TATA CONSULTANCY SERVICES LIMITED

BALANCE SHEET AS AT MARCH 31, 2017

(₹ crores)

		Note	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS					
Non - current assets					
(a)	Property, plant and equipment	4	9,214	9,056	7,629
(b)	Capital work-in-progress		1,477	1,640	2,741
(c)	Intangible assets	5	17	24	31
(d)	Financial assets				
	(i) Investments	6(i)	2,201	2,229	2,283
	(ii) Loans	7(i)	6	2,432	1,587
	(iii) Other financial assets	8(i)	638	1,179	1,080
(e)	Income tax asset (net)		4,560	4,230	3,956
(f)	Deferred tax assets (net)	9	2,447	2,530	2,321
(g)	Other assets	10(i)	579	720	843
	Total non-currrent assets		21,139	24,040	22,471
Current assets					
(a)	Inventories	11	21	9	15
(b)	Financial assets				
	(i) Investments	6(ii)	40,729	21,930	971
	(ii) Trade receivables	12	16,649	19,058	17,392
	(iii) Unbilled revenue		4,235	2,712	2,631
	(iv) Cash and cash equivalents	13	790	4,383	461
	(v) Other balances with banks	15	526	423	16,074
	(vi) Loans	7(ii)	2,704	2,523	1,337
	(vii) Other financial assets	8(ii)	1,418	866	884
(c)	Other assets	10(ii)	1,547	1,473	1,503
	Total current assets		68,619	53,377	41,268
	TOTAL ASSETS		**89,758**	**77,417**	**63,739**
EQUITY AND LIABILITIES					
Equity					
(a)	Share capital	16	197	197	197
(b)	Other equity	17	77,825	64,816	51,352
			78,022	65,013	51,549
Liabilities					
Non-current liabilities					
(a)	Financial liabilities				
	(i) Long-term borrowings	18(i)	44	50	65
	(ii) Other financial liabilities	19(i)	245	293	411
(b)	Employee benefit obligation		63	48	56
(c)	Provisions	20(i)	39	40	94
(d)	Deferred tax liabilities (net)	9	314	366	272
(e)	Other liabilities	21(i)	330	298	281
	Total non-current liabilities		1,035	1,095	1,179
Current liabilities					
(a)	Financial liabilities				
	(i) Short-term borrowings	18(ii)	200	113	186
	(ii) Trade and other payables (includes dues of micro and small enterprises ₹ 14 crores (March 31, 2016 : ₹ 18 crores, April 01, 2015: ₹ 12 crores)		4,874	5,370	6,855
	(iii) Other financial liabilities	19(ii)	1,262	2,083	1,001
(b)	Unearned and deferred revenue		1,126	1,068	870
(c)	Current income tax liabilities (net)		1,046	536	350
(d)	Employee benefit obligation		1,376	1,164	982
(e)	Provisions	20(ii)	66	115	103
(f)	Other liabilities	21(ii)	751	860	664
	Total current liabilities		10,701	11,309	11,011
	TOTAL EQUITY AND LIABILITIES		**89,758**	**77,417**	**63,739**
III.	**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**	1-37			

As per our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

P. R. Ramesh

Mumbai, April 18, 2017

N. Chandrasekaran
Chairman

V. Ramakrishnan
CFO

Dr. Ron Sommer
Director

Aarthi Subramanian
Executive Director

O.P. Bhatt
Director

Rajesh Gopinathan
CEO and Managing Director

Ishaat Hussain
Director

V. Thyagarajan
Director

Prof. Clayton M. Christensen
Director

N.Ganpathy Subramaniam
COO and Executive Director

Dr. Vijay Kelkar
Director

Aman Mehta
Director

Suprakash Mukhopadhyay
Company Secretary

TATA CONSULTANCY SERVICES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ crores)

		Note	2017	2016
I.	Revenue from operations		92,693	85,864
II.	Other income (net)	22	4,568	3,757
III.	**TOTAL INCOME**		**97,261**	**89,621**
IV.	**Expenses:**			
	(a) Employee benefit expenses	23	48,116	42,420
	(b) Other operating expenses	24	17,488	16,390
	(c) Finance costs	27	16	13
	(d) Depreciation and amortisation expense		1,575	1,459
	TOTAL EXPENSES		**67,195**	**60,282**
V.	**PROFIT BEFORE TAX (III-IV)**		30,066	29,339
VI.	**Tax expense:**			
	(a) Current tax		6,643	6,376
	(b) Deferred tax		(230)	(112)
	TOTAL TAX EXPENSE		**6,413**	**6,264**
VII.	**PROFIT FOR THE YEAR (V-VI)**		**23,653**	**23,075**
VIII.	**OTHER COMPREHENSIVE INCOME**			
(A)	**(i) Items that will be reclassified subsequently to the statement of profit and loss:**			
	(a) Net changes in fair values of investments other than equity shares carried at fair value through OCI		740	82
	(b) Net changes in fair values of intrinsic value of cash flow hedges		41	(73)
	(c) Net changes in fair values of time value of cash flow hedges		3	(21)
	(ii) Income tax on items that will be reclassified subsequently to statement of profit and loss		(261)	(15)
(B)	**(i) Items that will not be reclassified subsequently to the statement of profit and loss**			
	(a) Remeasurement of defined employee benefit plans		(200)	(122)
	(b) Changes in fair values of investment in equities carried at fair value through OCI		(20)	5
	(ii) Income tax on items that will not be reclassified subseqently to the statement of profit and loss		-	12
	TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)		303	(132)
IX.	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		**23,956**	**22,943**
X.	**Earnings per equity share: - Basic and diluted (₹)**	32	120.04	117.11
	Weighted average number of equity shares (face value of ₹ 1 each)		197,04,27,941	197,04,27,941
XI.	**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**	1-37		

As per our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

P. R. Ramesh

Mumbai, April 18, 2017

For and on behalf of the Board

N. Chandrasekaran *Chairman*	**V. Ramakrishnan** *CFO*	**Dr. Ron Sommer** *Director*	**Aarthi Subramanian** *Executive Director*	**O.P. Bhatt** *Director*
Rajesh Gopinathan *CEO and Managing Director*	**Ishaat Hussain** *Director*	**V. Thyagarajan** *Director*	**Prof. Clayton M. Christensen** *Director*	
N.Ganpathy Subramaniam *COO and Executive Director*	**Dr. Vijay Kelkar** *Director*	**Aman Mehta** *Director*	**Suprakash Mukhopadhyay** *Company Secretary*	

TATA CONSULTANCY SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL

(₹ crores)

Balance as at April 1, 2015	Changes in equity share capital during the period	Balance as at March 31, 2016
197	-	197

(₹ crores)

Balance as at April 1, 2016	Changes in equity share capital during the period	Balance as at March 31, 2017
197	-	197

TATA CONSULTANCY SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

B. OTHER EQUITY

(₹ crores)

	Reserves and surplus						Items of other comprehensive income			
							Investment revaluation reserve	Cash flow hedging reserve		
	Capital reserve *	Securities premium	Capital redemption reserve	General reserve	Special Economic Zone re-investment reserve	Retained earnings		Intrinsic value	Time value	Total Equity
Balance as at April 1, 2015	-	1,919	100	6,830	-	42,370	3	131	(1)	**51,352**
Profit for the year	-	-	-	-	-	23,075	-	-	-	23,075
Other comprehensive income	-	-	-	-	-	(107)	56	(63)	(18)	(132)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**22,968**	**56**	**(63)**	**(18)**	**22,943**
Dividend (including tax on dividend)	-	-	-	-	-	(9,479)	-	-	-	(9,479)
Transfer of profits of the year to General reserve	-	-	-	2,288		(2,288)	-	-	-	-
Realised loss on equity shares carried at fair value through OCI	-	-	-	-	-	5	(5)	-	-	-
Balance as at March 31, 2016	**-**	**1,919**	**100**	**9,118**	**-**	**53,576**	**54**	**68**	**(19)**	**64,816**
Balance as at April 1, 2016	-	1,919	100	9,118	-	53,576	54	68	(19)	64,816
Profit for the year		-	-	-	-	23,653	-	-	-	23,653
Other comprehensive income		-	-	-	-	(200)	464	37	2	303
Total comprehensive income		-	-	-	-	23,453	464	37	2	23,956
Transfer to Special Economic Zone re-investment reserve		-	-	-	376	(376)	-	-	-	-
Transfer from Special Economic Zone re-investment reserve		-	-	-	(279)	279	-	-	-	-
Dividend (including tax on dividend)		-	-	-	-	(10,947)	-	-	-	(10,947)
Realised gain on equity shares carried at fair value through OCI		-	-	-	-	(20)	20	-	-	-
Balance as at March 31, 2017		**1,919**	**100**	**9,118**	**97**	**65,965**	**538**	**105**	**(17)**	**77,825**

* represents values less than ₹ 1 crore.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-37

As per our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

N. Chandrasekaran *Chairman*

N.Ganpathy Subramaniam *COO and Executive Director*

Ishaat Hussain *Director*

Dr. Ron Sommer *Director*

Aman Mehta *Director*

Prof. Clayton M. Christensen *Director*

O.P. Bhatt *Director*

P. R. Ramesh
Partner
Mumbai, April 18, 2017

Rajesh Gopinathan *CEO and Managing Director*

V. Ramakrishnan *CFO*

Dr. Vijay Kelkar *Director*

V. Thyagarajan *Director*

Aarthi Subramanian *Executive Director*

Suprakash Mukhopadhyay *Company Secretary*

TATA CONSULTANCY SERVICES LIMITED

STATEMENT OF CASH FLOWS

		(₹ crores)
	2017	2016
I NET CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	30,066	29,339
Adjustments for:		
Depreciation and amortisation expense	1,575	1,459
Bad debts and advances written off , provision for trade receivable and advances (net)	107	119
Interest expense	16	13
Gain on disposal of property, plant and equipment	(6)	(5)
Unrealised exchange gain	-	(9)
Exchange difference on translation of foreign currency cash and cash equivalents	52	(40)
Dividend income (including exchange gain)	(394)	(705)
Interest income	(2,216)	(1,695)
Net gain on investments	(596)	(451)
Operating profit before working capital changes	28604	28025
Inventories	(12)	6
Unbilled revenue	(1,523)	(81)
Trade receivables	2,303	(1,777)
Loans	705	(679)
Other financial assets	(46)	(264)
Other assets	67	130
Trade and other payables	(495)	(1,485)
Unearned and deferred revenue	58	198
Other financial liabilities	37	155
Other liabilities	(100)	222
Cash generated from operations	29,598	24,450
Taxes paid	(6,466)	(6,464)
Net cash provided by operating activites	23132	17986

TATA CONSULTANCY SERVICES LIMITED

STATEMENT OF CASH FLOWS

II	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Payments for purchase of property, plant and equipment	(1,655)	(1,765)
	Proceeds from disposal of property, plant and equipment	19	6
	Purchase of investments	(118,283)	(113,968)
	Proceeds from disposal / redemption of investments	100,031	94,410
	Loans repaid by subsidiaries	-	6
	Inter-corporate deposits placed	(2,125)	(2,425)
	Proceeds from inter-corporate deposits	3,697	1,063
	Earmarked deposits placed with banks	-	(400)
	Proceeds from earmarked deposits with banks	400	99
	Bank deposits placed	-	-
	Proceeds from bank deposits	-	15,953
	Dividend received from subsidiaries (including exchange gain)	394	696
	Dividend received from other investments	-	9
	Interest received	1,740	1,798
	Net cash used in investing activities	**(15,782)**	**(4,518)**
III	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Repayment of finance lease obligations	(15)	(21)
	Short term borrowings (net)	87	(73)
	Dividend paid (including dividend tax)	(10,947)	(9,479)
	Interest paid	(16)	(13)
	Net cash used in financing activities	**(10,891)**	**(9,586)**
	Net increase / (decrease) in cash and cash equivalents	(3,541)	3,882
	Cash and cash equivalents at the beginning of the period	4,383	461
	Exchange difference on translation of foreign currency cash and cash equivalents	(52)	40
	Cash and cash equivalents at the end of the year	790	4,383

IV NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-37

As per our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

P. R. Ramesh

Mumbai, April 18, 2017

N. Chandrasekaran
Chairman

V. Ramakrishnan
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Director

Suprakash Mukhopadhyay
Company Secretary

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 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 of March 31, 2017, Tata Sons Limited, the holding company owned 73.26 % of the Company’s equity share capital.

The financial statements for the year ended March 31, 2017 were approved by the Board of Directors and authorise for issue on April 18, 2017.

2) SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as “Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Previous period have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (“Previous GAAP”) to Ind AS of Shareholders’ equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016.

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

b) Basis of preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values 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.

CMC Limited has been amalgamated with the Company with effect from April 1, 2015 in terms of the scheme of amalgamation 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. All assets and liabilities, income and expense have been included retrospectively in the financial statements of the Company prepared under Ind AS in accordance with Ind AS 103 Business Combinations as the amalgamated companies are entities under common control. The difference between the amounts recorded as investments of the Company and the amount of share capital of CMC Limited has been adjusted in the Retained earnings.

c) Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures 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.

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 for the same has been explained under Note 2(i).

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 than an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

d) Revenue recognition

The Company earns revenue primarily from providing information technology and consultancy services, including services under contracts for software development, implementation and other related services, licensing and sale of its own software, business process services and maintenance of equipment.

The Company recognises revenue as follows:

Revenue from bundled contracts that involve supplying computer equipment, licensing software and providing services is allocated separately for each element based on their fair values.

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, indirect and service 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.

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, 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, cost running its facilities, travel expenses, cost of equipment and software licenses for reselling, communication costs allowances for delinquent receivables 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 for their 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 units 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 asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

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

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

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

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

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, 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.

The Company recognises interest levied and penalties related to income tax assessments in interest expenses.

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 in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

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

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

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is 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 profit or 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, option and future contracts as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges.

The Company uses hedging instruments that are governed by the policies of the Company which are approved by the Board of Directors, which 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 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. The ineffective portion of designated hedges are recognised immediately 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 hedge 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 as per Ind AS 27 - Separate Financial Statements.

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 over their estimated useful lives based on evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any changes 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 period
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 are complete and the asset is ready for its intended use.

m) Intangible assets

Intangible assets purchased are measured at cost or fair value as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of rights under licensing agreement and software licences which are amortised over 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. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Non-financial assets

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 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.

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. Purchased goods-in-transit are carried at cost. 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 are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The Company did not have any potentially dilutive securities in any of the periods presented.

3) EXPLANATION OF TRANSITION TO IND AS

The transition as at April 1, 2015 to Ind AS was carried out from Previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 First–time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

Exemptions from retrospective application:

The Company has applied the following exemptions:

(a) Investments in subsidiaries, joint ventures and associates

The Company has elected to adopt the carrying value under previous GAAP as on the date of transition i.e. April 1, 2015 in its separate financial statements.

(b) Business combinations

The Company has elected to apply Ind AS 103 Business Combinations retrospectively to past business combinations from April 1, 2013.

Reconciliations between Previous GAAP and Ind AS

(i) Equity reconciliation

(₹ crores)

	Notes	As at March 31, 2016	As at April 1, 2015
As reported under Previous GAAP		58,867	45,416
Adjusted effect of CMC Merger		-	810
Adjusted equity under Previous GAAP		**58,867**	**46,226**
Dividend (including dividend tax)	a	6,403	5,724
Depreciation	b	(440)	(537)
Change in fair valuation of investments	c	83	9
Tax adjustments	d	101	133
Others		(1)	(6)
Equity under Ind AS		**65,013**	**51,549**

(ii) Comprehensive income reconciliation

(₹ crores)

	Notes	2016
Net profit under Previous GAAP		22,883
Employee benefits	e	122
Depreciation	b	97
Change in fair valuation of investments	c	(3)
Tax adjustments	d	(28)
Others		4
Net profit under Ind AS		**23,075**
Other comprehensive income		(132)
Total comprehensive income under Ind AS		**22,943**

Notes to reconciliations between Previous GAAP and Ind AS

(a) **Dividend (including dividend tax)**

Under Ind AS, dividend to holders of equity instruments is recognised as a liability in the period in which the obligation to pay is established. Under Previous GAAP, dividend payable is recorded as a liability in the period to which it relates. This has resulted in an increase in equity by ₹ 6,403 crores and ₹ 5,724 crores (including dividend declared by CMC Limited) as at March 31, 2016 and April 1, 2015 respectively.

(b) **Depreciation**

In April 2014, the Company revised its method of depreciation from written down value to straight-line basis. This change in method was retrospectively adjusted in accordance with previous GAAP. Under Ind AS, the Company has elected to apply Ind AS 16 Property, plant and equipment from the date of acquisition of property, plant and equipment and the change in method has been prospectively applied. This has resulted in a decline in equity under Ind AS by ₹ 440 crores, and ₹ 537 crores as at March 31 2016, and as at April 1, 2015 respectively, and increase in net profit by ₹ 97 crores for the year ended March 31, 2016.

(c) **Fair valuation of investments**

Under previous GAAP, current investments were measured at lower of cost or fair value and long term investments were measured at cost less diminution in value which is other than temporary, under Ind AS Financial assets other than amortised cost are subsequently measured at fair value.

The Company holds investment in government securities with the objective of both collecting contractual cash flows which give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and selling financial assets. The Company has also made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading. This has resulted in increase in investment revaluation reserve by ₹ 82 crores, and increase in investment revaluation reserve by ₹ 4 crores as at March 31, 2016 and April 1, 2015 respectively.

Investment in mutual funds have been classified as fair value through statement of profit and loss and changes in fair value are recognised in statement of profit and loss. This has resulted in increase in retained earnings of ₹ 1 crore, and ₹ 5 crores as at March 31, 2016 and April 1, 2015 respectively, increase in net profit by ₹ 3 crores for the year ended March 31, 2016.

(d) **Tax adjustments**

Tax adjustments include deferred tax impact on account of differences between Previous GAAP and Ind AS. These adjustments have resulted in an increase in equity under Ind AS by ₹ 101 crores and ₹ 133 crores as at March 31, 2016, and April 1, 2015 respectively and decrease in net profit by ₹ 28 crores for the year ended March 31, 2016.

(e) **Employee benefits**

Under previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of net defined benefit liability / asset which is recognised in other comprehensive income in the respective periods. This difference has resulted in increase in net profit of ₹ 122 crores for the year ended March 31, 2016. However, the same does not result in difference in equity or total comprehensive income.

TATA CONSULTANCY SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

4) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

(₹ crores)

Description	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)
Depreciation for the period	-	(328)	(118)	(35)	(611)	(5)	(225)	(140)	(106)	(1,568)
Disposals	-	3	9	-	115	2	15	5	18	167
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**

(₹ crores)

Description	Freehold land	Buildings	Leasehold improvements	Plant and equipment	Computer equipment	Vehicles	Office equipment	Electrical installations	Furniture and fixtures	Total
Cost as at April 1, 2015	327	4,762	1,187	127	4,204	27	1,624	1,183	976	14,417
Additions	-	1,283	115	193	567	8	227	326	161	2,880
Disposals	-	(1)	(14)	-	(122)	(4)	(11)	(8)	(15)	(175)
Cost as at March 31, 2016	**327**	**6,044**	**1,288**	**320**	**4,649**	**31**	**1,840**	**1,501**	**1,122**	**17,122**
Accumulated depreciation as at April 1, 2015	-	(841)	(634)	(16)	(3,053)	(19)	(977)	(524)	(724)	(6,788)
Depreciation for the year	-	(279)	(133)	(22)	(578)	(4)	(225)	(126)	(85)	(1,452)
Disposals	-	1	14	-	122	4	11	7	15	174
Accumulated depreciation as at March 31, 2016	**-**	**(1,119)**	**(753)**	**(38)**	**(3,509)**	**(19)**	**(1,191)**	**(643)**	**(794)**	**(8,066)**
Net carrying amount as at March 31, 2016	**327**	**4,925**	**535**	**282**	**1,140**	**12**	**649**	**858**	**328**	**9,056**
Net carrying amount as at April 1, 2015	327	3,921	553	111	1,151	8	647	659	252	7,629

4) PROPERTY, PLANT AND EQUIPMENT (contd)

(i) Buildings include ₹ 3 crores (March 31, 2016: ₹ 3 crores) (April 01, 2015: ₹ 3 crores) being value of investment in shares of Co-operative Housing Societies and Limited Companies.

(ii) Net book value of computer equipment of ₹ 1 crore (March 31, 2016: ₹ 6 crores) (April 01, 2015: ₹ 18 crores) and leasehold improvements of ₹ 36 crores (March 31, 2016: ₹ 46 crores) (April 01, 2015: ₹ 57crores) are under finance lease.

(iii) Legal formalities relating to conveyance of freehold buildings having net book value ₹ Nil (March 31, 2016: ₹ * crores) (April 01, 2015: ₹ 5 crores) are pending completion.

* represents values less than ₹ 0.50 crore.

5) INTANGIBLE ASSETS

Intangible assets consist of the following:

(₹ crores)

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

(₹ crores)

Description	Rights under licensing agreement and software licenses
Cost as at April 1, 2015	129
Additions	-
Disposals	-
Cost as at March 31, 2016	**129**
Accumulated amortisation as at April 1, 2015	(98)
Amortisation for the year	(7)
Disposals	-
Accumulated amortisation as at March 31, 2016	**(105)**
Net carrying amount as at March 31, 2016	**24**
Net carrying amount as at April 1, 2015	31

The estimated amortization for each of the five years subsequent to March 31, 2017 is as follows:

(₹ crores)

Year ending March 31,	Amortisation expense
2018	7
2019	7
2020	3
2021	-
2022	-

6) INVESTMENTS

Investments consist of the following:

(i) Investments - Non-current

(₹ crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(A) Investments carried at cost			
(a) Subsidiary companies			
Fully paid equity shares (unquoted)	2,124	2,124	2,225
(B) Investments carried at fair value through profit and loss			
Mutual and other funds (unquoted)	55	58	7
(C) Investments carried at fair value through OCI			
Fully paid equity shares (quoted)	-	-	4
Fully paid equity shares (unquoted)	22	47	47
	2,201	2,229	2,283

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

(ii) Investments - Current

(₹ crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(A) Investment carried at amortised cost			
Certificate of deposits (unquoted)	-	491	-
(B) Investment carried at fair value through profit and loss			
Mutual and other funds (unquoted)	18,730	1,185	971
(C) Investment carried at fair value through OCI			
Government securities (quoted)	21,999	20,254	-
	40,729	21,930	971

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

6) INVESTMENTS (contd)

Details of investment in subsidiaries is as follows:

(₹ crores)	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fully paid equity shares (unquoted)			
TCS Iberoamerica SA	461	461	461
APTOnline Limited	-	-	-
Tata Consultancy Services Belgium S.A.	1	1	1
Tata Consultancy Services Netherlands BV	403	403	403
Tata Consultancy Services Sverige AB	19	19	19
Tata Consultancy Services Deutschland GmbH	2	2	2
Tata America International Corporation	453	453	453
Tata Consultancy Services Asia Pacific Pte Ltd.	19	19	19
TCS FNS Pty Limited	212	212	212
Diligenta Limited	429	429	530
Tata Consultancy Services Canada Inc.	31	31	31
C-Edge Technologies Limited	5	5	5
MP Online Limited	1	1	1
Tata Consultancy Services (Africa) (PTY) Ltd.	66	66	66
MahaOnline Limited	2	2	2
Tata Consultancy Services Qatar S.S.C.	2	2	2
CMC Americas Inc.	8	8	8
TCS e-Serve International Limited	10	10	10
TCS Foundation	-	-	-

7) LOANS

Loans (unsecured) consist of the following:

(i) **Long-term loans**

(₹ crores)	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Considered good			
(i) Loans and advances to employees	6	7	9
(ii) Loans to related parties	-	-	6
(iii) Inter-corporate deposits	-	2,425	1,572
	6	2,432	1,587
Loans to related parties, considered good, comprise:			
TCS FNS Pty Limited	-	-	6

7) LOANS (contd)

(ii) Short-term loans

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
			(₹ crores)
(a) Considered good			
(i) Loans and advances to employees	279	951	274
(ii) Inter-corporate deposits	2,425	1,572	1,063
(b) Considered doubtful			
(i) Loans and advances to employees	56	55	50
Less: Allowance for loans and advances to employees	(56)	(55)	(50)
	2,704	2,523	1,337

8) OTHER FINANCIAL ASSETS

Other financial assets consist of the following:

(i) Non-current financial assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
			(₹ crores)
(a) Interest receivable	-	73	24
(b) Long-term bank deposits	-	415	500
(c) Security deposits	638	606	556
(d) Earmarked balances with banks	-	85	-
	638	1,179	1,080

(ii) Current financial assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
			(₹ crores)
(a) Interest receivable	697	187	340
(b) Fair value of foreign exchange forward and currency option contracts	572	537	365
(c) Security deposits	119	118	110
(d) Others	30	24	69
	1,418	866	884

9) TAXES

The income tax expense consists of the following:

	(₹ crores) 2017	2016
Current tax:		
Current tax expense for current year	6,762	6,344
Current tax expense / (benefit) pertaining to prior years	(119)	32
	6,643	6,376
Deferred tax benefit	(230)	(112)
Total income tax expense recognised in the current year	6,413	6,264

The Company benefit 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 ten years from the date of commencement of operations. Under the SEZ scheme, the unit which begins providing services on or after April 1, 2005 will be eligible for deductions of 100% of profits or gains derived from export of services for the first five years, 50% of such profits or gains for a further period of five years and 50% of such profits or gains for the balance period of five years subject to fulfillment of certain conditions. From April 1, 2011 units set up under SEZ scheme are subject to Minimum Alternate Tax (MAT).

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

(₹ in 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 P&L / OCI	(27)	(2)	(256)	(285)
Others	185	52	-	237
Total deferred tax asset	**2,164**	**230**	**(261)**	**2,133**

Gross deferred tax assets and liabilities are as follows:

(₹ in 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 P&L / OCI	(285)	-	(285)
Others	237	-	237
Net deferred tax assets / (liabilities)	**2,447**	**(314)**	**2,133**

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2016 are as follows:

(₹ in 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	(27)	5	-	(22)
Provision for Employee Benefits	198	26	14	238
Cash flow hedges	(20)	-	13	(7)
Receivables, loans and advances	142	41	-	183
MAT credit entitlement	1,871	89	-	1,960
Branch profit tax	(256)	(90)	-	(346)
Unrealised gain/loss on securities carried at fair value through P&L / OCI	(4)	1	(24)	(27)
Others	145	40	-	185
				-
Total deferred tax asset	**2,049**	**112**	**3**	**2,164**

Gross deferred tax assets and liabilities are as follows:

(₹ in crores)

As at March 31,2016	Assets	Liabilities	Net
Deferred tax assets / (liabilities) in relation to:			
Property, plant and equipment and Intangible assets	(2)	(20)	(22)
Provision for Employee benefits	238	-	238
Cash flow hedges	(7)	-	(7)
Receivables,loans and advances	183	-	183
MAT credit entitlement	1,960	-	1,960
Branch profit tax	-	(346)	(346)
Unrealised gain/loss on securities carried at fair value through P&L / OCI	(27)	-	(27)
Others	185	-	185
Net deferred tax assets / (liabilities)	**2,530**	**(366)**	**2,164**

(₹ in crores)

As at April 1,2015	Assets	Liabilities	Net
Deferred tax assets / (liabilities) in relation to:			
Property, plant and equipment and Intangible assets	(11)	(16)	(27)
Provision for Employee benefits	198	-	198
Cash flow hedges	(20)	-	(20)
Receivables,loans and advances	142	-	142
MAT credit entitlement	1,871	-	1,871
Branch profit tax	-	(256)	(256)
Unrealised gain/loss on securities carried at fair value through P&L / OCI	(4)	-	(4)
Others	145	-	145
Net deferred tax assets / (liabilities)	**2,321**	**(272)**	**2,049**

The Company has not recognized deferred tax assets in respect of tax credit entitlement amounting to ₹ 1,108 crores.

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 ₹ 2,062 crores as of March 31, 2017.

The Company have 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 of March 31, 2017, the Company has contingent liability in respect of demands from direct tax authorities in India, which are being contested by the Company on appeal amounting ₹ 2688 crores. In respect of tax contingencies of ₹ 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 those jurisdictions. 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 Company believe that its position on these claims made by tax authorities will more likely than not sustain upon examination by the relevant authorities.

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 2014 are generally subject to examination by the tax authorities. In United States of America, the federal statute of limitation applies to fiscals 2013 and earlier and applicable state statutes of limitation vary by state. In United Kingdom, the statute of limitation generally applies to fiscal 2014 and earlier.

10) OTHER ASSETS

Other assets consist of the following:

(i) Other non-current assets

(₹ crores)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Considered good				
(a)	Capital advances	142	148	167
(b)	Advances to related parties	6	-	-
(c)	Prepaid expenses	191	311	362
(d)	Prepaid rent	228	235	241
(e)	Indirect taxes recoverable	4	4	49
(f)	Others	8	22	24
		579	720	843

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advances to related parties, considered good, comprise:			
Voltas Limited	6	-	-

(ii) Other current assets

(₹ crores)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Considered good				
(a)	Prepaid expense	1,118	993	1,151
(b)	Advance to suppliers	148	211	67
(c)	Advance to related parties	1	8	12
(d)	Indirect taxes recoverable	262	139	165
(e)	Other advances	13	77	47
(f)	Other current assets	5	45	61
(ii) Considered doubtful				
(a)	Advance to suppliers	3	3	5
(b)	Indirect taxes recoverable	2	2	2
(c)	Other advances	3	3	2
	Less : Allowance for doubtful advances	(8)	(8)	(9)
		1,547	1,473	1,503

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advances to related parties, considered good, comprise:			
TCS FNS Pty Limited	-	3	5
Tata Consultancy Services (Africa) (Pty) Limited	-	-	1
TCS e-Serve International Limited	-	1	-
C-Edge Technologies Limited	-	3	6
Taj Air Limited	-	1	-
The Titan Company Limited	1	-	-

11) INVENTORIES

Inventories consist of the following:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
			(₹ crores)
(a) Raw materials, sub-assemblies and components	19	9	10
(b) Finished goods and work-in-progress	1	-	3
(c) Goods-in-transit (raw materials)	1	-	2
	21	9	15

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

12) TRADE RECEIVABLES

Trade receivables (Unsecured) consist of the following:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
			(₹ crores)
(a) Considered good	16,649	19,058	17,392
(b) Considered doubtful	571	495	382
	17,220	19,553	17,774
Less: Provision for doubtful receivables	(571)	(495)	(382)
	16,649	19,058	17,392

13) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
			(₹ crores)
(i) Balances with banks			
In current accounts	724	513	322
In deposit accounts	-	2,648	86
(ii) Cheques on hand	5	24	51
(iii) Cash on hand	1	1	1
(iv) Remittances in transit	60	1,197	1
	790	4,383	461

14) SPECIFIED BANK NOTES DISCLOSURE (SBN's)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs	ODNs	Total
Closing cash on hand as on 08 Nov 2016	411,000	283,599	694,599
(+) Non Permitted receipts -	-	-	-
(+) Permitted receipts -	-	259,577	259,577
(-) Permitted payments -	-	301,379	301,379
(-) Amounts Deposited in Banks	411,000	166,118	577,118
Closing cash on hand as on 31 Dec 2016	-	75,679	75,679

15) OTHER BALANCES WITH BANKS

Other bank balances consist of the following:

(₹ crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Earmarked balances with banks	111	423	71
(ii) Short-term bank deposits	415	-	16,003
	526	423	16,074

16) SHARE CAPITAL

The authorised, issued, subscribed and fully paid-up share capital comprises of equity shares and redeemable preference shares having a par value of ₹ 1 each as follows:

(₹ crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised			
(i) 460,05,00,000 equity shares of ₹ 1 each (March 31, 2016 : 460,05,00,000 equity shares of ₹ 1 each) (April 1, 2015 : 420,05,00,000 equity shares of ₹ 1 each)	460	460	420
(ii) 105,02,50,000 preference shares of ₹ 1 each (March 31, 2016 : 105,02,50,000 preference shares of ₹ 1 each) (April 1, 2015 : 105,02,50,000 preference shares of ₹ 1 each)	105	105	105
	565	565	525
Issued, Subscribed and Fully paid up			
(i) 197,04,27,941 equity shares of ₹ 1 each (March 31, 2016 : 197,04,27,941 equity shares of ₹ 1 each) (April 1, 2015 : 195,87,27,979 equity shares of ₹ 1 each)	197	197	196
(ii) Potential equity shares to be issued to non-controlling shareholders of CMC Limited	-	-	1
	197	197	197

The Authorised equity share capital was increased to 460,05,00,000 equity shares of ₹ 1 each pursuant to the amalgamation of its subsidiaries, WTI Advanced Technology Limited vide the Order dated March 27, 2015 of the High Court of Judicature at Bombay and CMC Limited , vide the Order dated August 14, 2015 of the High Court of Judicature at Bombay and vide the Order dated July 20, 2015 of the High Court of Judicature at Hyderabad.

The Board of Directors of the Company, at its meeting held on February 20, 2017 has approved a proposal to buy-back up to 5,61,40,351 equity shares (Five crore sixty one lakh forty thousand three hundred and fifty one only) of the Company for an aggregate amount not exceeding Rs 16,000 crore, being 2.85% of the total paid up equity share capital, at Rs. 2,850 per equity share. The shareholders of the Company have approved the scheme of buyback of shares through postal ballot on April 17, 2017.

(i) Reconciliation of number of shares

	As at March 31, 2017		As at March 31, 2016	
	Number of shares	Amount (₹ crores)	Number of shares	Amount (₹ crores)
Equity shares				
Opening balance	197,04,27,941	197	195,87,27,979	196
Issued during the year	-	-	1,16,99,962	1
Closing balance	197,04,27,941	197	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.

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

	(₹ crores)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity shares			
Holding Company			
144,34,51,698 equity shares (March 31, 2016 : 144,34,51,698 equity shares; April 1, 2015 : 144,34,51,698 equity shares) are held by Tata Sons Limited	144	144	144
Subsidiaries and Associates of Holding Company			
3700 equity shares (March 31, 2016 : 3,63,700 equity shares; April 1, 2015 : 10,29,700 equity shares) are held by Tata Industries Limited	-	-	-
8,57,301 equity shares (March 31, 2016 : 9,55,273 equity shares; April 1, 2015 : Nil equity shares) are held by Tata AIA Life Insurance Company Limited *	-	-	-
5,50,000 equity shares (March 31, 2016 : 5,90,452 equity shares; April 1,2015 : 5,90,452 equity shares) are held by Tata Investment Corporation Limited *	-	-	-
Nil equity shares (March 31, 2016 : Nil equity shares; April 1, 2015 : 200 equity shares) are held by Tata Capital Limited *	-	-	-
Nil equity shares (March 31, 2016 : 83,232 equity shares; April 1, 2015: 83,232 equity shares) are held by Tata International Limited *	-	-	-
24,400 equity shares (March 31, 2016 : 24,400 equity shares; April 1,2015: 24,400 equity shares) are held by Tata Steel Limited *	-	-	-
452 equity shares (March 31, 2016 : 452 equity shares; April 1,2015 : 452 equity shares) are held by The Tata Power Company Limited *	-	-	-
Total	144	144	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, 2017	As at March 31, 2016	As at April 1, 2015
Equity shares			
Tata Sons Limited, the Holding company	144,34,51,698	144,34,51,698	144,34,51,698
	73.26%	73.26%	73.69%

(v) Equity shares allotted as fully paid-up (during 5 years preceding March 31, 2016) including equity shares issued pursuant to contract without payment being received in cash

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

15,06,983 equity shares of ₹ 1 each have been issued to the shareholders of TCS e-Serve Limited in terms of the composite scheme of amalgamation sanctioned by the High Court of Judicature at Bombay vide its Order dated September 6, 2013.

(vi) The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated.

17) OTHER EQUITY

Other equity consist of the following:

		(₹ crores)
	As at March 31, 2017	As at March 31, 2016
(a) Capital reserve	-	-
(b) Securities premium	1,919	1,919
(c) Capital redemption reserve	100	100
(d) General reserve		
(i) Opening balance	9,118	6,830
(ii) Transferred from retained earnings	-	2,288
	9,118	9,118
(e) Special Economic Zone re-investment reserve		
(i) Opening balance	-	-
(ii) Add: Transfer from retained earnings	376	-
(iii) Less: Transfer to retained earnings on utilisation	(279)	-
	97	-
(f) Retained earnings		
(i) Opening balance	53,576	42,370
(ii) Add: Realised (losses) / gain on equity shares carried at fair value through OCI	(20)	5
(iii) Add: Transfer from Special Economic Zone re-investment reserve	279	-
(iv) Add: Remeasurement of defined employee benefit plans transferred to statement of profit and loss	(200)	(107)
(v) Add: Profit for the period	23,653	23,075
	77,288	65,343
Less : Appropriations		
(a) Dividend on equity shares	9,162	7,993
(b) Tax on dividend	1,785	1,486
(c) Transferred to Special Economic Zone re-investment reserve	376	-
(c) Transferred to General reserve	-	2,288
	65,965	53,576
(g) Investment revaluation reserve		
(i) Opening balance	54	3
(iii) Addition during the period (net) (Refer note below)	484	51
	538	54
(h) Cash flow hedging reserve (Refer note 29)		
(i) Opening balance	49	130
(ii) Addition / (deduction) during the period (net)	39	(81)
	88	49
	77,825	64,816

Movement in Investment Revaluation Reserve

Investment revaluation reserve	As at March 31, 2017	As at March 31, 2016
Net gains / (losses) arising on revaluation of financial assets carried at fair value	(20)	1
Deferred tax relating to gains / (losses) arising on revaluation of financial assets carried at fair value	-	(1)
Cumulative (gains) / losses reclassified to retained earnings on sale of financial assets carried at fair value	20	(5)
Deferred tax relating to cumulative (gains) / losses reclassified to profit or loss on sale of financial assets carried at fair value	-	2
Net gains / (losses) arising on revaluation of investments other than equities carried at fair value through other comprehensive income	740	138
Deferred tax relating to gains / (losses) arising on revaluation of investments other than equities carried at fair value through other comprehensive income	(256)	(48)
Cumulative (gains) / losses reclassified to profit or loss on sale of investments other than equities carried at fair value	-	(56)
Deferred tax relating to cumulative (gains) / lossses reclassified to profit or loss on sale of investments other than equities carried at fair value	-	20
	484	51

18) BORROWINGS

Borrowings consist of the following:

(i) Long-term borrowings

(₹ crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Secured loans			
Long-term maturities of obligations under finance lease	44	50	64
(b) Unsecured loans			
Borrowings from entity other than banks	-	-	1
	44	50	65

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

(ii) Short-term borrowings

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
			(₹ crores)
(a) Secured loans			
Overdraft from banks	-	112	-
(b) Unsecured loans			
Overdraft from banks	200	1	186
	200	113	186

Secured overdraft from banks are secured against trade receivables.

19) OTHER FINANCIAL LIABILITIES

Other financial liabilities consist of the following:

(i) Other non-current financial liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
			(₹ crores)
(a) Capital creditors	17	62	68
(b) Others	228	231	343
	245	293	411

Others include advance taxes paid of ₹ 227 crores (March 31, 2016: ₹ 230 crores) (April 1, 2015: ₹ 333 crores) by the seller of TCS e-serve Limited which, on refund by the tax authorities, is payable to the seller.

18) OTHER FINANCIAL LIABILITIES (contd)

(ii) Other current financial liabilities

(₹ crores)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Current maturities of obligations under finance lease	6	15	22
(b)	Unclaimed dividends	25	21	20
(c)	Fair value of foreign exchange forward and currency option contracts	20	152	20
(d)	Capital creditors	272	306	305
(e)	Liabilities for cost related to customer contracts	834	736	616
(f)	Liabilities for purchase of government securities	-	805	-
(g)	Others	105	48	18
		1,262	2,083	1,001

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

20) PROVISIONS

Provisions consist of the following:

(₹ crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) **Non-current**			
Provision for foreseeable loss on a long-term contract	39	40	94
	39	40	94
(ii) **Current**			
Provision for foreseeable loss on a long-term contract	66	115	103
	66	115	103

21) OTHER LIABILITIES

Other liabilities consist of the following:

(i) Non-current liabilities

(₹ crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Operating lease liabilities	330	298	271
(b) Others	-	-	10
	330	298	281

(ii) Current liabilities

(₹ crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Advance received from customers	49	39	31
(b) Indirect tax payable and other statutory liabilities	629	743	579
(c) Operating lease liabilities	49	67	46
(d) Others	24	11	8
	751	860	664

22) OTHER INCOME (NET)

Other income (net) consist of the following:

		(₹ crores) 2017	2016
(a)	Interest income	2,216	1,695
(b)	Dividend income	394	705
(c)	Net gain on investments carried at fair value through statement of profit and loss	596	395
(d)	Net gain/(loss) on investments other than equity shares carried at fair value through OCI	-	56
(e)	Net gain on disposal of property, plant and equipment	6	5
(f)	Net foreign exchange gains	1,303	807
(g)	Rent income	5	3
(h)	Miscellaneous income	48	91
		4,568	3,757
Interest income comprise:			
	Interest on bank deposits	94	1,432
	Interest income on financial assets carried at amortised cost	390	225
	Interest income on financial assets carried at fair value through OCI	1,598	32
	Other interest (including interest on income tax refunds)	134	6
Dividend income comprise:			
	Dividends from subsidiaries	394	696
	Dividends from mutual funds	-	9
Net foreign exchange gains include:			
	Gain/(loss) (net) on foreign exchange forward and currency option contracts transferred from Cash Flow Hedging Reserve (Refer note 29)	508	5

23) EMPLOYEE BENEFIT EXPENSE

Employee benefit expense consist of the following:

		(₹ crores) 2017	2016
(a)	Salaries, incentives and allowances	43,876	38,708
(b)	Contributions to provident and other funds	2,984	2,710
(c)	Staff welfare expenses	1,256	1,002
		48,116	42,420

Defined benefit plan

Gratuity and pension

The Company provide to the eligible employees defined benefit plans such as gratuity and pension plan. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days' salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service. The measurement date used for determining retirement benefits for gratuity is March 31.

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, 2017	As at March 31, 2016
i) Change in benefit obligations:		
Benefit obligations, beginning of the year	1,632	1,264
Plans assumed on acquisitions	-	31
Service cost	241	201
Interest cost	138	105
Remeasurement of the net defined benefit liability	200	149
Past service cost/ (credit)	-	13
Benefits paid	(128)	(131)
Benefit obligations, end of the year	2,083	1,632

		(₹ crores)
	As at March 31, 2017	As at March 31, 2016
ii) Change in plan assets:		
Fair value of plan assets, beginning of the year	1,746	1,442
Plans assumed on acquisitions		10
Interest income	145	116
Employer's contributions	393	282
Benefits paid	(128)	(131)
Remeasurement - return on plan assets excluding amount included in interest income	-	27
Fair value of plan assets, end of the year	2,156	1,746

(₹ crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
iii) Funded status:			
Deficit of plan assets over obligations	-	-	-
Surplus of plan assets over obligations	73	114	178
	73	114	178

(₹ crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
iv) Category of assets:			
Corporate bonds	731	312	175
Equity shares	95	43	-
Government securities	621	500	266
Insurer managed funds	691	736	738
Bank balances	3	97	217
Others	15	58	46
Total	2,156	1,746	1,442

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

(₹ crores)

	2017	2016
Service cost	241	201
Net interest on net defined benefit (asset) / liability	(7)	(11)
Past service cost / (credit)	-	13
Net periodic gratuity cost	234	203
Actual return on plan assets	145	143

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

(₹ crores)

	As at March 31, 2017	As at March 31, 2016
Actuarial (gains) and losses arising from changes in demographic assumptions	(2)	13
Actuarial (gains) and losses arising from changes in financial assumptions	71	60
Actuarial (gains) and losses arising from changes in experience adjustments	131	76
Remeasurement of the net defined benefit liability	200	149
Remeasurement - return on plan assets excluding amount included in interest income *	-	27
Total	200	122

* Values less than ₹ 0.50 crore.

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Discount rate	7.25%	7.75%	8.00%
Rate of increase in compensation levels of covered employees	6.00%	6.00%	6.00%
Rate of return on plan assets	7.25%	7.75%	8.00%
Weighted average duration of defined benefit obligations	8	8	9

The expected benefits are based on the same assumptions as are used to measure the Company's defined benefit plan obligations as of March 31, 2017. The Company is expected to contribute ₹ 189 crores to defined benefit plan obligations funds for the year ending March 31, 2018.

Remeasurement (loss) / gain of defined employee benefit plans in other comprehensive income for the year ending March 31, 2017 and 2016 are ₹ (200) crores and ₹ 122 crores respectively.

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 ₹ 71 crores (increase by ₹ 76 crores) as of March 31, 2017.

If the expected salary growth increases (decreases) by 0.50%, the defined benefit obligations would increase by ₹ 77 crores (idecrease by ₹ 73 crores) as of March 31, 2017.

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

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

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

The defined benefit obligations shall mature after year ended March 31, 2017 as follows:

Year ending March 31,	**Defined benefit obligations** (₹ crores)
2018	205
2019	195
2020	201
2021	198
2022	192
Therafter	887

Defined contribution plans

Superannuation

In addition to gratuity benefits, all eligible employees are entitled to benefits under Superannuation, a defined contribution plan. The Company makes monthly contributions until retirement or resignation of the employee. TCS Limited recognises such contributions as an expense when incurred. TCS Limited has no further obligation beyond its monthly contribution.

TCS Limited contributed ₹ 221 crores and ₹ 193 crores to the Employees' Superannuation Fund for the year ended March 31, 2017 and March 31,2016, respectively.

Provident fund

All eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and employer (at a determined rate) contribute monthly. The Company contribute as specified under the law to the Provident Fund where set up as a trust and to the respective Regional Provident Fund Commissioner. The Company contributes to the Provident Fund where set up as a trust are liable for future provident fund benefits to the extent of its annual contribution and any shortfall in fund assets based on government specified minimum rates of return relating to current period service and recognises such contributions and shortfall, if any, as an expense in the year incurred. In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest.

The Company contributed ₹ 756 crores and ₹ 658 crores to the provident fund in during the year ended March 31, 2017 and March 31, 2016, respectively.

Foreign Defined Contribution Plan

The Company contributed ₹ 304 crores and ₹ 335 crores during the year ended March 31, 2017 and March 31, 2016, respectively, towards foreign defined contribution plan.

24) OTHER OPERATING EXPENSES

Other operating expenses consist of the following:

		(₹ crores)	
		2017	2016
(a)	Fees to external consultants	6,566	5,978
(b)	Facility running expenses	2,783	2,527
(c)	Cost of equipment and software licenses	1,758	1,731
(d)	Travel expenses	2,181	2,031
(e)	Communication expenses	701	689
(f)	Bad debts and advances written off , provision for trade receivable and advances (net)	107	119
(g)	Other expenses	3,392	3,315
		17,488	16,390
	Cost of equipment and software licenses include:		
	Material costs		
	(a) Raw materials, sub-assemblies and components consumed	94	39
	(b) Opening stock:		
	Finished goods and work-in-progress	-	1
	(c) Less: Closing stock:		
	Finished goods and work-in-progress	1	-
		(1)	1
		93	40

25) Research and development expenditure aggregating ₹ 282 crores (Previous year: ₹232 crores), including capital expenditure was incurred during the year.

26) During the year, the Company has incurred an amount of ₹ 380 crores (Previous year: ₹ 294 crores) towards Corporate Social Responsibility expenditure.

27) FINANCE COSTS (at effective interest rate method)

Finance costs consist of the following:

	(₹ crores)	
	2017	2016
Interest expenses	16	13
	16	13

28) MERGER OF CMC LIMITED

a) Nature of business
CMC Limited is engaged in the design, development and implementation of software technologies and applications, providing professional services in India and overseas and procurement, installation, commissioning, warranty and maintenance of imported / indigenous computer and networking systems, and in education and training. The Company holds 51.12% of the voting power of CMC Limited.

b) CMC Limited has been amalgamated with the Company with effect from April 1, 2015 ('appointed date') 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. The Scheme came into effect on April 1, 2015 and pursuant thereto all assets, unbilled revenue, debts, outstandings, credits, liabilities, benefits under income tax, service tax, excise, value added tax, sales tax (including deferment of sales tax), benefits for and under Software Technology Parks of India ('STPI') and Special Economic Zone ('SEZ'), duties and obligations of the CMC Limited, have been transferred to and vested in the Company retrospectively with effect from April 1, 2015.

Pursuant to the Scheme coming into effect, all the equity shares held by the Company in CMC Limited shall stand automatically cancelled and remaining shareholders of CMC Limited holding fully paid equity shares shall be allotted 79 shares of ₹ 1 each in the Company, credited as fully paid-up, for every 100 shares of ₹ 10 each fully paid-up held in the share capital of CMC Limited by adjusting the General reserve.

c) The assets, liabilities and reserves of CMC Limited as at April 1, 2015 have been taken over at their carrying values since the entities are under common control.

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(i) to the financial statements.

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, 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 Company monitors and manages the financial risks relating to its operations by analysing its foreign exchange exposures by the level and extent of currency risks.

The Company use various derivative financial instruments governed by policies approved by the board of directors such as foreign exchange forward, option and future contracts to manage and mitigate its exposure to foreign exchange rates. The counterparty is generally a bank. The Company can enter into contracts for a period between one day and eight years.

The Company report quarterly to its risk management committee, an independent body that monitors foreign exchange risks and policies implemented to manage its foreign exchange exposures.

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

	March 31, 2017		
Foreign Currency	No. of Contracts	Notional amount of contracts (million)	Fair Value (₹ crores)
U.S. Dollar	6	150	9
Sterling Pound	45	318	60
Euro	27	198	40
Australian dollar	6	60	11

	March 31, 2016		
Foreign Currency	No. of Contracts	Notional amount of contracts (million)	Fair Value (₹ crores)
U.S. Dollar	9	225	41
Sterling Pound	8	160	52
Euro	24	285	20
Australian Dollar	21	228	(12)

	April 1, 2015		
Foreign Currency	No. of Contracts	Notional amount of contracts (million)	Fair Value (₹ crores)
Sterling Pound	18	297	67
Euro	9	171	88
Australian Dollar	6	97	31

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

	March 31, 2017		
Foreign Currency	No. of Contracts	Notional amount of contracts (million)	Fair Value (₹ crores)
Sterling Pound	5	125	5
Euro	3	91	15

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

(₹ crores)

	Year ended March 31, 2017		Year ended March 31, 2016	
	Intrinsic Value	Time Value	Intrinsic Value	Time Value
Balance at the beginning of the year	68	(19)	131	(1)
Changes in the fair value of effective portion of cash flow hedges	784	(232)	250	(339)
Deferred tax on fair value of effective portion of cash flow hedges	(108)	30	(32)	44
(Gains) / losses transferred to the statement of profit and loss on occurrence of forecasted hedge transactions	(743)	235	(323)	318
Deferred tax on losses/(gains)transferred to the statement of profit and loss on occurrence of forecasted hedge transactions	104	(31)	42	(41)
Balance at the end of the year	105	(17)	68	(19)

Net gain on derivative instruments of ₹ 88 crores recognised in Hedging Reserve as at March 31, 2017, is expected to be transferred to the statement of profit and loss by March 31, 2018. The maximum period over which the exposure of cash flow variability has been hedged is through calendar year of 2017.

In addition to the above cash flow hedges, the Company has outstanding foreign exchange forwards, options and future contracts with notional amount aggregating ₹ 19,159 crores, ₹ 22,144 crores and ₹ 19,949 crores whose fair value showed a net gain of ₹ 412 crores, ₹ 284 crores and ₹ 159 crores as at March 31, 2017, March 31, 2016 and April 1, 2015 respectively. Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting.

Exchange gain of ₹ 1522 crores (March 31, 2016: Exchange gain of ₹ 181 crores) on foreign exchange forwards, options and future contracts for the year ended March 31, 2017 have been recognised in the statement of profit and loss.

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, 2017	Year ended March 31, 2016
10% Appreciation of the underlying foreign currencies	(218)	(238)
10% Depreciation of the underlying foreign currencies	793	623

30) SEGMENT REPORTING

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

The Company has identified business segments (industry practice) as reportable segments. The business segments comprise: 1) Banking, Financial Services and Insurance, 2) Manufacturing, 3) Retail and Consumer Business, 4) Communication, Media and Technology and 5) Others such as energy, resources and utilities, life science and healthcare, s-Governance and products.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reporting segment have been allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Property, plant and equipment that are used interchangeably among segments are not allocated to reportable segments.

Summarised segment information for the years ended March 31, 2017, March 31, 2016 and April 01,2015 is as follows:

(₹ crores)

Particulars	**Business Segments**					
	Banking, Financial Services and Insurance	**Manufacturing**	**Retail and Consumer Business**	**Communication, Media and Technology**	**Others**	**Total**
Year ended March 31, 2017						
Revenue	35,836	8,447	16,679	16,327	15,404	92,693
Segment result	10,482	2,733	4,694	4,696	4,484	27,089
Unallocable expenses						1,591
Operating income						25,498
Other income (net)						4,568
Profit before tax						30,066
Tax expense						6,413
Profit for the year						23,653
Other information						
Depreciation and amortisation (unallocable)						1,575
Other significant non cash expense (allocable)	14	3	12	8	70	107
Other significant non cash expense (net) (unallocable)						-
As at March 31, 2017						
Segment assets	6,793	1,940	3,432	3,808	5,423	21,396
Allocable assets						
Unallocable assets						68,362
Total assets						**89,758**
Segment liabilities	1,175	92	317	392	488	2,464
Allocable liabilities						
Unallocable liabilities						9,272
Total liabilities						**11,736**

(₹ crores)

Particulars	Business Segments					
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Business	Communication, Media and Technology	Others	Total
Year ended March 31, 2016						
Revenue	33,475	7,410	15,771	15,262	13,946	85,864
Segment result	10,971	2,475	4,579	4,583	4,446	27,054
Unallocable expenses						1,472
Operating income						25,582
Other income (net)						3,757
Profit before tax						29,339
Tax expense						6,264
Profit for the year						23,075
Other information						
Depreciation and amortisation						1,459
Other significant non cash expense (allocable)	29	7	10	11	62	119
Other significant non cash expense (net) (unallocable)						-
As at March 31, 2016						
Segment assets						
Allocable assets	7,131	1,938	3,737	4,137	5,443	22,386
Unallocable assets						55,031
Total assets						77,417
Segment liabilities						
Allocable liabilities	1,123	127	213	402	374	2,239
Unallocable liabilities						10,165
Total liabilities						12,404
As at April 01, 2015						
Segment assets						
Allocable assets	6,164	1,809	3,346	3,815	5,466	20,600
Unallocable assets						43,139
Total assets						63,739
Segment liabilities						
Allocable liabilities	1,775	290	653	731	643	4,092
Unallocable liabilities						8,098
Total liabilities						12,190

Geographical revenue is allocated based on the location of the customers.
Information regarding geographical revenue is as follows:

(₹ crores)

Geography	Year ended March 31, 2017	Year ended March 31, 2016
Americas	53,848	49,249
Europe	22,728	22,409
India	7,031	6,182

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

Information regarding geographical non-current assets is as follows:

(₹ crores)

Geography	As of March 31, 2017	As of March 31, 2016	As of April 1, 2015
Americas	277	154	357
Europe	234	204	276
India	15,265	15,240	14,502

Information about major customers:

No single customer represents 10% or more of the Group's total revenue during the year ended March 31, 2017 and March 31, 2016.

31) 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 ₹ 1,213 crores and ₹ 1,058 crores for the year ended March 31, 2017 and March 31, 2016 respectively.

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, 2017	As at March 31, 2016	As at April 1, 2015
Not later than one year	482	386	523
Later than one year but not later than five years	1,547	1,284	1,619
Later than five years	1,012	986	1,476
Total	3,041	2,656	3,618

Finance lease

(₹ crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Minimum lease payments:			
Not later than one year	14	24	33
Later than one year but not later than five years	46	48	59
Later than five years	21	33	45
Total	81	105	137
(ii) Present value of minimum lease payments:			
Not later than one year	6	15	22
Later than one year but not later than five years	25	23	31
Later than five years	19	27	33
	50	65	86
Add: Future finance charges	31	40	51
Total	81	105	137

Receivables under sub-leases

(₹ crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Not later than one year	4	2	3
Later than one year but not later than five years	16	6	18
Later than five years	6	-	13
Total	26	8	34

Income under sub-leases of ₹ 5 crores and ₹ 2 crores have been recognised in the Statement of profit and loss and other comprehensive income for the year ended March 31, 2017 and March 31, 2016.

32) EARNINGS PER EQUITY SHARE

	2017	2016
Profit for the period (₹ crores)	23,653	23,075
Amount available for equity shareholders (₹ crores)	23,653	23,075
Weighted average number of equity shares	197,04,27,941	197,04,27,941
Earning per share basic and diluted (₹)	120.04	117.11
Face value per equity share (₹)	1	1

33) AUDITORS REMUNERATION

		(₹ crores)
	2017	2016
Services as statutory auditors (including quarterly audits)	5	5
Audit of financial statements as per IFRS	3	3
Tax audit	1	1
Services for tax matters	1	1
SSAE 16 and other matters	3	3
Reimbursement of out-of-pocket expenses	*	*
Service tax	2	2

Service tax credit has been / will be availed (subject to Swachh bharat cess and Krishi kalyan cess)

In addition to the above, fees amounting to ₹ 1 crore (Previous year: ₹ 1 crore) for attest and other professional services rendered have been paid to firms of Chartered Accountants in which some of the partners are also partners in the firm of statutory auditors.
* represents values less than ₹ 0.50 crore.

34) COMMITMENTS AND CONTINGENCIES

(i) COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 1493 crores (March 31, 2016: ₹ 1,446 crores)

(ii) CONTINGENCIES

Direct tax matters

Refer Note 9

Indirect tax matters

The Company has ongoing disputes with tax authorities mainly relating to treatment of characterization and classification of certain items. As of March 31, 2017, the Company has demands on appeal amounting to 253 crores from various indirect tax authorities, which are being contested by the Company. In respect of indirect tax contingencies of ₹ 9 crores, not include above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited.

Other claims

The Company has examined the social security and tax aspects of contracts with legal entities which provide services to an overseas subsidiary and, based on legal opinion, concludes that the subsidiary is in compliance with the related statutory requirements.

As of March 31, 2017, claims aggregating ₹ 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 intellectual property. In April 2016, the Company received an unfavorable jury verdict awarding damages totaling ₹ 6,101 crores (US $941 million) to Epic which the trial judge has indicated his intent to reduce. On the basis of legal opinion and legal precedence, the Company expects to defend itself against the claim and believes that the claim will not sustain.

Bank guarantees and letters of comfort

The Company has given letter of comfort to various banks for credit facilities availed by its subsidiaries (a) Tata America International Corporation and (b) Tata Consultancy Services Asia Pacific Pte Ltd. 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 subsidiaries.

The Company has provided guarantees to third parties on behalf of its subsidiaries aggregating ₹2,127 crores. The Company does not expect any outflow of resources in respect of the above.

35) MICRO AND SMALL ENTERPRISES

(₹ crores)

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Principal	Interest	Principal	Interest	Principal	Interest
Amount due to vendor	11	-	15	-	10	-
Principal amount paid (includes unpaid) beyond the appointed date	192	-	175	-	248	-
Interest due and payable for the year	-	-	-	1	-	1
Interest accrued and remaining unpaid (includes interest disallowable of ₹ 3 crores (March 31, 2016: ₹ 3 crores; April 1, 2015: ₹ 2 crores))	-	3	-	3	-	2

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.

36) DISCLOSURE UNDER REGULATION 34(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Amount of loans and advances in nature of loans outstanding from subsidiaries as at March 31, 2017:

(₹ crores)

Subsidiary Company	**Outstanding as at March 31, 2017**	**Maximum amount outstanding during the year**
TCS FNS Pty Limited *	**-**	**-**
	-	*7*

37) DIVIDENDS

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 paid during the year ended March 31, 2016 include an amount of ₹ 24 per equity share towards final dividend for the year ended March 31, 2015 and an amount of ₹ 16.50 per equity share towards interim dividend for the year ended March 31, 2016.

The dividends declared by the Company are based on the profits available for distribution as reported in the financial statements of the Company. Accordingly, the retained earnings reported in these financial statements may not be fully distributable. As at March 31, 2017, income (net of dividend tax) available for distribution were ₹ 62,383 crores. On April 18, 2017, the Board of Directors of the Company have proposed a final dividend of ₹ 27.50 per share in respect of the year ended March 31, 2017 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 6,522 crores inclusive of dividend distribution tax of ₹ 1,103 crores.