgements that affect the reported balances of assets and liabilities, disclosures relating to 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, is in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities and fair value measurement of financial instruments have been discussed below. Key source of estimation of uncertainty in respect of revenue recognition and employee benefits have been discussed in their respective policies.

Impairment of investments

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.

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).

Notes forming part of the Financial Statements

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 not recognised in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

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

TCS Limited earns revenue primarily from providing information technology, business solutions and consultancy services through development and maintenance of IT applications and infrastructure, implementation of enterprise solutions, business process services, assurance services, engineering and industrial services using its own products, framework of solutions and third party products.

The Company recognises revenue as follows:

Contracts are unbundled into separately identifiable components and the consideration is allocated to those identifiable components on the basis of their relative fair values. Revenue is recognised for respective components either at the point in time or over time, as applicable.

Revenue from contracts priced on a time and material basis is recognised as services are rendered and as related costs are incurred.

Revenue from software development contracts, which are generally time bound fixed price contracts, is recognised over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses on such contracts are recognised when probable. Revenue in excess of billings is recognised as unbilled revenue in the balance sheet; to the extent billings are in excess of revenue recognised, the excess is reported as unearned and deferred revenue in the balance sheet.

Revenue from Business Process Services contracts priced on the basis of time and material or unit of delivery is recognised as services are rendered or the related obligation is performed.

Revenue from the sale of internally developed and manufactured systems and third party products which do not require significant modification is recognised upon delivery, which is when the absolute right to use passes to the customer and the Company does not have any material remaining service obligations.

Revenue from maintenance contracts is recognised on a pro-rata basis over the period of the contract.

Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured.

Revenue is reported net of discounts and indirect taxes.

(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.

Notes forming part of the Financial Statements

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 licenses, depreciation and amortisation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating 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

The functional currency of the Company is Indian rupee (₹).

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated 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.

Notes forming part of the Financial Statements

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, which is likely to give future economic benefits in the form of availability of set off against future 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.

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.

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 recognised by the Company are recognised at the proceeds received net off 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.

Notes forming part of the Financial Statements

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. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the statement of profit and loss.

(k) Investment in subsidiaries

Investment in subsidiaries are measured at cost less impairment.

(l) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment 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	**Method**	**Useful lives**
Buildings	Straight line	20 years
Leasehold improvements	Straight line	Lease term
Plant and equipment	Straight line	10 years
Computer equipment	Straight line	4 years
Vehicles	Straight line	4 years
Office equipment	Straight line	5 years
Electrical installations	Straight line	10 years
Furniture and fixtures	Straight line	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.

(m) 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.

Notes forming part of the Financial Statements

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

(n) 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 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.

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.

(o) 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. Actuarial gains and losses are recognised in full in the other comprehensive income for 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) 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.

Notes forming part of the Financial Statements

(p) Inventories

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

(q) 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, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115	Revenue from Contracts with Customers
Ind AS 21	The Effect of Changes in Foreign Exchange Rates

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 – Revenue, Ind AS 11 – Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has completed its evaluation of the possible impact of Ind AS 115 and will adopt the standard with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Under this transition method, cumulative effect of initially applying Ind AS 115 is recognised as an adjustment to the opening balance of retained earnings of the annual reporting period. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. TCS Limited is evaluating the impact of this amendment on its financial statements.

Notes forming part of the Financial Statements

4) Property, plant and equipment

Property, plant and equipment consist of the following:

(₹ crores)

	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)**
Disposals	**-**	**4**	**21**	**1**	**108**	**1**	**44**	**11**	**19**	**209**
Depreciation for the year	**-**	**(352)**	**(129)**	**(44)**	**(629)**	**(5)**	**(215)**	**(143)**	**(123)**	**(1,640)**
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**

(₹ crores)

	Freehold land	Buildings	Leasehold improvements	Plant and equipment	Computer equipment	Vehicles	Office equipment	Electrical installations	Furniture and fixtures	Total
Cost as at April 1, 2016	327	6,044	1,288	320	4,649	31	1,840	1,501	1,122	17,122
Additions	-	596	133	72	607	2	119	106	104	1,739
Disposals	-	(3)	(9)	-	(126)	(2)	(16)	(6)	(18)	(180)
Cost as at March 31, 2017	327	6,637	1,412	392	5,130	31	1,943	1,601	1,208	18,681
Accumulated depreciation as at April 1, 2016	-	(1,119)	(753)	(38)	(3,509)	(19)	(1,191)	(643)	(794)	(8,066)
Disposals	-	3	9	-	115	2	15	5	18	167
Depreciation for the year	-	(328)	(118)	(35)	(611)	(5)	(225)	(140)	(106)	(1,568)
Accumulated depreciation as at March 31, 2017	-	(1,444)	(862)	(73)	(4,005)	(22)	(1,401)	(778)	(882)	(9,467)
Net carrying amount as at March 31, 2017	327	5,193	550	319	1,125	9	542	823	326	9,214

Net book value of Computer equipment of ₹ Nil (March 31, 2017: ₹ 1 crore) and Leasehold improvements of ₹ 30 crores (March 31, 2017: ₹ 36 crores) are under finance lease.

Notes forming part of the Financial Statements

5) Intangible assets

Intangible assets consist of the following:

(₹ crores)

	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)**
Disposals / derecognised	**-**
Amortisation for the year	**(7)**
Accumulated amortisation as at March 31, 2018	**(58)**
Net carrying amount as at March 31, 2018	**10**

(₹ crores)

	Rights under licensing agreement and software licences
Cost as at April 1, 2016	129
Additions	-
Disposals / derecognised	(61)
Cost as at March 31, 2017	68
Accumulated amortisation as at April 1, 2016	(105)
Disposals / derecognised	61
Amortisation for the year	(7)
Accumulated amortisation as at March 31, 2017	(51)
Net carrying amount as at March 31, 2017	17

The estimated amortisation for each of the two fiscal years subsequent to March 31, 2018 is as follows:

(₹ crores)

Year ending March 31,	**Amortisation expense**
2019	**7**
2020	**3**
	10

Notes forming part of the Financial Statements

6) Investments

Investments consist of the following:

(A) Investments - Non-current

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
(a) Investment in subsidiaries		
Fully paid equity shares (unquoted)	**2,124**	2,124
(b) Investments carried at fair value through profit or loss		
Mutual fund units (unquoted)	**59**	55
(c) Investments designated at fair value through OCI		
Fully paid equity shares (unquoted)	**3**	22
	2,186	2,201

(B) Investments - Current

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
(a) Investments carried at fair value through profit or loss		
Mutual fund units (unquoted)	**9,101**	18,730
(b) Investments carried at fair value through OCI		
Government securities (quoted)	**23,218**	21,999
Corporate bonds (quoted)	**2,754**	-
	35,073	40,729

The market value of quoted investments is equal to the carrying value.

Notes forming part of the Financial Statements

(₹ crores)

In Numbers	Currency	Face value per share	Investment in subsidiaries	As at March 31, 2018	As at March 31, 2017
			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
18,89,000	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
10,00,000	INR	10	TCS Foundation	**-**	-
				2,124	2,124

In Numbers	Currency	Face value per share	Investments designated at fair value through OCI	As at March 31, 2018	As at March 31, 2017
			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**	3
			Less : Impairment of investments	**(19)**	-
				3	22

*Represents value less than ₹ 0.50 crore.

Notes forming part of the Financial Statements

7) Loans

Loans (unsecured) consist of the following:

(A) Loans - Non-current

(₹ crores)

		As at March 31, 2018	As at March 31, 2017
	Considered good		
(a)	Loans and advances to employees	**3**	6
(b)	Inter-corporate deposits	**1,500**	-
		1,503	6

(B) Loans - Current

(₹ crores)

		As at March 31, 2018	As at March 31, 2017
	Considered good		
(a)	Loans and advances to employees	**293**	279
(b)	Inter-corporate deposits	**2,500**	2,425
	Considered doubtful		
(a)	Loans and advances to employees	**61**	56
	Less: Allowance for loans and advances to employees	**(61)**	(56)
		2,793	2,704

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

(₹ crores)

		As at March 31, 2018	As at March 31, 2017
(a)	Security deposits	**504**	638
		504	638

(B) Other financial assets - Current

(₹ crores)

		As at March 31, 2018	As at March 31, 2017
(a)	Interest receivable	**520**	697
(b)	Fair value of foreign exchange derivative assets	**89**	572
(c)	Security deposits	**181**	119
(d)	Others	**17**	30
		807	1,418

Notes forming part of the Financial Statements

9) Income taxes

The income tax expense consists of the following:

(₹ crores)

	Year ended March 31, 2018	Year ended March 31, 2017
Current tax		
Current tax expense for current year	**6,966**	6,762
Current tax benefit pertaining to prior years	**(88)**	(119)
	6,878	6,643
Deferred tax benefit	**(217)**	(230)
Deferred tax expense pertaining to prior years	**29**	-
Total income tax expense recognised in the current year	**6,690**	6,413

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:

	Year ended March 31, 2018	Year ended March 31, 2017
Profit before income taxes	**31,930**	30,066
Indian statutory income tax rate	**34.61%**	34.61%
Expected income tax expense	**11,050**	10,406
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Tax holidays	**(4,247)**	(4,134)
Income exempt from tax	**(36)**	(27)
Undistributed earnings in branches	**113**	(60)
Tax on income at different rates	**(236)**	166
Tax pertaining to prior years	**(242)**	(218)
Others (net)	**288**	280
Total income tax expense	**6,690**	6,413

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 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, 2018 are as follows:

(₹ crores)

	Opening balance	Recognised / reversed through profit or 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, loans and advances	205	33	-	238
MAT credit entitlement	2,062	142	-	2,204
Branch profit tax	(286)	(114)	-	(400)
Unrealised gain / (loss) on securities carried at fair value through profit or loss / OCI	(285)	1	284	-
Others	237	(40)	-	197
Total	2,133	188	306	2,627

Gross deferred tax assets and liabilities are as follows:

(₹ crores)

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, loans and advances	238	-	238
MAT credit entitlement	2,204	-	2,204
Branch profit tax	-	(400)	(400)
Unrealised gain / (loss) on securities carried at fair value through profit or loss / OCI	-	-	-
Others	197	-	197
Total	3,051	(424)	2,627

Notes forming part of the Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2017 are as follows:

(₹ crores)

	Opening balance	Recognised / reversed through profit or loss	Recognised in / reclassified from other comprehensive income	Closing balance
Deferred tax assets / (liabilities) in relation to:				
Property, plant and equipment and Intangible assets	(22)	(62)	-	(84)
Provision for employee benefits	238	58	-	296
Cash flow hedges	(7)	-	(5)	(12)
Receivables, loans and advances	183	22	-	205
MAT credit entitlement	1,960	102	-	2,062
Branch profit tax	(346)	60	-	(286)
Unrealised gain / (loss) on securities carried at fair value through profit or loss / OCI	(27)	(2)	(256)	(285)
Others	185	52	-	237
Total	2,164	230	(261)	2,133

Gross deferred tax assets and liabilities are as follows:

(₹ crores)

As at March 31, 2017	Assets	Liabilities	Net
Deferred tax assets / (liabilities) in relation to:			
Property, plant and equipment and Intangible assets	(56)	(28)	(84)
Provision for employee benefits	296	-	296
Cash flow hedges	(12)	-	(12)
Receivables, loans and advances	205	-	205
MAT credit entitlement	2,062	-	2,062
Branch profit tax	-	(286)	(286)
Unrealised gain / (loss) on securities carried at fair value through profit or loss / OCI	(285)	-	(285)
Others	237	-	237
Total	2,447	(314)	2,133

Under the Indian 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 ₹ 2,204 crores.

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.

As at March 31, 2018, 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 ₹ 5,616 crores

Notes forming part of the Financial Statements

(March 31, 2017: ₹ 2,688 crores). In respect of tax contingencies of ₹ 318 crores (March 31, 2017: ₹ 318 crores), 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 2014 and earlier and applicable state statutes of limitation vary by state. In United Kingdom, the statute of limitation generally applies to fiscal 2015 and earlier.

On December 22, 2017, H.R. 1, originally known as the "Tax Cuts and Jobs Act" was signed into law ("US Tax Reforms"). The law provides for a federal tax rate reduction from a maximum rate of 35% to a flat rate of 21% with effect from January 1, 2018. The tax rate change does not have any significant impact on the taxes of the Company.

10) Other assets

Other assets consist of the following:

(A) Other assets - Non-current

(₹ crores)

		As at March 31, 2018	As at March 31, 2017
	Considered good		
(a)	Capital advances	**105**	142
(b)	Advances to related parties	**2**	6
(c)	Prepaid expenses	**332**	191
(d)	Prepaid rent	**373**	228
(e)	Indirect taxes recoverable	**-**	4
(f)	Others	**3**	8
		815	579
	Advances to related parties, considered good, comprise:		
	Voltas Limited	**2**	6
	Tata Realty and Infrastructure Ltd*	**-**	-

*Represents value less than ₹ 0.50 crore.

Notes forming part of the Financial Statements

(B) Other assets - Current

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Considered good		
(a) Prepaid expenses	**1,162**	1,101
(b) Prepaid rent	**39**	17
(c) Advance to suppliers	**84**	148
(d) Advance to related parties	**4**	1
(e) Indirect taxes recoverable	**482**	262
(f) Other advances	**20**	13
(g) Others	**34**	5
Considered doubtful		
(a) Advance to suppliers	**3**	3
(b) Indirect taxes recoverable	**2**	2
(c) Other advances	**3**	3
Less : Allowance for doubtful advances	**(8)**	(8)
	1,825	1,547
Advances to related parties, considered good, comprise:		
Tata Consultancy Services Danmark ApS	**1**	-
Tata AIG General Insurance Company Limited	**1**	-
The Titan Company Limited	**2**	1

11) Inventories

Inventories consist of the following:

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
(a) Raw materials, sub-assemblies and components	**25**	19
(b) Finished goods and work-in-progress*	**-**	1
(c) Goods-in-transit (raw materials)*	**-**	1
	25	21

Inventories are carried at the lower of cost and net realisable value.

*Represents values less than ₹ 0.50 crore.

12) Trade receivables (Unsecured)

Trade receivables (unsecured) consist of the following:

(A) Trade receivables – Non-current

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
(a) Considered good	**94**	67
(b) Considered doubtful	**366**	287
	460	354
Less: Allowance for doubtful receivables	**(366)**	(287)
	94	67

Notes forming part of the Financial Statements

(B) Trade receivables - Current

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
(a) Considered good	**18,882**	16,582
(b) Considered doubtful	**284**	284
	19,166	16,866
Less: Allowance for doubtful receivables	**(284)**	(284)
	18,882	16,582

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:

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
(a) Balances with banks		
In current accounts	**1,211**	724
In deposit accounts	**2**	-
(b) Cheques on hand	**3**	5
(c) Cash on hand*	**-**	1
(d) Remittances in transit	**62**	60
	1,278	790

*Represents value less than ₹ 0.50 crore.

14) Other balances with banks

Other balances with banks consist of the following:

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
(a) Earmarked balances with banks	**209**	111
(b) Short-term bank deposits	**2,000**	415
	2,209	526

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

Notes forming part of the Financial Statements

15) Share capital

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

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Authorised		
(a) 460,05,00,000 equity shares of ₹ 1 each (March 31, 2017 : 460,05,00,000 equity shares of ₹ 1 each)	**460**	460
(b) 105,02,50,000 preference shares of ₹ 1 each (March 31, 2017 : 105,02,50,000 preference shares of ₹ 1 each)	**105**	105
	565	565
Issued, Subscribed and Fully paid up		
(a) 191,42,87,591 equity shares of ₹ 1 each (March 31, 2017 : 197,04,27,941 equity shares of ₹ 1 each)	**191**	197
	191	197

The Board of Directors of the Company, at its meeting held on February 20, 2017 had approved a proposal to buy-back of upto 5,61,40,351 equity shares of the Company for an aggregate amount not exceeding ₹ 16,000 crores being 2.85% of the total paid up equity share capital at ₹ 2,850 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 5,61,40,350 equity shares out of the shares that were tendered by eligible shareholders and extinguished the equity shares bought on June 7, 2017.

Capital redemption reserve was created to the extent of share capital extinguished (₹ 6 crores). An amount of ₹ 5,005 crores from retained earnings was used to offset the excess of buy-back cost of ₹ 16,042 crores (including ₹ 42 crores towards transaction costs of buy-back) over par value of shares after adjusting the balances lying in securities premium (₹ 1,919 crores) and general reserve (₹ 9,118 crores).

(i) **Reconciliation of number of shares**

	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount (₹ crores)	Number of shares	Amount (₹ crores)
Equity shares				
Opening balance	**197,04,27,941**	**197**	197,04,27,941	197
Shares extinguished on buy-back	**(5,61,40,350)**	**(6)**	-	-
Closing balance	**191,42,87,591**	**191**	197,04,27,941	197

(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.

Notes forming part of the Financial Statements

(iii) **Shares held by Holding Company, its Subsidiaries and Associates**

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Equity shares		
Holding Company		
137,61,18,911 equity shares (March 31, 2017 : 144,34,51,698 equity shares) are held by Tata Sons Limited	**138**	144
Subsidiaries and Associates of Holding Company		
3,610 equity shares (March 31, 2017 : 3,700 equity shares) are held by Tata Industries Limited*	-	-
2,06,000 equity share (March 31, 2017 : NIL equity shares) are held by Tata AIG Life Insurance Company Limited*	-	-
7,76,533 equity shares (March 31, 2017 : 8,57,301 equity shares) are held by Tata AIA Life Insurance Company Limited*	-	-
5,27,110 equity shares (March 31, 2017 : 5,50,000 equity shares) are held by Tata Investment Corporation Limited*	-	-
23,804 equity shares (March 31, 2017 : 24,400 equity shares) are held by Tata Steel Limited*	-	-
383 equity shares (March 31, 2017 : 452 equity shares) are held by The Tata Power Company Limited*	-	-
Nil equity shares (March 31, 2017 : 484,902 equity shares*) are held by AF-taab Investment Company Limited	-	-
Total	**138**	144

*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, 2018	As at March 31, 2017
Equity shares		
Tata Sons Limited, the Holding company	**137,61,18,911**	144,34,51,698
% of shareholding	**71.89%**	73.26%

(v) **Equity shares movement during the 5 years preceding March 31, 2018**

(a) Equity shares extinguished on buy-back

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.

(b) 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.

Notes forming part of the Financial Statements

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:

(₹ crores)

			As at March 31, 2018	As at March 31, 2017
(a)	Capital reserve#		**-**	-
(b)	Securities premium			
	(i)	Opening balance	**1,919**	1,919
	(ii)	Utilisation for buyback of equity shares*	**(1,919)**	-
			-	1,919
(c)	Capital redemption reserve			
	(i)	Opening balance	**100**	100
	(ii)	Transfer from retained earnings*	**6**	-
			106	100
(d)	General reserve			
	(i)	Opening balance	**9,118**	9,118
	(ii)	Utilisation for buyback of equity shares*	**(9,118)**	-
			-	9,118
(e)	Special Economic Zone re-investment reserve			
	(i)	Opening balance	**97**	-
	(ii)	Transfer from retained earnings	**1,579**	376
	(iii)	Transfer to retained earnings	**(98)**	(279)
			1,578	97
(f)	Retained earnings			
	(i)	Opening balance	**65,965**	53,576
	(ii)	Profit for the year	**25,241**	23,653
	(iii)	Remeasurement of defined employee benefit plans	**86**	(200)
	(iv)	Realised (losses) / gain on equity shares carried at fair value through OCI	**-**	(20)
	(v)	Transfer from Special Economic Zone re-investment reserve	**98**	279
	(vi)	Utilisation for buyback of equity shares*	**(4,957)**	-
	(vii)	Expenses relating to buyback of equity shares*	**(42)**	-
			86,391	77,288

Notes forming part of the Financial Statements

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
(viii) Less : Appropriations		
(a) Dividend on equity shares	**9,284**	9,162
(b) Tax on dividend	**1,442**	1,785
(c) Transfer to capital redemption reserve*	**6**	-
(d) Transfer to Special Economic Zone re-investment reserve	**1,579**	376
	74,080	65,965
(g) Investment revaluation reserve		
(i) Opening balance	**538**	54
(iii) Change during the year (net)	**(556)**	484
	(18)	538
(h) Cash flow hedging reserve (Refer note 29(b))		
(i) Opening balance	**88**	49
(ii) Change during the year (net)	**(159)**	39
	(71)	88
	75,675	77,825

*Refer note 15.

#Represents value less than ₹ 0.50 crore.

Movement in Investment revaluation reserve

(₹ crores)

Investment revaluation reserve	As at March 31, 2018	As at March 31, 2017
Net gain / (loss) arising on revaluation of financial assets carried at fair value	**(19)**	(20)
Net cumulative gain / (loss) reclassified to retained earnings on sale of financial assets carried at fair value	**-**	20
Net gain / (loss) arising on revaluation of investments other than equities carried at fair value through other comprehensive income	**(625)**	740
Deferred tax relating to gain / (loss) arising on revaluation of investments other than equities carried at fair value through other comprehensive income	**216**	(256)
Net cumulative (gain) / loss reclassified to statement of profit and loss on sale of investments other than equities carried at fair value	**(196)**	-
Deferred tax relating to net cumulative (gain) / loss reclassified to profit or loss on sale of investments other than equities carried at fair value	**68**	-
	(556)	484

Notes forming part of the Financial Statements

Nature of reserves

(a) **Capital reserve**

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

(b) **Securities premium**

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

(c) **General reserve**

The General reserve 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 item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to statement of profit and loss.

(d) **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 when those assets have been disposed off.

(e) **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. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve. Such gains or losses will be reclassified to statement of profit and loss in the period in which the hedged transaction occurs.

(f) **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.

(g) **Special Economic Zone re-investment reserve**

The Special Economic Zone 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 should be utilised by the Company for acquiring new plant and machinery for the purpose of its business in the terms of the section 10AA(2) of Income-tax Act, 1961.

17) Borrowings

Borrowings consist of the following:

(A) Borrowings - Non-current (Secured)

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Long-term maturities of finance lease obligations	**39**	44
	39	44

Finance lease obligations are secured against property, plant and equipment obtained under finance lease arrangements (Refer note 28).

Notes forming part of the Financial Statements

(B) Borrowings - Current (Unsecured)

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Overdraft from banks	**181**	200
	181	200

18) Other financial liabilities

Other financial liabilities consist of the following:

(A) Other financial liabilities - Non-current

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
(a) Capital creditors	**18**	17
(b) Others	**228**	228
	246	245

Others include advance taxes paid of ₹ 227 crores (March 31, 2017: ₹ 227 crores) by the seller of TCS e-serve Limited which, on refund by the tax authorities, is payable to the seller.

(B) Other financial liabilities - Current

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
(a) Accrued payroll	**1,667**	684
(b) Current maturities of finance lease obligations	**5**	6
(c) Unclaimed dividends	**28**	25
(d) Fair value of foreign exchange derivative liabilities	**91**	20
(e) Capital creditors	**245**	272
(f) Liability towards customer contracts	**669**	834
(g) Others	**34**	105
	2,739	1,946

Finance lease obligations are secured against property, plant and equipment obtained under finance lease arrangements.

Notes forming part of the Financial Statements

19) Provisions

Provisions consist of the following:

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
(A) Provisions - Non-current		
Provision for foreseeable loss	**26**	39
	26	39
(B) Provisions - Current		
Provision for foreseeable loss	**41**	66
Other provisions	**130**	-
	171	66

20) Other liabilities

Other liabilities consist of the following:

(A) Other liabilities - Non-current

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
(a) Operating lease liabilities	**335**	330
	335	330

(B) Other liabilities - Current

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
(a) Advance received from customers	**556**	49
(b) Indirect tax payable and other statutory liabilities	**1,111**	629
(c) Operating lease liabilities	**84**	49
(d) Others	**108**	24
	1,859	751

21) Revenue from operations

Revenue from operations includes ₹ 2,206 crores for the year ended March 31, 2018 (₹ 1,902 crores for year ended March 31, 2017) towards sale of equipment and software licences.

Notes forming part of the Financial Statements

22) Other income (net)

Other income (net) consist of the following:

(₹ crores)

		Year ended March 31, 2018	Year ended March 31, 2017
(a)	Interest income	**2,388**	2,216
(b)	Dividend income	**2,207**	394
(c)	Net gain on investments carried at fair value through profit and loss	**662**	596
(d)	Net gain on sale of investments other than equity shares carried at fair value through OCI	**196**	-
(e)	Net gain on disposal of property, plant and equipment	**26**	6
(f)	Net foreign exchange gains	**265**	1,303
(g)	Rent income	**5**	5
(h)	Other income	**54**	48
		5,803	4,568
	Interest income comprise:		
	Interest on bank and bank deposits	**41**	94
	Interest income on financial assets carried at amortised cost	**210**	390
	Interest income on financial assets carried at fair value through OCI	**1,727**	1,598
	Other interest (including interest on income tax refunds)	**410**	134
	Dividend income comprise:		
	Dividends from subsidiaries	**2,202**	394
	Dividend from investments carried at fair value through profit and loss	**5**	-

23) Employee benefits

Employee benefit expenses consist of the following:

(₹ crores)

		Year ended March 31, 2018	Year ended March 31, 2017
(a)	Salaries, incentives and allowances	**47,004**	43,876
(b)	Contributions to provident and other funds	**3,165**	2,984
(c)	Staff welfare expenses	**1,330**	1,256
		51,499	48,116

Notes forming part of the Financial Statements

Employee benefit obligation consist of the following:

(A) Employee benefit obligation - Non-current

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
(a) Gratuity liability	**-**	-
(b) Other employee benefit obligation	**62**	63
	62	63

(B) Employee benefit obligation - Current

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
(a) Compensated absences	**1,461**	1,283
(b) Other employee benefit obligation	**17**	93
	1,478	1,376

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. 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:

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Change in benefit obligations		
Benefit obligations, beginning of the year	**2,083**	1,632
Service cost	**273**	241
Interest cost	**159**	138
Remeasurement of the net defined benefit liability	**(86)**	200
Past service cost / (credit)	**-**	-
Benefits paid	**(122)**	(128)
Benefit obligations, end of the year	**2,307**	2,083

Notes forming part of the Financial Statements

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Change in plan assets		
Fair value of plan assets, beginning of the year	**2,156**	1,746
Interest income	**165**	145
Employer's contributions	**233**	393
Benefits paid	**(122)**	(128)
Remeasurement - return on plan assets excluding amount included in interest income	**-**	-
Fair value of plan assets, end of the year	**2,432**	2,156

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Funded status		
Deficit of plan assets over obligations	**-**	-
Surplus of plan assets over obligations	**125**	73
	125	73

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Category of assets		
Corporate bonds	**560**	731
Equity shares	**116**	95
Government securities	**996**	621
Insurer managed funds	**713**	691
Bank balances	**5**	3
Others	**42**	15
Total	**2,432**	2,156

(₹ crores)

	Year ended March 31, 2018	Year ended March 31, 2017
Service cost	**273**	241
Net interest on net defined benefit (asset) / liability	**(6)**	(7)
Past service cost / (credit)	**-**	-
Net periodic gratuity cost	**267**	234
Actual return on plan assets	**165**	145

Notes forming part of the Financial Statements

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Actuarial losses and (gains) arising from changes in demographic assumptions	**16**	(2)
Actuarial (gains) and losses arising from changes in financial assumptions	**(85)**	71
Actuarial losses and (gains) arising from changes in experience adjustments	**(17)**	131
Remeasurement of the net defined benefit liability	**(86)**	200
Remeasurement - return on plan assets excluding amount included in interest income*	**-**	-
Total	**(86)**	200

*Represents value less than ₹ 0.50 crore.

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

	As at March 31, 2018	As at March 31, 2017
Discount rate	**7.75%**	7.25%
Rate of increase in compensation levels of covered employees	**6.00%**	6.00%
Rate of return on plan assets	**7.75%**	7.25%
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, 2018. The Company is expected to contribute ₹ 147 crores to defined benefit plan obligations funds for the year ending March 31, 2019.

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 decrease by ₹ 79 crores (increase by ₹ 85 crores) as at March 31, 2018.

If the expected salary growth increases (decreases) by 0.50%, the defined benefit obligations would increase by ₹ 85 crores (decrease by ₹ 80 crores) as at March 31, 2018.

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.

Notes forming part of the Financial Statements

The defined benefit obligations shall mature after year ended March 31, 2018 as follows:

(₹ crores)

Year ending March 31,	Defined benefit obligations
2019	**225**
2020	**211**
2021	**218**
2022	**216**
2023	**216**
Thereafter	**867**

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 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:

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Fair value of plan assets	**13,084**	10,962
Present value of defined benefit obligation	**(13,084)**	(10,962)
Net (shortfall) / excess	**-**	-

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

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

	As at March 31, 2018	As at March 31, 2017
Discount rate	**7.75%**	7.25%
Average remaining tenure of investment portfolio	**7.95 years**	7.01 years
Guaranteed rate of return	**8.55%**	8.65%

The Company contributed ₹ 795 crores (March 31, 2017: ₹ 756 crores) to the provident fund during the year ended March 31, 2018.

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.

Notes forming part of the Financial Statements

The Company contributed ₹ 222 crores (March 31, 2017: ₹ 221 crores) to the Employees' Superannuation Fund for the year ended March 31, 2018.

Foreign Defined Contribution Plan

The Company contributed ₹ 331 crores (March 31, 2017: ₹ 304 crores) during the year ended March 31, 2018 towards foreign defined contribution plan.

24) Other operating expenses

Other operating expenses consist of the following:

(₹ crores)

		Year ended March 31, 2018	Year ended March 31, 2017
(a)	Fees to external consultants	**6,415**	6,566
(b)	Facility expenses	**3,079**	2,783
(c)	Travel expenses	**2,179**	2,181
(d)	Communication expenses	**710**	701
(e)	Bad debts and advances written off, allowance for doubtful trade receivable and advances (net)	**95**	107
(f)	Other expenses	**3,568**	3,392
		16,046	15,730

25) Cost of equipment and software licences

(₹ crores)

		Year ended March 31, 2018	Year ended March 31, 2017
(a)	Raw materials, sub-assemblies and components consumed	**86**	94
(b)	Equipment and software licences purchased	**1,920**	1,664
		2,006	1,758
	Finished goods and work-in-progress		
	Opening stock	**1**	-
	Less: Closing stock	**-**	1
		1	(1)

26) Research and development expenditure aggregating ₹ 295 crores (March 31, 2017: ₹ 282 crores), including capital expenditure was incurred during the year.

27) During the year, the Company has incurred an amount of ₹ 400 crores (March 31, 2017: ₹ 380 crores) towards Corporate Social Responsibility expenditure.

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 ₹ 1,431 crores and ₹ 1,213 crores for the year ended March 31, 2018 and March 31, 2017 respectively.

Notes forming part of the Financial Statements

The following is a summary of future minimum lease rental commitments towards non-cancellable operating leases and finance leases.

Operating lease

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Due within one year	557	482
Due in a period between one year and five years	1,973	1,547
Due after five years	2,443	1,012
Total minimum lease commitments	4,973	3,041

Finance lease

(₹ crores)

	As at March 31, 2018		As at March 31, 2017	
	Minimum lease commitments	Present value of minimum lease commitments	Minimum lease commitments	Present value of minimum lease commitments
Due within one year	11	5	14	6
Due in a period between one year and five years	46	30	46	25
Due after five years	10	9	21	19
Total minimum lease commitments	67	44	81	50
Less: Interest	(23)		(31)	
Present value of minimum lease commitments	44		50	

Receivables under sub-leases

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Not later than one year	5	4
Later than one year but not later than five years	15	16
Later than five years	3	6
Total	23	26

Income under sub-leases of ₹ 5 crores and ₹ 5 crores have been recognised in the statement of profit and loss for the year ended March 31, 2018 and March 31, 2017.

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, 2018 is as follows:

(₹ crores)

	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
Earmarked balances with banks	-	-	-	-	209	209
Bank deposits	-	-	-	-	2,000	2,000
Investments (Other than in subsidiary)	9,160	25,975	-	-	-	35,135
Trade receivables	-	-	-	-	18,976	18,976
Unbilled revenues	-	-	-	-	5,509	5,509
Loans*	-	-	-	-	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 include inter-corporate deposits of ₹ 4,000 crores, with original maturity period within 24 months.

The carrying value of financial instruments by categories as of March 31, 2017 is as follows:

(₹ crores)

	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	-	-	-	-	790	790
Earmarked balances with banks	-	-	-	-	111	111
Bank deposits	-	-	-	-	415	415
Investments (Other than in subsidiary)	18,785	22,021	-	-	-	40,806
Trade receivables	-	-	-	-	16,649	16,649
Unbilled revenues	-	-	-	-	4,235	4,235
Loans*	-	-	-	-	2,710	2,710
Other financial assets	-	-	140	432	1,484	2,056
Total	18,785	22,021	140	432	26,394	67,772
Financial Liabilities						
Trade payables	-	-	-	-	4,190	4,190
Borrowings	-	-	-	-	244	244
Other financial liabilities	-	-	-	20	2,171	2,191
Total	-	-	-	20	6,605	6,625

*Loans include inter-corporate deposits of ₹ 2,425 crores, with original maturity period within 15 months.

Notes forming part of the Financial Statements

Carrying amounts of cash and cash equivalents, trade receivables, unbilled revenues, loans and trade payables as at March 31, 2018 and March 31, 2017 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 years 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 financial instruments included in Level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market. The investments included in Level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a 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):

(₹ crores)

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 securities	**23,218**	**-**	**-**	**23,218**
Corporate bonds	**-**	**2,754**	**-**	**2,754**
Derivative financial assets	**-**	**89**	**-**	**89**
Total	**32,319**	**2,902**	**3**	**35,224**
Financial liabilities				
Derivative financial liabilities	**-**	**91**	**-**	**91**
Total	**-**	**91**	**-**	**91**

(₹ crores)

As at March 31, 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual fund units	18,785	-	-	18,785
Equity shares	-	-	22	22
Government securities	21,999	-	-	21,999
Derivative financial assets	-	572	-	572
Total	40,784	572	22	41,378
Financial liabilities				
Derivative financial liabilities	-	20	-	20
Total	-	20	-	20

Notes forming part of the Financial Statements

Reconciliation of Level 3 fair value measurement is as follows:

(₹ crores)

	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	**22**	47
Impairment during the year	**(19)**	-
Disposals during the year	**-**	(25)
Balance at the end of the year	**3**	22

(b) Derivative financial instruments and hedging activity

The Company's revenue is denominated in foreign currency predominantly US Dollar, Sterling Pound and Euro. In addition to these currencies, the Company also does business in Australian Dollar, Canadian Dollar, Swiss Franc, Japanese Yen, Norwegian Krone, Swedish Krona, South African Rand, Singapore Dollar, Saudi Arabian Riyal, Danish Kroner and Brazilian Real. 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 forward, currency options contracts 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, 2018**			As at March 31, 2017		
	No. of contracts	**Notional amount of contracts (million)**	**Fair value (₹ crores)**	No. of contracts	Notional amount of contracts (million)	Fair value (₹ crores)
U.S. Dollar	**24**	**1,466**	**20**	6	150	9
Sterling Pound	**34**	**263**	**(23)**	45	318	60
Euro	**26**	**216**	**1**	27	198	40
Australian Dollar	**21**	**150**	**12**	6	60	11

The following are outstanding foreign exchange forward contracts, which have been designated as cash flow hedges:

Foreign currency	**As at March 31, 2018**			As at March 31, 2017		
	No. of contracts	**Notional amount of contracts (million)**	**Fair value (₹ crores)**	No. of contracts	Notional amount of contracts (million)	Fair value (₹ crores)
Sterling Pound	**-**	**-**	**-**	5	125	5
Euro	**-**	**-**	**-**	3	91	15

Notes forming part of the Financial Statements

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

(₹ crores)

	Year ended March 31, 2018		Year ended March 31, 2017	
	Intrinsic value	Time value	Intrinsic value	Time value
Balance at the beginning of the year	**105**	**(17)**	68	(19)
(Gains) / losses transferred to the statement of profit and loss on occurrence of forecasted hedge transactions	**(127)**	**340**	(743)	235
Deferred tax on (gains) / losses transferred to the statement of profit and loss on occurrence of forecasted hedge transactions	**15**	**(40)**	104	(31)
Changes in the fair value of effective portion of cash flow hedges	**5**	**(399)**	784	(232)
Deferred tax on fair value of effective portion of cash flow hedges	**-**	**47**	(108)	30
Balance at the end of the year	**(2)**	**(69)**	105	(17)

In addition to the above cash flow hedges, the Company has outstanding foreign exchange forward, currency options and futures contracts with notional amount aggregating ₹ 22,404 crores (March 31, 2017 : ₹ 19,159 crores) whose fair value showed a net loss of ₹ 12 crores as at March 31, 2018 (March 31, 2017 : net gain ₹ 412 crores) respectively. Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting.

Exchange loss for the year ended March 31, 2018 of ₹ 52 crores (March 31, 2017: Exchange gain of ₹ 1,522 crores) on foreign exchange forward, currency options and futures contracts has been recognised in the statement of profit and loss.

Net foreign exchange gains include loss of ₹ 213 crores (March 31, 2017: Net gain of ₹ 508 crores) transferred from cash flow hedging reserve for the year ended March 31, 2018.

Net loss on derivative instruments of ₹ 71 crores recognised in Hedging Reserve as at March 31, 2018, is expected to be transferred to the statement of profit and loss by March 31, 2019. The maximum period over which the exposure of cash flow variability has been hedged is through calendar year of 2018.

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

(₹ crores)

	Year ended March 31, 2018	Year ended March 31, 2017
10% Appreciation of the underlying foreign currencies	**(323)**	(218)
10% Depreciation of the underlying foreign currencies	**1,054**	793

(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.

Notes forming part of the Financial Statements

(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 risks primarily relate to fluctuations in US Dollar, Great Britain Pound and Euro against the functional currency of the Company.

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).

The following table sets forth information relating to foreign currency exposure as at March 31, 2018:

(₹ crores)

	USD	GBP	EUR	Others*	Total
Total financial assets	**3,783**	**944**	**431**	**1,218**	**6,376**
Total financial liabilities	**3,077**	**761**	**323**	**541**	**4,702**

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 crores for the year ended March 31, 2018.

The following table sets forth information relating to foreign currency exposure as at March 31, 2017:

(₹ crores)

	USD	GBP	EUR	Others*	Total
Total financial assets	2,544	815	214	1,227	4,800
Total financial liabilities	2,225	620	237	599	3,681

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 ₹ 112 crores for the year ended March 31, 2017.

*Others include Australian Dollar, Saudi Arabian Riyal, Danish Kroner, Brazilian Real, Mexican Peso, United Arab Emirates Dirham, Swedish Kroner, South African Rand, Swiss Franc, Norwegian Kroner etc.

(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.

Notes forming part of the Financial Statements

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled revenue, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. Inter-corporate deposits of ₹ 4,000 crores are with a financial institution having a high credit-rating assigned by credit-rating agencies. Bank deposits include an amount of ₹ 2,000 crores held with an Indian bank having high quality credit rating which are individually in excess of 10% or more of the Company's total bank deposits for the year ended March 31, 2018. 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 ₹ 68,711 crores and ₹ 67,749 crores as at March 31, 2018, and March 31, 2017, respectively, being the total of the carrying amount of balances with banks, bank deposits, investments excluding equity and preference investments, trade receivables, unbilled revenue 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 and unbilled revenue as at March 31, 2018 and March 31, 2017.

Geographic concentration of credit risk

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

	As at March 31, 2018		As at March 31, 2017	
	Gross %	Net %	Gross %	Net %
United States of America	39.37	40.41	37.07	38.03
India	19.47	17.87	21.01	19.48
United Kingdom	17.18	17.35	17.31	17.47

Geographical concentration of trade receivables and unbilled revenue 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:

(₹ crores)

March 31, 2018	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 years	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
Total	7,604	31	261	10	7,906
Derivative financial liabilities					
Derivative financial liabilities	91	-	-	-	91
Total	91	-	-	-	91

Notes forming part of the Financial Statements

(₹ crores)

March 31, 2017	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 years	Total
Non-derivative financial liabilities					
Trade payables	4,874	-	-	-	4,874
Borrowings	200	11	34	21	266
Other financial liabilities	1,926	13	231	1	2,171
Total	7,000	24	265	22	7,311
Derivative financial liabilities					
Derivative financial liabilities	20	-	-	-	20
Total	20	-	-	-	20

30) Earnings Per Share (EPS)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit for the year (₹ crores)	**25,241**	23,653
Weighted average number of equity shares	**192,45,92,806**	197,04,27,941
Earning per share basic and diluted (₹)	**131.15**	120.04
Face value per equity share (₹)	**1**	1

31) Auditors remuneration

(₹ crores)

	Year ended March 31, 2018	Year ended March 31, 2017
Services as statutory auditors (including quarterly audits)	**7**	5
Audit of financial statements as per IFRS	**-**	3
Tax audit	**1**	1
Services for tax matters	**-***	1
SSAE 16 and other matters	**4**	3
Reimbursement of out-of-pocket expenses	**-***	-*
Indirect tax	**2**	2

Indirect tax credit has been / will be availed.

*Represents values 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) ₹ 760 crores as at March 31, 2018 (March 31, 2017: ₹ 1,493 crores) for purchase of property, plant and equipment.

Contingencies

Direct tax matters

Refer note 9

Notes forming part of the Financial Statements

Indirect tax matters

The Company has ongoing disputes with tax authorities mainly relating to treatment of characterisation and classification of certain items. As at March 31, 2018, the Company has demands amounting to ₹ 275 crores (March 31, 2017: ₹ 253 crores) from various indirect tax authorities which are being contested by the Company based on management evaluation and on the advice of tax consultants.

Other claims

As at March 31, 2018, claims aggregating ₹ 2,977 crores (March 31, 2017: ₹ 6,276 crores) 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 unfavorable jury verdict awarding damages totaling ₹ 6,114 crores (US $ 940 million) to Epic. In September 2017, the Company received a Court order reducing the damages from ₹ 6,114 crores (US $ 940 million) to ₹ 2,732 crores (US $ 420 million) to Epic. 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 and a strong appeal can be made to superior Court to fully set aside the Order. Pursuant to US Court procedures, a Letter of Credit has been made available to Epic for ₹ 2,862 crores (US $ 440 million) as financial security in order to stay execution of the judgment pending post-judgment proceedings and appeal. Accordingly, an amount of ₹ 2,862 crores (US $ 440 million) is disclosed as Contingent Liability as included in the claims not acknowledged as debts by the Company.

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 subsidiaries 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 aggregating ₹ 4,343 crores (March 31, 2017: ₹ 2,127 crores). 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

(₹ crores)

	As at March 31, 2018		As at March 31, 2017	
	Principal	**Interest**	Principal	Interest
Amount due to vendor	**6**	**-**	11	-
Principal amount paid (includes unpaid) beyond the appointed date	**18**	**-**	192	-
Interest due and payable for the year*	**-**	**-**	-	-
Interest accrued and remaining unpaid (includes interest disallowable of ₹ * crores (March 31, 2017: ₹ 3 crores))	**-**	**-**	-	3

*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 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.

Transactions with related parties are as follows:

Year ended March 31, 2018

(₹ crores)

	Tata Sons Limited	Subsidiaries of the Company	Subsidiaries of Tata Sons Limited	Associates / Joint ventures of Tata Sons Limited and its subsidiaries	Other related parties	Total
Revenue from operations	13	57,747	260	1,992	-	60,012
Interest income	-	-*	-	-*	-	-
Dividend income	-	2,201	-	-	-	2,201
Rent income	-	5	-	-*	-	5
Other income	-	34	-	-*	-	34
Purchase of goods, services (including reimbursement)	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, allowances for doubtful trade receivables, advances (net)	-*	-*	5	5	-	10
Contribution to post employment benefit plan	-	-	-	-	818	818
Purchase of property, plant and equipment	-	-	6	45	-	51
Loans and advances given	-	1	-*	-*	-	1
Loans and advances repaid	-	-	-*	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.

Notes forming part of the Financial Statements

Year ended March 31, 2017

(₹ crores)

	Tata Sons Limited	Subsidiaries of the Company	Subsidiaries of Tata Sons Limited	Associates / Joint ventures of Tata Sons Limited and its subsidiaries	Other related parties	Total
Revenue from operations	4	57,787	246	2,162	-	60,199
Interest income	-	-*	-	-*	-	-*
Dividend income	-	394	-	-	-	394
Rent income	-	5	-	-	-	5
Other income	-	38	-	-	-	38
Purchase of goods, services (including reimbursement)	4	2,769	544	634	-	2,273
Brand equity contribution	89	-	-	-	-	89
Facility expenses	1	18	33	5	-	57
Bad debts and advances written off, allowances for doubtful trade receivables, advances (net)	-*	-*	4	5	-	9
Contribution to post employment benefit plan	-	-	-	-	963	963
Purchase of property, plant and equipment	-	-*	21	33	-	54
Loans and advances given	-	-	-	7	-	7
Loans and advances repaid	-	7	1	-	-	8
Dividend paid	6,712	-	8	3	-	6,723
Guarantees given	-	2	-	-	-	2
Cost recovery	-	1,678	-	-	-	1,678

*Represents value less than ₹ 0.50 crore.

Balances receivable from related parties are as follows:

As at March 31, 2018

(₹ crores)

	Tata Sons Limited	**Subsidiaries of the Company**	**Subsidiaries of Tata Sons Limited**	**Associates / Joint ventures of Tata Sons Limited and its subsidiaries**	**Other related parties**	**Total**
Trade receivables (net)	**8**	**10,140**	**122**	**637**	**-**	**10,907**
Loans, other financial assets and other assets	**3**	**1**	**27**	**7**	**-**	**38**
Investments	**-**	**-**	**-**	**-**	**-**	**-**
	12	**10,141**	**149**	**644**	**-**	**10,945**

Notes forming part of the Financial Statements

As at March 31, 2017

(₹ crores)

	Tata Sons Limited	Subsidiaries of the Company	Subsidiaries of Tata Sons Limited	Associates / Joint ventures of Tata Sons Limited and its subsidiaries	Other related parties	Total
Trade receivables (net)	1	9,890	128	626	-	10,645
Loans, other financial assets and other assets	3	1	26	14	-	44
Investments	-	-	19	-	-	19
	4	9,891	173	640	-	10,707

Balances payable to related parties are as follows:

As at March 31, 2018

(₹ crores)

	Tata Sons Limited	**Subsidiaries of the Company**	**Subsidiaries of Tata Sons Limited**	**Associates / Joint ventures of Tata Sons 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**
Guarantees and commitments	**-**	**4,343**	**-**	**-**	**-**	**4,343**
	90	**6,349**	**22**	**203**	**-**	**6,664**

As at March 31, 2017

(₹ crores)

	Tata Sons Limited	Subsidiaries of the Company	Subsidiaries of Tata Sons Limited	Associates / Joint ventures of Tata Sons Limited and their subsidiaries	Other related parties	Total
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities	82	1,653	25	150	-	1,910
Guarantees and commitments	-	2,127	24	71	-	2,222
	82	3,780	49	221	-	4,132

Refer consolidated financial statements for list of related parties where control exists.

Notes forming part of the Financial Statements

Compensation to key management personnel is as follows:

(₹ crores)

	Year ended March 31, 2018	Year ended March 31, 2017
Short-term benefits	**27**	46
Dividend paid during the year	**1**	1
Total	**28**	47

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) Subsequent events

Dividends

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 dividend for the year ended March 31, 2018. Dividends paid during the year ended March 31, 2017 include an amount of ₹ 27 per equity share towards final dividend for the year ended March 31, 2016 and an amount of ₹ 19.50 per equity share towards interim dividend for the year ended March 31, 2017.

Dividends declared by the Company are based on the profit available for distribution. Distribution of dividend out of general reserve and Retained earnings is subject to applicable dividend distribution tax. On April 19, 2018, the Board of Directors of the Company have proposed a final dividend of ₹ 29 per share in respect of the year ended March 31, 2018 subject to the approval of shareholders at the Annual General Meeting.

Bonus issue

The Board of Directors at its meeting held on April 19, 2018, approved a bonus issue of equity shares, subject to the approval of the shareholders, in the ratio of one equity share of ₹ 1 each for every one equity share of the Company held by the shareholders as on a record date to be fixed later for this purpose.

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

₹ crores

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
1	APTOnline Limited	August 9, 2004	April 1, 2017	March 31, 2018	INR	1.000000	2	76	169	91	15	144	37	13	24	12	89%	India
2	MP Online Limited	September 8, 2006	April 1, 2017	March 31, 2018	INR	1.000000	1	85	113	27	44	105	34	12	22	11	89%	India
3	C-Edge Technologies Limited	January 19, 2006	April 1, 2017	March 31, 2018	INR	1.000000	10	156	233	67	-	257	83	28	55	25	51%	India
4	MahaOnline Limited	September 23, 2010	April 1, 2017	March 31, 2018	INR	1.000000	3	56	150	91	-	104	23	8	15	7	74%	India
5	CMC Americas, Inc.	August 9, 2004	April 1, 2017	March 31, 2018	USD	65.037500	10	60	163	93	-	254	53	17	36	-	100%	USA
6	CMC eBiz, Inc.	January 27, 2011	April 1, 2017	March 31, 2018	USD	65.037500	-	-	-	-	-	-	-	-	-	-	100%	USA
7	TCS e-Serve International Limited	December 31, 2008	April 1, 2017	March 31, 2018	INR	1.000000	10	196	791	585	64	157	68	24	44	-	100%	India
8	TCS e-Serve America, Inc.	February 10, 2009	April 1, 2017	March 31, 2018	USD	65.037500	2	21	65	42	-	178	15	-	15	-	100%	USA
9	Diligenta Limited	August 23, 2005	April 1, 2017	March 31, 2018	GBP	92.210180	9	726	1,114	379	470	1,756	70	15	55	-	100%	UK
10	Tata Consultancy Services Canada Inc.	October 1, 2009	April 1, 2017	March 31, 2018	CAD	50.412759	36	593	1,288	659	-	4,287	378	101	277	-	100%	Canada
11	Tata America International Corporation	August 9, 2004	April 1, 2017	March 31, 2018	USD	65.037500	1	3,149	11,631	8,481	49	53,314	1,296	504	792	-	100%	USA
12	Tata Consultancy Services Asia Pacific Pte Ltd.	August 9, 2004	April 1, 2017	March 31, 2018	USD	65.037500	29	452	884	403	491	1,624	191	15	176	-	100%	Singapore
13	Tata Consultancy Services (China) Co., Ltd.	November 16, 2006	January 1, 2017	December 31, 2017	CNY	10.339332	209	(65)	252	108	-	558	(51)	(1)	(50)	-	93.20%	China
14	Tata Consultancy Services Japan, Ltd.	July 1, 2014	April 1, 2017	March 31, 2018	JPY	0.615681	266	724	1,907	917	-	4,048	190	63	127	-	51%	Japan
15	Tata Consultancy Services Malaysia Sdn Bhd	August 9, 2004	April 1, 2017	March 31, 2018	MYR	16.830780	3	126	205	76	-	506	37	14	23	-	100%	Malaysia
16	PT Tata Consultancy Services Indonesia	October 5, 2006	April 1, 2017	March 31, 2018	IDR	0.004725	-	29	42	13	-	67	20	5	15	-	100%	Indonesia
17	Tata Consultancy Services (Philippines) Inc.	September 19, 2008	April 1, 2017	March 31, 2018	PHP	1.242668	(34)	197	238	75	-	436	26	1	25	-	100%	Philippines
18	Tata Consultancy Services (Thailand) Limited	May 12, 2008	April 1, 2017	March 31, 2018	THB	2.082066	2	18	24	4	-	39	7	1	6	-	100%	Thailand
19	Tata Consultancy Services Belgium (Formerly Tata Consultancy Services Belgium S.A.)	August 9, 2004	April 1, 2017	March 31, 2018	EUR	80.626966	2	270	510	238	-	1,455	154	57	97	-	100%	Belgium
20	Tata Consultancy Services Deutschland GmbH	August 9, 2004	April 1, 2017	March 31, 2018	EUR	80.626966	1	318	1,252	933	-	3,461	252	81	171	-	100%	Germany
21	Tata Consultancy Services Sverige AB	August 9, 2004	April 1, 2017	March 31, 2018	SEK	7.843876	-	463	1,050	587	-	2,382	168	39	129	-	100%	Sweden
22	Tata Consultancy Services Netherlands BV	August 9, 2004	April 1, 2017	March 31, 2018	EUR	80.626966	532	2,005	3,075	538	1,546	3,693	877	150	727	-	100%	Netherlands
23	TCS Italia s.r.l.	August 9, 2004	April 1, 2017	March 31, 2018	EUR	80.626966	18	(7)	171	160	-	356	16	9	7	-	100%	Italy
24	Tata Consultancy Services Luxembourg S.A.	October 28, 2005	April 1, 2017	March 31, 2018	EUR	80.626966	45	21	109	43	-	170	22	9	13	-	100%	Capellen (G.D. de Luxembourg)
25	Tata Consultancy Services Switzerland Ltd	October 31, 2006	April 1, 2017	March 31, 2018	CHF	68.417315	10	292	697	395	-	1,782	309	24	285	-	100%	Switzerland
26	Tata Consultancy Services Osterreich GmbH	March 9, 2012	April 1, 2017	March 31, 2018	EUR	80.626966	-	1	17	16	-	30	(4)	-	(4)	-	100%	Austria
27	Tata Consultancy Services Danmark ApS	March 16, 2012	April 1, 2017	March 31, 2018	DKK	10.821367	1	2	7	4	-	13	-	-	-	-	100%	Denmark
28	Tata Consultancy Services De Espana S.A.	August 9, 2004	April 1, 2017	March 31, 2018	EUR	80.626966	-	21	154	133	-	255	7	3	4	-	100%	Spain
29	Tata Consultancy Services (Portugal) Unipessoal, Limitada	July 4, 2005	April 1, 2017	March 31, 2018	EUR	80.626966	-	(8)	16	24	-	27	7	1	6	-	100%	Portugal
30	Tata Consultancy Services France SA (Formerly Alti S.A.)	June 28, 2013	April 1, 2017	March 31, 2018	EUR	80.626966	4	(347)	864	1,207	-	1,552	(55)	17	(72)	-	100%	France
31	Tata Consultancy Services Saudi Arabia	July 2, 2015	April 1, 2017	March 31, 2018	SAR	17.342871	7	98	176	71	-	347	74	12	62	-	76%	Saudi Arabia
32	Tata Consultancy Services (Africa) (PTY) Ltd.	October 23, 2007	April 1, 2017	March 31, 2018	ZAR	5.557146	8	52	60	-	59	-	16	-	16	-	100%	South Africa
33	Tata Consultancy Services (South Africa) (PTY) Ltd.	October 31, 2007	April 1, 2017	March 31, 2018	ZAR	5.557146	10	79	444	355	-	854	52	15	37	-	100%	South Africa
34	TCS FNS Pty Limited	October 17, 2005	April 1, 2017	March 31, 2018	AUD	49.838236	186	(41)	17	(128)	-	-	-	-	-	-	100%	Australia
35	TCS Financial Solutions Beijing Co., Ltd.	December 29, 2006	January 1, 2017	December 31, 2017	CNY	10.339332	38	(28)	87	77	-	54	(21)	-	(21)	-	100%	China
36	TCS Financial Solutions Australia Holdings Pty Limited	October 19, 2005	April 1, 2017	March 31, 2018	AUD	49.838236	69	(20)	49	-	1	-	-	-	-	-	100%	Australia
37	TCS Financial Solutions Australia Pty Limited	October 19, 2005	April 1, 2017	March 31, 2018	AUD	49.838236	-	123	221	98	36	53	34	2	32	-	100%	Australia
38	TCS Iberoamerica SA	August 9, 2004	April 1, 2017	March 31, 2018	USD	65.037500	640	651	1,349	58	1,348	-	295	25	270	-	100%	Uruguay
39	TCS Solution Center S.A.	August 9, 2004	April 1, 2017	March 31, 2018	UYU	2.296319	82	98	326	146	-	635	93	3	90	-	100%	Uruguay