TATA CONSULTANCY SERVICES

TATA

2019-20 INTEGRATED IFRS ANNUAL REPORT

PURPOSE-DRIVEN. RESILIENT. ADAPTABLE.

Content

About TCS[1]

Tata Consultancy Services is an IT services, consulting and business solutions organization that has been partnering with many of the world's largest businesses in their transformation journeys for over 50 years. TCS offers a consulting-led, cognitive powered, integrated portfolio of business, technology and engineering services and solutions. This is delivered through its unique Location Independent Agile™ delivery model, recognized as a benchmark of excellence in software development.

A part of the Tata group, India's largest multinational business group, TCS has over 448,000 of the world's best-trained consultants in 46 countries. The company generated consolidated revenues of US $22 billion in the fiscal year ended March 31, 2020, and is listed on the BSE (formerly Bombay Stock Exchange) and the NSE (National Stock Exchange) in India.

TCS' proactive stance on climate change and award-winning work with communities across the world have earned it a place in leading sustainability indices such as the MSCI Global Sustainability Index and the FTSE4Good Emerging Index. For more information, visit us at **www.tcs.com**

Theme

Recent events have highlighted the importance of building organizational resilience, agility and adaptability. At the heart of any organization's resilience is its people, supported by enabling processes and technologies. Empowered people, who are driven by a sense of organizational purpose, take ownership for outcomes. They know the right thing to do during a crisis, even when no explicit directions are provided.

TCS' track record of navigating multiple economic cycles and technology changes over the past five decades can be traced to its culture of empowerment and its purpose-driven worldview. The company is best described by this year's theme: Purpose Driven. Resilient. Adaptable.

During these difficult times, TCS is staying close to customers and helping them develop and implement their own purpose-driven strategies, and enhance their organizational resilience and adaptability so they can survive future shocks, pivot into new business models or launch new offerings and thrive in the new normal.

Recent Annual Report Themes

FY 2019
Growth and Transformation with Business 4.0

FY 2018
Dawn of Business 4.0

FY 2017
Reimagining the Enterprise

FY 2016
Shaping the Future

FY 2015
Default is Digital

[1] 102-1, 102-5, 102-7

Board of Directors

From left to right

O P Bhatt
Independent Director

Don Callahan
Independent Director

Rajesh Gopinathan
Chief Executive Officer and Managing Director

Aarthi Subramanian
Director

N Chandrasekaran
Chairman

Hanne Birgitte Breinbjerg Sorensen
Independent Director

Dr Pradeep Kumar Khosla
Independent Director

N G Subramaniam
Chief Operating Officer and Executive Director

Keki M Mistry
Independent Director

Management Team

Corporate

Rajesh Gopinathan
Chief Executive Officer
and Managing Director

N G Subramaniam
Chief Operating Officer
and Executive Director

V Ramakrishnan
Chief Financial Officer

Milind Lakkad
Global Head
Human Resources

Rajashree R
Chief Marketing Officer

K Ananth Krishnan
Chief Technology Officer

Madhav Anchan
General Counsel Legal
& Corporate Affairs

Rajendra Moholkar
Company Secretary

Business Heads

Surya Kant
North America,
UK and Europe

Krishnan Ramanujam
Business and
Technology Services

K Krithivasan
Banking, Financial
Services and Insurance

Shankar Narayanan
Retail, Travel and
Consumer Products

Kamal Bhadada
Communication, Media
and Information Services

Debashis Ghosh
Life Sciences, Healthcare
and Public Services

Susheel Vasudevan
Manufacturing and Utilities

Suresh Muthuswami
BFSI Platforms

Letter from the Chairman

Dear Stakeholder,

Adversity, they say, is the true test of character. Your company achieved many admirable wins and milestones through the first 11 months of FY 2020. But it was in the final days of the year that the true nature of its purpose-driven worldview truly shone through. Your company prioritized the health and safety of its employees, kept customers' mission-critical systems running under very difficult circumstances and pitched in to help communities across the world battle the pandemic.

When we emerge out of this crisis, the world will be a very different place. We are witnessing many of those changes already. With cloud and the new class of collaboration tools, people are discovering that they are able to collaborate with each other just as well working from home, as they did in person in the pre-COVID era. Employers are discovering that the productivity is just as good, if not better, in this new way of working.

In many sectors, digital channels have gone from being secondary, nice-to-have options to become the primary channels, and in some instances, the only channels. Schools, colleges and even courts have shifted to an online-only mode. Farmers' cooperatives are taking online orders and directly delivering fresh produce to city-dwellers. This is the transformation that we had spoken of five years go, when we said that Default is Digital, but even I am still amazed by the scale and speed of the change.

By staying true to its purpose and its values, and helping its employees, customers and communities use the power of technology to realize their potential, your company is the embodiment of stakeholder capitalism in the true spirit of the Tata ethos. Over the last five decades, your company has shown itself to be very purpose-driven, resilient and adaptable, staying relevant to its customers through multiple economic and technology cycles, and doing good for all its stakeholders. This is the secret behind its longevity and sustainability.

The sharp shift in consumer preferences will force enterprises to significantly accelerate their digital transformation initiatives. They will also invest heavily in building resilience at every level, on the front-end as well as in back-office operations. Having pioneered Location Independent Agile™ and the Machine First™ Delivery Model, both of which are of immense value to organizations looking to build operational resilience and agility, your company is very well positioned to benefit from these trends.

Stepping back from the enterprise level and taking a more global view, I believe that the new world in which digital channels become mainstream, which I described in my book Bridgital Nation, will offer countries like India, a unique opportunity to implement large scale digital interventions that would provide its citizenry easier access to essential services, while creating millions of new jobs. Your company has been at the forefront in enabling several such high-impact initiatives. TCS' Financial Inclusion Network supports over 210 million no-frills accounts set up under the Pradhan Mantri Jan Dhan Yojana. The scheme has created jobs for over 100,000 banking correspondents who go out to remote villages with handheld devices to provide banking services to the unbanked.

There are several other examples: the Passport Seva project which completely reimagined the issuance of passports, the digital transformation of India Post, the platform that supports Ayushman Bharat – the world's largest, fully funded health insurance scheme covering 500 million of India's poorest, and so on. Each of these initiatives showcases the innovative use of technology to transform citizen services, enhance inclusivity and reduce inequity in society.

By staying true to its purpose and its values, and helping its employees, customers and communities use the power of technology to realize their potential, your company is the embodiment of stakeholder capitalism in the true spirit of the Tata ethos. Over the last five decades, your company has shown itself to be very purpose-driven, resilient and adaptable, staying relevant to its customers through multiple economic and technology cycles, and doing good for all its stakeholders. This is the secret behind its longevity and sustainability.

The next few months will be difficult, but your company is strong with deep relationships with customers and partners, enviable scale, a diversified business mix, a robust and resilient business model, and strong financials. It is well positioned to weather the storms ahead and take advantage of opportunities that come up during the downturn to acquire new capabilities and gain market share. In the post-pandemic world, technology will play an ever larger role in helping enterprises adapt to the new normal and differentiate themselves. Your company is well poised to take the lead in partnering customers to recover and rebound on to their growth and transformation journeys.

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

Warm regards,

N Chandrasekaran
Chairman

Letter from the CEO[1]

Dear Stakeholder,

It is a measure of how quickly and profoundly our world has changed, that when we look back at the year gone by, it feels like a different era altogether.

In FY 2020, your Company delivered revenue of **$22,031 million** growing **5.3%** over the prior year in reported terms, and **7.1%** in constant currency terms.

Our operating margin continued to be best in class, at **24.6%**. Net profit was **$4,541 million**, a net margin of **20.6%**. Our cash conversion continues to be very strong, with a cash conversion ratio of **109.4%** and free cash flow of **$4,540 million**.

The Board has recommended a final dividend of **$0.08** for the year, bringing the total dividend for the year to **$ 1.01** per share. This translates into **$4,433 million** returned to shareholdersin FY 2020, which is **97.6%** of the free cash flow.

We had a very productive year, engaging with customers in their innovation, growth and transformation initiatives, expanding and deepening our relationships, deploying very impactful solutions, and winning some of our largest deals till date.

However, it is our response to the events of the last ten days of the fiscal year that will be our most defining accomplishment of FY 2020.

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[1] 102-14

We believe that by 2025, only 25% of our associates will need to work out of our facilities at any point of time; and every associate will be able to realize their potential without spending more than 25% of their time in a TCS office.

Responding with Speed and Agility

As the pandemic spread, our priority was to safeguard the health and well-being of our employees while continuing to support our customers' mission critical activities globally.

The lockdowns tested the agility, resilience and adaptability of our delivery model. We responded to the challenge with speed and agility, and have emerged stronger, with our model now proven to be able to adapt to even extreme shocks. From a highly centralized model, with large campuses accommodating thousands of employees, we were able to switch to an extreme form of distributed delivery, with 90% of our 448,000-strong workforce enabled to work remotely, in a matter of days.

We not just enabled remote access for our associates but also calibrated our project management framework and security posture so that work could be properly allocated, governed, and reported, while maintaining our stringent security controls, and pivoted into a new operating model that we call Secure Borderless Workspaces™ (SBWS™).

Using SBWS, we have been able to continue supporting our customers not only in their mission critical operations but also their transformational projects, just as before, without any slippages.

A New Location Agnostic Operating Model

The Secure Borderless Workspaces model is an extension of the Open Agile Workspaces framework that powered the innovative Location Independent Agile™ model that we pioneered two years ago. It leverages all our prior investments, and incorporates the learnings and best practices around network management, a standard service delivery environment, cloud-enabled governance processes, heavy use of digital collaboration tools, and an internal Security Operations Center benchmarked to the best in the industry.

Even though these are early days, the outcomes from our new model have been impressive. Our cloud-based project monitoring system has been tracking the progress of over 23,000 ongoing projects on a real time basis, ensuring that our customers continue to experience the same high quality of delivery and certainty of outcomes that they have come to expect of TCS. There are even pockets where we have witnessed improved velocity, throughput, and productivity.

SBWS will continue to be an integral part of our new operating model and represents the future of work. It helps TCSers enjoy a better quality of life, while making TCS' service delivery more resilient as the fully distributed model is better suited for business continuity.

Our customers are comfortable with this model and want us to take more work that others are not able to handle. This has given us the confidence to come out with a bold new Vision 25x25. We believe that by 2025, only 25% of our associates will need to work out of our facilities at any point of time; and every associate will be able to realize their potential without spending more than 25% of their time in a TCS office.

Purpose-driven, Resilient, Adaptable

We have received over 500 emails from customers in recent weeks, appreciating how seamlessly TCS managed the transition to SBWS, and expressing gratitude for how our teams went above and beyond to help keep their mission-critical systems and their business operations running under very difficult circumstances.

Going through some of those notes filled me with immense pride. No training or standard operating process tells our associates that while enabling work-from-home for a customer organization, they should work extended hours, to step in and complete the work that another vendor was supposed to do, but had not. Or that they should think out of the box and implement innovative solutions to rapidly build new online features that a customer in the retail or pharma sector needed to urgently roll out for their end-customers during the pandemic.

That kind of dedication to doing whatever it takes to help customers achieve their objectives, can only come from deep within, when individuals are driven by a higher sense of purpose that goes beyond the immediate task assigned to them.

For over five decades, TCS has been helping individuals, enterprises, and communities use technology to realize their potential. This organizational purpose has served as a beacon that has guided our customer-centric strategy, our policies and our decision-making over the years. Our greatest accomplishment has been to imbue every TCSer with this same purpose-driven worldview.

This organizational purpose has also shaped the culture of empowerment at TCS. Empowered individuals take ownership of outcomes, beyond just the completion of an assigned task. Empowered, purpose-driven teams can cope even with unexpected events because they know exactly what they need to do, even when no explicit instructions are provided. Such concerted, autonomous behaviors, in aggregate, give the organization the ability to cope with sudden shocks, and impart organizational resilience.

Our purpose has helped us stay relevant to our customers through their evolving needs. TCS has successfully navigated through multiple technology and economic cycles, over the last five decades, pivoting and adapting each time to build new capabilities and even new business models, and offer the services and solutions most relevant to our customers at that point in time. Our responsiveness, agility and adaptability to change have been central to our longevity.

Commitment and Trust

Our commitment to help our employees realize their potential reflects in the investments we have been making in organic talent development over the years. This has resulted in industry-leading learning outcomes. TCSers collectively logged 37.7 million learning hours in FY 2020, building expertise in multiple technologies to augment the contextual knowledge they possess of the customer's business and technology landscape.

In this current environment of economic uncertainty and fear, TCSers can focus on their work and rest assured that their organization stands by them. TCS will also be honoring all the job offers made till date, to freshers and experienced professionals.

Our investments, our empathy, and our commitment is what makes our associates feel valued, and which gets reciprocated with unmatched levels of energy and dedication to our organizational purpose. It has also resulted in TCS becoming a gold standard in talent retention. Our attrition in IT services in FY 2020 was 12.1%, the lowest in the industry, globally.

It is no different with our customers. TCS' customer-centricity and commitment to helping customers succeed in their businesses, have helped us establish enduring customer relationships and abiding trust. Our oldest customer

For over five decades, TCS has been helping individuals, enterprises, and communities use technology to realize their potential. This organizational purpose has served as a beacon that has guided our customer-centric strategy, our policies and our decision-making over the years. Our greatest accomplishment has been to imbue every TCSer with this same purpose-driven worldview.

relationship goes back over four decades. We have stayed close to our customers through good times and bad, helping them navigate challenges and speed bumps, harnessing the power of technology to solve their business problems and enabling competitive differentiation.

Today, we have 49 customers who spend more than $100 million a year with us. The trust levels are so high, they turn to us to help them realize their growth and transformation objectives. In the case of one UK insurance customer, TCS and the transformational work we are doing for them have figured in the CEO's letter to their shareholders every year for the last three years. The strength of these relationships and the trust we enjoy is what gives us the confidence that we will come out of these difficult times stronger together.

The same purpose-driven worldview shapes the community initiatives we take up across the world, for building skills and fostering entrepreneurship to bridge the digital divide, to encourage STEM education and careers, and to enable better healthcare and wellness.

We pick programs that are scalable and which can make a big, measurable impact on the local community. These programs are estimated to have benefited over 840,000 people across the world. Our employees have also been doing their bit for worthy social and environmental causes in their respective communities, collectively contributing over 780,000 volunteering hours in FY 2020.

Looking forward

We are entering the new fiscal year at a time when all major economies have been brought to a standstill. The impact has been very fast and widespread, and the next few months will be very difficult for everyone, individuals and organizations.

On the other hand, the economic downturn is not due to any structural problem in any industry, but due to an externality that has hit the pause button on all economic activity. Whenever that externality is removed, an equally quick recovery should follow.

We are staying close to our customers, aligning ourselves to their evolving priorities, staying lean and nimble, finding newer ways to create value, and launching newer offerings that address current imperatives.

Many of the innovative frameworks and methodologies that we pioneered are of even greater relevance to our customers today. The TCS thought-leading Business 4.0™ framework that we launched three years ago to help enterprises leverage digital technologies for their growth and transformation agendas, continues to guide them today. Business levers such as mass personalization, creating exponential value, leveraging ecosystems, and embracing risk coupled with core technologies such as agile, automation, intelligence, and cloud are some of the foundational pillars helping enterprises respond and recover from the crisis.

TCS' customer-centricity and commitment to helping customers succeed in their businesses, has helped us establish enduring customer relationships and abiding trust. Our oldest customer relationship goes back over four decades. We have stayed close to our customers through good times and bad, helping them navigate challenges and speed bumps, harnessing the power of technology to solve their business problems and enabling competitive differentiation.

Enterprises are discovering that investing in AI and automation is the best business continuity plan. Our Machine First™ Delivery Model puts AI and automation at the heart of the enterprise, making technology stacks self-healing, and operations and supply chains more resilient. Consequently, we expect many customers to accelerate their core transformation initiatives, and adoption of digital self-service channels, over the next few months.

Similarly, we are seeing huge demand for our Location Independent Agile model based Secure Borderless Workspaces offering. This is helping our customers digitize their workplaces into boundary-less service clouds, leveraging the power of distributed networks for agility, resilience, and scale.

Lastly, a strong driver of how companies adapt themselves is the way they look at their organizational purpose. Organizations are seeking to introspect about what is most critical for them and their end-customers and what their true sources of value are. Firms are looking beyond the products they make and sell, to the purpose behind their existence, which in turn is helping define the blueprint for their transformation journey. TCS has been helping insurers leverage ecosystems to transform into providers of wellness, helping ship-building companies reposition into maritime solutions providers, and by applying agile innovation at scale, helping energy companies become responsible providers of affordable, reliable, and clean energy. We believe this trend of purpose-driven transformation will only accelerate in the upcoming months.

Our strong and deep relationships with a high-quality customer base, largely Fortune 1000 and Global 2000 corporations, and our industry-leading operating margin give us the wherewithal to weather the difficulties ahead. A strong balance sheet with zero debt and a big war chest positions us strongly to seize any opportunities that might come up during this downturn.

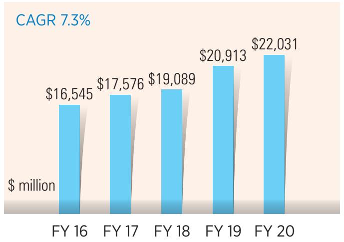
With all these strengths, we believe our relative competitiveness will only get better through the months ahead, and we will come out of this downturn, better positioned than ever to help our customers get back onto their longer-term growth and transformation journeys, and to lead in the new normal. As we navigate these uncertain times together with our customers, we look forward to your continued support.

Best Regards,

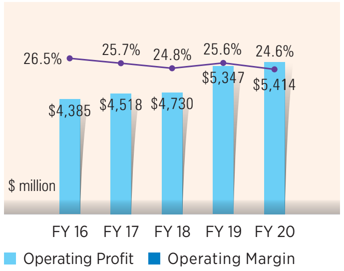
Rajesh Gopinathan
Chief Executive Officer & Managing Director

Performance Highlights[1]

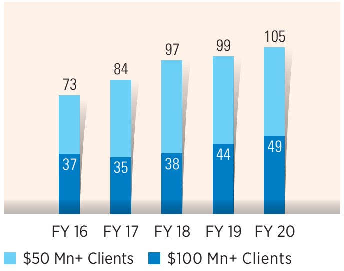
Revenue Trend



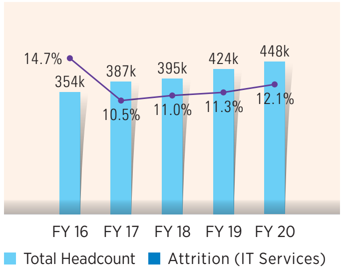
Operating Profit Trend



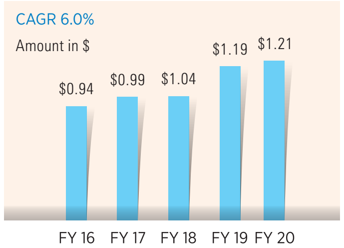
Client Metrics



Employee Metrics

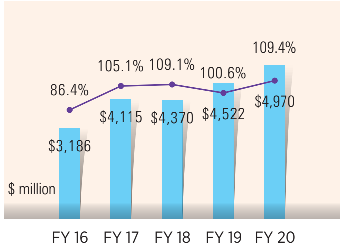


Earning Per Share*



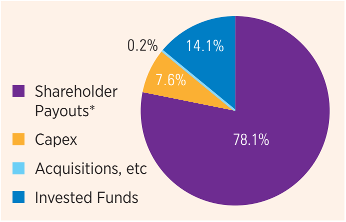
* Earnings per share is adjusted for bonus issue

OCF# and Cash Conversion



Operating Cash Flow

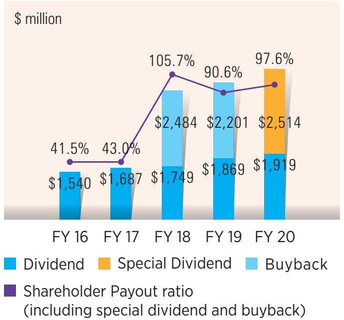
Cash Usage



(FY 16 to FY 20)

* including final dividend for FY 2020

Shareholder Payouts



[1] 201-1

TCS' Response to Covid-19

Ensuring Business Continuity for Customers

TCS works with more than 1,000 organizations across the world, helping keep their systems and operations up and running. The company's software and solutions power the financial backbones of several countries. It runs the technology for some of the largest health care and pharmacy companies, retailers, telcos, utilities, governments and public services organizations – whose continued functioning is all the more critical during times of crisis.

In response to the lockdowns, the company launched a massive program to ensure business continuity of its services using its Secure Borderless Workspaces model, which allows TCS associates to work remotely from the safety of their homes, while continuing to provide uninterrupted support services to our customers.

"[Our] partnership with TCS has been **pivotal** in enabling us to ensure business continuity while transforming our organization to remote working almost overnight.... Thanks to the TCS team for supporting us to make this possible with their **passion, proactivity** and **customer-centric philosophy.**"

VP – Global Transformation,
Major Staffing Firm

"...Despite the huge disruption to your working life, your sense of **professionalism, dedication, determination, perseverance** and above all, your **resilience** has not at all faltered. All the TCS delivery updates I am getting show all critical projects and activities continue to be met to expectations. Being able to deliver to TCS' mantra of Experience Certainty is tough enough during steady state times, let alone being able to do the same at this point when the world is in crisis. Thanks to your individual efforts, **TCS is the one silver lining in this dark cloud...** I can't help but feel just how privileged and lucky I am, overseeing a partnership of **high performing** and **committed** individuals from TCS. Once again, thank you for all you do..."

Strategic Relationship Director,
Life Sciences Major

"The spirit of **creativity** and **innovations** was on full display all through during these high-pressure times with **no sleep or rest** for most of you. I'm super proud to have a team that is always up for challenges and excels during these testing times. I couldn't THANK YOU enough for the **personal sacrifices you made** during these last 5-6 days to makes sure our business and customers were the priority..."

CIO,
Large US Bank

"I cannot say how proud I am of the TCS team who have **quickly reacted** to this crisis and kept everything moving. TCS as a company treated the health crisis seriously early, and you all ran with what your company gave you. Where we are now with **100% coverage** could not have happened without your **leadership**."

Large US Entertainment Company

"I want to particularly call out the **brilliant and heroic efforts** of the entire TCS team in moving to remote working. This happened in **record time** almost over a weekend, with the result that we are getting **close to 100% capacity**, which is quite **unprecedented**. That this was done alongside moving your large workforce in such a short time was commendable. Please convey my deepest appreciation to your teams for the **tremendous work** to support our business world-wide."

CTO,
Major Staffing firm

"TCS, through all of this, has also faced the Work from Home challenge like us. Moving call agents and support engineers from offices to home environments was not an easy challenge. You had to be **creative**, working under **unconventional circumstances**. The **resilience** and **flexibility** of the TCS organization is duly noticed!"

Corporate Group Director,
Professional Services Firm

"I am so amazed at your **flexibility, adaptability, creativity** and the **positive attitudes** you demonstrate each day. What a fantastic group of people (across the globe) you are, during times like this, the proverbial phrase, 'cream rises to the top' holds so true. Without **dedicated** and **driven** people, [Client Name] would simply not live up to its promise of securing the future for its customers. You certainly are the **creme of the crop.**"

Operations Head,
Large Global Insurer

Innovation in the time of Pandemic

At TCS' Innovation Lab in Hyderabad, India, a team of TCS scientists used deep neural network-based generative and predictive models to identify 31 new molecules that hold promise towards finding a cure for COVID-19.

"We knew that the SARS-CoV-2 has a protease protein that is responsible for viral replication. What followed next was to ask the model to generate novel small molecules de novo which have protease inhibiting capability and could bind the target protease protein with high affinity," said Dr Gopalakrishnan Bulusu, a principal scientist involved in the project. "We filtered the suggestions of the AI model to a set of 1,450 molecules, and further shortlisted 31 that we determined would be good to start with and that could possibly be synthesized for further testing." The results from this research -- put together by Dr Bulusu, Dr Arijit Roy, Dr Navneet Bung and Ms. Sowmya Krishnan -- have been published in ChemRxiv.

"The use of AI has considerably shortened the initial drug design process from several months to only a few days," Dr Bulusu added. The TCS team is now working closely with India's Council for Scientific and Industrial Research (CSIR) that has agreed to provide its labs for the synthesized testing of these 31 molecular compounds.

Uninterrupted Learning during the Lockdowns

In the wake of nation-wide lockdowns of schools and colleges, TCS offered free access to the TCS iON Digital Glass Room, a virtual learning platform, to educational institutes across the country so their students' learning journeys could continue uninterrupted in a secure virtual environment.

The TCS iON Digital Glass Room is a mobile and web education platform for schools and colleges, that empowers educators to engage with students in real time by sharing lessons, videos, worksheets, assignments and assessments, using interactive methods like polls, debates, quiz, surveys and many more tools. As an add-on, the platform also provides an embedded live classroom, which simulates live classroom teaching.

The Year Gone By

Q4

- Rolled out the Secure Borderless Workspaces model in response to the lockdowns, enabling over 90% of the workforce to securely work from home. The model leverages all prior investments, and incorporates best practices around network management, an internal SOC, a standard service delivery environment, digitized delivery governance processes, and use of cloud-based collaboration technologies.

- Israel's first fully digital bank has signed up as the first customer of TCS' Banking Service Bureau, powered by TCS BaNCS™. TCS was selected by Israel's Ministry of Finance to build a banking service bureau, a shared, plug-and-play, digital banking operations platform to help start-up banks launch very quickly.

- Ranked Overall Best Managed Technology Company in Asia, in FinanceAsia's 2020 Asia's Best Companies survey of investors across the region. Also ranked #1 position for Best Environmental Stewardship and Most Committed to Social Causes, #2 in Best Corporate Governance and Best Investor Relations, and #3 in Best Managed Company in India.

Europe Ranks TCS#1 in CUSTOMER SATISFACTION for SEVENTH YEAR in a row

European IT customer satisfaction survey by whitelane research

TATA CONSULTANCY SERVICES

#1 IN CUSTOMER SATISFACTION 2019/20 EUROPE

#1 GENERAL SATISFACTION
77% (TCS)
70% (Average)

#1 SERVICE DELIVERY QUALITY
78% (TCS)
71% (Average)

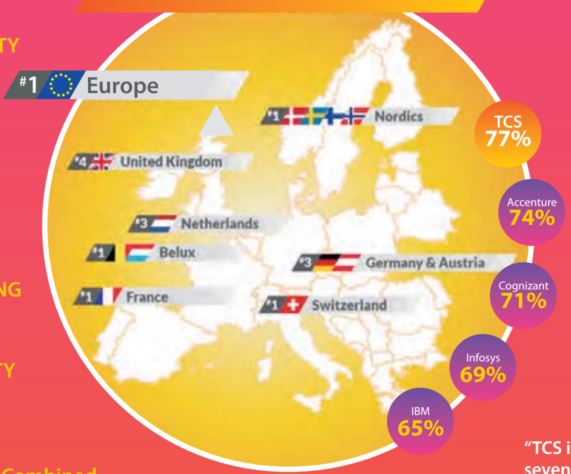
#1 CLOUD CAPABILITY
77% (TCS)
69% (Average)

#2 ACCOUNT MANAGEMENT
80% (TCS)
73% (Average)

#3 BUSINESS UNDERSTANDING
76% (TCS)
71% (Average)

#3 CONTRACTUAL FLEXIBILITY
78% (TCS)
69% (Average)

TCS' RANK ACROSS VARIOUS COUNTRIES*



Satisfaction by IT Domain

1. APPLICATION DEVELOPMENT MAINTENANCE AND TESTING
TCS#1 79%
average 71%

2. INFRASTRUCTURE SERVICES
TCS#1 79%
average 70%

1600+ CXOs Polled

across 13 European Countries

Combined annual Value of Contracts over €40 Billion

5000+ IT Contracts

"TCS is topping our ranking for the seventh consecutive year thanks to its emphasis on the strength and depth of its customer relationships twinned with a relentless focus on delivery."

JEF LOOS, HEAD OF RESEARCH, WHITELANE RESEARCH

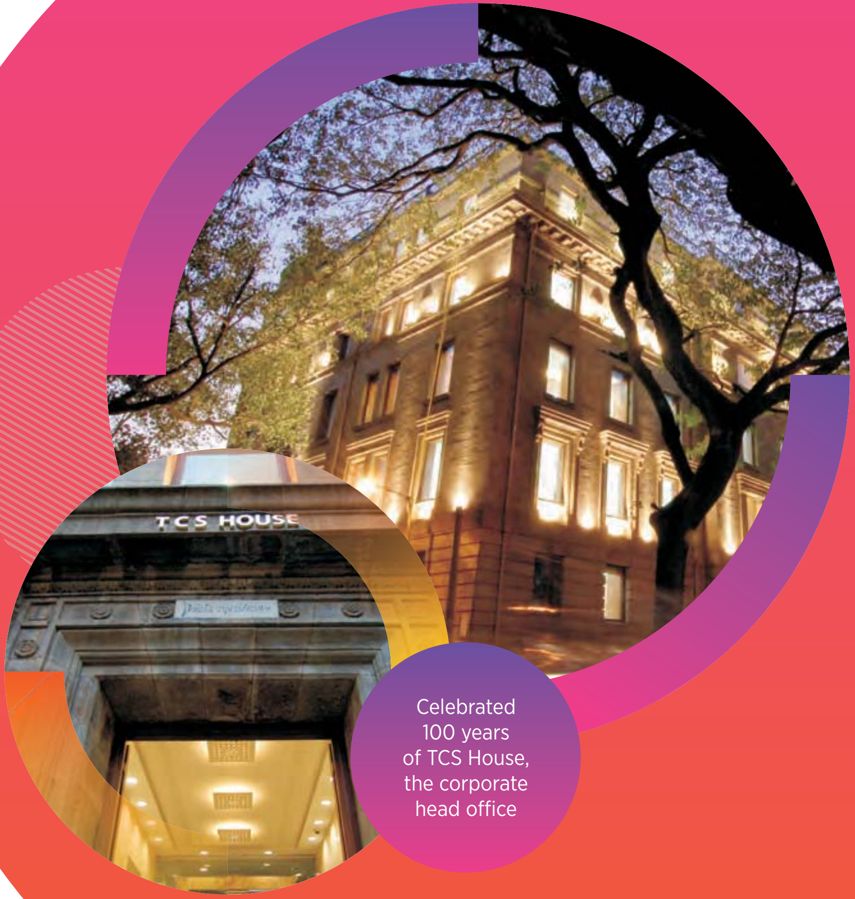
** BASED ON STUDIES CONDUCTED BY WHITELANE RESEARCH, PA CONSULTING, QUINT WELLINGTON REDWOOED, NAVISCO AND VLERICK BUSINESS SCHOOL IN 2019.*

- Recognized as a Global Top Employer by the Top Employers Institute. Also certified as the #1 Top Employer in Europe, MEA and APAC, andin 11 countries – Argentina, Australia, Belgium, Chile, Denmark, Germany, Hong Kong, Saudi Arabia, United Arab Emirates, the United Kingdom, and the United States.

- Recognized as the fastest growing IT services brand of the decade and one of the fastest growing IT services brands of 2019, by Brand Finance.

- Celebrated 100 years of TCS House, the Company's head office in the historic Fort precinct in Mumbai. Originally known as Ralli House, this Grade IIA heritage structure was acquired by TCS in 2004 from Rallis, a Tata Group company, and painstakingly restored and remodeled, while retaining the original stone facade.

- Walgreens Boots Alliance, a global leader in retail and wholesale pharmacy, expanded its strategic partnership with TCS with a 10-year contract. In the new operating model for IT Run and Operational services, TCS will provide managed services using an approach that blends artificial intelligence, machine learning and advanced software engineering to enhance operational resilience and boost productivity.



Celebrated 100 years of TCS House, the corporate head office

Q3

- Petco, America's leading pet specialty retailer, selected TCS Optumera™, to hyper-localize and optimize its store products and space strategies, with greater speed and precision in decision-making, and deliver an improved end-to-end customer experience.
- Declared a special dividend of $0.56 per share, amounting to over $2,514 million paid out to shareholders over and above the regular dividends.
- Towards enhanced LGBTQ+ inclusion and building on the core value of 'Respect for the Individual', TCS became the first Tata group company to include gender reassignment surgery under its employee health cover, and redefine the word 'spouse' to include same-sex partners, regardless of marital status.
- Launched the Quartz™ DevKit to accelerate enterprise adoption of blockchain technology. The DevKit abstracts out the complexity of blockchain programming and provides enterprises with a low-code means to quickly and easily build blockchain-based applications on popular platforms.
- Consolidated all operations for Strate, the South African central securities depository on to TCS BaNCS for Market Infrastructure. The implementation covers all markets and asset classes and marks a significant transformation in the South African securities market.
- Expanded strategic partnership with Phoenix Group to digitally transform Standard Life's pensions and savings operations by moving 4.2 million policies to the TCS BFSI Digital Platform.
- Recognized as the 'Most Awarded Company of the Decade in India', 'Overall Most Outstanding Company in India' and the 'Most Outstanding Company in India in the IT Services Sector' in Asiamoney's 2019 Asia's Outstanding Companies poll of investors and analysts across the region.

Q2

- Launched TCS BaNCS Cloud for Asset Servicing, a platform that automates the servicing of all classes of assets across all markets, and is targeted at custodians, broker dealers, asset managers, and investment and private banks.
- ignio™, TCS' award-winning cognitive automation software, celebrated its fourth anniversary by doubling its revenue and customer base, year-on-year. FY 2020 saw Digitate's AI product line expand beyond the original ignio AIOps, to include ignio AI.WorkloadManagement, ignio AI.ERPOps for automating ERP support operations, ignio AI.Digital Workspace and ignio Cognitive Procurement.
- Established a strategic partnership with General Motors for global vehicle design and development including vehicle styling, EV battery, motor design and advanced virtual simulations to set new benchmarks in driving experience, safety and emissions.
- Chosen by the Reserve Bank of India as its strategic partner to design and implement an AI-based centralized information and management system that will collect, review and analyze data, enabling data-driven business decision-making for better regulation of financial markets and better tracking of the country's economic growth.
- Powered Jurassic Fibre's new, ultrafast full-fiber optic broadband offering to towns and rural communities in the South West of England, with TCS HOBS. TCS will also implement an ERP solution for its finance, supply chain, talent management and field service operations.
- Increased holding in TCS Japan Ltd, the Company's joint venture with Mitsubishi Corporation, from 51% to 66%, reiterating TCS' commitment to the Japanese market. This is the latest in a series of investments made by TCS in recent years to cater to the specific needs of Japanese corporations.

Leadership teams from TCS and Cornell Tech at the ribbon cutting ceremony of TCS Pace Port NY.

Q1

- Launched TCS Pace Port™ New York, a new co-innovation and advanced research center that unifies the best of TCS' global research, innovation, partner ecosystem and business transformation services – designed to help customers scale up their innovation efforts and accelerate their transformation journeys.

- Helped India Post transform to a multi-service digital hub, modernize mail delivery, enhance customer experience, and launch innovative services that drive new revenues. The new system connects over 150,000 post offices, and processes over 3 million postal transactions a day. Additionally, TCS implemented a POS solution across 80,000 POS terminals, making it one of the largest such implementations in the world.

- Powered the world's first successful cross-border real-time securities settlement between two central securities depositories – Maroclear (Morocco) and Kuwait Clearing Company – using cash coins on the TCS BaNCS Network, powered by Quartz™ Blockchain. This could revolutionize cross-border flows, reducing currency risks and enhancing liquidity.

- Canada's food and pharmacy leader, Loblaw, successfully deployed ignio, TCS cognitive automation software, as part of its IT transformation program. ignio has helped reduce the mean time to resolve outages to 3 - 6 minutes, and automate over 20% of incidents and alerts in the first ten months. The reduced outages and faster resolution have resulted in a superior online shopping experience for end customers.

- Celebrated 15 years of partnership with Star Alliance, the global airline network, by embarking on new digital transformation initiatives. TCS' industry-first solutions have helped the Alliance drive digital innovation and provide a seamless experience to passengers.

TCS leadership team welcoming the Star Alliance CEO, Jeffrey Goh.

Partnering with DAMEN to Reinforce its Reputation as a Maritime Innovation Pioneer

Damen, the Netherlands-headquartered international shipyard group, has built a reputation for listening closely to its customers and innovating across its range of ships, yachts and other vessels. In the Business 4.0 era, Damen wanted to take its product innovation to the next level.

As Damen's innovation partner on this journey, TCS used its `Bringing Life to Things' IoT framework to envision an integrated Connected Vessel Platform that uses IoT, cloud, edge computing and advanced analytics to make Damen's ships smarter and more connected, with improved safety, sustainability and efficiency, and with which Damen can launch newer services and even new business models. The platform collects 700 data points from the nearly 10,000 sensors in each ship, giving Damen complete visibility into each vessel's fuel levels, fresh water, oil; engine performance – speed, rpm, fuel consumption and so on.

The new platform has enabled the launch of value-added services such as fleet management and predictive maintenance, helping customers reduce fuel consumption by 12%, improve safety and enhance vessel utilization. It also enables co-innovation with maritime ecosystem partners like suppliers, insurers and port authorities, to curate a more holistic customer experience, and potentially offer shipping as a service.

Partnering with TCS for its growth and transformation has helped Damen accelerate its transformation from being a shipbuilder to a maritime solutions provider, create new revenue streams, boost profitability and reinforce its position as an innovation pioneer in the maritime industry.

"Damen is at the forefront of digital innovation in the maritime industry, using new technologies for remote monitoring and eventually to build autonomous vessels. We selected TCS as our strategic partner because of how well their innovation philosophy is aligned with ours, and for their experience in successfully executing large, complex programs elsewhere. Their digital expertise, creative ideas and intellectual property have helped us scale and speed up our business transformation journey."

Arnout Damen
CEO, Damen Shipyards

Helping M&G Innovate and Reimagine Customer Engagement

Today's customers have higher expectations of the experience and the service they get from their savings and investment provider. However, complex, legacy IT landscapes, and fragmented customer data can constrain the ability to innovate and meet those expectations.

Taking that challenge head on, M&G plc entered into a 10-year strategic partnership with TCS to transform its heritage UK life and pensions business by building a simpler customer focused operating model, which is digitally enabled, allowing it to respond quicker and better to its customers' needs.

TCS' approach, working in partnership with M&G plc, entailed radically simplifying the IT landscape, reimagining customer engagement, redesigning operations for greater resilience and providing end-to-end policy administration services using the TCS BFSI Platform for Life and Pensions, powered by TCS BaNCS™. In just 15 months, TCS onboarded 1.4 million customers and their policies, delivered a new customer experience solution, CRM and complaint management solutions, and an online bond claim platform.

The unified customer data and analytics on the new platform have enabled a more holistic approach to enhancing the customer experience, focused on the end-to-end customer journey and not just individual transactions. The new digital bond claim service has reduced customers' wait time for cash withdrawal by almost 80%. Digitization has reduced claim processing time by 75%. All this has resulted in some early positive impacts on the Net Promoter Score as well.

"For more than 170 years, M&G has delivered good outcomes for savings and investment customers through product innovation and high-standard service. Our strategic partnership with TCS is an essential element of our ongoing work to create a digitally enabled M&G so that we can maintain this great track record. The primary focus has been on our Heritage business to transform the customer experience for our 5 million Prudential policyholders in the UK. We have worked together to build a new digital MyPru platform, transformed our operation to be focused on the end-to-end customer journey and migrated our most complex administration system, SALAS, to the industry leading TCS BaNCS™ platform. Leveraging the TCS innovation network and experience, we have achieved a lot together. We look forward to continuing to work and learn together, as we continue to meet the needs of customers and their advisers, and as we seek to exceed their expectations on service"

John Foley
CEO, M&G plc

Innovative. Resilient. Adaptable: A Panel Discussion

Featuring

K Ananth Krishnan,
Chief Technology Officer

NG Subramaniam,
Chief Operating Officer

Krishnan Ramanujam,
Global Head – Business & Technology Services

WHAT IS THE CONNECTION BETWEEN INNOVATION, RESILIENCE AND ADAPTABILITY?

KAK: TThe pandemic has resulted in a renewed focus on individual, societal and organizational resilience and adaptability. An organization that is innovative is also resilient and adaptable. All three elements stem from a customer-centric and forward-looking worldview, and all three require empowered people, an enabling culture, and supporting structures, processes and technologies.

Empowered employees are key to innovation. Such individuals take ownership of their domains, and come up with new ideas to deliver better outcomes for customers, or improvise when faced with some unforeseen adverse event, to ensure continuity of service. When customers' needs or priorities change, innovative organizations adapt quickly by launching new business models or new services and products, and stay relevant in the changed market conditions. As you can see, all three are very closely connected in an enterprise and are critical to its longevity.

KR: In addition to an empowering culture, enterprises which invest in building a robust, responsive and extensible operations stack – consisting of the processes, systems and core infrastructure – will be better placed to not only respond to an economic shock, but also to recover faster and get back to their growth trajectory earlier.

> Digital technologies – especially cloud, IoT, AI and Machine Learning – have opened tremendous opportunities to innovate and transform some or all the components of the enterprise's operations stack – the business processes, the supporting systems and underlying infrastructure. By applying our innovation energies in such core transformation opportunities, we are helping customers build a new future-proof digital core, that is agile, efficient, scalable, and resilient.

THAT MAKES SENSE. BUT HOW DOES THIS CONNECTION SHOW UP IN THE WORK YOU DO FOR CUSTOMERS?

NGS: If you think about it, TCS has had a track record of pioneering delivery model and business model innovations over the last two decades. These innovations have helped our customers enhance their resilience, scale up their technology adoption and reduce their total cost of ownership over the years.

First, it was the industrialized model of software development that adopted manufacturing principles, process controls and automation to deliver predictable and consistently high-quality outcomes at very competitive prices. Then we pioneered the Global Network Delivery model in the last decade, giving our customers access to our globally distributed delivery footprint and reducing their geographic risk.

More recently, our Location Independent Agile model helped customers gain speed to market and reduce project risk by applying Agile methods even in large transformation programs. Our latest innovation is the Secure Borderless Workspace which makes our delivery model location-agnostic at the level of the individual, while retaining the full rigor of our project oversight, quality and governance processes and security controls. This is the ultimate in distributed models, and infuses a tremendous amount of resilience and agility in the work we do for our customers.

KR: A big part of our incremental revenue over the last three years has come from growth and transformation engagements which are rooted in innovation. We have spoken about the work we have done around business model innovation, product innovation, or even innovation around customer experiences, all of which help boost the customer's topline. However, such market-facing innovation doesn't work if back-end processes are slow and error-prone; or if the core systems and underlying infrastructure are outdated and not scalable; or if the data is fragmented.

Digital technologies – especially cloud, IoT, AI and Machine Learning – have opened tremendous opportunities to innovate and transform some or all the components of the enterprise's operations stack – the business processes, the supporting systems and underlying infrastructure. By applying our innovation energies in such core transformation opportunities, we are helping customers build a new future-proof digital core, that is agile, efficient, scalable, and resilient.

CAN YOU PROVIDE EXAMPLES OF INNOVATION LEADING TO IMPROVED RESILIENCE?

NGS: The work we are doing for life insurance companies in the UK is a great example. Large insurers face the problem of fragile operations and patchy customer service due to the complexity of multiple legacy systems which are difficult to maintain and are prone to breakdowns. We have built a highly successfully and innovative business model in the UK wherein we administer the policies on the customer's behalf, using our multi-tenant, cloud-based platform which is our intellectual property. The operations are much faster and far more resilient on this robust, modern platform, and the customer experience is radically transformed. You can read more about this in the M&G story in this year's Annual Report.

Several large deals in FY 2020 were core transformation initiatives where we are using our Machine First Delivery Model to reimagine the customer's IT operating model using AI and Machine Learning very innovatively. At the core is our cognitive automation software, ignio, which can autonomously pre-empt or resolve system failures. This makes the technology stack self-healing, and gives the organization a resilient digital core. The benefits were especially visible in the retail vertical during the holiday season peak and again during the panic shopping in March, when our customers were able to handle spikes in volumes without their systems breaking down.

Another aspect of such operating model transformations is that they can free up resources for other market-facing innovations that provide competitive differentiation. For one customer in the US, we are carrying out an operating model transformation on the one hand, and concurrently, a business transformation on the other, the former effectively paying for the latter.

KR: Let me give you an example from the Life Sciences vertical. We have been providing pharmacovigilance services to an European pharma major for the last 12 years. Our team goes through unstructured documents describing adverse events associated with the company's various drugs, triages them and logs the data using standardized medical codes.

We asked ourselves, why can't machine intelligence be trained to do this? Our Life Sciences domain experts and our Analytics & Insights practice teamed up and built an innovative solution, TCS ADD Safety™, that uses our Decision Fabric™ AI Engine to completely automate the case intake and processing of adverse events. It uses AI and machine learning to convert natural language data into structured data. This is not only faster and more accurate, but can also easily handle volume spikes, lending greater resilience and scalability to their pharmacovigilance operation. The solution is our intellectual property and we are now offering it to other life sciences companies as well.

INTERESTING. BUT WON'T THIS CANNIBALIZE THE MANUAL PROCESSING WORK YOU WERE DOING?

KR: Yes, it will. But that is the nature of technological innovation. Newer technologies open up the possibility of accomplishing a certain task faster, better or cheaper. As a customer-centric organization, we will keep looking for newer, better ways to achieve a certain business outcome, and offering those innovations to our customers.

This alignment with the customer's business interests is what has helped us build long, enduring relationships founded on trust. That goodwill translates into incremental business that more than makes up for the deflation. In this case, we are replacing human effort with cutting edge IP which deepens the competitive moat as well.

And as it so happens, demand for our pharmacovigilance services was already growing robustly and will probably accelerate next year due to the increased activity around drug development. So displaced teams will get absorbed very quickly by our newer engagements.

GIVEN ITS IMPORTANCE, WHY DO CUSTOMERS ENGAGE TCS FOR THEIR INNOVATION INITIATIVES?

KAK: Well, innovation is not an exact science. Of the ten things you try out, one or two may succeed. To stay ahead in the innovation game, enterprises need to increase the 'yield' on the number of bets they make, thereby increasing the likelihood of landing 'winners'. By partnering with TCS, customers can leverage our investments in Research and Innovation, our large portfolio of intellectual property, our Pace Ports™, our Co-innovation Network of start-ups and academic partners, our deep contextual knowledge of their business, and our Location Independent Agile model to scale up as well as speed up their innovation.

This alignment with the customer's business interests is what has helped us build long, enduring relationships founded on trust. That goodwill translates into incremental business that more than makes up for the deflation. In this case, we are replacing human effort with cutting edge IP which deepens the competitive moat as well.

Customers in such diverse areas as retail, mining and energy have entered into innovation partnerships with us to set up dedicated agile innovation centers, where teams of TCS researchers and innovators work on finding technology solutions to their most critical business problems. The power of such partnerships gets amplified when it crosses industry boundaries and creates new opportunities.

Lastly, TCS' innovation initiatives in community-centric themes, in areas like education, health, elder care and energy management align well with similar agendas at our customers and the world at large.

INNOVATION SPEND TENDS TO BE SMALL RELATIVE TO RUN-THE-BUSINESS SPEND. WHY FOCUS SO MUCH ON IT?

NGS: Adaptability is going to be very important to our customers in the recovery phase, and innovation will be key to adapting to the new normal. All those elements that Ananth just described will be critical to our customers' ability to scale up their innovation and by extension, their adaptation. Also, it is not an either-or scenario. When we engage in innovation work for our customers, we are not vacating our traditional areas of strength which are rooted in their run-the-business spends. This is incremental business that expands our addressable market, and brings in higher quality revenues.

Second, those elements that Ananth listed, as well as our ability to stitch together different capabilities from across the organization into one seamless business-centric solution, are not easy to replicate. These capabilities are helping us differentiate ourselves from traditional outsourcers, and gain market share.

KR: To add to that, innovation initiatives tend to be fairly high profile in most organizations. By engaging in those initiatives, we are building strong relationships with a broader set of stakeholders in the enterprise – line of business heads, functional heads, COOs, CEOs and the Board. These connects give us a competitive edge even in the more traditional opportunities.

Of course, such initiatives often translate into core transformation deals which are large in scale, scope and deal value, and with longer tenures. That improves our business visibility, and brings in higher quality revenues. It also embeds us deeper into the core of the customer's business, making us a strategic partner and sometimes the sole strategic partner, raising our brand visibility.

WHAT DO YOU SEE AS THE KEY SPENDING THEMES AND DRIVERS OF YOUR GROWTH IN A POST-PANDEMIC WORLD?

KAK: Innovation is a timeless business theme. It will not only continue to remain very relevant in the post-pandemic world, but might even see acceleration in some cases in the medium term. Even as we help customers improve their resilience in the immediate term, we are also having conversations on medium and longer term transformation plans.

NGS: There will be a short period of dislocation in some sectors due to the complete stalling of all economic activity, but once things settle down, you will see spending on these themes return. Different sectors will recover at different rates, but technology will remain front and center of every organization's strategy to innovate, differentiate itself and grow.

KR: In the near term, enterprises are responding to the crisis by spending on workplace and collaboration tools, cyber-security and cloud adoption. We expect to see accelerated rollouts of digital channels including cognitive chatbots. Organizations are also rapidly reconfiguring their supply chains with a `just in case' orientation, for greater diversification and localization.

In the next phase, customers will want to build greater resilience in their operations, and we expect greater interest in our Machine First approach, and ignio. You can also expect heightened M&A activity in the next few months, and given our experience in process and IT integration, enabling time-bound divestments and taking on commitments around transition services, we expect to benefit from that as well.

In the medium and longer term, there are structural forces acting in our favor. Technology is seen as a source of competitive differentiation in every industry today, and technology intensity – or spend on technology as a percentage of revenue – is rising. That expands the market opportunity for us. From our side, we have been steadily expanding our addressable market by continually launching new services, products and platforms, catering to the priorities of an expanding set of stakeholders in the enterprise. Between these two forces, we have immense confidence in our ability to sustain longer term growth and value creation for our stakeholders.

Partnering RBC in Reimagining its Research Portal for Superior Customer Experience

RBC Capital Markets, a top-10 global investment bank, has an extensive equity research capability covering around 1,700 corporations across the world. Its research desk has been consistently ranked #1 in Canada over the years.

To expand its reach and retain its leadership, RBC wanted to redesign its client-facing research portal to provide a better customer experience.

As RBC's strategic digital partner, TCS designed and developed a new microservices-based, cloud-ready research portal that provides a more engaging, intuitive and consistent user experience across a multitude of devices preferred by new-generation fund managers.

AI-based algorithms power the intuitive search capability and provide personalized, context-driven research recommendations. The new portal supports multimedia formats including podcasts and videos. It also provides RBC's award-winning analysts with a best-in-class platform to publish their research and interact with clients online.

In-depth readership analytics have enabled identification of cross-selling and up-selling opportunities. The superior user interface has helped improve customer satisfaction. Integration with third party research aggregator sites has significantly expanded its reach.

The new portal has significantly improved the overall client journey of content and led to an increase in readership and client visits.

"We have been maintaining our technological leadership by investing significantly in our digital and innovation strategies, enabling RBC to deliver superior experiences and even more insights that create value for our clients.

Partnering with TCS helped us innovate at scale, leveraging leading-edge technology to transform the user experience as well as the reach of RBC Insights, and unlock new opportunities. They brought a lot of domain knowledge and were proactive in coming up with new ideas. By working Agile and deploying automation wherever possible, they significantly improved our speed to market. Their deep understanding of our business, passion for innovation and shared values have made them a key part of our digital transformation journey."

Fardeen Khan
Head – Strategic Initiatives – Research,
RBC Capital Markets

Q&A WITH MILIND LAKKAD, CHRO AND V RAMAKRISHNAN, CFO

WITH SBWS AND WORKING FROM HOME, WHAT HAPPENS TO THE TRADITIONAL ONSITE-OFFSHORE MODEL?

ML: With our teams as well as our customers' teams working from home, in-person interactions are now replaced with virtual collaboration. SBWS makes physical location irrelevant. This virtualization blurs the traditional divide between onsite and offshore. Traveling to onsite locations, particularly for initial transitions and knowledge transfer, will reduce further.

At a societal level, this also means young people will eventually have the option of pursuing their careers in TCS without uprooting themselves from their home towns as long as they have good connectivity. Likewise, there will be greater opportunities for women to pursue fulfilling careers while managing familial responsibilities.

In the longer term, it is possible that project teams will be seen as part of a virtualized talent cloud and provisioned for in the same way that we provision for compute power or storage today.

INTERESTING. BUT FOR NOW, HOW IS EMPLOYEE MORALE AND PRODUCTIVITY?

ML: I feel the lockdowns, amidst the uncertainities and fears related to the pandemic, have actually brought us all a little closer. Daily team video calls, interaction over chats and email, and frequent updates from HR and senior management have helped mitigate any feeling of isolation.

Traveling to onsite locations, particularly for initial transitions and knowledge transfer, will reduce further. At a societal level, this also means young people will eventually have the option of pursuing their careers in TCS without uprooting themselves from their home towns as long as they have good connectivity. Likewise, there will be greater opportunities for women to pursue fulfilling careers while managing familial responsibilities.

Through the TCS Cares initiative, we are providing counseling services and running educational campaigns to help individuals cope with stress and anxiety. We are also creating self help networks of our associates with similar interests, so they get the social interaction that the physical workplace used to provide.

As for productivity, the time saved on the daily commute is translating into increased energy levels and better engagement. There are some areas where teams have shown higher through-put, but these are still very early days.

WILL TRAVEL RESTRICTIONS OVER THE NEXT FEW MONTHS AFFECT YOUR ABILITY TO CLOSE DEALS? WHAT ABOUT RAMP-UPS ON NEW DEALS?

VR: As for new deal closures, it is encouraging that we signed a large, multi-million dollar deal in end-March, entirely virtually, while both parties were under lockdown. Anyway, most of our incremental revenue comes from existing customers who know us well, and with whom we have ongoing conversations. Second, travel restrictions impact everyone and not just us. So our relative competitiveness is not affected. And lastly, the post-pandemic world will see more and more activities that previously involved in-person interactions go virtual, including the sales process. Years from now, we will probably look back and wonder at how much time salespersons used to spend on the road.

ML: Ramp-ups on some of the large deals we signed in the fourth quarter are progressing smoothly, with knowledge transfer taking place virtually. In fact, in the example that Ramki mentioned as well as in some other cases, the entire process of transition and moving to steady state operations are also taking place virtually. There is an added qualitative benefit of these virtual sessions. Now, the entire team can participate in these sessions, compared to the more exclusive `train the trainer' approach we used in the past. This reduces the transmission losses and makes the process more efficient.

HAVE VISA RESTRICTIONS IN THE US DISRUPTED YOUR BUSINESS?

ML: Our delivery model has evolved over the last few years. Our Location Independent Agile™ promotes systematic collaboration across distributed teams and reduces the need for co-location. This, coupled with greater use of managed-services contracting models have given us more flexibility around where our teams are based.

We have also accelerated our localization programs. In the US, we have hired over 20,000 employees in the last five years, making us one of the top job creators in IT services and consulting. Every year, we hire hundreds of fresh engineering graduates and train them on new technologies. In FY 2020, we hired over 2.5 times our usual fresher intake, and also made the training more account-contextual, accelerating their ability to play productive, client-facing roles. For very short-term assignments, we use sub-contractors.

All this has brought down our use of work visas to a small fraction of what it used to be five years ago, de-risking our business significantly. Looking into the future, as I mentioned earlier, the virtualization of many activities with SBWS will reduce the need for travel and co-location even further.

GIVEN THE LIKELY DEMAND COLLAPSE IN FY 2021, WHAT LEVERS DO YOU HAVE TO KEEP MARGINS STABLE?

VR: Cost management at TCS has been devolved to the individual business units, and from there to the account and project levels. At that granular level, there are multiple margin management avenues available to them, starting from selling higher value services and solutions, getting into managed services contracts, superior execution leveraging MFDM™, replacing subcontractors with employees and so on.

At a corporate level, we will scrutinize all expenses. We have frozen all new hiring, and we won't have our annual wage increase this year. There is some amount of relief from reduced spending on travel and facilities. Many big marketing events are likely to be canceled, bringing down the sponsorship expense. The Rupee depreciation, taking place after a fairly long gap, also provides some support.

AND YET, YOU PLAN TO HONOR ALL THE JOB OFFERS YOU HAVE MADE?

ML: Yes. We will honor all the accepted job offers that we have already made. We have also assured our employees that we are not planning retrenchments. This commitment that we have for our people is what motivates them to give their best for TCS.

IS THERE ANY CHANGE IN YOUR CAPITAL ALLOCATION POLICY DUE TO THE DOWNTURN? WHAT ABOUT M&A?

VR: We have sufficient cash on our balance sheet for the proverbial rainy day, so our capital allocation policy continues to be one of returning most of our free cash flow to shareholders. This year, once again, we have paid out nearly 109% of our free cash flow in the form of dividends.

We are always open to the idea of picking up the right asset at the right price. Economic downturns are probably the best time to do it, when there are fewer buyers. You might recall that our largest acquisition till date was executed in December 2008, at the peak of the Global Financial Crisis.

WHY IS THERE SUCH A BIG GAP BETWEEN TCS' ATTRITION RATE AND THAT OF PEERS'? DO YOU CALCULATE IT DIFFERENTLY?

ML: (Laughs) No, we use a standard formula that has remained unchanged in years. It is calculated by dividing the total number of departures in the prior twelve months by the closing headcount.

Just to be clear, we have always had the best retention rate in the industry. Our purpose-driven culture, progressive HR policies, and philosophy of investing in people and empowering them have made us an industry benchmark in talent retention, and an employer of choice across the world.

Our commitment to organic talent development is best summarized in the words of our Chairman: *There are no legacy people, only legacy technologies.* We value employees for their domain and customer-specific contextual knowledge, and invest in layering new technology skills on top of that, helping them stay relevant. We link learning to their career in explicit and transparent ways. We also give internal talent the first right of refusal on leadership positions in the company.

We have a program called Contextual Masters which celebrates experienced employees who use their contextual knowledge to create value for our customers. This gives junior employees role models to emulate, and encourages them to plan long careers in TCS. In contrast, in some other organizations, experienced individuals are seen as expensive and targeted for layoffs, affecting the morale. I believe that is why the retention gap has widened in recent years.

We value employees for their domain and customer-specific contextual knowledge, and invest in layering new technology skills on top of that, helping them stay relevant. We link learning to their career in explicit and transparent ways. We also give internal talent the first right of refusal on leadership positions in the company.

Enabling Woolworths' Teams to Deliver Superior In-Store Customer Experiences

Woolworths, Australia's largest supermarket group, views building a Customer 1st brand, team and culture as its foremost strategic priority. In this regard, they launched a store transformation program that aimed to empower store team members with data and automate many routine back-office tasks, freeing up time for customer engagement to improve the customer experience.

TCS, as the strategic partner in this program, worked in close collaboration with Woolworths to help build a fully integrated, device-agnostic, centralized platform to enable this vision of a connected store and empowered store team members.

The platform allows store team members to orchestrate selected operations through mobile RF devices by digitizing their day to day routines. It provides intelligence in the form of a 360-degree view of the store inventory, real-time stock adjustments, efficient management of store deliveries and stock-takes, enhancing productivity end to end and ultimately providing a better customer experience.

Its intuitive user interface has allowed for quick, universal acceptance by the 90,000+ store users, with minimal training. Using targeted implementation automation tools, the solution was successfully deployed across 3000+ stores across 7 different brands, within just 6 months.

In the next phase of the store transformation journey, TCS is working with Woolworths and its partners to pilot innovations such as robotics and computer vision to monitor safety and inventory, temperature monitoring through IoT and a host of other technology led innovations.

"Our store transformation program is part of the various investments we have made in achieving the Group's strategy to enable consistently good customer and team experiences.

TCS has been a critical partner in this journey. They have demonstrated deep contextual knowledge of our business and come up with out of the box ideas to address some of our technology challenges and opportunities. They are key to ensuring that our systems run smoothly, and go above and beyond for our business. We have awarded TCS Partner of the Year based on their delivery and passion to provide extraordinary service and support."

John Hunt
CIO, Woolworths Group

Powering Vitality UK's Ambition to be an Insurance Brand that is Positively Different

Traditionally, selling health insurance does not offer too many opportunities for customer engagement. Post purchase, the interaction is usually limited to claims processing. And yet, one insurer has built an innovative, purpose-driven business model that is helping build deep relationships, support people in living heathier lives and become a beloved consumer brand.

Vitality, the wholly owned subsidiary of South African giant, Discovery, is a poster child of the immensely successful shared value business model. It engages with policyholders continually to incentivize preventive behaviors that promote wellness, and in the process, reduces costs and builds positive relationships between the business and its customers.

VitalityHealth actively promotes the adoption of healthy lifestyles by its members, incentivizing them to undertake regular activity through a generous rewards program that is redeemable across a curated partner ecosystem.

TCS has been its innovation partner in this transformation journey, helping build the enabling technology layer for this wellness-oriented insurance ecosystem. TCS consolidated and simplified its technology stack, modernized its policy administration system and integrated it with the Vitality rewards platform. A customer portal makes individuals aware of their risk factors and ways to improve their health, track their reward points and redeem them. The analytics layer provides a unified customer view across customer relationship, client onboarding, and policy servicing.

Vitality's innovative model has resulted in deeper member engagement, driving revenue and profit. New business revenue grew 15%, and operating profit grew 22% in 2019. Best of all, it is also well on its way to realize its ambition to be an insurance brand that consumers will love. In five short years, Vitality is among the top 5 market leaders in the UK and enjoys a 50% prompted brand awareness.

"The Vitality Shared Value model is based on the concept of interventions that will inspire behavioral change among our members – benefiting the person, us as the insurer and also wider society. Technology is a critical strategic enabler in our model. Partnering with TCS significantly accelerated our transformation journey, helping us launch newer innovations faster, while delivering a consistent, integrated experience to our members."

Kris Tokarzewski
CTIO, Vitality UK

PM-JAY: Leveraging Technology to Provide Healthcare Coverage to India's Poorest

Crushing poverty can deprive the poor of access to quality healthcare. Ayushman Bharat was a bold and innovative scheme launched by the Government of India to achieve universal health coverage. Central to this is the Pradhan Mantri Jan Arogya Yojana (PM-JAY), the world's largest fully funded health insurance scheme covering 500 million of India's poorest.

With its track-record in successfully executing some of India's largest transformational programs, deep domain knowledge and experience in implementing similar schemes in three states, TCS was a natural partner to the National Health Authority (NHA) in implementing this visionary undertaking.

TCS designed a highly configurable, cloud-based solution architected for usability, scalability, high performance and security, supporting sophisticated analytics to detect fraud. The solution caters to all the ecosystem participants – the NHA, state bodies, hospitals, and TPAs, enabling multi-level online scrutiny of beneficiaries before pre-authorisation, transmission of electronic medical records, monitoring of treatment and outcomes, and claim verification, and ensures adherence to scheme SLAs.

TCS' successful implementation helped NHA achieve a glitch-free rollout of the scheme within six months. Since its launch, the solution has processed claims pertaining to 7.3 million hospital admissions, demonstrating how technology can transform social services, and make a world of difference to over 5 million beneficiaries till date.

"The system is intended to be used by more than 20,000 hospitals, from both public and private sector across the country, same was accomplished in a short timeframe with minimal issues.

It has been great experience for all the stake holders viz. NHA, SHAs, Hospitals, Insurance companies and TPAs working with Team TCS. It was very heartening to see the proactive involvement of the Team, coming up with solutions acceptable to all stake holders without diluting the objectives of the scheme."

Dr Indu Bhushan
CEO, National Health Authority
Government of India

#1 IN CUSTOMER SATISFACTION
2019 EUROPE
Whitelane Research

Ranked #1 in CUSTOMER SATISFACTION - Seventh consecutive year

top EMPLOYER
GLOBAL 2019
CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

GLOBAL TOP EMPLOYER - Fifth consecutive year

RATED AS LEADER IN 85 ANALYST ASSESSMENTS

#1
Fastest Growing Brand of the Decade

2019 Brand Finance® Awards
TOP 3 IT SERVICES BRAND

2020 Brand Finance® Awards
FASTEST GROWING IT SERVICES BRAND FOR THE DECADE 2010 - 2020

TCS Pace Port New York - Launched to Set the Pace of Business 4.0 Innovation

Close Partnerships with Leading Technology Providers

Promoting Health and Fitness through Global Marathon Sponsorships

Management Discussion and Analysis

OVERVIEW OF THE INDUSTRY

In CY 2019, the global market for software and services is estimated to have grown to $1.5 trillion[1]. IT services is estimated to have grown by 3.5% YoY, characterized by a shift to digital technologies, and adoption of DevOps, and as-a-service models. Business Process Management grew by 4.5% over the prior year driven by a greater focus on robotic process automation as customers automate repetitive tasks and focus on strategic work.

TCS has historically grown much faster than the market. In the latest five-year period, while the market for IT-BPM services expanded by a CAGR of 2.4% (IT Services CAGR: 2.3%), TCS had a CAGR of **7.3%** in USD terms. One reason for the outperformance is market share gains on account of superior capabilities, better execution, higher customer satisfaction and greater participation in our customers' growth and transformation spends.

OUR BUSINESS

An Overview[2]

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

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

Our geographic footprint covers North America, Latin America, the United Kingdom, Continental Europe, Asia-Pacific, India, and Middle-East and Africa[3].

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

1 Nasscom Strategic Review Report 2020
2 102-2
3 102-4, 102-6

Integrated Business Model for Value Creation

Inputs

Financial Capital: Sources of funds available to TCS through business operations, financing or investing activities.

Human Capital: Skills, competencies, capabilities, knowledge and motivation of TCS' employees.

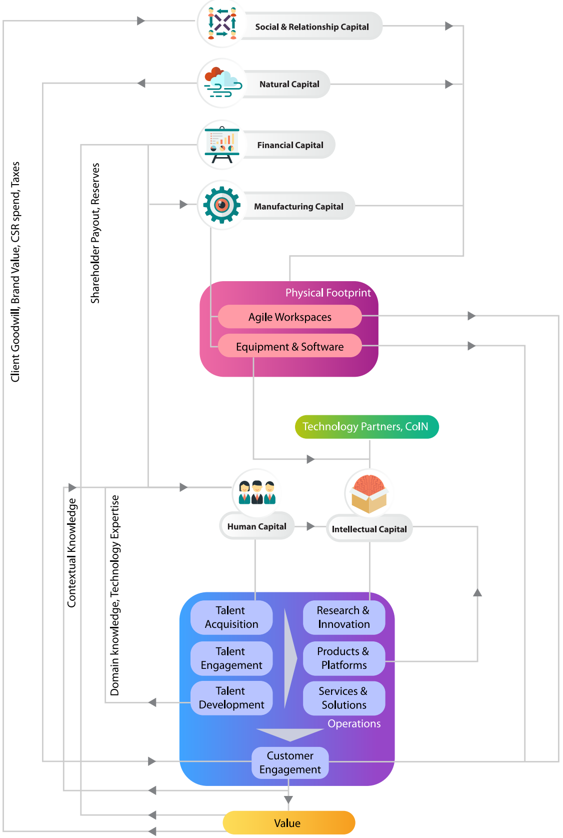
Intellectual Capital: Domain Knowledge, Contextual knowledge, intellectual property such as patents, frameworks, products and platforms.

Social and Relationship Capital: Goodwill enjoyed with stakeholders including employees, customers, investors, suppliers and communities.

Natural Capital: All renewable and non-renewable environmental resources consumed by TCS' operations.

Manufactured Capital: Physical infrastructure like buildings, IT hardware and Telecom equipment.

Value Creation Process



Output / Outcomes

Output	Outcomes
$22,031 million Revenue 7.3% Industry leading growth - 5 year revenue CAGR 24.6% Operating margin $5,874 million invested funds 109.4% Operating cash flow to Net Income ratio $1.01 Dividend per share 97.6% Shareholder payout to Net income ratio	Strong growth creates more jobs, and career growth opportunities for employees Best in class profitability and strong balance sheet better positions the company to weather economic downturns Large war-chest to take advantage of M&A opportunities Consistently high shareholder returns
24,179 Net addition of employees 12.1% Attrition 4.7 million learning days 335k+ associates trained in digital 417k+ associates trained in agile	Best in class talent retention has enhanced the company's reputation for execution excellence and also boosted retention of contextual knowledge within account teams Strong domain expertise, contextual knowledge and depth in digital technologies have given the company a competitive edge in growth and transformation opportunities
5,216 Patents applied 1,341 Patents granted 55 active partnerships and 43 active research partners in COIN program 360 innovators nurtured till date	Intellectual property resulting from research and innovation have led to new business models, new revenue streams, and expanded addressable market Frameworks and other accelerators help the company deliver superior speed to market and generate higher quality revenues IP-led solutions have helped the company to win larger, higher profile, strategically more important engagements, catering to a broader set of stakeholders in the C-suite; enhances revenue visibility
5 YoY increase in $100M+ clients 6 YoY increase in $50M+ clients 25 YoY increase in $20M+ clients 20 YoY increase in $10M+ clients 33 YoY increase in $5M+ clients $13.5 Bn Brand Valuation $106 million CSR spend 840,000+ Number of beneficiaries of global CSR initiatives 780,000 Volunteering hours spent on CSR	Deep and enduring customer relationships with high repeat business; enhances revenue visibility and reduces selling costs Very high goodwill in the community, benefiting the company's brand
11.8% reduction in carbon footprint 9% reduction in fresh water consumption (YoY) 1.65 Power utilization efficiency achieved across 22 data centers	Environment friendly practices have limited the impact of the company's operations and added to its goodwill in the community
1,000+ agile workspaces 2 PacePorts launched 30+ innovation labs	Enabled the company to promote its pioneering Location Independent Agile model which has been used to execute very large, global transformational engagements for customers Helped the company become the innovation partner to leading corporations across the world Investments in open agile workspaces, helped the company switch very quickly to a Secure Borderless Workspaces Model during the COVID-19 lockdowns

Value Creation Model[4]

Talent and creativity, that is represented by **human capital,** is at the core of TCS' value creation engine.

TCS continually enhances its **human capital** by acquiring the best talent available in each of the markets it operates in, providing a supportive and vibrant workplace to engage that talent, investing in upskilling individuals with the latest technology skills, and giving them career paths matching their aspirations.

A firm belief in organic talent development, and of investing in people, has helped TCS successfully navigate through multiple technology cycles over the last five decades, pivoting and adapting each time to build relevant new capabilities through reskilling of the workforce at scale and helping customers realize the benefits of emerging technologies.

The company's industry-aligned, customer-centric organization structure has resulted in each business unit acquiring tremendous domain depth, and the account teams within those units building up immense customer-specific contextual knowledge. This domain expertise, contextual knowledge, project management experience and technology expertise gained on the job represents a conversion of human capital into **intellectual capital.**

TCS applies some of its **intellectual capital** towards investments in research and innovation (R&I), exploring the creative use of newer technologies to solve business problems across different industry verticals. In addition to its own intellectual capital, TCS also partners with leading technology providers, start-ups and academic researchers to leverage their intellectual capital and build solutions.

The immediate tangible outcomes of TCS' R&I, produced by in-house teams or co-created with customers or partners, are patents, proofs of concepts, and pilot solutions. The latter two are showcased at various innovation centers and Pace Ports™, and trigger conversations with customers on innovation in their specific business contexts. These often culminate in them signing up TCS as their innovation partner.

Some of the innovative software solutions piloted by R&I, that are assessed to have a material market potential are productized, adding to TCS' large portfolio of products and platforms. These expand the organization's intellectual capital; create new revenue streams, adding to the **financial capital;** and enhance its brand positioning i.e. **relationship capital.**

Customer Engagement

TCS uses its **intellectual capital** and **human capital** to build impactful, customized technology and business solutions that address the customer's business problems. Further, its ability to stitch together complex, holistic solutions that address the needs of all stakeholders in the enterprise, along with the high levels of trust engendered in customer relationships, helps it win large transformation deals. These deals bring in high quality revenues, powering industry-leading organic growth and margins, boosting the company's **financial capital.**

These solutions create immense value for our customers by helping them embrace new business models, pursue new revenue streams, deliver superior customer experiences or build resilience and efficiency into their operations, and gain competitive differentiation.

The company's strong service orientation, willingness to invest in the relationship, commitment to deliver impactful outcomes and track record of execution excellence have resulted in consistently high customer satisfaction levels and long, enduring customer relationships. The resultant expansion in **relationship capital** translates into a very high level of repeat business that lends greater visibility and predictability to the business model.

TCS constantly invests in building newer capabilities and expanding its offerings. By cross-selling and up-selling these new offerings, customer engagements continually expand over the years, covering newer and newer areas of the enterprise's operations. This further broadens and deepens the contextual knowledge of customers' business and IT landscapes, further enhancing TCS' **intellectual capital.**

4 103-2

Over time, this combination of business knowledge, contextual knowledge, technology depth, and intellectual property has become a steadily deepening moat around the company's business model and sharpened its differentiated positioning.

Value Sharing

Best in class profitability, reduced cost of capital due to a more predictable and resilient business, and high cash conversion on account of superior execution have resulted in a high return on equity. All this and a shareholder-friendly capital allocation policy have boosted the company's **relationship capital** with shareholders.

The investments in people, research and innovation, and intellectual property creation are all charged off and not capitalized. The company's capital expenditure to support its growth – **manufacturing capital** – towards building campuses, Agile workspaces, innovation centers, and Pace Ports is modest relative to its size. That and the focus on pursuing organic business growth opportunities maximizes the free cash flow available for distribution to shareholders.

TCS' physical operations consume **social capital** in the form of license to operate in each of the communities, and **natural capital** in terms of its environmental footprint. TCS enhances its **social capital** with local communities across the world by investing in areas such as education, skill development, employability, health and wellness, and the environment, mapped to UN Development Goals[5]. On the environmental front, TCS has a systematic program to reduce its carbon and resource consumption footprint – including the use of green IT, green buildings, intelligent energy management using its own IoT-based solution and water and waste recycling. It has also been reducing business travel through greater use of video and audio conferencing and other collaboration tools.

TCS' business model and strategy have resulted in deep and enduring customer relationships, a vibrant and engaged workforce, a steady expansion of its addressable market, a strong reputation as a responsible corporate citizen and a proven track record in delivering longer term stakeholder value. All of this has significantly enhanced the company's brand value, which is a quantifiable measure of its **social** and **relationship capital** with stakeholders.

Strategy for Sustainable Growth

Customer-centricity is at the heart of TCS' strategy, organization structure and investment decisions. TCS' customer-centric worldview helps spot trends early, embrace business opportunities by making the right investments and mitigating risks while discharging its social and environmental responsibilities. The company invests in broadening and deepening customer relationships by continually looking for new areas in their value chain where the company can add value, proactively investing in building newer capabilities, reskilling its workforce and launching newer services, solutions, products and platforms. Over time, TCS' participation has also extended into the departmental budgets of other stakeholders within the customers' organizations – business heads, CMOs, CROs, COOs, CFOs and even CEOs. This has not only embedded TCS deeper into their businesses but has also resulted in a continual increase in services consumed, revenues and share of wallet, as evidenced by the client metrics reported every quarter and every year.

At an aggregate level, this strategy has resulted in deep and enduring customer relationships, a vibrant and engaged workforce, a steady expansion of the addressable market, and a proven track record in delivering longer term stakeholder value.

Enabling Investments

TCS pioneered the use of the word 'digital' to describe the new family of technologies that emerged in the last few years. Quick to recognize their potential, the company made investments ahead of time[6] in developing relevant capabilities – in terms of reskilling the workforce, research and innovation around the creative use of these technologies across different industries, building collaborative workspaces and innovation centers, IP in these new areas, and alliances and partnerships. Those early investments have given TCS a head start in participating in our customers' growth and transformation journeys.

[5] 102-12: TCS is a signatory to the UN Global Compact and aligned with its ten principles. It is also one of the first companies in India to participate in the Carbon Disclosure Project (CDP).

[6] Ref MD&A – AR FY 2011, CEO's Letter – AR FY 2012

In FY 2020, in addition to continued investments in the aforementioned areas, TCS doubled down on Japan, raising its equity holding in TCS Japan Ltd, its joint venture with Mitsubishi Corporation, from 51% to 66%. This follows the setting up of a TCS Pace Port in Tokyo in FY 2019, and a Japan-centric delivery center in Pune in FY 2016.

The company set up its second TCS Pace Port at New York, at the Tata Innovation Center on the Cornell Tech campus. This co-innovation and advanced research center consists of a TCS COIN™ accelerator, an Agile workspace, an academic research lab and an innovation showcase, and will help engage customers through the discovery, definition, refinement and delivery phases of innovation.

Thought Leadership

In 2017, TCS unveiled its Business 4.0™ thought leadership framework[7] to guide customers in their growth and transformation journeys. The four defining behaviors of successful enterprises in the Business 4.0 era are: drive mass personalization, leverage the ecosystem, embrace risk and create exponential value. They accomplish this by harnessing the abundance of resources – compute power, storage, talent, market reach – created by the convergence of intelligence, agility, automation and cloud. While this provides a way for customers to think through their digital transformation journeys at a business model level, TCS followed it up with an execution framework consisting of the Location Independent Agile model and the forward-thinking Machine First™ Delivery Model.

TCS' Location Independent Agile model allows large transformational programs to be delivered by globally distributed teams working collaboratively in an Agile mode, resulting in significant speed to market, reduced risk and enhanced customer experiences. The underlying project management methodology, governance structures, processes and controls, and security protocols have been extended to implement Secure Borderless Workspaces™, a fully location-agnostic model that lends further resilience to the delivery model.

Concurrently, TCS has been helping customers transform their IT and business operations using the Machine First approach that embeds analytics, automation and AI deep within the enterprise to reimagine entire slices of operations at a time to make them lighter, smarter and more resilient. This operations transformation unlocks significant value, helping the enterprise fund growth and transformation initiatives that are critical for its competitive differentiation.

Outcomes

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

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

[7] Ref AR FY 2018

TCS Strategy

Market Trends	TCS Approach	Outcomes
▪ More and more industries are leveraging technology to differentiate themselves ▪ Customers want solutions to business problems and not just technology skills	▪ Position as a growth and transformation partner ▪ More investment in research and innovation, co-innovation and collaboration ▪ Domain-specific IP ▪ Greater focus on contextual knowledge ▪ Proactive solution selling	▪ Industry-defining mega deals ▪ Thinner competitive set ▪ Higher quality revenue ▪ More fulfilling work; better retention
▪ Non-CIO buyers emerging in enterprises	▪ Full stakeholder services and solutions	▪ Expansion of addressable market ▪ More deeply embedded in customer's business; greater resilience and visibility ▪ Higher profile, strategically more important engagements
▪ Transformational partners selected based on solution quality and time to market	▪ Leverage TCS' contextual knowledge, Location Independent Agile, Machine First Delivery Model and Intellectual Property	▪ Thinner competitive set ▪ Higher quality revenue
▪ Greater platformization of business	▪ Launch of cloud based platforms and new business models ▪ Leverage IP portfolio	▪ Large deals that improve business visibility ▪ Expansion of addressable market ▪ Frees up spends for systems of differentiation
▪ Pandemic disruption highlights need for operational resilience and enterprise adaptability	▪ Launch of SBWS ▪ Greater focus on Location Independent Agile and MFDM ▪ Promote operating model transformation using AI	▪ Highlights company's responsiveness ▪ Market share expansion

FY 2020 PERFORMANCE OVERVIEW: HUMAN CAPITAL[8]

Talent Management

The ability to attract, motivate, develop and retain talent is critical to TCS' continued success. The company's HR strategy is focused on attracting the best talent globally, reskilling and transforming the workforce and providing a stimulating work environment which is flexible, nurtures social contract, fosters innovation, and builds a result-oriented, high performance culture. The progressive policies, continual investment in upgrading employees' skills and the philosophy of empowering individuals and helping them realize their potential have made TCS' HR processes and outcomes an industry benchmark.

Talent Management

Young, Global, Diverse Workforce

448,464
employees

36.2%
women

144
nationalities

31
years average age

Talent Development

4.7
million learning days

335K
employees trained in digital

417K
trained in Agile

679,805
certifications acquired

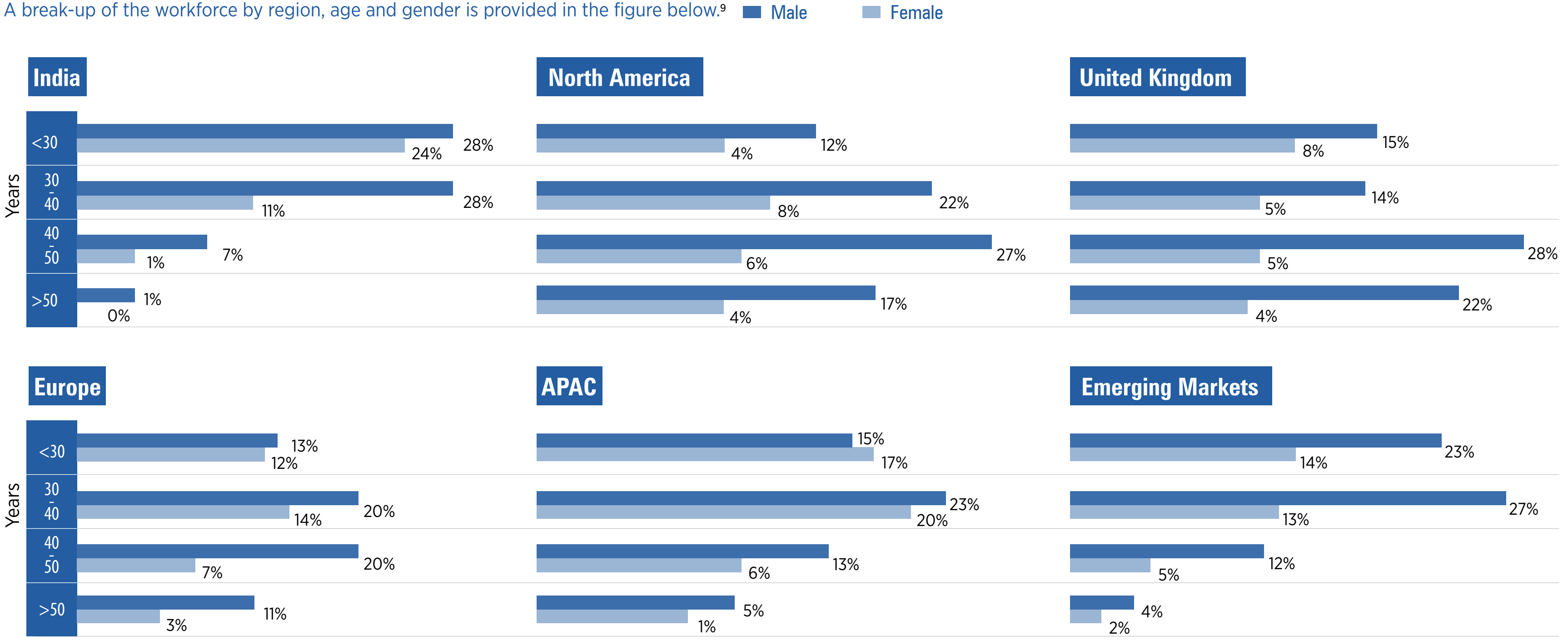
Talent Retention

12.1%
Attrition in IT services

[8] 103-2, 103-3

TALENT MANAGEMENT

A break-up of the workforce by region, age and gender is provided in the figure below.[9]



9 102-8

Talent Acquisition[10]

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

TCS National Qualifier Test

This nationwide online test administered by TCS iON™ has democratized the opportunity to work for TCS. It has helped TCS tap into the larger national talent pool and significantly boosted the quality of entry-level talent.

- Participation by over 336,000 students.
- 2,500 colleges represented

Academic Interface Program

TCS partners with academic institutions to enhance their curriculum and pedagogy. Activities include workshops, internships, sponsorship of contests, faculty development programs, research scholarships, curriculum review and launch of new programs.

- 2,181 internships across 711 institutes in India and 352 institutes outside
- 885 workshops; 73,146 students
- 404 faculty development programs; 14,774 members of the faculty
- 1,794 employees pursuing higher education under TCS Higher Education Program

Campus Commune

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

- ~2.3 million engineering students

Gamified hiring

Programming contests to spot top talent

- 3,000+ job offers made to toppers of six contests - EnQuode, EngiNx, Codevita, HackQuest, Inframind, HumAIn
- 230,000+ registrations from 88 countries in CodeVita's 8th season

10 102-9

Reimagining Fresher Onboarding

In FY 2020, TCS reimagined the fresher onboarding process. In a departure from the past, where campus recruits used to be onboarded in batches staggered across the entire year, TCS onboarded all campus recruits, adding up to over 30,000 trainees, in just the first two quarters of the year.

This feat of unprecedented scale was accomplished by front-loading the fresher training program even before they were onboarded, through TCS Xplore, a digital training program that leverages the TCS iON platform. This program provides video courses on technology topics, TCS processes and soft skills. Through live webinars, trainee candidates interact with TCS SMEs and have their questions answered.

Proctored assessments test the candidates' theoretical and practical knowledge. High performers are rewarded with monetary incentives and early joining dates, incentivizing better preparation and performance. Documents are verified digitally, and physical onboarding takes place at multiple locations across India. On joining TCS, a customized and differential training program is conducted based on each candidate's performance in the Xplore proctored assessment. Exit tests, conducted twice a week, help ensure that the trainees are competent and can be deployed on billable assignments.

Competitive Compensation

TCS' model depends on its ability to attract and retain talent in the highly competitive, global market for software engineers with graduate or post-graduate degrees in engineering and with relevant technical skills. The company regularly benchmarks its compensation plans and benefits with the market to ensure competitiveness.

Compensation structures are driven by prevailing practices in each country that TCS operates in. However, across the enterprise, remuneration is the same for men and women working full-time, in the same grade, in the same role, and at the same location[11]. Where relevant, the company publishes the raw mean and median pay differences between genders (not normalized for part-timers or grade and role differences) on its own website as well as on public sites. There is also a skill-based allowance for employees possessing niche skills, designed to motivate employees to acquire marketable skills, thereby benefiting themselves as well as TCS.

The company offers a variety of benefits to full time employees including parental leave[12]. In FY 2020, a total of 8,331 employees availed of parental leave. Of these, 92 were men and 8,239 were women. Of the 4,693 employees whose parental leave ended during the year, 92 were men and 4,601 were women. Of these, 89 men and 4,502 women employees rejoined work, amounting to a retention rate of 97% and 98% respectively.

[11] 405-2

[12] 401-3

At TCS, three months' notice is required from either side for termination[13]. In India, less than 0.03% of the workforce is unionized[14]. Although most of the organization's activities are performed by full-time employees, TCS uses contractors, especially for short-term assignments or those requiring skills not internally available.

Talent Diversity[15]

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

Through a variety of initiatives and campaigns, the company celebrates the diversity within the workforce and promotes inclusion. The company has a well-defined and progressive Diversity and Inclusion Policy with a focus on gender diversity (men, women, non-binary gender), persons with disability and neuro diversity, sexual orientation, diversity of the mind, and generational diversity. This includes parental leave and insurance cover for LGBTQ+ partners and gender re-assignment surgery,

[13] 402-1

[14] 102-41

[15] 103-2, 103-3

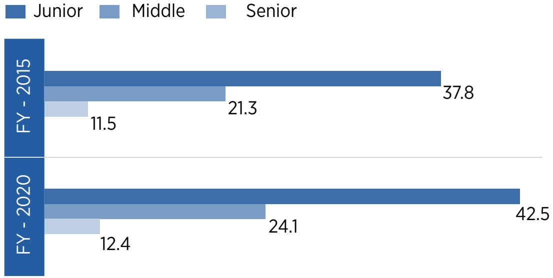
besides equal opportunity and fair practice. TCS' Center of Excellence for Accessibility works on IT solutions for differently abled individuals, aiding their integration into the workforce.

The company has multiple initiatives for helping women employees realize their potential, while striking a good work-life balance. These include: discussion circles to help women through major life stages, re-orientation programs to reconnect employees after long leave, interactions with inspirational women leaders, and special leadership development programs to address the needs and aspirations of women (Presence, ImaginAll and iExcel), learning modules to equip mid-level managers to work with diverse teams, tie-ups with day care centers near the workplace, virtual support groups and parenting workshops.

These targeted initiatives have helped TCS make tremendous progress in fostering gender diversity. It is today one of the world's largest employers of women. A few key outcomes are detailed below:

- **Participation:** There has been significant improvement in women's participation across different levels over the last five years:

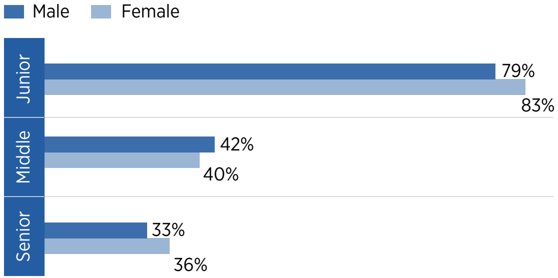
Women in workforce (%)



- **Role Mobility:** 63% of the participants in the iExcel program reported role movements thereafter. 41% experienced upward progression while 14% had lateral movements.
- **Mentorship:** Participants in these programs are also helping develop and advance others. 228 iExcellers are active mentors, having mentored 1,825 associates till date, an average of 8 mentees per iExcel mentor.
- **Innovation:** This is a high focus area, helping TCS gain a differentiated positioning in the market. Of the 2,571 unique inventors responsible for the 1,341 granted patents till date, 544 are women.
- **Quality of life:** An internal poll showed that 76.3% women were satisfied with their work-life balance (versus 69.8% among men).

Talent Development [16]

Average learning hours per associate (%) [17]



TCS takes a purpose-based approach to learning and development that leverages horizontal collaboration and the abundance of internal talent in an ecosystem where the training is just-in-time, just-for-me and just-enough.

The company's self-sustaining model for building a competency in any new area is by first seeding a core pool of experts who go on to guide other individuals thereby creating a pipeline of expertise. Complementing this, the learning ecosystem uses a phy-gital (physical and digital) model to guide self-paced, gamified digital learning through learning platforms, bootcamps and hackathons, with a feedback loop of robust data analytics that shapes investment decisions.

[16] 103-2, 103-3
[17] 404-1

Associates are encouraged to embrace continuous learning across experience levels through our inclusive learning pyramid with programs spanning technology, domain, process, function, culture and leadership. These programs are at different proficiency levels, enabling associates to learn, apply and grow in the organization. TCS' virtual-first learning model democratizes access to skills by enabling any content, anytime, anywhere, anyone, and on any device.

Career Management

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

- **iConnect** is a highly collaborative tool designed to help employees reach out to senior mentors for guidance on career paths, and have face-to-face dialogues about their role and career. It provides flexibility for group mentoring as well as individual mentoring.
- **Inspire** is the high potential program for mid-level employees. It helps identify high potentials as early as possible, invest in them continuously, enable accelerated growth, and transition them to leadership roles, and reward and recognize their efforts and success.
- **Talent Review** is TCS' process to assess and review the leadership pool in the organization. It enables leaders to share their career aspirations and preferences of mobility, followed by an assessment of their leadership attributes. The objective of the program is to create and sustain a healthy leadership pipeline.
- **Opportunities** is the internal platform to publish niche and critical requirements to the leadership and high potential communities, thereby facilitating talent mobility. This embodies the company's philosophy of giving the first right of refusal for all leadership positions to internal candidates, thereby enabling better leadership development and building strong organizational loyalty.

Talent Engagement

Some of the platforms and initiatives used by TCS to enhance and enrich employee engagement are:

- **Cara:** AI-based HR assistant that answers employee questions on HR policies.
- **Milo:** Chatbot to facilitate the mentoring process.
- **Knome, KnowMax, GEMS:** Platforms for social collaboration within the organization, learning, sharing and for rewards and recognition.
- **Safety First:** Initiative focused on employee safety and security.
- **Fit4life:** Builds a fraternity of health and fitness conscious employees and creates a culture of fitness
- **Purpose4life:** Forum for volunteering for community projects in the areas of education, health and environment.
- **Maitree:** Community of TCSers and their families who plan activities that help create a bond among employees and promote work-life balance.
- **PULSE:** Our annual employee engagement and satisfaction survey is the organization's formal listening forum.
- **TCS Cares:** Program aimed at creating robust avenues to build an emotionally strong and mentally resilient workforce.

Talent Retention

TCS' empowering culture, philosophy of investing in people, career growth opportunities, and progressive HR policies have resulted in consistently high retention levels and developed a strong employer brand. In recent years, the company's investments in organic talent development and initiatives like Contextual Masters have further reassured employees that the company values them for the contextual knowledge they possess, and is prepared to invest in equipping them with new-age technology skills that they do not have. This has made TCS the employer of choice, and its employee retention record an industry benchmark. In FY 2020, TCS' IT services attrition rate was 12.1%.

Occupational Health and Safety[18]

TCS has a well-defined Occupational Health and Safety policy and supporting processes to ensure the safety and well-being of its employees. Safety lead and lag indicators are measured across the organization and reported. The board-level Stakeholders' Relationship Committee reviews the company's health and safety performance on a regular basis. Over 96% of our workforce is represented in joint management-employee health and safety committees[19] that monitor, advise and drive occupational, health and safety initiatives.

In FY 2020, TCS migrated to the ISO 45001:2018 Occupational Health and Safety Management System standard and successfully completed external certification for 126 of its facilities worldwide. A key initiative was the implementation of real-time indoor air quality monitoring across 100+ facilities, leveraging IoT. Medical support and emergency preparedness was further strengthened, with health centers across all locations including nurses, medical equipment, AEDs, on-site ACLS ambulances, and visiting doctors covering all operational shifts.

Workplace safety remains a key focus area. In addition to induction training, and mandatory annual refreshers, a variety of employee engagement activities were conducted round the year. The themes covered included road safety, ergonomics, fire safety, workplace safety, women's safety, self-harm, and street crime. Employee satisfaction index on health and safety has consistently increased over the years, reflecting the success of these engagement initiatives.

[18] 103-2, 103-3
[19] 403-1

FY 2020 PERFORMANCE OVERVIEW: INTELLECTUAL CAPITAL

Sustained investments over the years have resulted in a significant scaling up of TCS' Research and Innovation (R&I) capability and assets, reaching deep into the individual business units. The company now has 4,000+ inventors and innovators across the enterprise. The Chief Technology Officer orchestrates investments across the organization, spread across three horizons:

- Horizon 1 or derivative innovations: Consist of newer adjunct offerings around an established intellectual property. Mature IP based solutions from TCS R&I relating to Accessibility and Privacy, as well as ignio™, MasterCraft™ and Jile™ saw new features and releases this year.
- Horizon 2 or platform innovations: Examples in the AI area include enterprise digital twins, drones and machine vision, semantic systems and automation, which enable a number of platforms created with business units.
- Horizon 3 or disruptive innovations: New areas for foundational research in domains such as media and advertising, metamaterials, quantum computing and sensing, and space technology.

TCS R&I is building a rich pipeline of IP based assets consisting of patents, products and platforms. To enable business alignment and to de-risk emerging technology use, the company rigorously deployed its New Products and Services Development framework. This has resulted in a further expansion of its IP portfolio across a range of technologies and industry domain processes. As of March 31, 2020, the company has filed for 5,216 patents and has been granted 1,341 patents. TCS researchers presented 170+ papers at premier research conferences this year.

Broad-basing Innovation

Every key business unit has its own innovation program, led by a unit-level CTO. These units leverage their deep domain expertise, customer-specific contextual knowledge and the research outcomes in emerging technologies from Corporate R&I as well as the TCS Co-Innovation Network to come up with innovative solutions for customers in their respective segments. Examples include:

- TCS Digital Workplace Studio: This is a cognitive platform designed to accelerate digital workplace transformation. It hosts a complete suite of digital workplace components that enhances user experience with persona-based delivery, predictive healing, advanced analytics, cognitive IT support, chatbot assistance, knowledge as a service, and modern device management.

- TCS Enterprise Digital Twin (TwinX™): This uses AI (machine learning, deep learning and reinforcement learning) and TCS' proprietary Enterprise Simulation to deliver a holistic reflection or a 'digital twin' of the enterprise.
- AlgoRetail™: Combining AI and machine learning techniques AlgoRetail creates a paradigm shift in how retailers do business, seamlessly integrating and orchestrating data across the retail value chain to unlock exponential value.

Innovation Ecosystem

TCS' Co-Innovation (COIN)™ ecosystem continues to expand. It now consists of over 1,900 start-ups distributed across innovation hubs all around the world. The global Academic COIN program now has 55 active partnerships with various institutions and 43 active research projects. This year, the company entered into research partnership in Life Sciences and Materials with the Council of Scientific and Industrial Research, India. Additionally, it strengthened engagements with existing partners like the IISc, IITs, IIITs and ISI in India, Cornell Tech and Carnegie Mellon University, USA and University of Tokyo, Japan.

Customer Engagement

The TCS Innovation Forum 2019 was held in Tokyo, London, New York and Sao Paulo and attracted over 700 participants. Customized Innovation Days were held for several anchor customers. Both these serve as channels for reaching out to customers and jointly exploring the art of the possible with new technologies.

Customers also leveraged the innovation ecosystem through TCS Pace Ports™. Pace Ports offer access to COIN accelerators, academic research, design thinking and agile workspaces and innovation showcases, enabling faster innovation. TCS Pace Port New York, was launched this year in the Cornell Tech campus.

TCS runs ideathons and hackathons almost every week to build an innovation culture within the organization and offer employees opportunities to innovate within and outside their current assignments. These crowdsource innovative ideas from within TCS and have been very popular with customers. Several customers have run challenges and have been impressed by the number of novel solutions or ideas TCSers have come up with.

Social Good

TCS' R&I also has been working on an accessibility suite of solutions to extend digital services to people with accessibility issues, making computing solutions inclusive.

The TCS Research Scholar Program has supported 321 scholars from 41 premier institutes till date; 71 scholars are currently covered by the program. TCS' researchers mentor young social entrepreneurs solving socially relevant problems at the TCS Foundation's Digital Impact Square (DISQ), Nashik. This program has nurtured 360 innovators till date.

TCS Suite of Products and Platforms

TCS BaNCS

- 23 new wins (7 for TCS BaNCS Cloud) and 24 go-lives in FY 2020
- Highlights:
  - Banking: Serves ~25% of the world population.
  - Capital Markets: Records 10 million trades per day (peak), represents $40 trillion worth of AUC across 100 countries
  - Insurance: Administers over 20 million life, annuity and pension policies; 135 million property and casualty policies

TCS iON

- Digital Glass room: Virtual learning platform, made available to educational institutions across the country shut down by lockdown, free of cost. 2,000 institutions resumed their teaching sessions in a span of one week since launch
- Assessment: 200 million+ candidates assessed till date; 2.4 million candidates assessed in largest single shift in FY 2020
- Learning: 3 million+ learners on the platform, 47,000 courses available, 18,000 communities
- Process Management: 500+ SMB clients, 1 million+ users

Ignio

- World leading cognitive automation software for enterprise IT and business operations
- 54 new wins and 34 go-lives in FY 2020
- 12 VARs and distributors and 13 tech and cloud partners in FY 2020
- Manages over 1.5 million technology resources autonomously

TCS ADD

- Comprehensive suite for digital transformation of drug development and clinical trials
- 9 new wins in FY 2020
- 6 new offerings enabled by AI and predictive analytics launched in Site Feasibility, Safety Leveraging Decision Fabric, Clinical Analytics and Insights Platform, Regulatory Insights, Metadata Registry, Digital Documents

TCS HOBS

- Plug and play SaaS based business platform to digitally transform business, network and revenue management domains of subscription based businesses.
- Serving 27+ clients, across Communications, Utilities, Manufacturing and Personal Care; Serving 21 million+ subscribers, handling 125,000+ devices and processing 1 billion+ events.
- 5 new wins and 4 go-lives in FY 2020

TCS TwinX

- AI powered system of actionable intelligence – powered by an enterprise digital twin (customer, product, process) to help business leaders simulate and optimise enterprise decisions, predict and proactively manage outcomes
- 2 new wins and go-lives in FY 2020

TCS Optumera

- AI and ML powered merchandise optimization platform that enables retailers to unlock exponential value by optimizing their space, mix and price in an integrated manner.
- 4 new wins and 1 go-live in FY 2020

TCS OmniStore

- Unified store suite which leverages AI to help deliver personalized, interconnected journeys across various touch points for frictionless customer experience and predictive operations
- 4 new wins and 2 go-lives in FY 2020

Mastercraft

- Digital platform to optimally automate and manage IT processes
- FY 2020 Highlights: 29 new wins, 1 billion+ records cleansed, 110 billion records masked, 500+ million lines of code (mloc) analyzed, 25+ mloc generated
- Successfully delivered 60+ modernization projects so far

Jile

- SaaS-based, scalable Agile DevOps platform to accelerate software development and delivery and integrate DevOps tools
- 8 new wins and go-lives in FY 2020

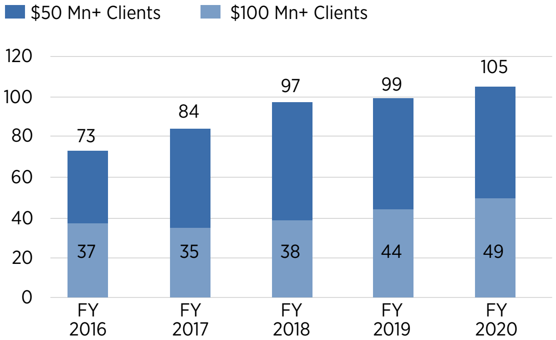
FY 2020 PERFORMANCE OVERVIEW: RELATIONSHIP CAPITAL

Customers

Customer-centricity is at the core of TCS' business model, organization structure and investment decisions. The philosophy has been to delight them by accommodating their needs and delivering superior outcomes, and build strong, enduring relationships. Additionally, the company seeks to expand and deepen customer engagements by continually looking for new areas in the customer's business where the company can add value, proactively invest in building newer capabilities, and launch new services and solutions to participate in those opportunities.

Over time, this has resulted in an expanding participation in the departmental spends of a broad range of stakeholders across the enterprise, including business heads, CMOs, CROs, COOs, CFOs and even CEOs. It has also resulted in a continual expansion of customer relationships in terms of the services consumed, revenue and share of wallet, as evidenced by the client metrics that the company reports every quarter and every year.

Client metrics



Suppliers[20]

TCS' Sustainable Supply Chain policy and Green Procurement policy outline its commitment to making its supply chain more responsible and sustainable. In FY 2020, the company integrated sustainability, safety and environmental requirements in its online vendor management system across the various stages of vendor lifecycle – selection, review and renewal.

Supplier engagement includes defining product specifications on safety/environment, vendor compliance review, outlining mandatory policy and process requirements, desktop assessments, audits and performance review on these criteria. TCS' responsible sourcing program encourages its suppliers to go beyond 100% regulatory compliance, and strive for better sustainability performance.

[20] 308-1

Investors

TCS is seen as a benchmark in transparency and disclosures, publicly communicating its longer-term strategy, qualitative aspects of the demand outlook, risks and opportunities. The company has a robust investor outreach program through which it engages with a broad range of investors domestically and overseas. These efforts towards removing information asymmetries and helping investors arrive at a fair valuation of the company's stock have resulted in TCS topping various regional investor polls conducted by publications such as Institutional Investor, FinanceAsia and AsiaMoney.

The following table provides the number of investor and analyst interactions by category in FY 2020:

Particulars	Q1	Q2	Q3	Q4	FY 20
Meetings and Calls	20	46	41	151	**258**
Conferences	93	99	119	47	**358**
Road Shows	16	7	4		**27**
Sell Side Analyst	15	40	32	9	**96**
Total	**144**	**192**	**196**	**207**	**739**

Quarterly, half-yearly, and annual results are intimated to the stock exchanges, published in leading Indian newspapers, emailed to analysts and investors who subscribe to the service, and posted on the website. Half-yearly results are mailed to shareholders, along with a message from the MD on the company's performance.

The quarterly earnings release is accompanied by a press conference, which is streamed live on www.tcs.com, and an earnings call that is webcast on the website. Material developments during the quarter that might impact revenue or earnings are intimated to the stock exchanges and through the website. Quarterly results, regulatory filings, transcripts of earnings call, Investor Relations presentations and schedules of analyst and investor interactions are available at https://www.tcs.com/investor-relations

Brand Value

TCS' reputation for customer-centricity, domain depth and execution excellence have made it the preferred growth and transformation partner to leading corporations across the world. It is also recognized as a top employer brand across the major markets it operates in, including North America, Europe, UK, India, Latin America and Australia, among others.

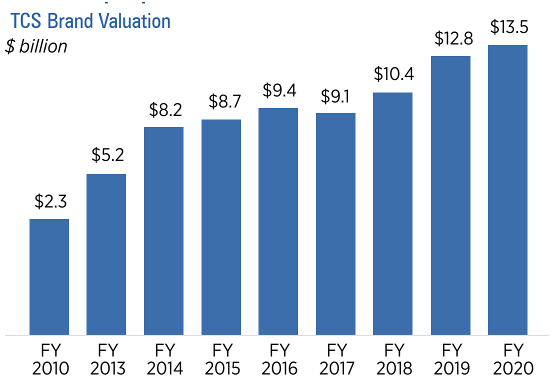
The company's long-standing research and innovation program has resulted in an industry-leading portfolio of patents, products and platforms. It has gained more visibility due to investments in innovation centers, design studios and PacePorts. Partnerships with leading technology providers, promising start-ups and top academic institutions in India and across the world, have further boosted its credentials for research and innovation.

Its purpose-driven community outreach and corporate social responsibility initiatives across the world have earned it local recognition and goodwill. The company's high standing in the investor community is evidenced by the top ranking it has been consistently receiving in surveys across the region.

The cumulative effect of all the goodwill and recognition from these different stakeholders has helped put TCS among the Top 3 brands in IT Services by brand value.

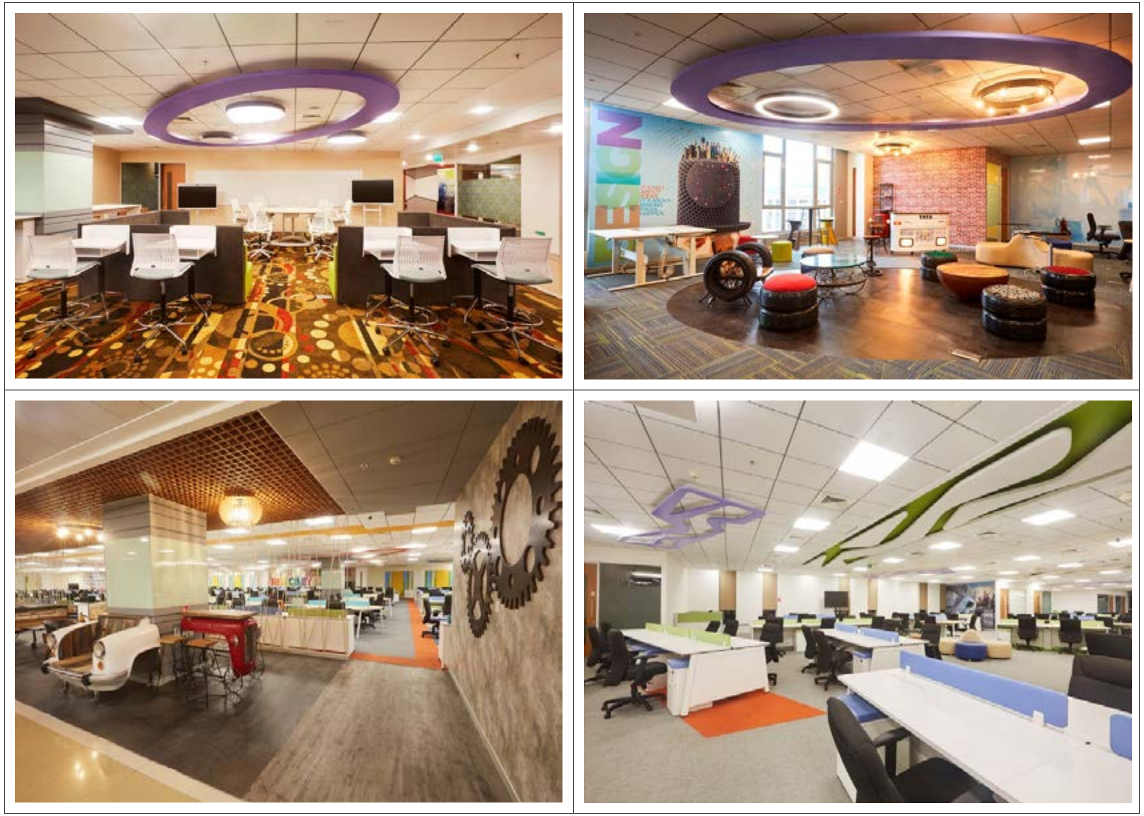
In recent years, TCS has significantly built its presence and strengthened its brand across all major markets. It is a strategic partner to the World Economic Forum and European Business Summit, and hosts a range of annual industry forums for C-suite customers and partners. TCS also significantly invests in a comprehensive portfolio of brand sponsorship platforms, from the TCS New York City Marathon and TCS Amsterdam Marathon, to several other running events in the United Kingdom, Sweden, Japan, Singapore, Australia, India, and the Philippines. Together, these annual events engage more than 10,000 leading business executives.

According to Brand Finance, TCS' brand value grew 476% from 2010-2020, the highest percentage growth in the IT services industry; year-on-year brand value grew from $12.8bn to $13.5bn in FY 2020, making TCS the fastest growing among the top three IT services brands for the second year running.



Source: Brand Finance

FY 2020 PERFORMANCE OVERVIEW: MANUFACTURED CAPITAL



Open Agile collaborative workspaces to support all stages of the innovation lifecycle

To support the large-scale adoption of the Location Independent Agile delivery model, TCS has invested in transforming its conventional delivery centers into Agile delivery centers. These are characterized by visual openness and are designed to enable greater collaboration among Agile teams. Variable-height workstations, multimedia conference tables, on-demand mobile video conferencing facilities and huddle spaces help create an open, vibrant, and collaborative workspace.

Using advanced planning, preparatory work, order consolidation and by optimizing logistics for on-premises ADC creation, TCS has been able to complete the conversion over 2-3 weekends, without impacting ongoing work at those centers. The larger transformation program is being run using Agile principles. Till date, over 1,000 Agile delivery centers have been created till date, 250 of them in FY 2020.

To support the various stages of the innovation lifecycle, TCS has also created many Open Agile Collaborative Workspaces within its campuses, each featuring an ideation zone, an innovation zone, a design thinking zone, a prototype-demo area, and social collaboration zones. The technology resources, software, and necessary tools are available in a self-provisioning mode, fulfilling on-demand requirements in a highly secure manner, driving greater productivity. These workspaces also feature software defined networks, enabling greater mobility and flexibility.

FY 2020 PERFORMANCE OVERVIEW: FINANCIAL CAPITAL[21]

The discussions in this section relate to the consolidated, Rupee-denominated financial results pertaining to the year that ended March 31, 2020. The financial statements of Tata Consultancy Services Limited and its subsidiaries (collectively referred to as 'TCS' or 'the company' are prepared in accordance with the Indian Accounting Standards (referred to as `Ind AS') prescribed under section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, as amended from time to time. Significant accounting policies used in the preparation of the financial statements are disclosed in the notes to the consolidated financial statements.

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

$ million

	FY 2020	% of Revenue	% Growth	FY 2019	% of Revenue
Revenue	22,031	100.0	5.3	20,913	100.0
Earnings before interest, tax, depreciation and amortization (EBITDA) before other income	5,909	26.8	4.8	5,641	27.0
Profit Before Tax (PBT)	5,933	26.9	(0.1)	5,936	28.4
Profit after tax attributable to shareholders of the company	4,541	20.6	1.0	4,494	21.5
Earnings per share (in $)	1.21		2.1	1.19	

Analysis of revenue growth

On a reported basis, TCS' revenue grew 5.3% in FY 2020, compared to 9.6% in the prior year. Much of the year on year deceleration is on account of the volatility in demand in the financial services and retail verticals.

Average currency exchange rates during FY 2020 for the three major currencies are given below:

Currency	Weightage (%)	FY 2020 ₹	FY 2019 ₹	% Change YoY
USD	53.0	71.23	70.07	1.7
GBP	14.0	90.15	91.60	(1.6)
EUR	10.7	78.94	80.82	(2.3)

Movements in currency exchange rates through the year resulted in a negative impact of 1.8% on the reported revenue. The constant currency revenue growth for the year, which is the reported revenue growth stripped of the currency impact, was 7.1%.

Growth attributable to	FY 2020 (%)	FY 2019 (%)
Business growth	7.1	11.4
Impact of Exchange rate	(1.8)	(1.8)
Total Growth	5.3	9.6

[21] 103-3

OVERVIEW OF FUNDS INVESTED

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

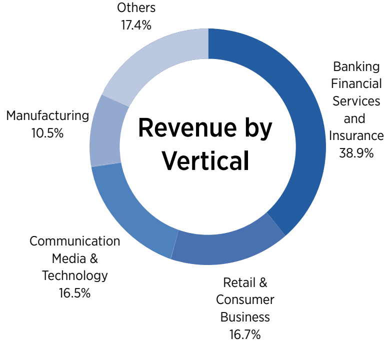
(Amount in $ million)

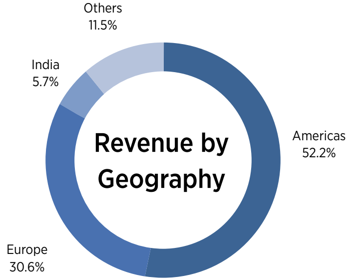
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
	Current		Non-current		Total funds invested	
Investments in mutual funds, Government securities and others	**3,465**	4,208	**23**	26	**3,488**	4,234
Deposits with banks	**161**	891	**46**	-	**207**	891
Inter-corporate depoits	**1,083**	1,109	**4**	8	**1,087**	1,117
Cash and bank balances	**1,092**	939	**-**	-	**1,092**	939
Total	**5,801**	7,147	**73**	34	**5,874**	7,181

Total invested funds include $159 million and $131 million for FY 2020 and 2019, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

Segmental Performance

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





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

Industry Vertical	**Segment Revenue FY 2020** *(FY 2019)* **$ million**	**YoY Revenue Growth %**	**Commentary**	**Segment Margin FY 2020** *(FY 2019)* **%**
Banking, Financial Services and Insurance	*8,578* *(8,272)*	3.7	• Growth and transformation spends gained priority over cost optimization spends in FY 2020. There was more focus on innovation and ecosystem play to deliver more fulfilling customer journeys. • Future readiness remained a key theme. Legacy estate modernization and cloud enablement for greater agility and reduced cost of ownership continued to be significant drivers. • Other key areas of spend included adoption of open banking, payments, insights-driven customer experience, automation, and robo-advisory systems. • On the compliance front, new standards like IFRS 17, FRTB, Definition of Default and LIBOR transition drove spend.	27.7 *(27.8)*
Communication, Media and Technology	3,645 *(3,416)*	6.7	• Key drivers of spend were continued investments in analytics and superior customer experience for growth in subscription centric business models, simplification and automation of core operations to improve efficiencies, OTT platforms and services, roll outs of fiber networks for high bandwidth connectivity, and mergers, acquisitions and divestitures. • Customers invested more on re-architecting existing products on cloud native platforms, and in transforming their marketing, sales, customer service and supply chain operations to support changing business models.	29.6 *(27.8)*
Retail and Consumer Business	3,689 *(3,593)*	2.7	• Retail – The North American market was under stress, with store closures and bankruptcies. Growth was driven by operating model transformation initiatives for greater agility, efficiency and resilience; and to enhance customer experience. • CPG – Companies are focused on strengthening consumer relationship with the brand. Technology investments were driven by direct-to-consumer initiatives including mass personalization. • Travel, Transportation & Hospitality – The transportation sector was subdued due to the slowdown in global trade. Overall, growth was driven by investments in analytics, customer experience, ecosystem leverage and M&A.	*26.2* *(27.3)*

Industry Vertical	Segment Revenue FY 2020 *(FY 2019)* $ million	YoY Revenue Growth %	Commentary	Segment Margin FY 2020 *(FY 2019)* %
Manufacturing	2,313 *(2,240)*	3.3	• Across the sub-segments, a common thread was the effort to mitigate commoditization of traditional business by adopting B2B2C business models or 'asset as a service' business models. • Enhancing customer experience and engagement, as well as ecosystem partnering were the strong investment themes. • Some segments saw cost optimization, and focus on M&A, driving demand for process harmonization and global rollouts of enterprise software. • Investments were around the shift to cloud, CRM, portals, extended mobility, and application development using Agile methods.	27.0 *(27.5)*
Others	3,806 *(3,392)*	12.2	• Growth in the Life Sciences segment has been led by continued M&A, need for business agility, need for improved R&D outcomes and patient-centricity. • Key areas of spend across verticals included user experience, compliance, IT operating model transformation, ERP transformations, digital workplace, digitization of clinical trials, process automation and Intelligence, cloud enablement and cyber security.	22.6 *(23.4)*

Business Outlook

Global economic growth is projected to contract sharply from 3.3% in 2019 to -3%[22] in 2020, much worse than during the 2008-09 financial crisis. Rolling lockdowns and social distancing restrictions on account of the pandemic are expected to significantly impact economic activity in all major markets, and cause demand compression. In the immediate aftermath, enterprises are expected to downscale current investments, defer planned initiatives, cut costs and conserve cash. While this could inject volatility into TCS' revenue growth, the company expects to gain market share from ensuing vendor consolidations.

Demand is expected to increase for services around digital channels, collaboration and workplace transformation, online learning and workforce analytics. Companies are also expected to invest more towards building operational resilience, leveraging analytics, intelligent automation, cloud and cyber security. This is expected to accelerate the adoption of TCS' Location Independent Agile and Machine First Delivery Model. Increased M&A activity in certain sectors are expected to result in integration and transitional service opportunities for TCS.

[22] World Economic Outlook, April 2020, International Monetary Fund

As economic recovery progresses, enterprises operating with pared down workforces are likely to increase outsourcing to build scale in operations to meet rising demand. Spending on growth and transformation initiatives is also expected to start picking up from that point on.

Enterprise Risk Management

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

Listed below are some of the key risks, anticipated impact on the company and mitigation strategies.

Key Risks	Impact on the Company	Mitigation
Disruption and Uncertainty in Business due to Covid-19 pandemic	The company's operations might be adversely impacted due to incapacitation of sections of the global workforce due to exposure to the pandemic, reduced productivity due to employee stress and impact on emotional wellbeing while under local lockdowns or quarantines, inability to provide work from home access to some employees due to logistical or security or contractual reasons, and suppliers' inability to service TCS. These could impact revenue growth and lead to potential customer claims on grounds of non-adherence to service delivery commitments. Demand for the company's services may be adversely affected not only in industry segments directly impacted by the pandemic – like travel and hospitality, but across other segments as well due to a sharp slowing down of the world's major economies. This is likely to affect the company's earnings in the short and medium term. However, the company's relative competitiveness is expected to increase because of its traditional value focus and its strong track record in helping customers improve the efficiency and resilience of their business and IT operations through core transformation initiatives and the Machine First Delivery Model.	• Establishment of a Covid-19 Emergency Response Apex committee at Enterprise level to drive a holistic action plan and coordinate global efforts • Deployment of TCS' Secure Borderless Workspaces infrastructure enabling associates to work from home and ensure business continuity. Digital communication channels and collaboration platforms set up for them to stay connected with colleagues and customers • 24*7 dedicated helpline for associates to address their Covid-19 related queries and for emotional support. Organization of regular webinars, interactive sessions, group and one-on-one counseling services (including their ergonomic health) for associates with HR and medical specialists • Guidance and mandate of appropriate social distancing measures and workplace and home functioning advisories • Rigorous review and execution of Business Continuity and Crisis Management capability which is benchmarked with ISO 22301 certification • Regular coordination with key suppliers for expeditious provisioning of assets critical for business services • Regular communication with customers about measures taken to maintain business services and reporting of status • Drawing up of plans and identification of opportunities for proposing new and re-purposed offerings and solutions during and post the Covid-19 disruption

Key Risks	Impact on the Company	Mitigation
Volatile global political and economic scenario	Corporate spending on technology has shown strong correlations with GDP growth. The company derives a material portion of its revenues from customers' discretionary spending which is linked to their business outlook. Political disruptions or volatile economic conditions (trade tensions, post-Brexit uncertainty, Covid-19 pandemic impacts on the global economy, US presidential elections etc.) may adversely affect that outlook resulting in reduced spending which could restrict revenue growth opportunities.	• Broad-based business mix, well diversified across geographies and industry verticals • Offerings and value propositions targeting all stakeholders (in addition to the CIO) in the customer organization, covering discretionary as well as non-discretionary spends, and relevant at every point in the business cycle • Cater to market segments which might provide counter-cyclical support • Long term contracting models • Leverage business ecosystem through collaboration with partners, start-ups and alliances to participate in transformation initiatives of customers
Restrictions on global mobility, location strategies	Distributed software development models require the free movement of people across countries and any restrictions in key markets pose a threat to the global mobility of skilled professionals. Legislations which restrict the availability of work visas or apply onerous eligibility criteria or costs could lead to project delays and increased costs. The impact of Covid-19 pandemic may further aggravate restrictions on global mobility in the coming year.	• Ongoing monitoring of the global environment, working with advisors, partners and governments • Material reduction in dependency on work visas through increased hiring of local talent including freshers, use of contractors, local mobility and training in all major markets • Use of Location Independent Agile to promote systematic collaboration and reduce the need for co-location • Active engagement in Science, Technology, Engineering and Math (STEM) initiatives designed to structurally increase the availability of engineering talent in major markets • Greater brand visibility through event sponsorships, community outreach, showcasing of investments, innovation capabilities and employment generation • Increased outreach to government stakeholders, trade bodies, think tanks and research institutes

Key Risks	Impact on the Company	Mitigation
Business model challenges	Rapidly evolving technologies are changing technology consumption patterns, creating new classes of buyers within the enterprise, giving rise to entirely new business models and therefore new kinds of competitors. This is resulting in increased demands on the company's agility to keep pace with the changing customer expectations. Failure to cope may result in loss of market share and impact business growth.	• Strong customer-centricity which results in a strategy, investments and enabling organization structure that are always aligned to customer needs • Early and continued investments in building scale and differentiated capabilities on emerging technologies through large scale reskilling, external hiring, research and innovation, solution development and IP asset creation leveraging deep contextual knowledge • Staying relevant to customers by constantly launching new service practices and technology solutions and modernizing existing offerings and solutions • Thought leadership by propagating the Business 4.0 framework leveraging the Machine First Delivery Model. Developing industry-specific best practices and artificial intelligence-led products to enable customers to derive greater business value and discover opportunities to transform and grow their businesses • Implementing Location Independent Agile methods to mitigate location constraints and pricing and margin pressures • Constant scouring of the technology landscape through alliance partnerships, and strong connections in academia and the start-up ecosystem to spot new trends and technologies and launch offerings around them

Key Risks	Impact on the Company	Mitigation
Litigation risks	Given the scale and geographic spread of the company's operations, litigation risks can arise from commercial disputes, perceived violation of intellectual property rights and employment related matters. Our rising profile and scale also make us a target to litigations without any legal merit. This risk is inherent to doing business across various countries and commensurate with the risk faced by other players similarly placed in the industry. In addition to incurring legal costs and distracting management, litigations garner negative media attention and pose reputation risk. Adverse rulings can result in substantive damages.	• Strengthening internal processes and controls to adequately ensure compliance with contractual obligations, information security and protection of intellectual property • Improved governance and controls over immigration process /increasing localization and sensitization of business managers • Potential disputes are promptly brought to the attention of management and dealt with appropriately • The company has a team of in-house counsels in all major geographies it operates in. It also has a network of highly reputed global law firms in countries it operates in • There is a robust mechanism to track and respond to notices as well as defend the company's position in all claims and litigation
Currency volatility	Volatility in currency exchange movements results in transaction and translation exposure. TCS' functional currency is the Indian Rupee. Appreciation of the Rupee against any major currency could impact the reported revenue in Rupee terms, the profitability and also result in collection losses.	• TCS follows a currency hedging policy that is aligned with market best practices, to limit impact of exchange volatility on receivables, forecasted revenue and other current assets and liabilities • Hedging strategies are decided and monitored periodically by the Risk Management Committee of the Board convened on a regular basis
Breach of data protection laws	Data privacy and protection of personal data is an area of increasing concern globally. Legislations like GDPR in Europe carry severe consequences for non-compliance or breach. Many other countries are also enacting their Data Privacy regulations to ensure protection of personal data. Violation of data protection laws or security breaches can result in substantive liabilities, fines or penalties and reputational impact.	• A global privacy policy is in place covering all applicable geographies and areas of operations, which sets out the privacy principles within TCS • A Global Privacy Office is in place to oversee and deploy data privacy obligations and support initiatives across the enterprise. DPOs (Data Protection Officers) have been appointed for TCS entities in the UK and Ireland and in Europe as required by GDPR. Privacy leads have been appointed in all units

Key Risks	Impact on the Company	Mitigation
		• Embedding privacy by design and privacy by default principles in development of new or changed internal processes or services or products. Robust and continued governance of personal data • Data protection controls and robust risk response mechanisms to cater to protection of personal data in the TCS ecosystem as well as protection of such data in client-managed networks in Global Delivery Centers • Industry standard data masking technologies to protect personal data in sensitive customer engagements, as applicable • Reviewing and negotiating vendor contracts to support compliance with privacy obligations • Mandatory online training and other workshops on data privacy and protection and on GDPR. Awareness campaigns through blog posts, email broadcasts, gamification and roadshows to foster a culture of responsibility among associates • Implementing and maintaining data transfer agreements, where required for the transfer of data across jurisdictions • Periodic reviews and audits to verify compliance to obligations
Cyber attacks	Risks of cyber-attacks are forever a threat on account of the fast-evolving nature of the threat. In addition to impact on business operations, a security breach could result in reputational damage, penalties and legal and financial liabilities.	• Investments in automated prevention and detection solutions, including perimeter security controls with advanced tools, enhanced internal vulnerability detection, data leak prevention tools, defined and tested incident management and recovery process in compliance with ISO 27001 standard • Compliance to security controls for cloud services as per ISO 27017:2015 / 27018 : 2014 standard • Continued reinforcement of stringent security policies and procedures

Key Risks	Impact on the Company	Mitigation
		• Collaboration with Computer Emergency Response Team (CERT) and other private Cyber Intelligence agencies, and enhanced awareness of emerging cyber threats • Enterprise-wide training and awareness programs on Information Security with refresher courses • Strict access controls including dynamic passwords for secure access to enterprise applications and special handling of privileged administrator accounts. Rigorous access management on all cloud deployments • Encryption of data, data back-up and recovery mechanisms for ensuring business continuity • Ability to isolate TCS enterprise network from client network and defined escalation mechanisms to handle security incidents in client environment • Periodic rigorous testing to validate effectiveness of controls through vulnerability assessment and penetration testing • Internal and external audits and forensics
Non-compliance to complex and changing global regulations	As a global organization, the company has to comply with complex and changing laws and regulations across multiple jurisdictions, covering areas such as HR, Employment and Immigration, Taxation, Foreign Exchange & Export Controls, Health Safety and Environment (HSE), Anti-Bribery and Corruption, Data Privacy etc. The fast pace of changes in the regulatory environment also requires quick understanding of their implications and adaptation in business operations. Failure to comply could result in penalties, reputational damage and criminal prosecution.	• Deployment of a comprehensive global compliance management framework that enables tracking of changes to applicable regulations globally across various jurisdictions and functional areas and managing compliance obligations • Global regulatory compliance certification is fully digitized and covers compliance across all the locations of the company • Strong governance at executive and board level through compliance committees • Awareness through web-based compliance training courses for all staff and regular notifications/alerts on regulatory changes communicated to stakeholders

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

Internal Financial Control Systems and their Adequacy

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

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

Our management assessed the effectiveness of the company's internal control over financial reporting (as defined in Clause 17 of SEBI Regulations 2015) as of March 31, 2020.

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

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

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

Based on its evaluation (as defined in section 177 of Companies Act 2013 and Clause 18 of SEBI Regulations 2015), our audit committee has concluded that, as of March 31, 2020, our internal financial controls were adequate and operating effectively.

FY 2020 PERFORMANCE OVERVIEW: SOCIAL CAPITAL

TCS' Corporate Social Responsibility (CSR)[23] commitment stems from the 151-year-old legacy of the Tata Group and the founder's vision that: In a free enterprise, the community is not just another stakeholder in business, but is in fact the very purpose of its existence.

TCS' vision is to empower communities by connecting people to opportunities in the digital economy. The company has focused on education, skilling, employability and village entrepreneurship, to help individuals and communities bridge the opportunity gap. In addition, it supports the health, wellness, water, sanitation and hygiene needs of communities.

The company's approach is to support large scale, sustainable, multi-year programs that build inclusive, equitable and sustainable pathways for youth, women and marginalized groups and which can have a strategic impact on the community. In India, these programs are aligned with the Government of India's Affirmative Action Policy and the Tata Group's Affirmative Action Program.

In FY 2020, the global community initiatives of TCS reached more than **840,000** beneficiaries.

TCS' purpose-driven worldview is shared by its employees who contribute their time and expertise for social and environmental causes in their local communities. In FY 2020, TCSers contributed more than **780,000** volunteering hours.

[23] 103-2, 103-3, 413-1

Education

Digital technologies are transforming every industry around the world. In this new world of work, companies across almost all sectors have the responsibility to develop talent that engages in computational thinking and innovation excellence and is digitally fluent.

In North America, *Ignite My Future in School (IMFIS),* is a pioneering effort to empower educators through a transdisciplinary approach that integrates computational thinking into core subjects like English, Math, Science, Art, and Social Studies. Computational Thinking is a higher-level process, whereby students can learn how to collect and analyze data, find patterns, decompose complex problems, abstract, build models and develop algorithms – the fundamental building blocks of innovation in an increasingly digital world. The program also offers year-round assistance through its *Learning Leaders Network* **–** a responsive and involved nationwide network of teachers, *Community Nights* – an immersive and interactive event for students, teachers and families to experience the curriculum and *Days of Discovery* – an in-person professional development training for educators to meet with program experts and understand the curriculum.

Ignite My Future in School has engaged over 176,792 students in FY 2020.

TCS volunteers work with Charlotte, NC middle school students, integrating computational thinking and Ignite My Future in School content

Pete Delgado is a middle school teacher from the El Paso Independent School District in Texas. One of the tools that Pete has to empower these students is Ignite My Future in School, which offers lesson plans and study material that weave computational thinking into core curriculum subjects like math, sciences, and social studies.

"IMFIS provides a type of learning that goes beyond the classroom," says Pete. "It empowers students to apply computational and problem-solving thinking to all aspects of their lives and that's especially valuable, because many of these students wouldn't have had access to this kind of learning before."

In addition to being a participating teacher, Pete is also a Learning Leader within the IMFIS teacher network. "I've been able to collaborate with educators across the US, Canada and Mexico," Pete explains, "which means students leave my classroom as global citizens."

In India, TCS' *'Lab on Bike'* is providing a similar experience to teachers in government schools and children from low-income, disadvantaged communities. The program introduces novel learning opportunities that foster a scientific mind-set. The Lab on Bike instructors travel to government schools with a set of science experiment kits with which they demonstrate experiments in physics, chemistry and biology. The program has been implemented in 12 schools around Bengaluru, benefiting 1,291 students and 10 schools in Ahmedabad impacting 1,140 students.

A key issue confronting India is the lack of literacy, especially among adults. TCS empowers entire communities, especially those marginalized, by implementing the Adult Literacy Program, which creates access to literacy, enhances earning potential and unlocks the entrepreneurial spirit.

The *Adult Literacy Program* was set up to help the Government of India improve adult literacy rates, using the Computer Based Functional Literacy (CBFL) solution. Using the CBFL model, non-literate adult learners can achieve functional literacy (reading, writing, arithmetic) within 50 hours, over a period of three months, which is about 1/6th the time demanded by conventional learning methods. Learners acquire a vocabulary of 500 words, which when put into use, allow them to access essential government policies and form self-help groups and in some cases, even set up entrepreneurial ventures.

The CBFL software is available in nine Indian and three foreign languages. TCS fosters strategic partnerships with local governments, jail authorities, NGOs and other companies to enhance the reach. 143,323 learners were made literate across 17 states of India and in Burkina Faso, Western Africa in FY 2020.

Literacy remains an issue for millions of Indians, and women are impacted the most. In one example, 40-year-old Nurabati Putel had to rely on her husband to support their three daughters because she lacked the basic literacy skills to earn an income herself.

This changed thanks to the Adult Literacy Program provided by TCS. After hearing about ALP, Nurabati enrolled in the program and attended regularly. ALP leverages the digital expertise of TCS to offer computer-based learning which quickly provided Nurabati with basic literacy skills.

She was instantly drawn to arithmetic and after completing the program, used her new-found skills to begin selling vegetables in her community. Her income grew to ₹ 300/400 a day, which provided much needed financial security for her family.

Nurabati also credits ALP with wealth you cannot measure, namely, improved self-confidence, the respect of her friends and neighbors in the village, and the opportunity to become a role model and demonstrate how ALP can empower women just like her.

Skilling

Working in partnership with schools, universities, industry and the non-profit sector, TCS' various skills programs have helped youth realize they can both work in and help create the digital future of our world. In FY 2020, TCS reached over 310,000 xstudents through these STEM initiatives.

goIT, which is TCS' flagship student engagement program is implemented across markets (North America, LATAM, Europe, APAC and Australia) and is tailored in each region to meet the specific needs of that community.

goIT participants are introduced to computational thinking as a problem-solving framework, acquire the experience in critical evaluation while troubleshooting designs, improve their ability to cooperate and coordinate, and refine their communication skills through public presentations.

Students experience the use of technology through GoIT Girls at the Customer Experience Centre, Sydney, Australia

Students, across the globe, learn the steps to produce inventive technology-enabled solutions to real-life problems, then go a step ahead by benchmarking their solutions against those that exist in the market and finally presenting their solutions to experts within the field.

Mentorship forms a large part of the engagement, bringing in TCS associates and their expertise to the fore. Collaborating with TCS associates to develop these apps, helps students visualize a future career and understand the pathways available to them. TCS combines its core capabilities of research excellence in consulting, technology expertise, skill-based volunteering and philanthropic investments into the program design of goIT.

goIT Reaches 12,000+ Students across the World: Key Highlights

In North America, the 3rd Annual goIT Student Technology Competition was held in partnership with the Toronto District School Board and the 4th annual goIT Regional Competition was hosted at the NYC Marathon pavilion.

TCS Norway conducted a four-week program for 9th graders at Jordal school in Oslo to introduce them to the possibilities within IT and help them explore career paths in technology.

TCS Singapore partnered with ITE West College (an educational institution under the Institute of Technical Education) to raise STEM awareness and to contribute to Singapore's transition into a Smart Nation. *GoIT* was the first program that was launched with ITE West College as a result.

TCS Australia's *GoIT Girls* program is a week-long work experience program aimed at female students in Years 10 and 11. The participants meet senior executives from TCS and from client organizations, who provide insight into the various STEM roles that exist across the business spectrum, with the hope of inspiring a new generation of innovators, problem solvers and technology professionals. The aim is to provide insight into and challenge stereotypes of the technology industry, particularly gender occupational stereotypes.

GoIT Challenge was held at the University of New South Wales. This initiative is designed to encourage high school students to immerse themselves in the world of technology and inspire them to think creatively to apply technological understanding to support the community around them. This year, 29 schools across Australia registered for the program submitting over 40 projects. At the finals, the GoIT Challenge had a record of 11 teams showcasing technology solutions to community challenges.

In the United Kingdom and Ireland, the TCS *Digital Explorers* program offers young people an insight into the world of work in digital industries. The program is run in seven cities across the UK and aims to tackle the digital skills gap by giving young people from diverse backgrounds an opportunity to experience work and gain a real understanding of tech careers. Digital Explorers is rooted in a robust evidence-based intervention designed to engage young people with employers who otherwise would not have such an opportunity. Such interventions are shown to increase learning potential as well as lower the chances of becoming NEET (Not in Education, Employment or Training) as young adults. In FY 2020 more than 8,500 youth were directly engaged across 7 cities.

Young people at Digital Explorers learning how to code with Ozobots

LaunchPad provides foundational skills for technology jobs through a gamified learning of C++ and Python. This is provided to students in schools and universities through a free online course. Designed as a self-learning course, it focuses on improving the analytical and logical skills of students, and nurtures the concept of lifelong learning where students develop the essential skills of investing in their own learning journeys throughout their careers.

Insight orientation session conducted in Satyabama College for ~ 2,000 students

Students learn next generation competencies through a hands-on, experiential program linked to the International Space Station

The program dovetails into TCS' InsighT intervention which includes advanced programming concepts. *InsighT* provides access to quality programming courses in schools and colleges, thereby raising the quality of professionals accessible to the IT Industry. This program is available online, is free of cost and covers advanced concepts in two months.

Drawing from the company's focus on providing experiential learning, in South Africa, hands-on technology and STEM learning pathways are created by connecting learners to the International Space Station (ISS). The ExoLab program allows students to conduct integrated STEM experiments alongside identical live experiments which are conducted at the ISS' national laboratory. This extraordinary exobiology experiment brings together classrooms and the ISS in a collaborative investigation of the effects of microgravity on living things.

With a focus on equity and inclusion, TCS has developed programs to enhance the capacity and utilize the potential of individuals with visual impairment. The Advanced Computer Training (ACTC) program, aided by technology and mentorship, provides training opportunities aimed at creating access to employment in highly skilled roles including those in the technology sector. ACTC offers courses that are in sync with industry requirements, subsequently providing trainees with employment opportunities.

Hardware Training provided for ACTC candidates

Village Entrepreneurship

Around 300 million individuals in India belong to historically disadvantaged and marginalized communities. Lack of proper digital infrastructure, knowledge and resources in villages often prevent these communities from accessing the opportunities presented by the digital economy, making up the so-called digital divide. Implemented in 2014 in 6 villages of Jhansi district and later expanded across several states, BridgeIT was created in response to the need to address prevailing social inequities in India by empowering communities with digital knowledge and tools, enabling entrepreneurship and innovation.

Youth who undergo training through BridgeIT are empowered to take up digital entrepreneurship in their village. They also deploy Computer Aided Learning in local government schools and support literacy among adults using the CBFL modules. Till date, this program has developed 236 entrepreneurs across 265 rural locations in 9 states.

"If it wasn't for BridgeIT, I would never have seen so much success in my life."

Ujjwal Mondal pursued multiple post graduate degrees, but few opportunities existed for him to use his education back home in West Bengal. He worked for local NGOs for nearly nine years, but never earned more than ₹ 3,000 a month.

That changed, when Ujjwal applied for the BridgeIT program. He was equipped with laptops and software and was also trained to provide valuable digital services to his community.

Ujjwal now earns revenue through various sources such as online banking, hardware / software sales and services, data entry work of government departments, carrying out NGO audits with the help of Subject Matter Experts and various other activities through the two shops he has set up in his locality.

Gaining access to the digital economy has economically empowered Ujjwal and his income has increased manifold. He is looking forward to developing new lines of revenue in the coming weeks. He is also seen as a community leader, as he provides employment to others in his village.

Ujjwal now feels more confident and respected in his community, and his neighbors speak proudly of what *hasn't* changed about him – how he remains kind-hearted, gentle and always eager to help.

Digital Impact Square (DISQ), is an open social innovation center located in Nashik, Maharashtra, which encourages innovation using digital technologies to address social challenges. These challenges are drawn from the voice of citizens, domain experts, the local administration and government. The initiative fosters a culture of innovation through a series of sustained innovation cycles, provides an opportunity to bring research and technology from academia and business to life, and accelerate the journey of young innovators from being ideators to entrepreneurs.

Employment and Employability

Lack of access to industry relevant skills often has a negative impact on the employment aspects of students from rural and underserved areas. Through employment focused interventions, TCS helps undergraduate students from rural, socially and economically marginalized communities develop the necessary skills needed for a job.

Engineering students are trained on three modules covering business communication, general aptitude, and technical skills for a duration of 18-24 months (192 hours). Non-engineering students receive 100 hours of training on math, analytics, general knowledge, English, and computers. It introduces Business English, imparts corporate etiquette, improves soft skills, sharpens aptitude and strengthens core subjects pertinent to the industry. At the end of training, the youth are much better placed to gain employment.

In FY 2020, nearly **22,880** youth across India gained industry-relevant skills and **4,470** secured jobs in the services sector.

Sayali Deshmukh was encouraged to attend school and university by her parents, so she wouldn't face the same economic situation as them. She studied Electronics and Telecommunication Engineering at the Government College of Engineering and Research in Maharashtra but struggled to articulate her ideas when presenting to her class.

The solution came in the form of TCS' IT Employability Program. In her pre-final year at college, Sayali joined the program and learned valuable skills, like how to present her ideas in an interview or meeting.

Sayali then took part in the TCS National Qualifier Test prior to graduation and her hard work paid off. She was selected for a position with TCS upon graduation, wherein she spring-boarded right from college to the beginnings of a bright, new career in the IT industry.

"I had employment waiting for me before I graduated, and the interview skills sessions and role plays really helped me to improve my confidence and overcome my stage fright," says Sayali, who also encourages other rural students to join the program.

Graduates from rural communities are often described as 'the invisible talent pool' because lack of confidence and communication skills hinder their access to the growing number of jobs in cities and urban centers.

The BPS Employability program is designed to bridge that gap, offering coaching and mentorship, and employment with TCS for suitable applicants.

Divya and Vidya both participated in this program. Twin sisters, they graduated with degrees from Mercy College, Palakkad, and while in school also enrolled in the program. Both took advantage of the coaching and mentorship, which transformed their confidence and communication skills. They met the criteria to work at TCS and have held positions there for more than a year.

"We moved to Bangalore – and while the journey wasn't easy, the learning was priceless," Vidya explains.

"That one chance TCS offered us, It changed our life," says Divya, who also credits their mother – *a anganwadi* childcare teacher – for pushing them to pursue education and embrace a new future filled with economic opportunity.

Thought Leadership, Research and Insights

TCS believes that companies across almost all sectors have the responsibility to develop talent that engages in computational thinking and innovation excellence; embrace diversity and support inclusion and provide access to underserved populations. The company's thought leadership initiatives address the opportunity gap through research, insights, advocacy and policy. Through these consultation forums, TCS has mobilized the public-, private- and not for profit sector to address gender, ethnic and socioeconomic inequities, and has led discussions around pioneering solutions that will democratize learning and unlock opportunities.

Digital Empowers, a partnership between TCS and the U.S. Chamber of Commerce Foundation, explores the ways in which technologies such as blockchain, cloud, Internet of Things, robotics, artificial intelligence augmented reality/ virtual reality, data analytics, and human centered design can be leveraged to solve social issues including workforce development and education, food safety and distribution, microfinance, the opioid epidemic, community recycling, non-profit capacity building, refugee resettlement, natural and human-made disasters, criminal justice reform and healthcare and bring greater access and equity to individuals and communities.

The Future Leaders Summit, organized as part of the TCS APAC Summit and now in its fourth year, brings together delegates from customer organizations who are identified as high performers and are passionate about harnessing the power of digital technologies to create a fairer, more inclusive society. The theme this year was 'Digital empowering a sustainable world', and explored how digital technologies can empower communities across the world – how drones are helping to save endangered animals and protect forests in Australia; how technology is supporting a culture of health and wellbeing in Indigenous Australia with children being encouraged to become the next generation of innovators through STEM education.

Health

TCS' ***Digital Nerve Centre (DiNC)*** is a unique and innovative delivery model designed to connect, communicate, coordinate and deliver care by leveraging people, infrastructure and a robust digital platform. DiNC has opened new avenues of connection and real time communication at ***The Cancer Institute (CI) - Chennai and Tata Medical Center (TMC) – Kolkata.*** These two premier cancer hospitals are also part of the National Cancer Grid. The North-East region via the State Cancer Institute, Guwahati (Assam), is also leveraging DiNC for enhanced reach and accessibility.

In FY 2020, DiNC services expanded with a Virtual Tumor Board for quick diagnosis and expedited treatment. Currently, this service is operational at the Cancer Institute and Assam State Cancer Institute. Additionally, new services have been launched, such as occupational therapy notes in CI-Chennai and pre-consultation services at TMC-Kolkata.

Meanwhile, the TCS team has been supporting the Tata Memorial Hospital, Mumbai, locally, with its online registration process and enquiries. This has significantly improved data quality with zero reported issues.

DiNC works at all level of healthcare – Tertiary, Secondary and Primary – leading to a well-connected and integrated healthcare system. At the Primary Care level, DiNC is currently operating in Kolar, Karnataka and in Kullu, Himachal Pradesh. These states have roped in DiNC to facilitate Primary Healthcare Transformation for the identified districts, wherein DiNC-enabled Primary Healthcare Transformation has been helping augment key Primary Care programs and efforts.

Accompanied by a strong awareness mechanism – the Known Citizen Drive, DiNC with its unique phygital approach of physical /human connect and cutting-edge digital technologies is slowly helping alleviate the issue of healthcare accessibility, care continuum and management for the rural / underprivileged. With DiNC, care seekers are able to access the right care, through the right healthcare center at the right time, which otherwise was a huge challenge for them.

The Tata Translational Cancer Research Centre (TTCRC) was set up in partnership with TMC in Kolkatta. TTCRC aims to create an interactive environment for clinicians, scientists and the industry to work together to deliver a better future for cancer patients in India. TCS has been providing operational solutions for TTCRC since its inception. Clinicians, scientists and industry are developing partnerships at TTCRC so patients not only benefit from modern affordable cancer therapy but also from the cost-effective models of care.

Employee Engagement

TCS' Employee Volunteer Program channels the unique skillset of our employees and their energies to address some of the most pressing issues facing Education, Health, and Planet, in countries where we live and work. The programs below summarize the key partners and achievements of this work in the last year.

In North America, associates are directly involved in supporting the mission of our national partners, the American and Canadian Red Crosses, the American Heart Association, and Heart & Stroke Foundation. Since 2011, TCS has partnered with the American Heart Association in the United States and the Heart and Stroke Foundation in Canada, to fight heart disease and stroke. Annual initiatives such as Go Red for Women, Heart Walks, Big Bike events and Heart Month aid in fundraising and also increases awareness around cardiovascular research and public policy advocacy.

In the United Kingdom, ***The Wildlife Trust*** became TCS' new corporate charity partner. In this two-year partnership, the focus is on employee mental health and wellbeing. The overall campaign theme in the partnership is 'Disconnect to reconnect', which raises awareness of the importance of disconnecting from our everyday digital lives and use nature to improve both mental and physical health.

Over 2,500 children returned to a new school due to the efforts and contributions of TCSers worldwide, who collaborated with ´Strong Mexico´ campaign, developed to provide aid and support to the victims of the 2017 earthquake. TCS' interventions enabled the building of a new school for the children of Cintalapa in Chiapas, Mexico.

FY 2020 PERFORMANCE OVERVIEW: NATURAL CAPITAL

TCS views its responsibility for environmental stewardship seriously and has taken a `beyond compliance' approach, setting a bold vision for environmental sustainability, articulated in the Environmental Policy. This translates into a strong focus on operational efficiency and concern for the environment across the organization and in the value chain.

The objective is to grow sustainably by successfully decoupling business growth and the impact on the environment from our operations, effectively doing more with less through better design, planning and operational efficiency. The company's environmental sustainability strategy is implemented through its policy, standardized processes, impact assessment, performance monitoring and strong partnerships with stakeholders, including employees.

TCS measures, manages and reports on energy, carbon, water and waste – the most material environmental aspects of its operations. The three key focus areas of the company's environmental strategy are:

- Carbon footprint reduction: Energy efficiency and use of renewable energy
- Water management: Efficient use, recycling and rainwater harvesting
- Waste management: Reduction, Reuse and Recycling

Beyond its own footprint, the company also drives supply chain sustainability through responsible sourcing, covered elsewhere in this report.

TCS is certified under the ISO 14001:2015 Environmental Management System (EMS) standard, across 126 locations globally. The management system has integrated environmental risks and opportunities with TCS' business strategy.

Managing the Carbon Footprint[24]

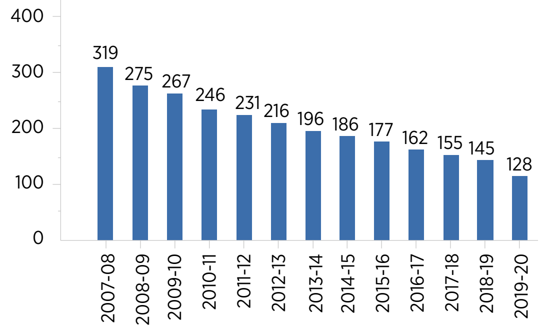
Long before it became an established science, TCS embraced the precautionary principle and recognized carbon footprint mitigation as a high priority area[25]. With an operational footprint that consists largely of campuses of office blocks for the delivery organization, and sales offices, direct emissions from operations – also referred to as Scope 1 emissions – are a very small part of the company's carbon footprint, amounting to just 6.5% of the overall carbon footprint. The rest is made up of indirect emissions, referred to as Scope 2 emissions, associated with purchased electricity[26].

[24] 103-2, 103-3

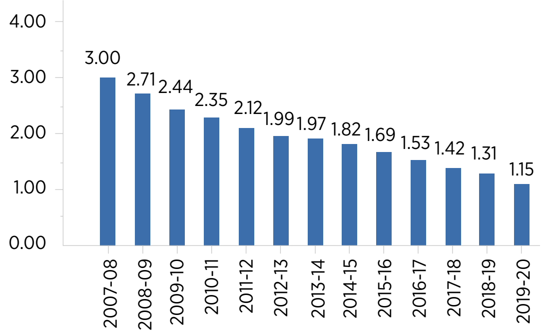
[25] 102-11; Earliest reference on Page 5, TCS Corporate Sustainability Report 2006-07

[26] 302-1, In FY 2020, TCS consumed 547 GWh of electricity of which 10.9% was from renewable sources, ~3.5% from onsite utilities and the remaining was purchased electricity. Total direct energy used was 0.13 Million GJ and total direct plus indirect energy used was 2.08 GJ. The total electricity consumed, as well as direct energy usage, have gone down, indicating better controls.

Specific Electricity Consumption (KWH/FTE/MONTH)



Specific Scope 1 + Scope 2 Emissions (TCO2E/FTE/ANNUM)



TCS has been able to reduce its specific energy consumption by over 60% over baseline year FY 2008, and bring down its greenhouse gas emissions (Scope 1 + Scope 2)[27] from 3 tCO_2E/FTE/Annum in FY 2008 to 1.15 tCO_2e/FTE/Annum in the current reporting year, a reduction of 61.6%.

Compared to the prior year, the specific energy consumption is down 11.9% and specific carbon footprint is down 11.8% YoY. Additionally, absolute (Scope 1 + Scope 2) emissions have reduced by 6% YoY[28], for the fourth consecutive year. Having achieved the previous target of halving the specific carbon footprint by 2020 (versus baseline year FY 2008) ahead of schedule, the company is now working on setting new targets for the next decade.

The Path to Energy Efficiency[29]

The reduction in specific energy consumption was achieved by adding more green buildings to the company's real estate portfolio, installing roof top solar power plants across campuses, optimizing IT system power usage, upgrading legacy equipment with state-of-the-art technology, and improving operational efficiency through the inhouse-built, IoT-based Remote Energy Management System. All these efforts have resulted in year-on-year energy reduction, despite the growth in employees, commissioning of new facilities and ramping up within existing facilities.

Over 57% of the total office space currently occupied by TCS in India is designed as per green building standards. In FY 2020, the company added 2 MWp of rooftop solar, taking the total on-site roof top solar capacity across its campuses to 7.6 MWp. This contributed 6.4 million units of electricity generated from in-house solar plants. About 53 million units of renewable energy were sourced in FY 2020 through power purchase agreements. Total renewable energy units generated from rooftop solar projects and sourced through power purchase agreements was ~10.9% of the total electricity consumption.

The company has saved ~11 million units of electricity by switching over to energy-efficient LED lighting across 90% of its operations in India. Over the last 3 years, TCS has been able to reduce the distributed IT power demand from 200 watts to 85 watts per seat. Data center power management initiatives have helped reduce the power utilization efficiency (PUE) of its 23 data centers to 1.66 (versus 1.67 in the prior year). Of the 23 data centers, 22 have achieved the target PUE of 1.65. Data center/server room consolidation, higher rack utilization, and UPS rationalization have been the key levers.

Other Emissions

Emissions of Ozone-depleting substances are primarily in the form of system losses or fugitive emissions during maintenance and repair of air conditioning systems. TCS is committed to using zero-ozone depleting potential (ODP) refrigerants in its operations. New facilities have HVAC systems based on zero-ODP refrigerants. All ODP refrigerant gases will be phased out and replaced with zero-ODP refrigerants, in line with country-specific timelines agreed to as per the Montreal Protocol and local regulations.

Value Chain Emissions

All other indirect emissions are accounted by TCS as Scope 3 emissions. These are also known as value chain emissions because they are caused by sources not owned or controlled by TCS, but are relevant to its operations and within its value chain. By applying an expansive boundary and using standard Scope 3 emission factors, the company estimates that value chain emissions amounted to 1.57 tCO_2e per FTE, in FY 2020.

The largest contributors, amounting to ~60%, were business travel intrinsic to the consultancy business model, and daily workplace commutes of employees. TCS has been investing in superior communications and video conferencing infrastructure to promote greater collaboration across remote teams, and with lesser in-person attendance for meetings and business discussions. This has helped reduce

27 Scope 1 emissions have been calculated using the emissions factors published by the GHG (greenhouse) Protocol All Sector Tools version released in 2017. For Scope 2 emissions – that is, purchased electricity-related carbon emissions – for India, the source is the emissions factor in the CO_2 Baseline Database for the Indian Power Sector, User Guide, Version 13.0, June 2018, published by the Central Electricity Authority of India. For Scope 2 emissions of locations other than India, emission factors published by DEFRA 2015 have been used.

28 305-1, 410,971 tCO_2e in FY 2020 vs 437,366 tCO_2e in FY 2019

29 103-2, 103-3

the specific carbon footprint from business air travel by more than 67% over the baseline year and by 19% over FY 2019. This is expected to further dip in FY 2021 given the reduced travel and commutes.

Water Conservation[30]

TCS optimizes water consumption through conservation, sewage treatment and reuse, and rainwater harvesting. All new campuses have been designed for 50% higher water efficiency, 100% treatment and recycling of sewage, and rainwater harvesting. Employee engagement also plays a big role in the company's water sustainability strategy. In FY 2020, consistent water management measures, consolidation of offices and increased occupancy of green-field centers helped reduce specific freshwater consumption by over 9% compared to FY 2019.

Of the 3.9 million kL[31] of fresh water consumed by TCS in FY 2020, 56% came from municipal sources, 28% from third party suppliers, 14% from groundwater and 2% from rainwater harvest at our campuses. Consistent water efficiency measures have helped the company reduce freshwater consumption by over 27% over baseline year FY 2008. Total treated sewage recycled as a percentage of the total sewage generated was ~70% in FY 2020[32].

The company continues to pursue groundwater replenishment initiatives through on-campus rainwater harvesting systems, and community water shed management projects. TCS continues to support initiatives on surface water body rejuvenation at Siruseri in Chennai, Kasalganga in Solapur and Malguzari ponds in Vidarbha.

Waste Reduction and Reuse

As an IT services and consulting organization, TCS' facilities mostly generate electronic, electrical, and office consumables waste and municipal solid waste. Generation of potentially hazardous wastes such as lead-acid batteries and waste lube oil is in relatively smaller proportions. In FY 2020, despite the growth in business, the company was able to achieve material reductions in the absolute quantities across all key wastes: paper wastes, cafeteria dry waste, and canteen biodegradable waste.

Per capita paper consumption reduced by ~16% over the prior year and ~89% over the baseline year FY 2008. The success of this drive can be attributed to the awareness created among employees, and the enforcement of printing discipline through automated and manual means. TCS continues to achieve 100% recycling of its paper waste.

TCS' waste management practices seek to maximize segregation at source, as well as reuse and recycle as possible. All the hazardous and regulated waste is disposed of through government-authorized vendors as per the regulatory requirements. Engaging employees and raising their awareness to encourage responsible consumption is a key lever in the organization's strategy.

TCS' waste management practices

Biodegradable waste is treated onsite for biogas recovery or manure generation through bio-digesters or composting. All TCS campuses, owned offices and leased offices that have the required space have been provided with on-site food waste management facilities. In FY 2020, 72.6% of the total food waste generated across all TCS facilities was treated using onsite composting methods or bio-digester treatment. In locations lacking space for these systems, the waste is disposed of as fodder for livestock or sent to the municipal waste collection system.

Dry waste is categorized, segregated, and sent for recycling. Garden waste is composted onsite. Over 336 tons of compost were generated in FY 2020, reducing the need for chemical fertilizers and the resultant soil and groundwater pollution. Used printer cartridges and photocopier toner bottles are sent back to the manufacturers for proper disposal.

30 103-2, 103-3
31 303-1
32 306-1

Employee Engagement

TCS has a year-round calendar for engaging with employees to create environmental awareness and sensitizing them towards nature and conserving its resources. The company has run communication campaigns around World Bio-diversity Day, World Environment Week, World Ozone Day, Green Consumer Day, World Wildlife Week, Pollution Control Day, Energy Conservation Day, World Water Day and the Earth hour campaign.

The company's purpose-driven worldview inspires many employees to undertake volunteering in their local communities around environmental themes. A month-long campaign to encourage the elimination of single use plastic saw over 80,000 TCSers participate in 256 cleanliness drives and 130 awareness sessions in the community, across 90 cities in India. Elsewhere, employees at TCS Mexico participated in reforestation activities to save 'Guadalajara's lungs', planting saplings in designated areas to increase the green cover.

As part of the Tata Sustainability Month, the company ran a campaign to create awareness among employees on the UN Sustainable Development Goals, and inspire them to take small actions in their lives to contribute towards those goals. It saw participation by over 120,000 associates participate in such activities as plantation drives, cleanliness drives, cyclathon, walkathon, external sessions, clean (food) plate drive, community initiatives and several contests.

Corporate Governance Report

I. Company's Philosophy on Corporate Governance

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

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

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

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

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

Details of TCS' board structure and the various committees that constitute the governance structure[1] of the organization are covered in detail in this report.

1 102-18

The various material aspects of corporate governance and TCS' approach to them are discussed in the table below:

Material Aspect	TCS' Approach
Avoidance of conflict of interest	Chairmanship of the Board is a non-executive position, and separate from that of the Chief Executive Officer and Managing Director. The Code of Conduct (https://www.tcs.com/tata-code-of-conduct) for non-executive directors, and for Independent Directors, carries explicit clauses covering avoidance of conflict of interest. Likewise, there are explicit clauses in the Tata Code of Conduct (TCoC) prohibiting any employee – including the Managing Director and executive directors – from accepting any position of responsibility, with or without remuneration, with any other organization without TCS' prior written approval. For executive directors and the Managing Director, such approval must be obtained from the Board.
Board independence and minority shareholders' interests	The TCoC, which defines the governance philosophy at TCS, emphasizes fairness and transparency to all stakeholders. The Company also has a variety of channels including a structured global investor outreach program, through which minority shareholders can interact with the management or Board and express their concerns. Shareholders can communicate any grievance to the Company Secretary's office through a well-publicized channel, where complaints are tracked to closure. The Stakeholders' Relationship Committee oversees the redressal of these complaints. The Annual General Meeting is another forum where they can interact with the Board.

Material Aspect	TCS' Approach
Values, Ethics and compliance[2]	Over the last five decades, TCS has consistently adhered to the highest principled conduct and has earned its reputation for trust and integrity in the course of building a highly successful global business. The Company's core values are: Leading change, Integrity, Respect for the individual, Excellence, and Learning and sharing. TCoC, which every employee signs at the time of joining the Company, serves as a moral guide and a governing framework for responsible corporate citizenship. Periodic refresher courses are conducted to ensure continued awareness of the code, and employee communications from the leadership reiterate the importance of our values and the TCoC. Customers and suppliers are made aware of the TCoC principles in contract discussions, and through inclusion of specific clauses in proposals and contracts. The TCS Supplier Code of Conduct is shared with suppliers as part of the procurement process and is published on the TCS website. Compliance to laws of the countries in which we operate, as well as global legislation such as FCPA, UKBA is monitored through formal compliance procedures led by the corporate compliance office. Changes to legislation are closely monitored, risks are evaluated and effectively managed across our operations. Avenues have been provided for all employees and stakeholders to report concerns or non-compliance which are investigated and addressed by following due process. At the apex level, the Audit Committee oversees compliance to internal policies and external regulations.

[2] 102-16

Material Aspect	TCS' Approach
Succession planning	Succession planning is an integral part of the operations of the Company. Succession planning of senior management is reviewed by the Board. Business or unit heads are invited to present on specific topics at Board meetings from time to time, offering an opportunity for the directors to assess their values, competencies, and capabilities.

Awards and Accolades

Leadership

- Ranked **#1** in **Customer Satisfaction** in the Whitelane Research 2019/2020 IT Sourcing Study, which surveyed more than 1,600 CxOs of the top IT spending organizations in Europe. TCS has been voted to this top spot by customers for the **seventh consecutive year**.
- Won **CNBC-TV18**'s **'Iconic Company of the Decade'** award. Rajesh Gopinathan, CEO & MD, TCS, received the **'Outstanding Business Leader of the Year'** award at the 15th edition of the **India Business Leader Awards**.
- Ranked **Overall Best Managed Company in Asia** in the technology sector, in **FinanceAsia's 2020 Asia's Best Companies** survey of investors across the region. TCS also won five awards in the India rankings, including #1 ranking in **Best Environmental Stewardship** and Most **Committed to Social Causes**.
- Voted the **Overall Most Outstanding Company** in India by investors across the region **in Asiamoney's 2019 Asia's Outstanding Companies** poll. Additionally, TCS was recognized as the **most awarded company of the decade** in India, for topping Asiamoney's investor polls most number of times over the last 10 years.
- Won the **'Best Risk Management Framework & Systems - Business Continuity'** Award presented by **ICICI Lombard and CNBC-TV18** for the robust business continuity framework and systems implemented across the organization.
- Recognized as the **fastest growing IT services brand of the decade**, and one of the fastest growing IT services brands of 2019, by **Brand Finance**, in its 2020 Global 500 report released at the World Economic Forum in Davos, Switzerland.
- Won the **ITSMA 2019 Marketing Excellence Diamond Award** in the **'Building Reputation Through Brand and Differentiation'** category.
- Recognized as a **Business Superbrand** in the UK, fifth year in a row, for brand reputation, deep relationships with customers, thought leadership, and community Initiatives.
- Honored with the **2020 CIO 100 Award**, for the large scale Agile and DevOps automation transformation implemented internally to enhance its business agility.
- TCS LATAM was named the **Nearshore Trendsetter of the Year** at the 2019 Nexus Illuminate Awards.

Intellectual Property

- Won the Intellectual Asset Management's **Asia IP Elite** award in the category **'Internet and Software Team of the Year'** at the Intellectual Property Business Congress Asia 2019 in Tokyo.
- Recognized with the **Best Patents Portfolio** Award in the Large (Engineering) Enterprises category at

the Confederation of Indian Industry (CII) **Industrial Intellectual Property Awards 2019**.

- Won the **National Intellectual Property Award 2019** in the category 'Top Public Limited Company/ Private Limited Company for Patents & Commercialization in India'.

- Awarded the World Intellectual Property Organization's (WIPO's) **IP Enterprise Trophy**.

- Digitate won the **Best Overall AI Company of the Year** award from AI Breakthrough, competing with 2,500 companies and startups in the AI sector from all over the world.

- Digitate and ignio™ won four silver **Stevies®** at the **2019 International Business Awards,** in the categories: **Software Company of the Year, Most Innovative Tech Company of the Year** and **Fastest Growing Software Company of the Year**. ignio™, won in the Software **Defined Infrastructure** product category.

- TCS BaNCS™ Network Solution powered by Quartz™ Blockchain was named the **Best Blockchain Breakthrough of the Year** at the 2019 FTF News Technology Innovation Awards.

- TCS' IoT solutions won two awards at ASSOCHAM's Emerging Digital Technologies Awards 2019, in the **'Most Innovative Use of Emerging Digital Technology – IoT'** category for its Remote Monitoring and Predictive Maintenance solution, and in the **'Intelligent Enterprise Award for Most Innovative Application – Developed for Government'** category for using TCS DigiFleet™ to transform public transportation in India.

- Recognized for its partnership and innovation with the **Best Supplier Award – IT Operations and Projects for the year 2018 – 2019 by Infineon Technologies AG,** a leader in semiconductor solutions.

- TCS Advanced Drug Development (ADD) won an award in the category **Excellence in Ancillary Pharma Services at the India Pharma Awards 2019**.

- TCS Optumera won the **IT Innovation Award** in the Large Enterprise category at the **Express IT Awards 2019**.

- TCS' Intelligent Urban Exchange City Command Center software won the **Channel Innovation Award** in the category **Big Data and Analytics Innovation** at an event organized by Channel Partner Insight.

- TCS' cognitive automation software, **ignio™**, received the **Artificial Intelligence Excellence Award** in the **Self-Awareness category,** from the Business Intelligence Group.

- Won the prestigious **Red Dot: Best of the Best – Brands and Communications Design 2019 Award** for its game, Marathon City: Sprint to Win, an inclusive, 3D simulation of the final stretch of the world-famous TCS New York City Marathon.

- TCS New York City Marathon App named the **'Best Sports Mobile Application'** at the **2019 MobileWebAwards** for excellence in mobile web development.

- TCS' New York City Marathon App won Gold in the App of the Year category at the **Best in Biz Awards 2019 International,** as well as the **MediaPost Appy Award** in the 'Entertainment and Sports' category.

- TCS won one **Gold Stevie®** and two **Silver Stevies®** for its innovative and highly popular Virgin Money London Marathon App, and related promotional campaigns in the community, at the **16th Annual International Business Awards**.

People

- Named as One of the **Fortune Best Big Companies to Work** For™ in 2020, for the strength of its management team, how the company embraces diversity as an asset, and the extent to which it helps to identify employee strengths and career growth opportunities.

- Named in **The Sunday Times** list of **Best Big Companies to Work** For **2020 in the UK,** for its outstanding commitment to workplace engagement, employee-friendly workplace practices and continued investments in building up local talent in the UK.

- Recognized as a **Global Top Employer** for the **fifth consecutive year** by the **Top Employers Institute** for exceptional progressive workplace policies, culture, continued investments in its workforce, advanced digital up-skilling and local hiring practices. In addition, TCS has been certified as the **Number One Top Employer** in **Europe, MEA and APAC,** and in 11 countries: Argentina, Australia, Belgium, Chile, Denmark, Germany, Hong Kong, Saudi Arabia, United Arab Emirates, the United Kingdom, and the United States.

- Recognised in DiversityInc's **Top 50 Companies for Diversity in America** for its Investments and Efforts in Diversity and Inclusion, Leadership Accountability, Talent Programs, and Workplace Practices

- Won Community Business' **2019 D&I Pioneering Initiative Award** for the **Allies of Diversity Conclave**.

- Won the **US Chamber of Commerce Foundation's 2019 Citizens Award** in the category of **Best Commitment to Education Program** for the Ignite My Future in School (IMFIS) program.

- Presented with **Three Stevies®** for Workforce Development and Community Initiatives in Canada – a Gold Stevie for **Best CSR Strategy,** a Silver Stevie for **Best Learning and Development Strategy,** and a Bronze Stevie for Achievement in Workforce Development and Learning.

- The SMU-TCS iCity Lab's **SHINESeniors project** won Constellation Research's 2019 **SuperNova Award** in the category **AI & Augmented Humanity**.

- Named **America's Most Community-Minded Information Technology Company** for the second consecutive year, in the **2019 Civic 50** by **Points of Light,** the world's largest organization dedicated to volunteer service.

- Won 4 Stevies at the 2019 American Business Awards®– **1 Gold Stevie** each for **Corporate Social Responsibility Program of the Year** and **Fastest Growing Tech Company of the Year,** 1 Silver Stevie for **Mobile Marketing Campaign of the Year,** and 1 Bronze Stevie for **Human Resources Department of the Year**

- Won the **Organization for International Investment's CSR Award** in partnership with Discovery Education for the Ignite My Future in School (IMFIS) program.

Partners

- Awarded the 2019 **New Partner of the Year by ivalua**.

- TCS' ECP Alpha Architecture implementation awarded the **'Architecture Excellence Award'** by Cisco.

- Won the **Salesforce Partner Innovation Award** in the **'Emerging Product'** category.

- Won the UiPath Automation Excellence Award in the category **'Fastest and Most Efficient Scaling'**.

- Recognized by Adobe as the **Customer Success Partner of the Year** at Adobe's India Symposium 2019.

- Recognized for **Excellence in Digital Transformation** in the 2019 Pega Partner Awards, for developing and delivering digital process automation (DPA) solutions for clients within the financial services industry.

- TCS Enterprise Cloud Platform won the **Best Innovation Award** in Australia at the 2018 Equinix Partner Awards.

- TCS Colombia won 2019 **Microsoft Partner of the Year** for **DevOps and Alliance Global SI** in Colombia.

- TCS was recognized as Oracle's **HCM Cloud Partner of the Year** for The Netherlands.

IFRS Financial Statements

Independent Auditors' Report

The Board of Directors

Tata Consultancy Services Limited

We have audited the accompanying consolidated financial statements of Tata Consultancy Services Limited and its subsidiaries which comprise the consolidated statements of financial position as of March 31, 2020 and 2019 and the related consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conduct our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial staternents are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tata Consultancy Services Limited and its subsidiaries as of March 31, 2020 and 2019, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

KPMG

Gurugram, India
Date: April 16, 2020

Consolidated Statement of Financial Position

(In million of USD)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	9(a)	**1,146**	1,045
Bank deposits		**107**	785
Investments	9(b)	**3,465**	4,208
Trade receivables	9(c)	**4,047**	3,955
Unbilled receivables		**760**	746
Other financial assets	9(d)	**1,347**	1,446
Income tax assets (net)		**1**	268
Other assets	11(d)	**1,090**	877
Total current assets		**11,963**	13,330
Non-current assets			
Bank deposits		**46**	-
Investments	9(b)	**29**	35
Trade receivables	9(c)	**10**	14
Unbilled receivables		**43**	57
Other financial assets	9(d)	**115**	115
Income tax assets (net)		**326**	581
Deferred tax assets (net)		**372**	381
Property, plant and equipment	11(a)	**1,583**	1,685
Right-of-use assets	10	**1,060**	-
Goodwill	11(b)	**510**	555
Other intangible assets	11(c)	**37**	26
Other assets	11(d)	**215**	157
Total non-current assets		**4,346**	3,606
TOTAL ASSETS		**16,309**	16,936
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade payables		**894**	910
Lease liabilities		**168**	3
Other financial liabilities	9(e)	**809**	706
Unearned and deferred revenue		**386**	346
Employee benefit obligations	16	**364**	341
Provisions		**39**	35
Income tax liabilities (net)		**492**	386
Other liabilities	11(e)	**435**	468
Total current liabilities		**3,587**	3,195

Consolidated Statement of Financial Position

(In million of USD)

	Note	As at March 31, 2020	As at March 31, 2019
Non-current liabilities			
Lease liabilities		**915**	6
Other financial liabilities	9(e)	**39**	42
Unearned and deferred revenue		**92**	122
Employee benefit obligations	16	**55**	48
Deferred tax liabilities (net)		**103**	151
Other liabilities	11(e)	**-**	60
Total non-current liabilities		**1,204**	429
TOTAL LIABILITIES		**4,791**	3,624
Equity			
Share capital	9(j)	**70**	70
Retained earnings		**15,034**	15,973
Other equity		**(3,671)**	(2,800)
Equity attributable to shareholders of the Company		**11,433**	13,243
Non-controlling interests		**85**	69
TOTAL EQUITY		**11,518**	13,312
TOTAL LIABILITIES AND EQUITY		**16,309**	16,936

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

(In million of USD, except shares and per share data)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Revenue	12	**22,031**	20,913
Cost of revenue		**12,962**	12,160
GROSS PROFIT		**9,069**	8,753
Operating expenses			
Selling, general and administrative expenses		**3,655**	3,406
Operating profit		**5,414**	5,347
Other income			
Finance and other income	14(a)	**504**	399
Finance costs	14(b)	**(130)**	(28)
Other gains (net)	14(c)	**145**	218
Other income (net)		**519**	589
PROFIT BEFORE TAXES		**5,933**	5,936
Income tax expense	15	**1,377**	1,428
PROFIT FOR THE YEAR		**4,556**	4,508
OTHER COMPREHENSIVE INCOME (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined employee benefit plans		**(47)**	(6)
Net change in fair value of investments in equity shares carried at fair value through OCI		**(3)**	-
Items that will be reclassified subsequently to profit or loss			

(In million of USD, except shares and per share data)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Net change in fair value of investments other than equity shares carried at fair value through OCI		**87**	36
Net change in intrinsic value of derivatives designated as cash flow hedges		**(13)**	19
Net change in time value of derivatives designated as cash flow hedges		**(6)**	6
Exchange differences on translation of foreign operations and translation to presentation currency		**(1,022)**	(865)
TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES), NET OF TAX		**(1,004)**	(810)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,552**	3,698
Profit for the year attributable to:			
Shareholders of the Company		**4,541**	4,494
Non-controlling interests		**15**	14
		4,556	4,508
Total comprehensive income for the year attributable to:			
Shareholders of the Company		**3,538**	3,685
Non-controlling interests		**14**	13
		3,552	3,698
Earnings per share			
Weighted average number of equity shares		**3,752,384,706**	3,789,749,350
Basic and diluted earnings per share in USD		**1.21**	1.19

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Changes in Equity

(In million of USD, except share data)

	Number of shares	Share capital	Retained earnings	Special Economic Zone re-investment reserve	Foreign currency translation reserve	Cash flow hedging reserve		Investment revaluation reserve	Equity attributable to shareholders of the Company	Non-controlling interests	Total equity
						Intrinsic value	Time value				
Balance as at April 1, 2018	1,914,287,591	43	15,284	245	(2,115)	(11)	(16)	(17)	13,413	63	13,476
Profit for the year			4,494	-	-	-	-	-	4,494	14	4,508
Other comprehensive income / (losses)			(6)	-	(864)	19	6	36	(809)	(1)	(810)
Total comprehensive income / (losses)	-	-	4,488	-	(864)	19	6	36	3,685	13	3,698
Dividend (including tax on dividend of $194 million)		-	(1,648)	-	-	-	-	-	(1,648)	(7)	(1,655)
Buy-back of equity shares[1]	(76,190,476)	(1)	(2,200)	-	-	-	-	-	(2,201)	-	(2,201)
Expenses for buy-back of equity shares[1]		-	(6)	-	-	-	-	-	(6)	-	(6)
Issue of bonus shares[1]	1,914,287,591	28	(28)	-	-	-	-	-	-	-	-
Transfer to Special Economic Zone re-investment reserve		-	(390)	390	-	-	-	-	-	-	-
Transfer from Special Economic Zone re-investment reserve		-	473	(473)	-	-	-	-	-	-	-
Balance as at March 31, 2019	3,752,384,706	70	15,973	162	(2,979)	8	(10)	19	13,243	69	13,312

Consolidated Statement of Changes in Equity

(In million of USD, except share data)

	Number of shares	Share capital	Retained earnings	Special Economic Zone re-investment reserve	Foreign currency translation reserve	Cash flow hedging reserve		Investment revaluation reserve	Equity attributable to shareholders of the Company	Non-controlling interests	Total equity
						Intrinsic value	Time value				
Balance as at April 1, 2019	3,752,384,706	70	15,973	162	(2,979)	8	(10)	19	13,243	69	13,312
Transition impact of IFRS 16, net of tax[2]		-	(51)	-	-	-	-	-	(51)	(1)	(52)
Restated balance as at April 1, 2019	3,752,384,706	70	15,922	162	(2,979)	8	(10)	19	13,192	68	13,260
Profit for the year			4,541	-	-	-	-	-	4,541	15	4,556
Other comprehensive income / (losses)			(47)	-	(1,021)	(13)	(6)	84	(1,003)	(1)	(1,004)
Total comprehensive income / (losses)		-	4,494	-	(1,021)	(13)	(6)	84	3,538	14	3,552
Dividend (including tax on dividend of $806 million)		-	(5,284)	-	-	-	-	-	(5,284)	(10)	(5,294)
Impact on purchase of non-controlling interests		-	(13)	-	-	-	-	-	(13)	13	-
Transfer to Special Economic Zone re-investment reserve		-	(414)	414	-	-	-	-	-	-	-
Transfer from Special Economic Zone re-investment reserve		-	329	(329)	-	-	-	-	-	-	-
Balance as at March 31, 2020	3,752,384,706	70	15,034	247	(4,000)	(5)	(16)	103	11,433	85	11,518

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

[1]Refer note 9(j).
[2]Refer note 10.

Retained earnings include statutory reserve of $57 million and $53 million as at March 31, 2020 and 2019, respectively.

Total equity (primarily retained earnings) includes $167 million and $125 million as at March 31, 2020 and 2019, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

Consolidated Statement of Cash Flows

(In million of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	**4,556**	4,508
Adjustments to reconcile profit or loss to net cash provided by operating activities		
Depreciation and amortisation expense	**495**	294
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	**20**	27
Income tax expense	**1,377**	1,428
Non-cash interest on put-call option liability	**-**	2
Net gain on lease modification	**(2)**	-
Unrealised foreign exchange (gain) / loss	**(16)**	1
Net gain on disposal of property, plant and equipment	**(7)**	(12)
Net (gain) / loss on investments	**(1)**	28
Operating profit before working capital changes	**6,422**	6,276
Net change in		
Trade receivables	**(463)**	(411)
Unbilled receivables	**(71)**	184
Other financial assets	**23**	(92)
Other assets	**(490)**	(527)
Trade payables	**63**	213
Unearned and deferred revenue	**53**	97
Other financial liabilities	**170**	113
Other liabilities and provisions	**84**	90
Cash generated from operations	**5,791**	5,943
Taxes paid (net of refunds)	**(821)**	(1,421)
Net cash generated from operating activities	**4,970**	4,522
CASH FLOWS FROM INVESTING ACTIVITIES		
Bank deposits placed	**(1,079)**	(851)
Inter-corporate deposits placed	**(2,106)**	(1,944)
Purchase of investments*	**(11,297)**	(13,823)
Payment for purchase of property, plant and equipment	**(352)**	(294)
Payment including advances for acquiring right-of-use assets	**(74)**	-
Payment for purchase of intangible assets	**(27)**	(25)
Purchase of subsidiary, net of cash of NIL and $2 million respectively	**-**	(7)
Proceeds from bank deposits	**1,676**	385
Proceeds from inter-corporate deposits	**2,023**	1,507
Proceeds from disposal / redemption of investments*	**11,840**	14,743
Proceeds from disposal of property, plant and equipment	**23**	14
Net cash generated from / (used in) investing activities	**627**	(295)
CASH FLOWS FROM FINANCING ACTIVITIES		
Buy-back of equity shares	**-**	(2,201)
Expenses for buy-back of equity shares	**-**	(6)
Short-term borrowings (net)	**-**	(27)
Dividend paid (including tax on dividend)	**(5,284)**	(1,648)
Dividend paid to non-controlling interests (including tax on dividend)	**(10)**	(7)
Purchase of non-controlling interests	**(33)**	-
Repayment of lease liabilities	**(149)**	(2)
Net cash used in financing activities	**(5,476)**	(3,891)
Net change in cash and cash equivalents	**121**	336
Cash and cash equivalents at the beginning of the year	**1,045**	751
Exchange difference on translation of foreign currency cash and cash equivalents	**(20)**	(42)
Cash and cash equivalents at the end of the year (Refer note 9(a))	**1,146**	1,045
Supplementary cash flow information		
Interest paid	**130**	26
Interest received	**526**	375
Dividend received	**1**	3

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*Purchase of investments include $73 million and $50 million for the years ended March 31, 2020 and 2019, respectively, and proceeds from disposal / redemption of investments include $78 million and $39 million for the years ended March 31, 2020 and 2019, respectively, held by trusts and TCS Foundation held for specified purposes.

1. Corporate information

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

The Company is a public limited company incorporated and domiciled in India. The address of its corporate office is TCS House, Raveline Street, Fort, Mumbai 400001. As at March 31, 2020, Tata Sons Private Limited, the holding company owned 72.02% of the Company's equity share capital.

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

2. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board (IASB).

3. Basis of preparation

These consolidated financial statements have been prepared on historical cost basis except for certain financial instruments and defined benefit plans which are measured at fair value or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Group has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method. The Group classifies interest paid and interest and dividend received as cash flow from operating activities.

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

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

4. Basis of consolidation

The Company consolidates all entities which are controlled by it.

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

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

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

All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

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

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the dates of statement of financial position. Statement of profit or loss and other comprehensive income of such entities has been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity. When a foreign operation is disposed off in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal.

These consolidated financial statements are presented in US Dollars ($) to facilitate the investors' ability to evaluate TCS Limited's performance and financial position in comparison to similar companies domiciled in different foreign jurisdictions.

5. Use of estimates and judgments

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

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

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

a. Revenue recognition

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

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

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

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

b. Useful lives of property, plant and equipment

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

c. Impairment of goodwill

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

d. Fair value measurement of financial instruments

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

e. Provision for income tax and deferred tax assets

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

f. Provisions and contingent liabilities

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

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

g. Employee benefits

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

h. Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of IFRS 16. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

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

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

6. Nature and purpose of reserves

a. Special Economic Zone re-investment reserve

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

b. Foreign currency translation reserve

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

c. Cash flow hedging reserve

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

d. Investment revaluation reserve

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

7. Recent accounting standards

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS Standards	References to Conceptual Framework[1]
Amendments to IFRS 3	Definition of Business[1]
Amendments to IAS 1 and IAS 8	Definition of Material[1]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate Benchmark Reform[1]
Amendments to IAS 1	Classification of Liabilities[2]

[1] Effective for annual periods beginning on or after January 1, 2020.

[2] Effective for annual periods beginning on or after January 1, 2022.

IFRS Standards – References to Conceptual Framework

In March 2018, International Accounting Standards Board (IASB) issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Amendments primarily either update those pronouncements so that they refer to the revised Conceptual Framework, instead of the earlier version of the Conceptual Framework or indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. Entities which rely on the Conceptual Framework will need to consider whether their accounting policies are still appropriate under the revised Framework, with effect from January 1, 2020. The Group does not expect that the amendment to have any impact on its financial statements.

FRS 3 – Definition of Business

In October 2018, the IASB issued amendments Definition of a Business (Amendments to IFRS 3) to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments confirmed that a business must include inputs, narrowed the definition of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments primarily provide clearer application guidance. The Group does not expect that the amendment to have any impact on its evaluation of whether activities and assets acquired are a business or a group of assets.

IAS 1 and IAS 8 – Definition of Material

In October 2018, the IASB issued Definition of Material (Amendments to IAS 1 and IAS 8), to introduce the following three aspects to the new definition of 'material':

- Obscuring: The existing definition only focused on omitting or misstating information, however, IASB concluded that obscuring material information with information that can be omitted can have a similar effect.

- Could reasonably be expected to influence: The existing definition referred to 'could influence' which IASB felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.

- Primary users: The existing definition referred only to 'users' which IASB feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The Group does not expect that the amendment to have any impact on its evaluation of 'material' in relation to its financial statements.

IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

In September 2019, IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). The IASB felt that some hedge accounting requirements in IFRS 9 may be affected by uncertainties arising from the impact of the ongoing reform of some major interest rate benchmarks whereby efforts are being made to replace existing benchmarks with alternative, nearly risk free rates. Discontinuation of hedge accounting solely due to such uncertainties would not provide useful information to investors. Therefore, IASB has amended specific hedge accounting requirements to provide exceptions during this period of uncertainty. The amendment primarily states that when determining whether a forecast transaction is highly probable, a company shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform. The Group does not expect the amendment to have any significant impact because the Group hedges currency fluctuation risk and contractual cash flows of hedged items and hedging instruments do not vary significantly with changes in interest rate benchmarks.

IAS 1 – Classification of Liabilities

In January 2020, IASB issued the final amendments in Classification of Liabilities as Current or Non-Current, which affect only the presentation of liabilities in the statement of financial position. They clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. They make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Group does not expect the amendments to have any significant impact on its presentation of liabilities in its statement of financial position.

8. Business combinations

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

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

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

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

The Company acquired W12 Studios Limited, an award-winning digital design studio based in London on October 31, 2018. The Company paid $9 million (GBP 7 million) to acquire 100% equity shares of W12 Studios Limited.

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

(In million of USD)

	Purchase consideration
Cash and cash equivalents	2
Net assets acquired, at fair value other than cash and cash equivalents	1
Intangible assets	4
Goodwill	2
	9

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

9. Financial assets, financial liabilities and equity instruments

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

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

Cash and cash equivalents

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

Financial assets at amortised cost

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

Financial assets at fair value through other comprehensive income

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

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

Financial assets at fair value through profit or loss

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

Derivative accounting

- **Instruments in hedging relationship**

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

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

  The hedge instruments are designated and documented as hedges at the inception of the contract. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified in net foreign exchange gains in profit or loss.

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

The Group separates the intrinsic value and time value of an option and designates as hedging instruments only the change in intrinsic value of the option. The change in fair value of the 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 in profit or 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 profit or loss when the forecasted transaction ultimately affects profit or loss. Any gain or loss is recognised immediately in profit or loss when the hedge becomes ineffective.

- **Instruments not in hedging relationship**

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

Impairment of financial assets (other than at fair value)

The Group assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. IFRS 9 requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

a. Cash and cash equivalents

Cash and cash equivalents consist of the following:

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Cash at banks and in hand	**1,092**	939
Bank deposits (original maturity less than three months)	**54**	106
Total	**1,146**	1,045
Held within India	**51**	417
Held outside India	**1,095**	628
Total	**1,146**	1,045

b. Investments

Investments consist of the following:

Investments – Current

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Investments carried at fair value through profit or loss		
Mutual fund units	**224**	551
	224	551
Investments carried at fair value through OCI		
Government bonds and securities	**3,220**	3,409
Corporate bonds	**18**	174
	3,238	3,583
Investments carried at amortised cost		
Certificate of deposits	**-**	71
Corporate bonds	**3**	3
	3	74
Total	**3,465**	4,208

Investment – Current includes $12 million and $17 million as at March 31, 2020 and 2019, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

Investments – Non-current

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Investments designated at fair value through OCI		
Equity shares	**6**	9
	6	9
Investments carried at amortised cost		
Government bonds and securities	**22**	24
Corporate bonds	**1**	2
	23	26
Total	**29**	35

Investment – Non-current includes $23 million and $26 million as at March 31, 2020 and 2019, respectively, pertaining to trusts held for specified purposes.

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

(In million of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	**19**	(17)
Net loss arising on revaluation of investments in equities carried at fair value through other comprehensive income	**(3)**	-
Net gain arising on revaluation of investments other than equities carried at fair value through other comprehensive income	**136**	55
Deferred tax relating to net gain arising on revaluation of investments other than equities carried at fair value through other comprehensive income	**(48)**	(19)
Net cumulative gain reclassified to profit or loss on sale of investments other than equities carried at fair value through other comprehensive income	**(2)**	-
Deferred tax relating to net cumulative gain reclassified to profit or loss on sale of investments other than equities carried at fair value through other comprehensive income	**1**	-
Balance at the end of the year	**103**	19

c. **Trade receivables**

Trade receivables consist of the following:

Trade receivables – Current

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Trade receivables	**4,121**	4,034
Less: Allowance for doubtful trade receivables	**(74)**	(79)
Total	**4,047**	3,955

Trade receivables – Non-current

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Trade receivables	**87**	82
Less: Allowance for doubtful trade receivables	**(77)**	(68)
Total	**10**	14

d. **Other financial assets**

Other financial assets consist of the following:

Other financial assets – Current

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Interest receivable	99	121
Employee loans and advances	40	52
Fair value of foreign exchange derivative assets	57	85
Inter-corporate deposits	1,083	1,109
Security deposits	23	19
Earmarked balances with banks	29	28
Others	16	32
Total	1,347	1,446

Other financial assets – Non-current

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Inter-corporate deposits	4	8
Security deposits	109	84
Others	2	23
Total	115	115

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

Inter-corporate deposits placed with financial institutions yield fixed interest rate. Inter-corporate deposits include $123 million and $87 million as at March 31, 2020 and 2019, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

Interest receivable includes $6 million and $7 million as at March 31, 2020 and 2019, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

e. **Other financial liabilities**

Other financial liabilities consist of the following:

Other financial liabilities – Current:

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Capital creditors	67	44
Fair value of foreign exchange derivative liabilities	92	9
Liabilities towards customer contracts	107	129
Accrued payroll	518	463
Unclaimed dividends	7	6
Others	18	55
Total	809	706

In the previous year, 'Others' include a liability accrued towards exercise of put/call option for acquisition by Tata Consultancy Services Asia Pacific Pte Ltd. of additional

15% stake in its joint venture with Mitsubishi Corporation in Tata Consultancy Services Japan, Ltd. On June 26, 2019, pursuant to exercise of put option by Mitsubishi Corporation, Tata Consultancy Services Asia Pacific Pte Ltd. acquired additional 15% stake for an amount of $33 million (JPY 3,500 million).

Other financial liabilities – Non-current

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Others	39	42
Total	**39**	42

Others includes advance taxes paid of $30 million and $33 million as at March 31, 2020 and 2019, respectively, by the seller of TCS e-Serve Limited (merged with the Company) which, on refund by tax authorities, is payable to the seller.

f. **Financial instruments by category**

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

(In million of USD)

	Fair value through profit or loss	Fair value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total carrying value
Financial assets						
Cash and cash equivalents	-	-	-	-	1,146	1,146
Bank deposits	-	-	-	-	153	153
Trade receivables	-	-	-	-	4,057	4,057
Investments	224	3,244	-	-	26	3,494
Unbilled receivables	-	-	-	-	803	803
Earmarked balances with banks	-	-	-	-	29	29
Other financial assets	-	-	20	37	1,376	1,433
Total	224	3,244	20	37	7,590	11,115
Financial liabilities						
Trade payables	-	-	-	-	894	894
Lease liabilities	-	-	-	-	1,083	1,083
Other financial liabilities	-	-	5	87	756	848
Total	-	-	5	87	2,733	2,825

Other financial assets include inter-corporate deposits of $1,087 million, with original maturity period within 36 months.

The carrying value of financial instruments by categories as at March 31, 2019 is as follows:

(In million of USD)

	Fair value through profit or loss	Fair value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total carrying value
Financial assets						
Cash and cash equivalents	-	-	-	-	1,045	1,045
Bank deposits	-	-	-	-	785	785
Trade receivables	-	-	-	-	3,969	3,969
Investments	551	3,592	-	-	100	4,243
Unbilled receivables	-	-	-	-	803	803
Earmarked balances with banks	-	-	-	-	28	28
Other financial assets	-	-	33	52	1,448	1,533
Total	551	3,592	33	52	8,178	12,406
Financial liabilities						
Trade payables	-	-	-	-	910	910
Lease liabilities	-	-	-	-	9	9
Other financial liabilities	32	-	-	9	707	748
Total	32	-	-	9	1,626	1,667

Other financial assets include inter-corporate deposits of $1,117 million, with original maturity period within 50 months.

Carrying amounts of cash and cash equivalents, trade receivables, unbilled receivables and trade payables as at March 31, 2020 and 2019 approximate the fair value. Difference between carrying amounts and fair values of bank deposits, earmarked balances with banks, other financial assets and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented. Fair value measurement of lease liabilities is not required. Fair value of investments carried at amortised cost is $29 million and $101 million as at March 31, 2020 and 2019 respectively.

g. Fair value hierarchy

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

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

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

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

(In million of USD)

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual fund units	**224**	**-**	**-**	**224**
Equity shares	**-**	**-**	**6**	**6**
Government bonds and securities	**3,245**	**-**	**-**	**3,245**
Corporate bonds	**22**	**-**	**-**	**22**
Derivative financial assets	**-**	**57**	**-**	**57**
Total	**3,491**	**57**	**6**	**3,554**
Financial liabilities				
Derivative financial liabilities	**-**	**92**	**-**	**92**
Total	**-**	**92**	**-**	**92**

(In million of USD)

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual fund units	542	9	-	551
Equity shares	-	-	9	9
Government bonds and securities	3,434	-	-	3,434
Certificate of deposits	71	-	-	71
Corporate bonds	179	-	-	179
Derivative financial assets	-	85	-	85
Total	4,226	94	9	4,329
Financial liabilities				
Derivative financial liabilities	-	9	-	9
Other financial liabilities	-	-	32	32
Total	-	9	32	41

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

(In million of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	**9**	9
Impairment in value of investments	**(3)**	-
Balance at the end of the year	**6**	9

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

(In million of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	**32**	31
Additions during the year	**-**	2
Repayment during the year	**(33)**	-
Translation exchange difference	**1**	(1)
Balance at the end of the year	**-**	32

h. Derivative financial instruments and hedging activity

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

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

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

Foreign currency	As at March 31, 2020			As at March 31, 2019		
	No. of contracts	**Notional amount of contracts (In million)**	**Fair value (In million of USD)**	No. of contracts	Notional amount of contracts (In million)	Fair value (In million of USD)
US Dollar	**55**	**1,420**	**3**	28	1,000	18
Great Britain Pound	**71**	**384**	**8**	24	177	3
Euro	**38**	**363**	**(4)**	33	239	7
Australian Dollar	**26**	**192**	**6**	26	181	3
Canadian Dollar	**19**	**104**	**2**	21	99	2

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

(In million of USD)

	Year ended March 31, 2020		Year ended March 31, 2019	
	Intrinsic value	**Time value**	Intrinsic value	Time value
Balance at the beginning of the year	**8**	**(10)**	(11)	(16)
(Gain) / Loss transferred to profit or loss on occurrence of forecasted hedge transactions	**(64)**	**71**	(69)	65
Deferred tax on (gain) / loss transferred to profit or loss on occurrence of forecasted hedge transactions	**7**	**(5)**	14	(4)
Change in the fair value of effective portion of cash flow hedges	**51**	**(81)**	90	(58)
Deferred tax on fair value of effective portion of cash flow hedges	**(7)**	**9**	(16)	3
Balance at the end of the year	**(5)**	**(16)**	8	(10)

The Group has entered into derivative instruments not in hedging relationship by way of foreign exchange forward, currency options and futures contracts. As at March 31, 2020 and 2019, the notional amount of outstanding contracts aggregated to $5,342 million and $5,054 million, respectively and the respective fair value of these contracts have a net loss of $50 million and net gain of $43 million.

Exchange loss of $61 million and exchange gain of $57 million on foreign exchange forward, currency options and futures contracts that do not qualify for hedge accounting have been recognised in profit or loss for the years ended March 31, 2020 and 2019, respectively.

Net foreign exchange gains include loss of $7 million and gain of $4 million transferred from cash flow hedging reserve for the years ended March 31, 2020 and 2019, respectively.

Net loss on derivative instruments of $3 million, recognised in accumulated other comprehensive income as at March 31, 2020, is expected to be transferred to profit or loss by March 31, 2021. The maximum period over which the exposure to cash flow variability has been hedged is through calendar year 2020.

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

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
10% Appreciation of the underlying foreign currencies	**(54)**	(9)
10% Depreciation of the underlying foreign currencies	**167**	198

i. Financial risk management

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

Market risk

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

- **Foreign currency exchange rate risk**

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

  The Group, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. Further, any movement in the functional currencies of the various operations of the Group against major foreign currencies may impact the Group's revenue in international business.

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

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

The following analysis has been worked out based on the net exposures for each of the subsidiaries and Tata Consultancy Services Limited as at the date of statement of financial position which could affect the statement of profit or loss and other comprehensive income and equity. Further the exposure as indicated below is mitigated by some of the derivative contracts entered into by the Group as disclosed in note 9(h).

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

(In million of USD)

	USD	EUR	GBP	Others
Net financial assets	**284**	**32**	**11**	**151**
Net financial liabilities	**(432)**	**(43)**	**(21)**	**(33)**

10% appreciation / depreciation of the respective functional currency of Tata Consultancy Services Limited and its subsidiaries with respect to various foreign currencies would result in increase / decrease in the Group's profit before taxes by approximately $5 million for the year ended March 31, 2020.

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

(In million of USD)

	USD	EUR	GBP	Others
Net financial assets	364	46	72	188
Net financial liabilities	(12)	-	(1)	(45)

10% appreciation / depreciation of the respective functional currency of Tata Consultancy Services Limited and its subsidiaries with respect to various foreign currencies would result in decrease / increase in the Group's profit before taxes by approximately $61 million for the year ended March 31, 2019.

Impact of COVID-19 (Global pandemic)

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

- **Interest rate risk**

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

- **Credit risk**

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

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. Inter-corporate deposits of $1,087 million are with a financial institution having a high credit-rating assigned by credit-rating agencies. Bank deposits include an amount of $150 million held with two Indian banks having high credit rating which are individually in excess of 10% or more of the Group's total bank deposits as at March 31, 2020. None of the other financial instruments of the Group result in material concentration of credit risk.

- **Exposure to credit risk**

The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was $11,704 million and $12,889 million as at March 31, 2020 and 2019, respectively, being the total of the carrying amount of balances with banks, bank deposits, investments, trade receivables, unbilled receivables, contract assets and other financial assets.

TCS Limited's exposure to customers is diversified and no single customer contributes to more than 10% of outstanding trade receivable, unbilled receivables and contract assets as at March 31, 2020 and 2019.

Geographic concentration of credit risk

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

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

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

The allowance for lifetime expected credit loss on trade receivables for the years ended March 31, 2020 and 2019 was $19 million and $27 million respectively. The reconciliation of allowance for doubtful trade receivables is as follows:

(In million of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	**147**	128
Changes during the year	**19**	27
Bad debts written off	**(6)**	(1)
Translation exchange difference	**(9)**	(7)
Balance at the end of the year	**151**	147

Liquidity risk

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

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

(In million of USD)

March 31, 2020	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
Non-derivative financial liabilities					
Trade payables	894	-	-	-	894
Lease liabilities	228	201	466	535	1,430
Other financial liabilities	717	2	37	-	756
	1,839	203	503	535	3,080
Derivative financial liabilities	92	-	-	-	92
Total	1,931	203	503	535	3,172

(In million of USD)

March 31, 2019	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
Non-derivative financial liabilities					
Trade payables	910	-	-	-	910
Lease liabilities	3	3	5	-	11
Other financial liabilities	697	2	33	7	739
	1,610	5	38	7	1,660
Derivative financial liabilities	9	-	-	-	9
Total	1,619	5	38	7	1,669

Other risk – Impact of COVID-19

Financial assets carried at fair value as at March 31, 2020 is $3,525 million and financial assets carried at amortised cost as at March 31, 2020 is $7,590 million. A significant part of the financial assets are classified as Level 1 having fair value of$3,491 million as at March 31, 2020. The fair value of these assets is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Group are mainly investments in liquid debt securities and accordingly, any material volatility is not expected.

Financial assets of $1,328 million as at March 31, 2020 carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Group has assessed the counterparty credit risk. Trade receivables of $4,057 million as at March 31, 2020 forms a significant part of the financial assets carried at amortised cost which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Group has specifically evaluated the potential impact with respect to customers in Retail, Travel, Transportation and Hospitality, Manufacturing and Energy verticals which could have an immediate impact and the rest which could have an impact with a lag. The Group closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The same assessment is done in respect of unbilled receivables and contract assets of $1,398 million as at March 31, 2020 while arriving at the level of provision that is required. Basis this assessment, the allowance for doubtful trade receivables of $151 million as at March 31, 2020 is considered adequate.

j. Equity instruments

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

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Authorised		
Equity shares of ₹ 1 each (4,600,500,000 shares and 4,600,500,000 shares)	**86**	86
Preference shares of ₹ 1 each (1,050,250,000 shares and 1,050,250,000 shares)	**20**	20
	106	106
Issued, Subscribed and Fully paid up		
Opening balance of equity shares of ₹ 1 each (3,752,384,706 shares and 1,914,287,591 shares)	**70**	43
Equity shares of ₹ 1 each extinguished on buy-back (NIL shares and 76,190,476 shares)	**-**	(1)
Issue of bonus shares of ₹ 1 each (NIL shares and 1,914,287,591)	**-**	28
Total	**70**	70

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

In the previous year, the Company allotted 1,914,287,591 equity shares as fully paid up bonus shares by capitalisation of profits transferred from retained earnings amounting to $28 million.

The Company bought back 76,190,476 equity shares for an aggregate amount of $2,201 million (₹16,000 crore) being 1.99% of the total paid up equity share capital at $28.89 (₹2,100) per equity share in the previous year. The equity shares bought back were extinguished on September 26, 2018.

10. Leases

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

Group as a lessee

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

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

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

The Group has elected not to apply the requirements of IFRS 16 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

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

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 Revenue from contracts with customers to allocate the consideration in the contract.

Transition to IFRS 16

In January 2016, International Accounting Standards Board issued the final version of IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019. IFRS 16 has replaced IAS 17 Leases, and its related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Group has adopted IFRS 16, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

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

Group as a lessee

Operating leases

For transition, the Group has elected not to apply the requirements of IFRS 16 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Group has also used the practical expedient provided by the standard when applying IFRS 16 to leases previously classified as operating leases under IAS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying IAS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right-of-use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Group has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Group recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of $920 million and lease liability of $988 million has been recognised. The cumulative effect on transition in retained earnings net of taxes is $52 million (including the deferred tax of $25 million). The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per IAS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 6.78% has been applied to lease liabilities recognised in the statement of financial position at the date of initial application.

On application of IFRS 16, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of IFRS 16 and exclusion of the commitments for the leases to which the Group has chosen to apply the practical expedient as per the standard.

Finance lease

The Group has leases that were classified as finance leases applying IAS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of IFRS 16 is the carrying amount of the lease asset and lease liability on the transition date as measured applying IAS 17. Accordingly, an amount of $4 million has been reclassified from property, plant and equipment to right-of-use assets. An amount of $3 million has been reclassified from borrowings – current to lease liability – current and an amount of $6 million has been reclassified from borrowings – non-current to lease liability – non-current.

Group as a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Group accounted for its leases in accordance with IFRS 16 from the date of initial application. The Group does not have any significant impact on account of sub-lease on the application of this standard.

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

(In million of USD)

	Additions for the year ended March 31, 2020	Net carrying amount as at March 31, 2020
Leasehold land	65	92
Buildings	336	956
Leasehold improvements	2	6
Computer equipment	1	2
Furniture, fixtures, office equipment and other assets	2	4
Total	406	1,060

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

(In million of USD)

	Year ended March 31, 2020
Leasehold land	1
Buildings	172
Leasehold improvements	1
Computer equipment	2
Furniture, fixtures, office equipment and other assets	2
Total	178

Interest on lease liabilities is $69 million for the year ended on March 31, 2020.

The Group incurred $55 million for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is $347 million for the year ended March 31, 2020, including cash outflow for short-term leases and leases of low-value assets. The Group has lease term extension options that are not reflected in the measurement of lease liabilities. The present value of future cash outflows for such extension periods as at March 31, 2020 is $61 million.

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

Impact of COVID-19

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

11. Non-financial assets and liabilities

a. Property, plant and equipment

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

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

The estimated useful lives are as mentioned below:

Type of asset	**Useful lives**
Buildings	20 years
Leasehold improvements	Lease term
Computer equipment	4 years
Furniture, fixtures, office equipment and other assets	4-10 years

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

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

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

Property, plant and equipment consist of the following:

(In million of USD)

	Freehold land	Buildings	Leasehold improvements	Computer equipment	Furniture, fixtures, office equipment and other assets	Total
Cost as at April 1, 2019	**50**	**1,074**	**345**	**1,112**	**964**	**3,545**
Transition impact of IFRS 16 (Refer note 10)	-	-	(15)	(19)	(1)	(35)
Restated cost as at April 1, 2019	**50**	**1,074**	**330**	**1,093**	**963**	**3,510**
Additions	-	40	42	227	90	399
Disposals	-	(1)	(26)	(53)	(23)	(103)
Translation exchange difference	(4)	(90)	(26)	(102)	(81)	(303)
Cost as at March 31, 2020	**46**	**1,023**	**320**	**1,165**	**949**	**3,503**
Accumulated depreciation as at April 1, 2019	**-**	**(316)**	**(201)**	**(857)**	**(667)**	**(2,041)**
Transition impact of IFRS 16 (Refer note 10)	-	-	9	18	1	28
Restated accumulated depreciation as at April 1, 2019	**-**	**(316)**	**(192)**	**(839)**	**(666)**	**(2,013)**
Depreciation for the year	-	(53)	(27)	(140)	(85)	(305)
Disposals	-	1	14	50	22	87
Translation exchange difference	-	29	15	76	57	177
Accumulated depreciation as at March 31, 2020	**-**	**(339)**	**(190)**	**(853)**	**(672)**	**(2,054)**
Net carrying amount as at March 31, 2020	**46**	**684**	**130**	**312**	**277**	**1,449**
Capital work-in-progress						134
Total						**1,583**

(In million of USD)

	Freehold land	Buildings	Leasehold improvements	Computer equipment	Furniture, fixtures, office equipment and other assets	Total
Cost as at April 1, 2018	54	1,092	345	1,044	958	3,493
Additions	(1)	48	34	160	78	319
Disposals	-	(2)	(14)	(28)	(18)	(62)
Translation exchange difference	(3)	(64)	(20)	(64)	(54)	(205)
Cost as at March 31, 2019	50	1,074	345	1,112	964	3,545
Accumulated depreciation as at April 1, 2018	-	(280)	(197)	(816)	(630)	(1,923)
Depreciation for the year	-	(53)	(29)	(117)	(89)	(288)
Disposals	-	1	14	27	17	59
Translation exchange difference	-	16	11	49	35	111
Accumulated depreciation as at March 31, 2019	-	(316)	(201)	(857)	(667)	(2,041)
Net carrying amount as at March 31, 2019	50	758	144	255	297	1,504
Capital work-in-progress						181
Total						1,685

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

(In million of USD)

	As at March 31, 2019
Leasehold improvements	4
Total	4

b. Goodwill

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

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

Goodwill consists of the following:

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	**555**	597
Additional amount recognised from business combination during the year	**-**	2
Translation exchange difference	**(45)**	(44)
Balance at the end of the year	**510**	555

TCS Limited tests goodwill annually for impairment.

Goodwill of $284 million and $310 million as at March 31, 2020 and 2019 has been allocated to TCS business process services (BPS) CGU. TCS Limited estimated the value-in-use of TCS BPS based on future cash flows of this CGU using a 5.00% annual growth rate for periods subsequent to the forecast period of 5 years and discount rate of 15.00%. An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

Goodwill of $84 million and $86 million as at March 31, 2020 and 2019 has been allocated to the TCS business in France. The estimated value-in-use of this CGU is based on the future cash flows using a 1.50% annual growth rate for periods subsequent to the forecast period of 5 years and discount rate of 9.30%. An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

The remaining amount of goodwill of $142 million and $159 million as at March 31, 2020 and 2019 (relating to different CGUs individually immaterial) has been evaluated based on the cash flow forecasts of the related CGUs and the recoverable amounts of these CGUs exceeded their carrying amounts.

c. Other intangible assets

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

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

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

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

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

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

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

Intangible assets consist of the following:

(In million of USD)

	Rights under licensing agreement and software licences	Customer related intangibles	Total
Cost as at April 1, 2019	37	18	55
Additions	27	-	27
Translation exchange difference	(5)	(1)	(6)
Cost as at March 31, 2020	59	17	76
Accumulated amortisation as at April 1, 2019	(14)	(15)	(29)
Amortisation for the year	(11)	(1)	(12)
Translation exchange difference	1	1	2
Accumulated amortisation as at March 31, 2020	(24)	(15)	(39)
Net carrying amount as at March 31, 2020	35	2	37

(In million of USD)

	Rights under licensing agreement and software licences	Customer related intangibles	Total
Cost as at April 1, 2018	13	15	28
Additions	25	-	25
Acquisition through a business combination	-	4	4
Translation exchange difference	(1)	(1)	(2)
Cost as at March 31, 2019	37	18	55
Accumulated amortisation as at April 1, 2018	(11)	(15)	(26)
Amortisation for the year	(5)	(1)	(6)
Translation exchange difference	2	1	3
Accumulated amortisation as at March 31, 2019	(14)	(15)	(29)
Net carrying amount as at March 31, 2019	23	3	26

Function wise amortisation of intangible assets is as follows:

(In million of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Cost of revenue	**10**	4
Selling, general and administrative expenses	**2**	2
Total	**12**	6

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

(In million of USD)

Year ending March 31,	**Amortisation expense**
2021	**14**
2022	**13**
2023	**9**
2024	**1**
There after	**-**
Total	**37**

d. Other assets

Other assets consist of the following:

Other assets – Current

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Advances to suppliers	**19**	20
Indirect taxes recoverable	**182**	169
Prepaid expenses	**199**	88
Prepaid rent	**2**	7
Contract assets	**569**	468
Contract fulfillment costs	**82**	78
Others	**37**	47
Total	**1,090**	877

Other assets – Non-current

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	**111**	51
Prepaid rent	**-**	49
Contract assets	**26**	27
Contract fulfillment costs	**38**	25
Others	**40**	5
Total	**215**	157

Prepaid rent of $55 million has been reclassified to right-to-use asset pursuant to transition to IFRS 16.

Non-current – Others includes advance of $36 million towards acquiring right-of-use of leasehold land in the current year.

Contract fulfillment costs of $72 million and $95 million for the years ended March 31, 2020 and 2019, respectively, have been amortised in the profit or loss. Refer note 12 for changes in contract assets.

e. Other liabilities

Other liabilities consist of the following:

Other liabilities – Current

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Advances received from customers	**46**	83
Indirect taxes payable and other statutory liabilities	**381**	365
Operating lease liabilities	**-**	9
Others	**8**	11
Total	**435**	468

Other liabilities – Non-current

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Operating lease liabilities	**-**	60
Total	**-**	60

Operating lease liabilities of $66 million has been reclassified to retained earnings pursuant to transition to IFRS 16.

12. Revenue recognition

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

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services.

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

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

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

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

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

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

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

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

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

Revenue disaggregation by nature of services is as follows:

(In million of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Consultancy services	**21,733**	20,552
Sale of equipment and software licences	**298**	361
Total	**22,031**	20,913

Revenue disaggregation by industry vertical and geography has been included in segment information (Refer note 18).

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognise those revenues, the Group has applied the practical expedient in IFRS 15. Accordingly, the Group has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is $14,882 million out of which 49.55% is expected to be recognised as revenue in the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in contract assets are as follows:

(In million of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	**495**	443
Revenue recognised during the year	**1,902**	1,627
Invoices raised during the year	**(1,785)**	(1,555)
Translation exchange difference	**(17)**	(20)
Balance at the end of the year	**595**	495

Changes in unearned and deferred revenue are as follows:

(In million of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	**468**	390
Revenue recognised that was included in the unearned and deferred revenue at the beginning of the year	**(340)**	(339)
Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	**368**	428
Translation exchange difference	**(18)**	(11)
Balance at the end of the year	**478**	468

Impact of COVID-19

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

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

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

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

13. Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their primary functions in the following categories:

Cost of revenue

These costs primarily include employee compensation of personnel engaged in providing services, travel expenses, fees to external consultants, cost of equipment and software licences, depreciation and amortisation of production related equipment and software, facility expenses, communication expenses and other project related expenses.

Selling, general and administrative expenses

Selling costs primarily include employee compensation for sales and marketing personnel, travel expenses, advertising, business promotion expenses, bad debts and advances written off, allowance for doubtful trade receivables and advances, facility expenses for sales and marketing offices and market research costs.

General and administrative costs primarily include employee compensation for administrative, supervisory, managerial and practice management personnel, depreciation and amortisation expenses of non-production equipment and software, facility expenses for administrative offices, communication expenses, fees to external consultants and other general expenses.

Expenses by nature

(In million of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Employee cost	**12,064**	11,174
Fees to external consultants	**1,817**	1,617
Facility expenses	**380**	609
Depreciation and amortisation expense	**495**	294
Cost of equipment and software licences	**268**	325
Travel expenses	**464**	496
Communication expenses	**223**	189
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	**20**	27
Other expenses	**886**	835
Total	**16,617**	15,566

Research and development expenditure including capital expenditure aggregating $43 million and $44 million, incurred during the years ended March 31, 2020 and 2019, respectively, is included in the above expenses. The Company made a contribution to an electoral trust of NIL and $32 million for the years ended March 31, 2020 and 2019, respectively, which is included in other expenses.

Refer note 16 for function wise bifurcation of employee cost.

14. Other income

a. Finance and other income

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

(In million of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Dividend received	**1**	3
Interest on bank balances and bank deposits	**73**	27
Interest on financial assets carried at fair value through OCI	**264**	263
Interest on financial assets carried at amortised cost	**86**	82
Rental revenue	**-**	1
Others	**80**	23
Total	**504**	399

Others includes interest on income tax refunds.

b. Finance costs

(In million of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on lease liabilities	**69**	1
Interest on tax matters	**50**	24
Other interest costs	**11**	3
Total	**130**	28

c. **Other gains (net)**

(In million of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Net gain on disposal of property, plant and equipment	**7**	12
Net gain on investments carried at fair value through profit or loss	**28**	61
Net gain on disposal of financial assets other than equity shares carried at fair value through OCI	**2**	-
Net foreign exchange gain	**104**	138
Others	**4**	7
Total	**145**	218

15. 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 profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income taxes

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

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

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

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

Deferred income taxes

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

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

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

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

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

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

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

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

The income tax expense consists of the following:

(In million of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Current tax		
Current tax expense for current year	**1,366**	1,429
Current tax expense/(benefit) pertaining to prior years	**91**	(75)
	1,457	1,354
Deferred tax		
Deferred tax expense for current year	**127**	89
Deferred tax benefit pertaining to prior years	**(207)**	(15)
	(80)	74
Total	**1,377**	1,428

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

(In million of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit before taxes	**5,933**	5,936
Indian statutory income tax rate	**34.94%**	34.94%
Expected income tax expense	**2,073**	2,074
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax holidays	**(685)**	(690)
Income exempt from tax	**(40)**	(22)
Undistributed earnings in branches and subsidiaries	**60**	129
Tax on income at different rates	**21**	-
Tax pertaining to prior years	**(116)**	(90)
Others (net)	**64**	27
Total income tax expense	**1,377**	1,428

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

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

(In million of USD)

	Opening balance	Recognised in profit or loss	Recognised in / reclassified from other comprehensive income	Exchange difference	Closing balance
Deferred tax assets / (liabilities) in relation to					
Property, plant and equipment and intangible assets	**10**	**7**	**-**	**(1)**	**16**
Provision for employee benefits	**78**	**14**	**1**	**(5)**	**88**
Cash flow hedges	**(1)**	**-**	**4**	**-**	**3**
Receivables, financial assets at amortised cost	**48**	**6**	**-**	**(4)**	**50**
MAT credit entitlement	**170**	**(13)**	**-**	**(14)**	**143**
Branch profit tax	**(44)**	**2**	**-**	**4**	**(38)**
Undistributed earnings of subsidiaries	**(83)**	**41**	**-**	**5**	**(37)**
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income	**(21)**	**-**	**(47)**	**4**	**(64)**
Lease liabilities*	**37**	**11**	**-**	**(3)**	**45**
Others	**61**	**12**	**-**	**(10)**	**63**
Total deferred tax assets / (liabilities)	**255**	**80**	**(42)**	**(24)**	**269**

*Opening balance of deferred tax on lease liabilities has been restated by $25 million to give impact of transition to IFRS 16 (Refer note 10).

Gross deferred tax assets and liabilities are as follows:

(In million of USD)

As at March 31, 2020	Assets	Liabilities	Net
Deferred tax assets / (liabilities) in relation to			
Property, plant and equipment and intangible assets	**34**	**18**	**16**
Provision for employee benefits	**88**	**-**	**88**
Cash flow hedges	**3**	**-**	**3**
Receivables, financial assets at amortised cost	**50**	**-**	**50**
MAT credit entitlement	**143**	**-**	**143**
Branch profit tax	**-**	**38**	**(38)**
Undistributed earnings of subsidiaries	**-**	**37**	**(37)**
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income	**(64)**	**-**	**(64)**
Lease liabilities	**45**	**-**	**45**
Others	**73**	**10**	**63**
Total deferred tax assets / (liabilities)	**372**	**103**	**269**

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

(In million of USD)

	Opening balance	Recognised in profit or loss	Recognised in / reclassified from other comprehensive income	Exchange difference	Closing balance
Deferred tax assets / (liabilities) in relation to					
Property, plant and equipment and intangible assets	3	7	-	-	10
Provision for employee benefits	61	18	2	(3)	78
Cash flow hedges	2	-	(3)	-	(1)
Receivables, financial assets at amortised cost	46	5	-	(3)	48
MAT credit entitlement	341	(152)	-	(19)	170
Branch profit tax	(62)	14	-	4	(44)
Undistributed earnings of subsidiaries	(93)	4	-	6	(83)
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income	-	-	(19)	(2)	(21)
Lease liabilities	12	1	-	(1)	12
Others	37	29	-	(5)	61
Total deferred tax assets / (liabilities)	347	(74)	(20)	(23)	230

Gross deferred tax assets and liabilities are as follows:

(In million of USD)

As at March 31, 2019	Assets	Liabilities	Net
Deferred tax assets / (liabilities) in relation to			
Property, plant and equipment and intangible assets	27	17	10
Provision for employee benefits	78	-	78
Cash flow hedges	(1)	-	(1)
Receivables, financial assets at amortised cost	48	-	48
MAT credit entitlement	170	-	170
Branch profit tax	-	44	(44)
Undistributed earnings of subsidiaries	-	83	(83)
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income	(21)	-	(21)
Lease liabilities	12	-	12
Others	68	7	61
Total deferred tax assets / (liabilities)	381	151	230

Under the Income-tax Act, 1961 of India, unabsorbed business losses expire 8 years after the year in which they originate. In respect of certain foreign subsidiaries, business losses can be carried forward indefinitely unless there is a substantial change in the ownership.

Unrecognised deferred tax assets relate primarily to business losses and tax credit entitlements which do not qualify for recognition as per applicable the accounting standards. These unabsorbed business losses will expire based on the year of origination as follows:

(In million of USD)

March 31,	Unabsorbed business losses
2021	2
2022	1
2023	1
2024	2
2025	1
Thereafter	-
Total	**7**

Under the Income-tax Act, 1961 of India, Tata Consultancy Services Limited is liable to pay Minimum Alternate Tax in the tax holiday period. MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities. MAT is recognised as a deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised. Accordingly, Tata Consultancy Services Limited has recognised a deferred tax asset of $143 million.

Deferred tax liability on temporary differences of $1,184 million as at March 31, 2020 associated with investments in subsidiaries has not been recognised as it is the intention of Tata Consultancy Services Limited to reinvest the earnings of these subsidiaries for the foreseeable future.

Direct tax contingencies

The Company and its subsidiaries have ongoing disputes with income tax authorities in India and in some of the jurisdictions where they operate. The disputes relate to tax treatment of certain expenses claimed as deductions, computation or eligibility of tax incentives or allowances and characterisation of fees for services received.

The Company and its subsidiaries have contingent liability of $200 million and $218 million as at March 31, 2020 and 2019, respectively, in respect of tax demands which are being contested by the Company and its subsidiaries based on the management evaluation and advice of tax consultants. In respect of tax contingencies of $42 million and $46 million as at March 31, 2020 and 2019, respectively, not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited.

The Group periodically receives notices and inquiries from income tax authorities related to the Group's operations in the jurisdictions it operates in. The Group has evaluated these notices and inquiries and has concluded that any consequent income tax claims or demands by the income tax authorities will not succeed on ultimate resolution.

The number of years that are subject to tax assessments varies depending on tax jurisdiction. The major tax jurisdictions of Tata Consultancy Services Limited include India, United States of America and United Kingdom. In India, tax filings from fiscal 2017 are generally subject to examination by the tax authorities. In United States of America, the federal statute of limitation applies to fiscals 2016 and earlier and applicable state statutes of limitation vary by state. In United Kingdom, the statute of limitation generally applies to fiscal 2017 and earlier.

16. Employee benefits

Defined benefit plans

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

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

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

Defined contribution plans

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

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

Short-term employee benefits

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

Compensated absences

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the date of statement of financial position. 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 date of financial position.

Function wise employee cost consists of the following:

(In million of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Cost of revenue	**9,216**	8,647
Selling, general and administrative expenses	**2,848**	2,527
Total	**12,064**	11,174

Employee cost consist of the following:

(In million of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, incentives and allowances	**10,901**	10,088
Contributions to provident and other funds	**819**	758
Staff welfare expenses	**344**	328
Total	**12,064**	11,174

Employee benefit obligations consist of the following:

Employee benefit obligations – Current

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Compensated absences	**360**	337
Other employee benefit obligations	**4**	4
Total	**364**	341

Employee benefit obligations – Non-current

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Gratuity liability	**1**	2
Foreign defined benefit plans	**41**	34
Other employee benefit obligations	**13**	12
Total	**55**	48

Employee benefit plans consist of the following:

Gratuity and pension

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

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

(In million of USD)

	Year ended March 31, 2020					Year ended March 31, 2019				
	Domestic plans Funded	**Domestic plans Unfunded**	**Foreign plans Funded**	**Foreign plans Unfunded**	**Total**	Domestic plans Funded	Domestic plans Unfunded	Foreign plans Funded	Foreign plans Unfunded	Total
Change in benefit										
Benefit obligations, beginning of the year	**388**	**-**	**90**	**19**	**497**	356	-	97	15	468
Translation exchange difference	**(40)**	**-**	**(1)**	**(2)**	**(43)**	(21)	-	(7)	1	(27)
Plan assumed on insourcing of employees	**4**	**-**	**-**	**-**	**4**	-	-	-	-	-
Plan participants' contribution	**-**	**-**	**1**	**-**	**1**	-	-	1	-	1
Service cost	**50**	**-**	**2**	**3**	**55**	41	-	2	3	46
Interest cost	**31**	**-**	**2**	**1**	**34**	27	-	1	1	29
Remeasurement of the net defined benefit liability	**73**	**1**	**6**	**-**	**80**	6	-	3	-	9
Past service cost / (credit)	**-**	**-**	**-**	**-**	**-**	-	-	(5)	-	(5)
Benefits paid	**(24)**	**-**	**(1)**	**(1)**	**(26)**	(21)	-	(2)	(1)	(24)
Benefit obligations, end of the year	**482**	**1**	**99**	**20**	**602**	388	-	90	19	497

(In million of USD)

	Year ended March 31, 2020					Year ended March 31, 2019				
	Domestic plans Funded	**Domestic plans Unfunded**	**Foreign plans Funded**	**Foreign plans Unfunded**	**Total**	Domestic plans Funded	Domestic plans Unfunded	Foreign plans Funded	Foreign plans Unfunded	Total
Change in plan assets										
Fair value of plan assets, beginning of the year	**386**	**-**	**77**	**-**	**463**	375	-	81	-	456
Translation exchange difference	**(40)**	**-**	**(1)**	**-**	**(41)**	(23)	-	(4)	-	(27)
Plan assumed on insourcing of employees	**4**	**-**	**-**	**-**	**4**	-	-	-	-	-
Interest income	**33**	**-**	**1**	**-**	**34**	28	-	1	-	29
Employers' contributions	**107**	**-**	**2**	**-**	**109**	24	-	2	-	26
Plan participants' contribution	**-**	**-**	**1**	**-**	**1**	-	-	1	-	1
Benefits paid	**(24)**	**-**	**(1)**	**-**	**(25)**	(21)	-	(2)	-	(23)
Remeasurement - return on plan assets excluding amount included in interest income	**16**	**-**	**4**	**-**	**20**	3	-	(2)	-	1
Fair value of plan assets, end of the year	**482**	**-**	**83**	**-**	**565**	386	-	77	-	463

(In million of USD)

	As at March 31, 2020					As at March 31, 2019				
	Domestic plans Funded	**Domestic plans Unfunded**	**Foreign plans Funded**	**Foreign plans Unfunded**	**Total**	Domestic plans Funded	Domestic plans Unfunded	Foreign plans Funded	Foreign plans Unfunded	Total
Funded status										
Deficit of plan assets over obligations	**-**	**(1)**	**(21)**	**(20)**	**(42)**	(2)	-	(15)	(19)	(36)
Surplus of plan assets over obligations	**-**	**-**	**5**	**-**	**5**	-	-	2	-	2
	-	**(1)**	**(16)**	**(20)**	**(37)**	(2)	-	(13)	(19)	(34)

(In million of USD)

	As at March 31, 2020					As at March 31, 2019				
	Domestic plans Funded	**Domestic plans Unfunded**	**Foreign plans Funded**	**Foreign plans Unfunded**	**Total**	Domestic plans Funded	Domestic plans Unfunded	Foreign plans Funded	Foreign plans Unfunded	Total
Category of assets										
Corporate bonds	**133**	**-**	**18**	**-**	**151**	99	-	15	-	114
Equity instruments	**2**	**-**	**-**	**-**	**2**	3	-	10	-	13
Government bonds and securities	**225**	**-**	**-**	**-**	**225**	166	-	-	-	166
Insurer managed funds	**112**	**-**	**36**	**-**	**148**	110	-	5	-	115
Bank balances	**-**	**-**	**1**	**-**	**1**	1	-	2	-	3
Others	**10**	**-**	**28**	**-**	**38**	7	-	45	-	52
Total	**482**	**-**	**83**	**-**	**565**	386	-	77	-	463

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

(In million of USD)

	Year ended March 31, 2020					Year ended March 31, 2019				
	Domestic plans Funded	**Domestic plans Unfunded**	**Foreign plans Funded**	**Foreign plans Unfunded**	**Total**	Domestic plans Funded	Domestic plans Unfunded	Foreign plans Funded	Foreign plans Unfunded	Total
Service cost	**50**	**-**	**2**	**3**	**55**	41	-	2	3	46
Net interest on net defined benefit (asset) / liability	**(2)**	**-**	**1**	**1**	**-**	(1)	-	-	1	-
Past service cost / (credit)	**-**	**-**	**-**	**-**	**-**	-	-	(5)	-	(5)
Net periodic gratuity / pension cost	**48**	**-**	**3**	**4**	**55**	40	-	(3)	4	41
Actual return on plan assets	**49**	**-**	**5**	**-**	**54**	31	-	(1)	-	30

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

(In million of USD)

	Year ended March 31, 2020				
	Domestic plans Funded	**Domestic plans Unfunded**	**Foreign plans Funded**	**Foreign plans Unfunded**	**Total**
Actuarial (gains) and losses arising from changes in demographic assumptions	**(1)**	**-**	**(1)**	**(1)**	**(3)**
Actuarial (gains) and losses arising from changes in financial assumptions	**49**	**-**	**7**	**1**	**57**
Actuarial (gains) and losses arising from changes in experience adjustments	**25**	**1**	**-**	**-**	**26**
Remeasurement of the net defined benefit liability	**73**	**1**	**6**	**-**	**80**
Remeasurement - return on plan assets excluding amount included in interest income	**(16)**	**-**	**(4)**	**-**	**(20)**
Total	**57**	**1**	**2**	**-**	**60**

(In million of USD)

	Year ended March 31, 2019				
	Domestic plans Funded	Domestic plans Unfunded	Foreign plans Funded	Foreign plans Unfunded	Total
Actuarial (gains) and losses arising from changes in demographic assumptions	(2)	-	1	-	(1)
Actuarial (gains) and losses arising from changes in financial assumptions	-	-	(2)	-	(2)
Actuarial (gains) and losses arising from changes in experience adjustments	8	-	4	-	12
Remeasurement of the net defined benefit liability	6	-	3	-	9
Remeasurement - return on plan assets excluding amount included in interest income	(3)	-	2	-	(1)
Total	3	-	5	-	8

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

	Year ended March 31, 2020		Year ended March 31, 2019	
	Domestic plans	**Foreign plans**	Domestic plans	Foreign plans
Discount rate	**5.25%-6.75%**	**0.60%-8.05%**	7.00%-7.75%	0.75%-9.00%
Rate of increase in compensation levels of covered employees	**4.00%-7.00%**	**1.25%-7.00%**	6.00%-8.00%	1.25%-7.00%
Rate of return on plan assets	**5.25%-6.75%**	**0.60%-8.05%**	7.00%-7.75%	0.75%-9.00%
Weighted average duration of defined benefit obligations	**3-18 years**	**6-26.10 years**	8-11 years	6.25-27 years

The expected benefits are based on the same assumptions as are used to measure TCS Limited's defined benefit plan obligations as at March 31, 2020. TCS Limited is expected to contribute $59 million to defined benefit plan obligations funds for the year ending March 31, 2021 comprising domestic component of $56 million and foreign component of $3 million.

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

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

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Increase of 0.50%	**(31)**	(23)
Decrease of 0.50%	**35**	25

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

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Increase of 0.50%	**23**	17
Decrease of 0.50%	**(22)**	(16)

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

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

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 the year ended March 31, 2020 as follows:

(In million of USD)

Year ending March 31,	**Defined benefit obligations**
2021	**41**
2022	**43**
2023	**48**
2024	**52**
2025	**60**
2026-2030	**364**

Provident fund

In accordance with Indian law, all eligible employees of Tata Consultancy Services Limited in India are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly to a trust set up by the Company to manage the investments and distribute the amounts entitled to employees. This plan is a defined benefit plan as the Company is obligated to provide its members a rate of return which should, at the minimum, meet the interest rate declared by Government administered provident fund. A part of the Company's contribution is transferred to Government administered pension fund. The contributions made by the Company and the shortfall of interest, if any, are recognised as an expense in profit or loss under employee cost. In accordance with an actuarial valuation of provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the assumptions as mentioned below, there is no deficiency in the interest cost as the present value of the expected future earnings of the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of Government administered provident fund.

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

The details of fund and plan assets are given below:

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Fair value of plan assets	**2,263**	2,105
Present value of defined benefit obligations	**(2,263)**	(2,105)
Net excess / (shortfall)	**-**	-

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

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

	As at March 31, 2020	As at March 31, 2019
Discount rate	**6.50%**	7.75%
Average remaining tenure of investment portfolio	**7.73 years**	8.38 years
Guaranteed rate of return	**8.50%**	8.65%

Tata Consultancy Services Limited and its subsidiaries contributed $155 million and $130 million to the provident fund for the years ended March 31, 2020 and 2019, respectively.

Superannuation

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

TCS Limited contributed $50 million and $46 million to the Employees' Superannuation Fund for the years ended March 31, 2020 and 2019, respectively.

Foreign defined contribution plans

Tata Consultancy Services Limited and its subsidiaries contributed $177 million and $166 million for the years ended March 31, 2020 and 2019, respectively, towards foreign defined contribution plans.

17. Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years presented.

	Year ended March 31, 2020	Year ended March 31, 2019
Profit for the year attributable to Shareholders of the Company (In million of USD)	**4,541**	4,494
Weighted average number of equity shares	**3,752,384,706**	3,789,749,350
Basic and diluted earnings per share in USD	**1.21**	1.19
Face value per equity share in ₹	**1**	1

18. Segment information

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

The Group's chief operating decision maker is the Chief Executive Officer and Managing Director.

The Group has identified business segments ('industry vertical') as reportable segments. The business segments comprise:

1) Banking, Financial Services and Insurance, 2) Manufacturing, 3) Retail and Consumer Business, 4) Communication, Media and Technology and 5) Others such as Energy, Resources and Utilities, Life Sciences and Healthcare, s-Governance and Products.

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

The assets and liabilities of the Group are used interchangeably amongst segments. Allocation of such assets and liabilities is not practicable and any forced allocation would not result in any meaningful segregation. Hence assets and liabilities have not been identified to any of the reportable segments.

Summarised segment information for the years ended March 31, 2020 and 2019 is as follows:

(In million of USD)

	Year ended March 31, 2020					
	Banking, Financial Services and Insurance	**Manufacturing**	**Retail and Consumer Business**	**Communication, Media and Technology**	**Others**	**Total**
Revenue	**8,578**	**2,313**	**3,689**	**3,645**	**3,806**	**22,031**
Segment result	**2,379**	**624**	**965**	**1,080**	**861**	**5,909**
Depreciation and amortisation expense						**495**
Total unallocable expenses						**495**
Operating profit						**5,414**
Other income (net)						**519**
Profit before taxes						**5,933**
Income tax expense						**1,377**
Profit for the year						**4,556**
Significant non-cash items (allocable)	**-**	**-**	**3**	**1**	**17**	**21**
Significant non-cash items (unallocable)						**-**

(In million of USD)

	Year ended March 31, 2019					
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Business	Communication, Media and Technology	Others	Total
Revenue	8,272	2,240	3,593	3,416	3,392	20,913
Segment result	2,296	616	981	949	794	5,636
Depreciation and amortisation expense						289
Total unallocable expenses						289
Operating profit						5,347
Other income (net)						589
Profit before taxes						5,936
Income tax expense						1,428
Profit for the year						4,508
Depreciation and amortisation expense	5	-	-	-	-	5
Significant non-cash items (allocable)	1	-	4	4	18	27
Significant non-cash items (unallocable)						-

Unallocable expenses for current year include impact of IFRS 16 adoption.

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

Information regarding geographical revenue is as follows:

(In million of USD)

Geography	Year ended March 31, 2020	Year ended March 31, 2019
Americas (1)	**11,510**	11,074
Europe (2)	**6,740**	6,205
India	**1,259**	1,198
Others	**2,522**	2,436
Total	**22,031**	20,913

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

Information regarding geographical non-current assets is as follows:

(In million of USD)

Geography	As at March 31, 2020	As at March 31, 2019
Americas (3)	**497**	388
Europe (4)	**446**	322
India	**2,580**	2,151
Others	**208**	143
Total	**3,731**	3,004

- (1) and (3) are substantially related to operations in the United States of America.
- (2) includes revenue in the United Kingdom of $3,495 million and $3,265 million for the years ended March 31, 2020 and 2019, respectively.
- (4) includes non-current assets in the United Kingdom of $151 million and $114 million for the years ended March 31, 2020 and 2019, respectively.

Information about major customers

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

19. Commitments and contingencies

Capital commitments

The Group has contractually committed (net of advances) $185 million and $186 million as at March 31, 2020 and 2019, respectively, for purchase of property, plant and equipment.

Contingencies

- **Direct tax matters**

  Refer note 15.

- **Indirect tax matters**

  The Company and its subsidiaries in India have ongoing disputes with Indian tax authorities mainly relating to treatment of characterisation and classification of certain items. The Company and its subsidiaries have demands amounting to $69 million and $57 million as at march 31, 2020 and 2019, respectively, from various indirect tax authorities which are being contested by the Company and its subsidiaries based on the management evaluation and advice of tax consultants.

- **Other claims**

  Claims aggregating $28 million and $27 million as at March 31, 2020 and 2019, respectively, against the Group have not been acknowledged as debts.

  In addition to above in October 2014, Epic Systems Corporation (referred to as Epic) filed a legal claim against the Company in the Court of Western District Madison, Wisconsin for alleged infringement of Epic's proprietary information. In April 2016, the Company received an unfavourable jury verdict awarding damages totalling $940 million to Epic. In September 2017, the Company received a Court order reducing the damages from $940 million to $420 million to Epic. Pursuant to US Court procedures, a Letter of Credit has been made available to Epic for $440 million as financial security in order to stay execution of the judgment pending post-judgment proceedings and appeal. Pursuant to reaffirmation of the Court order in March 2019, the Company has filed a notice of appeal in the superior Court to fully set aside the Order. Epic has also filed a cross appeal challenging the reduction by the trial jugdge of $100 million award and $200 million in punitive damages. The Company has received legal advice to the effect that the order and the reduced damages awarded are not supported by evidence presented during the trial.

- **Letter of comfort**

  The Company has given letter of comfort to bank for credit facilities availed by its subsidiary Tata America International Corporation. As per the terms of letter of comfort, the Company undertakes not to divest its ownership interest directly or indirectly in the subsidiary and provide such managerial, technical and financial assistance to ensure continued successful operations of the subsidiary.

  The amounts assessed as contingent liability do not include interest that could be claimed by counter parties.

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

21. List of direct and indirect subsidiaries, country of incorporation and percentage of voting power

Name of the Company	Country of incorporation	% of voting power as at March 31, 2020	% of voting power as at March 31, 2019
Subsidiaries (held directly)			
APTOnline Limited	India	**89.00**	89.00
C-Edge Technologies Limited	India	**51.00**	51.00
Diligenta Limited	UK	**100.00**	100.00
MP Online Limited	India	**89.00**	89.00
Tata Consultancy Services Canada Inc.	Canada	**100.00**	100.00
Tata America International Corporation	USA	**100.00**	100.00
Tata Consultancy Services Asia Pacific Pte Ltd.	Singapore	**100.00**	100.00
Tata Consultancy Services Belgium	Belgium	**100.00**	100.00

Name of the Company	Country of incorporation	% of voting power as at March 31, 2020	% of voting power as at March 31, 2019
Tata Consultancy Services Deutschland GmbH	Germany	**100.00**	100.00
Tata Consultancy Services Netherlands BV	Netherlands	**100.00**	100.00
Tata Consultancy Services Sverige AB	Sweden	**100.00**	100.00
TCS FNS Pty Limited	Australia	**100.00**	100.00
TCS Iberoamerica SA	Uruguay	**100.00**	100.00
Tata Consultancy Services (Africa) (PTY) Ltd.	South Africa	**100.00**	100.00
MahaOnline Limited	India	**74.00**	74.00
Tata Consultancy Services Qatar S.S.C.	Qatar	**100.00**	100.00
TCS e-Serve International Limited	India	**100.00**	100.00
TCS Foundation	India	**100.00**	100.00
CMC Americas, Inc.	USA	**100.00**	100.00
W12 Studios Limited	UK	**100.00**	100.00
Subsidiaries (held indirectly)			
TCS Financial Solutions Beijing Co., Ltd.	China	**100.00**	100.00
Tata Consultancy Services (China) Co., Ltd.	China	**93.20**	93.20
TCS Solution Center S.A.	Uruguay	**100.00**	100.00
Tata Consultancy Services Argentina S.A.	Argentina	**100.00**	100.00
Tata Consultancy Services Do Brasil Ltda	Brazil	**100.00**	100.00

Name of the Company	Country of incorporation	% of voting power as at March 31, 2020	% of voting power as at March 31, 2019
Tata Consultancy Services De Mexico S.A., De C.V.	Mexico	**100.00**	100.00
Tata Consultancy Services De Espana S.A.	Spain	**100.00**	100.00
TCS Italia s.r.l.	Italy	**100.00**	100.00
Tata Consultancy Services Japan, Ltd. (w.e.f. June 26, 2019)	Japan	**66.00**	51.00
Tata Consultancy Services Malaysia Sdn Bhd	Malaysia	**100.00**	100.00
Tata Consultancy Services Luxembourg S.A.	Capellen (G.D. de Luxembourg)	**100.00**	100.00
Tata Consultancy Services (Portugal) Unipessoal, Limitada	Portugal	**100.00**	100.00
TCS Inversiones Chile Limitada	Chile	**100.00**	100.00
Tata Consultancy Services Chile S.A.	Chile	**100.00**	100.00
TATASOLUTION CENTER S.A.	Ecuador	**100.00**	100.00
TCS Financial Solutions Australia Holdings Pty Limited (w.e.f. January 29, 2020)	Australia	**-**	100.00
TCS Financial Solutions Australia Pty Limited	Australia	**100.00**	100.00
PT Tata Consultancy Services Indonesia	Indonesia	**100.00**	100.00
Tata Consultancy Services Switzerland Ltd.	Switzerland	**100.00**	100.00

Name of the Company	Country of incorporation	% of voting power as at March 31, 2020	% of voting power as at March 31, 2019
Tata Consultancy Services (South Africa) (PTY) Ltd.	South Africa	**100.00**	100.00
Tata Consultancy Services (Thailand) Limited	Thailand	**100.00**	100.00
Tata Consultancy Services (Philippines) Inc.	Philippines	**100.00**	100.00
TCS e-Serve America, Inc.	USA	**100.00**	100.00
TCS Uruguay S.A.	Uruguay	**100.00**	100.00
MGDC S.C.	Mexico	**100.00**	100.00
Tata Consultancy Services Osterreich GmbH	Austria	**100.00**	100.00
Tata Consultancy Services Danmark ApS	Denmark	**100.00**	100.00
Tata Consultancy Services France SA	France	**100.00**	100.00
Tata Consultancy Services Saudi Arabia	Saudi Arabia	**76.00**	76.00
Technology Outsourcing S.A.C.	Peru	**100.00**	100.00
TCS Business Services GmbH (w.e.f. March 9, 2020)	Germany	**100.00**	-

22. Related party transactions

The Company's principal related parties consist of its holding company Tata Sons Private Limited and its subsidiaries, its own subsidiaries, affiliates and key managerial personnel. The Group's material related party transactions and outstanding balances are with related parties with whom the Company routinely enter into transactions in the ordinary course of business. Refer note 21 for list of subsidiaries of the Company.

Transactions and balances with its own subsidiaries are eliminated on consolidation.

Transactions with related parties are as follows:

(In million of USD)

	Year ended March 31, 2020				
	Tata Sons Limited	**Subsidiaries of Tata Sons Limited**	**Associates / joint ventures of Tata Sons Limited and their subsidiaries**	**Other related parties**	**Total**
Revenue	**4**	**61**	**306**	**-**	**371**
Lease rent	**-**	**8**	**4**	**-**	**12**
Brand equity contribution	**22**	**-**	**-**	**-**	**22**
Contribution and advance to post employment benefit plans	**-**	**-**	**-**	**376**	**376**
Purchases of goods and services (including reimbursements)	**1**	**77**	**64**	**-**	**142**
Purchase of property, plant and equipment	**-**	**29**	**15**	**-**	**44**
Loans and advances given	**-**	**-**	**12**	**-**	**12**
Loans and advances recovered	**-**	**-**	**5**	**-**	**5**
Dividend paid	**3,220**	**1**	**-**	**-**	**3,221**

(In million of USD)

	Year ended March 31, 2019				
	Tata Sons Limited	Subsidiaries of Tata Sons Limited	Associates / joint ventures of Tata Sons Limited and their subsidiaries	Other related parties	Total
Revenue	4	42	318	-	364
Facility expenses	-	5	2	-	7
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	-	(1)	-	-	(1)
Brand equity contribution	24	-	-	-	24
Contribution and advance to post employment benefit plans	-	-	-	116	116
Purchases of goods and services (including reimbursements)	-	64	54	-	118
Purchase of property, plant and equipment	-	-	7	-	7
Dividend paid	1,030	-	-	-	1,030
Buy-back of shares	1,512	1	-	-	1,513
Issue of bonus shares*	-	-	-	-	-

*Refer note 9(j).

Material related party transactions are as follows:

(In million of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue		
Jaguar Land Rover Limited	**160**	93
Jaguar Cars Limited (dormant)	**1**	97

Material related party balances are as follows:

(In million of USD)

	As at March 31, 2020	As at March 31, 2019
Trade receivables, unbilled receivables and contract assets		
Jaguar Land Rover Limited	**28**	52

Balances receivable from related parties are as follows:

(In million of USD)

	As at March 31, 2020			
	Tata Sons Limited	**Subsidiaries of Tata Sons Limited**	**Associates / joint ventures of Tata Sons Limited and their subsidiaries**	**Total**
Trade receivables, unbilled receivables and contract assets	**1**	**33**	**90**	**124**
Other financial assets and other assets	**1**	**4**	**9**	**14**
Total	**2**	**37**	**99**	**138**

(In million of USD)

	As at March 31, 2019			
	Tata Sons Limited	Subsidiaries of Tata Sons Limited	Associates / joint ventures of Tata Sons Limited and their subsidiaries	Total
Trade receivables, unbilled receivables and contract assets	1	17	94	112
Other financial assets and other assets	-	4	1	5
Total	1	21	95	117

Balances payable to related parties are as follows:

(In million of USD)

	As at March 31, 2020			
	Tata Sons Limited	**Subsidiaries of Tata Sons Limited**	**Associates / joint ventures of Tata Sons Limited and their subsidiaries**	**Total**
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities	**19**	**32**	**33**	**84**
Total	**19**	**32**	**33**	**84**
Commitments	**-**	**2**	**49**	**51**

(In million of USD)

	As at March 31, 2019			
	Tata Sons Limited	Subsidiaries of Tata Sons Limited	Associates / joint ventures of Tata Sons Limited and their subsidiaries	Total
Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities	24	15	19	58
Total	24	15	19	58
Commitments	-	2	7	9

Transactions with key management personnel is as follows:

(In million of USD)

	Year ended March 31, 2020	Year ended March 31, 2019
Short-term benefits	**4**	5
Dividend paid during the year	**-***	-*
Total	**4**	5

*Amount less than $1 million.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

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

23. Subsequent event

Dividends paid during the year ended March 31, 2020 include an amount of \$0.26 (₹18) per equity share towards final dividend for the year ended March 31, 2019 and an amount of \$0.93 (₹67) per equity share towards interim dividends (including special dividend) for the year ended March 31, 2020. Dividends paid during the year ended March 31, 2019 include an amount of \$0.44 (₹29) per equity share towards final dividend for the year ended March 31, 2018 and an amount of \$0.17 (₹12) per equity share towards interim dividends for the year ended March 31, 2019.

Dividends declared by the Company are based on profits available for distribution. On April 16, 2020, the Board of Directors of the Company have proposed a final dividend of \$0.08 (₹6) per share in respect of the year ended March 31, 2020 subject to the approval of shareholders at the Annual General Meeting. The proposal is subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately \$295 million.

PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES[1]

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Tata Sons Private Limited Bombay House, 24, Homi Modi Street, Mumbai, Maharashtra 400001, India	U99999MH1917PTC000478	Holding	72	2(46)
2.	APTOnline Limited STP Block SGA-Z4, Synergy Park (Non-SEZ) Campus, Opp. DLF Cybercity, Gachibowli, Hyderabad 500032, India	U75142TG2002PLC039671	Subsidiary	89	2(87)
3.	C-Edge Technologies Limited Palm Centre, Banyan Park, Suren Road, Andheri East, Mumbai, Maharashtra 400093, India	U72900MH2006PLC159038	- do -	51	2(87)
4.	MP Online Limited No 4th Floor, OB 14 to 17 DB City Corporate Block , DB Mall Arera Hill, Bhopal 462011, Madhya Pradesh, India	U72400MP2006PLC018777	- do -	89	2(87)
5.	TCS e-Serve International Limited 9th Floor, Nirmal Building, Nariman Point, Mumbai 400021, Maharashtra, India	U72300MH2007PLC240002	- do -	100	2(87)
6.	MahaOnline Limited Directorate of Information Technology, Mantralaya Annex, 7th Floor, Mumbai 400032, Maharashtra, India	U72900MH2010PLC206026	- do -	74	2(87)
7.	TCS Foundation 9th Floor, Nirmal Building, Nariman Point, Mumbai 400021, Maharashtra, India	U74999MH2015NPL262710	- do -	100	2(87)
8.	Tata Consultancy Services (Africa) (PTY) Ltd. 39 Ferguson Road, Illovo, Johannesburg 2196, South Africa	Not Applicable	- do -	100	2(87)
9.	Tata Consultancy Services (South Africa) (PTY) Ltd. 39 Ferguson Road, Illovo, Johannesburg 2196, South Africa	- do -	- do -	100	2(87)
10.	Tata Consultancy Services Qatar S. S. C. Al Bidda Tower, Corniche Street, 7th floor, Building no. 56, Zone no. 60, Street no. 830, P.O. Box No. 207210, Doha, State of Qatar	- do -	- do -	100	2(87)
11.	Tata Consultancy Services Saudi Arabia Akaria, Centre II, 7th Floor, Office No 712, Riyadh – 11372, Kingdom of Saudi Arabia	- do -	- do -	76	2(87)

[1] 102-45

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
12.	Tata Consultancy Services Asia Pacific Pte Ltd. 60, Anson Road, # 18-01,Mapletree Anson, Singapore 079914	- do -	- do -	100	2(87)
13.	Tata Consultancy Services Malaysia Sdn Bhd 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya Selangor, Malaysia	- do -	- do -	100	2(87)
14.	Tata Consultancy Services (China) Co., Ltd. 1st floor, Tower D 3rd Block Zhongguancun Software Park, Building No. 9, No. 8 Dongbeiwang West Road, Haidian District, Beijing, People's Republic of China	- do -	- do -	93.2	2(87)
15.	PT Tata Consultancy Services Indonesia Gedung Menara Prima Lt.6 Unit F, Jl. Dr. Ide Anak Agung Gde Agung Blok 6.2, Kawasan Mega, Kuningan Kel. Kuningan Timur, Kec. Setiabudi Jakarta Selatan 12950, Indonesia	- do -	- do -	100	2(87)
16.	Tata Consultancy Services (Thailand) Limited 32/46, Sino-Thai Tower, 18th Floor, Sukhumvit 21 Road (Asoke) Road, Klongtoey-Nua Sub-District, Wattana District, Bangkok, Thailand	- do -	- do -	100	2(87)
17.	Tata Consultancy Services (Philippines) Inc. 10th Floor, Panorama Towers, 34th Street Corner, Lane A, Bonifacio Global City, Taguig City, Philippines 1634	- do -	- do -	100	2(87)
18.	Tata Consultancy Services Japan, Ltd. 4-1-4 Shibakoen, Minato Ku, Tokyo, Japan	- do -	- do -	66	2(87)
19.	Tata Consultancy Services Canada Inc. 400 University Avenue, 25th Floor, Toronto, Ontario M5G 1S5, Canada	- do -	- do -	100	2(87)
20.	Tata Consultancy Services De Espana S.A. C/ Santa Leonor 65, Edificio F 2^{a} Planta 28037, Madrid, Spain	- do -	- do -	100	2(87)
21.	Tata Consultancy Services Deutschland GmbH Messeturm, D-60308 Frankfurt a.M., Germany	- do -	- do -	100	2(87)
22.	Tata Consultancy Services Netherlands BV Symphony Towers, 20th Floor, Gustav Mahlerplein 85-91, 1082 MS Amsterdam, The Netherlands	- do -	- do -	100	2(87)

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
23.	Tata Consultancy Services Sverige AB Mäster Samuelsgatan, 42 SE 111 57, Sweden	- do -	- do -	100	2(87)
24.	Tata Consultancy Services Belgium Lenneke Marelaan 6, 1932 Sint-Stevens-Woluwe, Belgium	- do -	- do -	100	2(87)
25.	TCS Italia s.r.l. Corso Italia 1, Milano 20122, Italy	- do -	- do -	100	2(87)
26.	Diligenta Limited Lynch Wood, Peterborough, Cambridgeshire, PE2 6FY, United Kingdom	- do -	- do -	100	2(87)
27.	Tata Consultancy Services (Portugal) Unipessoal, Limitada Av. José Gomes Ferreira, 15.7 U, 1495-139 Algés, Portugal	- do -	- do -	100	2(87)
28.	Tata Consultancy Services Luxembourg S.A. Rue Pafebruch 89D, L - 8308 Capellen, Luxembourg	- do -	- do -	100	2(87)
29.	Tata Consultancy Services Switzerland Ltd. Thurgauerstrasse 36/38, 8050 Zurich, Switzerland	- do -	- do -	100	2(87)
30.	Tata Consultancy Services Osterreich GmbH Orbi Tower, Thomas Klestil-Platz 13, 1030 Wien, Austria	- do -	- do -	100	2(87)
31.	Tata Consultancy Services Danmark ApS C/o CityCallCenter ApS, Hammerensgade 1, 2, 1267 Kobenhavn K, Denmark	- do -	- do -	100	2(87)
32.	Tata Consultancy Services France SA Tour Franklin-La Defense 8, 100/101 Terrasse Boieldieu -92042, La Defense Cedex, Paris, France	- do -	- do -	100	2(87)
33.	TCS Business Services GmbH Elisabethstr 11, 40217, Dusseldorf, Germany	- do -	- do -	100	2(87)
34.	TCS FNS Pty Limited Level 6, 76 Berry Street, North Sydney, NSW 2060 Australia	- do -	- do -	100	2(87)

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
35.	TCS Financial Solutions Australia Pty Limited Level 6, 76 Berry Street, North Sydney, NSW 2060 Australia	- do -	- do -	100	2(87)
36.	TCS Financial Solutions Beijing Co., Ltd. Unit 2509, No.23, Qinghe Anningzhuang East Road No.18, Haidian District, Beijing, Peoples Republic China 100193	- do -	- do -	100	2(87)
37.	TCS Iberoamerica SA Monte Caseros 2600, 1329; Montevideo, Uruguay (Postal Code: 11100)	- do -	- do -	100	2(87)
38.	TCS Solution Center S.A. Ruta 8, km 17500, Zonamerica, Ed 600, Montevideo, Uruguay	- do -	- do -	100	2(87)
39.	Tata Consultancy Services Argentina S.A. Uspallata 3046; Capital Federal, Ciudad Autónoma de Buenos Aires, Argentina (CP: C1437JCJ)	- do -	- do -	100	2(87)
40.	Tata Consultancy Services De Mexico S.A., De C.V. Av. Insurgentes Sur 664, 2nd Floor, Colonia Del Valle, Ciudad de Mexico, México, DF, México (Postal Code: 03100)	- do -	- do -	100	2(87)
41.	TCS Inversiones Chile Limitada Curico 18, Piso 3 & 5, Santiago, Chile (Postal Code: 8330088)	- do -	- do -	100	2(87)
42.	Tata Consultancy Services Do Brasil Ltda Alameda Madeira, 328 - 13° andar, Alphaville Industrial - Barueri – SP. Zip Code 06453-020	- do -	- do -	100	2(87)
43.	Tata Consultancy Services Chile S.A. Curicó 18, Piso 3 & 5, Santiago, Chile (Postal Code: 8330088)	- do -	- do -	100	2(87)
44.	TATASOLUTION CENTER S.A. Francisco Salazar E10-61 and Camilo Destruge, Building INLUXOR 7th Floor; Quito, Ecuador	- do -	- do -	100	2(87)
45.	TCS Uruguay S.A. Monte Caseros 2600, Montevideo, Uruguay (Postal Code:11100)	- do -	- do -	100	2(87)

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
46.	Technology Outsourcing S.A.C. Las Begonisa 475, Sexto Pisa, San Isidro, Lima 27- Peru	- do -	- do -	100	2(87)
47.	MGDC S.C. Avenue Tizoc No.97, Colonia Ciudad del Sol, Zapopan Jalisco, Guadalajara, Mexico (Postal Code 45050)	- do -	- do -	100	2(87)
48.	Tata America International Corporation 101, Park Avenue, 26th Floor, New York 10178, U.S.A.	- do -	- do -	100	2(87)
49.	CMC Americas, Inc. 379 Thornall Street, Edison 08837, New Jersey, U.S.A.	- do -	- do -	100	2(87)
50.	TCS e-Serve America, Inc. 379 Thornall Street, Edison 08837, New Jersey, U.S.A.	- do -	- do -	100	2(87)
51.	W12 Studios Limited 75 Bayham Street, London, England, NW1 0AA	- do -	- do -	100	2(87)

Glossary

5G	Fifth generation wireless technology for digital cellular networks. 5G is expected to be much faster and enable much higher volumes of data sharing than earlier generations of cellular networks. Its massive capacity and ultra-low latency are expected to usher in an era of hyper-connectivity, enabling newer use cases such as autonomous cars, and accelerating the adoption of IoT.
ADM	See Application Development and Maintenance
Agile	A collaborative approach for IT and business teams to develop software incrementally and faster. TCS has pioneered the Location Independent Agile™ model that allows for deployment at scale, and helps globally distributed organization execute large transformational programs quickly, while ensuring stability and quality.
AgilityDebt™	AgilityDebt™ is a simple index developed by TCS, which uniquely indicates the burden carried by an organization that restricts its Agility. The index is arrived at based on a holistic Agile maturity assessment framework that measures the gap against required Agile talent, roles, team composition, delivery practices, Agile culture, Agile technology and DevOps enablers. TCS uses AgilityDebt™ to assess where the customer's teams are in the Agile journey, find the bottlenecks, and accelerate their Agile transformations.
Agile Workspaces	These are key enablers of TCS' Location Independent Agile model, and represent the next generation work environment that facilitate greater collaboration among teams. It is characterized by partition-less open offices, informal seating, interactive surfaces for information capture, and modern collaboration devices for increased productivity.
AI	See Artificial Intelligence

Algo Retail™	TCS' proprietary approach and suite of intellectual property that enables retailers to seamlessly integrate and orchestrate data flows across the retail value chain, harnessing the power of analytics, AI and machine learning in the areas of personalization, pricing optimization, marketing, online search and commerce to unlock exponential business value.
Amortization	An accounting concept similar to depreciation, but used to measure the consumption of intangible assets.
Analytics	In the enterprise context, this is the discovery, interpretation, and communication of meaningful patterns in business data to predict and improve business performance.
Annuity Contracts	A long-term contract which can guarantee regular payments.
APAC	Acronym for Asia Pacific
API	See Application Programming Interface
APIfication	The process of exposing a discrete business function or data within an enterprise's systems through APIs.
Application Development and Maintenance	Design, development, and deployment of custom software; ongoing support, upkeep, and enhancement of such software over its lifetime.
Application Programming Interface	A set of easily accessible protocols for communication among various software components.
AR	See Augmented Reality

Artificial Intelligence	Technology that emulates human performance by learning, coming to its own conclusions, understanding complex content, engaging in natural dialogs with people, augmenting human effort or replacing people on execution of non-routine tasks. Also known as Cognitive Computing.
ASEAN	Acronym for Association of Southeast Asian Nations
Assets Under Custody	A measure of the total assets for which a financial institution, typically a custodian bank, provides custodian services.
AUC	See Assets Under Custody
Attrition	Measures what portion of the workforce left the organization (voluntarily and involuntarily) over the last 12 months (LTM). Attrition (LTM) = Total number of departures in the LTM / closing headcount
Augmented Reality	Technology that superimposes a computer-generated image on a user's view of the real world to enrich the interaction.
Automation	The execution of work by machines in accordance with rules that have either been explicitly coded by a human or 'learned' by the machine through pattern recognition of data. Popular types include Robotic Process Automation and Cognitive Automation.
Basis Point	One hundredth of a percentage point, that is, 0.01 percent.
BFSI	Acronym for Banking, Financial Services and Insurance

Big Data	A high volume, high velocity, and/or high variety information asset that require new forms of processing to enable enhanced decision making, insight discovery, and process optimization.
Blockchain	A distributed database that maintains a continuously growing list of records, called blocks, secured from tampering and revision.
Bp	See Basis Point
BPaaS	See Business Process as a Service
BPS	See Business Process Services
Business 4.0	TCS' thought leadership framework that helps enterprises leverage technology to further their growth and transformation agenda. Successful Business 4.0 enterprises use technology to deliver mass personalization, leverage ecosystems, embrace risk and create exponential value. Such enterprises are agile, intelligent, automated and on the cloud.
Business Process as a Service	Refers to the delivery of BPS over a cloud computing model. Whereas traditional BPS relies on labor arbitrage to reduce costs, BPaaS aggregates demand using the cloud, servicing multiple customers with a single instance, multi-tenant platform and shared services, thereby delivering significant operating efficiencies. The pricing model is usually outcome based.
Business Process Services	Designing, enabling, and executing business operations including data management, analytics, interactions and experience management.
Buyback	A corporate action in which a company returns excess cash to shareholders by buying back its shares from them and usually extinguishing those shares thereafter. The company's equity share capital and the number of shares outstanding in the market correspondingly reduces.
CAGR	See Compounded Annual Growth Rate
Capital Expenditure (CapEx)	Funds used by a company to acquire, upgrade, and maintain physical assets such as property, buildings, an industrial plant, technology, or equipment.
Cash and Cash Equivalents	Cash comprises cash on hand and demand / time / fixed deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.
Cash Flow	Inflows and outflows of cash and cash equivalents.
Cash Flow from Operating Activities	Primarily derived from the principal revenue producing activities. Therefore, they generally result from the transactions and other events that enter into the determination of profit or loss.
CBO	See Cognitive Business Operations
CC	See Constant Currency

Chatbots	Computer programs designed to simulate conversation with human users, especially over the internet. They are typically used in dialog systems for various practical purposes like customer service or information acquisition.
Cloud	See Cloud Computing
Cloud Computing	The delivery of easily provisionable computing resources – servers, storage, databases, networking, software, analytics and more – over the internet, consumed on a pay-as-you-go basis.
CMT	Acronym for Communication, Media and Technology
Cognitive Automation	The use of AI and machine learning to automate relatively more complex tasks that require reasoning capability and contextual awareness. TCS' ignio™ a leading cognitive automation software product in the market today.
Cognitive Business Operations (CBO)	An integrated offering where TCS takes responsibility for the outcome of an entire slice of the customers' operations including the business processes and the underlying IT infrastructure, and uses cognitive automation to transform that operational stack.
Cognitive Computing	See Artificial Intelligence
COIN	See Co-Innovation Network
Co-Innovation Network	This is an extended, global innovation ecosystem curated by TCS, to harness the innovation efforts of start-ups and academia, and incorporate them into transformational solutions built by TCS for its customers.

Compounded Annual Growth Rate (CAGR)	The annual growth rate between any two points in time, assuming that it has been compounding during that period.
Connected Clinical Trials (CCT) Platform	Part of the TCS ADD suite, CCT is an innovative software-as-a-service platform that enables life sciences companies to significantly transform patient engagement in clinical trials and improve adherence to protocols, as well as the efficiency and accountability of clinical trials.
Constant Currency	The basis for restating the current period's revenue growth after eliminating the impact of movements in exchange rates during the period.
Contextual Knowledge	This is tacit knowledge pertaining to, and specific to, the granular nuances of a customer's business and IT landscape, acquired on the job over a period of time. TCS teams use their contextual knowledge to design technology solutions that are uniquely tailored for that customer, and therefore, a potential source of competitive differentiation.
CPG	Acronym for Consumer Packaged Goods
Core Banking System	A back-end system that processes daily banking transactions and posts updates to accounts and other financial records; typically includes deposit, loan and credit processing capabilities, with interfaces to general ledger systems and reporting tools.

Core Transformation	Modernization initiatives that target the one or more elements of the organization's operations stack consisting of business processes, software systems and underlying infrastructure, usually to enable greater agility, scalability, resilience and a superior customer experience. These are typically large in scale and scope, and entail the integrated delivery of multiple capabilities.
Cyber Security	Technologies, processes and practices designed to protect networks, computers, programs and data from attack, damage or unauthorized access.
Days' Sales Outstanding (DSO)	A popular way of depicting the Trade Receivable relative to the company's Revenue. DSO = Trade Receivable * 365 / LTM Revenue
Depreciation	A method of allocating the cost of a tangible long-term asset over its useful life. It is a non-cash accounting entry found in the statement of profit and loss.
DevOps	Represents a new way of working to rapidly deploy new releases of a software in production using high levels of automation and tooling. TCS recommends adoption of DevOps, along with Agile for speed to market.
Digital	Represents new age technologies such as Social Media, Mobility, Analytics, Big Data, Cloud, Artificial Intelligence and Internet of Things. Increasingly, with these technologies becoming mainstream, this word is becoming redundant.

Digital Twin	A digital replica of a physical entity. For instance, a digital twin of a factory is a virtual model of the factory built using its data, process, people information. Impact of any change in a process in the real factory can be studied by simulating the change in the digital twin.
Discretionary Spend	Also known as Change the Business (CTB) spend, it is that portion of the IT budget which is used to fund projects that are not, strictly speaking, essential for day to day operations, but are more transformational in nature. In uncertain economic times, when businesses are forced to cut spends in response to decline in income, discretionary spend is often the first to be scrutinized. However, what is considered discretionary is subjective and may differ considerably amongst businesses even within the same sector.
Dividend	One form of distribution of profits earned by the Company and is usually declared as an amount per equity share held by the Shareholders. TCS has a policy of declaring quarterly interim dividends and the final dividend is approved by the shareholders in the Annual General Meeting.
Earnings Per Share	The amount of that period's Net Income attributable to a single share after deducting any preference dividend and related taxes. EPS = [Net profit attributable to Shareholders of the Company – Preference dividend, if any] / Weighted average number of equity shares outstanding during the period

Edge Computing	Computing and storage that is located on servers on the edge of the network, in close proximity to the users, but not through an on-premise data center; usually reserved for low latency use cases.
Effective Tax Rate	The proportion of the Profit Before Tax that is provided towards income taxes. ETR = Tax expense / Profit Before Tax
Engineering and Industrial Services	Consists of next generation product engineering, manufacturing operations transformation, services transformation, embedded software and Internet of Things.
Enterprise Agile	The adoption of Agile methods across all the business functions of the enterprise, designed to empower employees, foster collaboration and drive a culture of continuous innovation at scale.
EPS	See Earnings Per Share
ETR	See Effective Tax rate
Fair Value	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.
Fintech	Businesses that use technology to make financial services more efficient. Some fintech developments have improved traditional services, for example mobile banking apps, while others have revolutionized services such as pay per mile car insurance, or created new products, such as Bitcoin.
Fixed Price Contracts	A form of services contracts where the vendor takes a turnkey responsibility for delivering a solution for a certain price and within a mutually agreed timeframe. The customer is billed on completion of key project milestones and related deliverables. This arrangement gives the vendor considerable flexibility in the staffing and execution of the project. On the other hand, it also means bearing the project risk.
Forward Contract	A hedging instrument wherein two parties agree to buy or sell a particular asset (such as stock or currency) at a pre-determined rate (or Forward rate) on a specific future date. For e.g. TCS enters into a forward contract to sell USD 1 million after 3 months @ ₹72. Irrespective of the prevailing USD-INR spot rate, TCS will be obliged to sell USD 1 million @ ₹72 at the end of 3 months.
Framework	A kind of intellectual property, consisting of software which provides generic functionality for a certain business use case, and which is customized for a specific customer's needs with additional code. Use of such pre-built code reduces time to market and results in more stable, reliable solutions.
Free Cash Flow	Represents the cash a company generates through its operations, less the capital expenditure. Free cash flow = Cash flow from operating activities – Capital expenditure

Furlough	A temporary cessation of work without pay for the employees, usually implemented by organizations facing under difficult economic conditions, and in lieu of laying off employees.
Gamification	The process of adding games or game-like elements to any activity in order to enrich experiences and encourage user participation.
GDPR	Acronym for General Data Protection Regulation, a European Union regulation for data protection and privacy.
Hybrid Cloud	An enterprise IT infrastructure model that combines private clouds, public clouds and on premise data centers, to meet the compute and storage needs of the business.
Innovation Days	Focused workshops with a TCS customer where researchers and business leaders from both organizations participate to explore emerging technologies for specific customer problems.
Innovation Forum	TCS' thought leadership event that is held in North America, UK, Latin America and Japan. It brings together researchers from academia, innovators from the start-up ecosystem, technology watchers, futurists and customers to brainstorm around emerging technologies.
Inorganic Growth	Growth in revenue due to mergers, acquisitions or takeovers, rather than due to an increase in the company's own business activity.

Internet of Things	A network of interconnected machines or devices embedded with sensors, software, network connectivity, and necessary electronics to generate and share run-time data that can be studied and used to monitor or control remotely, predict failure, and optimize the design of those machines / devices.
Invested Funds	Funds that are highly liquid in nature and can be readily converted into cash. Invested funds = Cash and Cash Equivalents + Investments + Deposits with banks + Inter-corporate deposits
Intellectual Property	An asset that is the result of a creative design or idea, such as patents, copyrights, reusable code, software products and platforms, and gives the owner exclusive rights over its usage, such that no one can copy or reuse the creation without the owner's permission.
Interactive Technology	Allows for a two-way flow of information through an interface between the user and the technology; the user usually communicates a request for data or action to the technology with the technology returning the requested data or result of the action back to the user.
Involuntary Attrition	A reduction in the workforce due to the employer's decision to terminate employment, instead of the employees' decision to leave.
IoT	See Internet of Things
IP	See Intellectual Property

KMP	See Key Managerial Personnel
Key Managerial Personnel	At TCS, this refers to the Chief Executive Officer, Managing Director, Chief Operating Officer, Chief Financial Officer, and the Company Secretary. Please refer to the Company's policy on KMP: http://www.tcs.com/ir-corporategovernance
LatAm	Acronym for Latin America
Location Independent Agile	A method to orchestrate globally distributed stakeholders and talent into Agile teams for improved speed to market in large transformational programs. It comprises processes, structure, and the technology that allows enterprises to overcome location constraints and embrace Agile methods on a global scale.
Machine First™ Delivery Model	A model that integrates analytics, AI and automation deep within the enterprise to redefine how humans and machines work together and to effectively deliver superior outcomes.
Machine Learning	A type of artificial intelligence that provides computers with the ability to learn behaviors without being explicitly programmed.
Managed Services	This is the practice of outsourcing to one service provider, also knowns as the Managed Services Provider (MSP), the end-to-end responsibility for providing, or orchestrating the provision through third party providers of, services around a range of processes and functions, in order to improve efficiency, service quality, agility and scalability.
Managed Services Provider	Service providers with the sole, end-to-end responsibility of providing Managed Services.

Market Capitalization	The total market value of a company's total outstanding equity shares at a point in time. Market Cap = Last Trading Price * Total number of outstanding shares
MEA	Acronym for Middle East and Africa
MFDM™	Acronym for Machine First Delivery Model
Minimum Viable Product	The most basic version of a new product, with the bare minimum functionality, which can be released to the users at the earliest, to be augmented with incremental features and functionality over subsequent iterative cycles. MVPs can be used by teams to learn about user behavior and validate the product value with minimum investment.
Mobility	Information, convenience, and social media all combined together, and made available across a variety of screen sizes and hand-held devices.
MSP	See Managed Services Provider
MVP	See Minimum Viable Product
Non-Controlling Interest	The share of the net worth attributable to non-controlling shareholders of the subsidiaries.
Non-discretionary Spend	Also known as Run the Business (RTB) spend, is that portion of the IT budget that covers the basic IT activities required to keep a business running. Even in tough economic times, non-discretionary spend remains relatively unaffected.

Options Contract	A hedging instrument that offers the buyer the right to buy or sell the underlying asset (such as stocks or currency) on a future date, at a specified price, for small upfront fee called options premium. Eg: TCS purchases an options contract to sell USD 1mn @ ₹77/$ after 3 months, paying an option premium of ₹1 million. With this, TCS will have the right to sell USD 1mn at an exchange rate of ₹77, even if the prevailing market rate at the end of three months is, say ₹75. On the other hand, if the market rate is higher, say ₹79, then TCS can choose to let the options contract lapse and instead sell at the market rate.
Order Book	See Total Contract Value
Organic Growth	The revenue growth a company can achieve by increasing its existing business activity. This does not include growth attributable to takeovers, acquisitions or mergers.
PaaS	See Platform as a Service
Personalization	Segmentation and responding to individual transactions, customized for a single customer in a single instance.
Platforms	A group of technologies that are used as a base upon which other applications, processes or technologies are developed. Useful for optimizing costs and efforts, and eliminating iterative tasks to drive strategic business initiatives.
Platform as a Service (PaaS)	A category of cloud computing that provides a platform and environment to allow developers to build applications and services over the internet. PaaS services are hosted in the cloud and accessed by users simply via their web browser.
Pricing	The price charged to the customer for a billable effort, turnkey project or a certain process outcome, depending on the nature of the contract. Some use this term interchangeably (and somewhat inaccurately) with the average revenue realized by the company per utilized effort on an aggregate basis. See Realization.
Private Cloud	Refers to a model of cloud computing where IT infrastructure, in terms of compute and storage resources, are provisioned for the dedicated use of a single organization.
Product	In the technology context, refers to a packaged software program that is made available to multiple customers either on a license basis, or on a subscription basis, to enable the execution of certain common tasks or processes or business functions in a standardized way. This is the opposite of bespoke or custom software which is built to specifications to meet a customer's unique needs.
Public Cloud	A computing service model used for the provisioning of storage and computational services to the general public over the internet. Public cloud facilitates access to IT resources on a 'pay as you go' billing model.
R&I	Acronym for Research & Innovation

Realization	The revenue received by the company per utilized effort. Pricing varies by service and by market. Consequently, there can be changes in realization compared to a prior period, due to changes in the underlying business or geographic mix during the period. This does not necessarily mean that like-to-like pricing has changed. Also, realization doesn't take into account the costs and therefore, higher realization is not necessarily more profitable.
Related Party Transactions	Any transaction between a company and its related party involving transfer of services, resources or any obligation, regardless of whether a price is charged. Please refer to the Company's policy on Related Party Transactions: http://www.tcs.com/ir-corporate-governance.
Revenue	The income earned by the Company from operations by providing IT and consulting services, software licenses, and hardware equipment to customers.
RFP	Acronym for Request for Proposal, meaning a document that solicits proposal, often made through a bidding process, by an entity interested in procurement of IT services, to potential service providers to submit business proposals. An RFP is floated early in the procurement cycle and requested information may include basic corporate information and history, financial information, technical capability and estimated completion period, and customer references.

Robotic Process Automation	The use of software tools to automate high-volume, repeatable tasks that previously required humans to perform. RPA is best suited for relatively simple and stable processes. Dynamic changes in the environment require ongoing upkeep of the robots, diluting the economic benefit of the automation. Increasingly, customers are preferring cognitive automation over RPA.
RPA	See Robotic Process Automation
SBWS™	See Secure Borderless Workspaces
Secure Borderless Workspaces™	TCS' innovative operating model rolled out in response to the COVID-19 disruption. It is a fully location agnostic extension of the Location Independent Agile model, enabling employees to work remotely, while retaining the same high rigor in project management, governance and security. The fully distributed nature of this model is better suited to ensure business continuity. It leverages TCS' prior investments and incorporates the learnings and best practices around network management, standard service delivery environment, digitized governance processes, heavy use of collaborative and cloud based technologies and an internal SOC benchmarked to the best in the industry.
SEZ	See Special Economic Zone

Shareholder Payout Ratio	The proportion of earnings paid to shareholders as a percentage of the Company's earnings, i.e. Net Income attributable to Shareholders of the Company. Payout can be in the form of dividend (including dividend distribution tax) and share buyback.
Simplification	The rationalization of IT architectures through consolidation of systems and elimination of redundant systems and layers. The primary purpose is to shrink the IT footprint and make operations leaner and more efficient.
Sole Sourced Contract	Non-competitive agreements that allow a single vendor to fulfill the needs of the contractual requirements. These types of contracts can be won when the competitor set narrows down significantly and comes down to a single vendor discussion, given the nature of the client's solution requirements.
Special Economic Zone	In India, these are designated areas in which business and trade laws are different from the rest of the country, with various benefits and tax breaks to promote exports, attract investments, and create local jobs.
STEM	An acronym for education in the fields of science, technology, engineering and math.
T&M	See Time and Materials Contract
TCS Pace™	A brand promise that represents the way TCS channels its domain knowledge and organizational units – business and technology services, industry solutions units, and the research and innovation organization – into internal and external co-innovation programs.

TCS Pace Port™	Physical spaces where TCS Pace can be experienced. These spaces are close to academic and start-up hubs, and enclose innovation showcases, Agile workspaces and think spaces. They encourage brainstorming, design thinking and collaborative innovation with internal and external partners.
TCV	See Total Contract Value
Time and Materials Contract	A form of services contract where the customer is billed for the effort (in hours, days, weeks, etc.) logged by the project team members. Project risk is borne by the customer. This contrasts with Fixed Price Contracts.
Total Contract Value	An aggregation of the value of all the contracts signed during a period and a useful indicator of demand, and near term business visibility.
Turnkey Contracts	See Fixed Price Contracts
Unearned and Deferred Revenue	For invoices raised in line with agreed milestones for services yet to be delivered. In other words, it is the amount that has been invoiced although the underlying effort is yet to be expended.
VR	See Virtual Reality
Virtual Reality	Artificial, computer-generated simulation or recreation of a real-life environment or situation. It engages users by offering simulated reality experiences firsthand, primarily by stimulating their vision and hearing.
Virtualization	The abstraction of IT resources – like a server, client, storage or network – that masks the physical nature and boundaries of those resources from the users of those resources.

Voluntary Attrition	Refers to reduction in workforce resulting from employees willingly leaving the organization to pursue other opportunities, spend time with family, or for some other personal reason.
XR	Extended reality, an umbrella term that covers augmented reality, virtual reality and mixed reality.
Y-o-Y	Year-on-Year

Disclaimer: This glossary is intended to help understand commonly used terms and phrases in this report. The explanations are not intended to be technical definitions. If explanations provided here are found to be different from what is described in the Company's periodic financial statements (not limited to Notes to Accounts), then the definition provided in the certified financial statements will prevail.

About this Report[1]

This report, for FY 2020 (year ending March 31, 2020) is an Integrated Report that subsumes the sustainability report that TCS has been publishing every year-the last edition being in FY 2019. It has been prepared in accordance with the Integrated Reporting framework and GRI Standards Core option. The basis and exclusions are as below:

Data	Basis	Exclusions
Financial	TCS' consolidated global operations	None
Human Resources	TCS' global operations, including wholly owned subsidiaries	Subsidiaries not wholly owned by TCS (accounting for 2.4% of the consolidated headcount)
Environmental	Delivery centers in Argentina, Brazil, Chile, China, Colombia, Hungary, India, Mexico, Peru, Philippines, Singapore, UK and Uruguay	Remaining delivery centers, accounting for ~4% of the headcount

The data measurement techniques used, and the basis of calculations and estimates have been mentioned in the relevant areas of this report. TCS does not believe there is any substantial divergence from the GRI Indicator Protocols. The scope, boundaries, and methodology for data analysis in this document remain the same as in the prior year. There has been no restatement of information or changes in the material topics or boundaries since the prior year. The data is sourced from Ultimatix, our core enterprise platform. Other supporting data is reviewed by relevant third-party assurers as part of ISO and financial audits.

Ernst & Young has assured the data presented under GRI Standards disclosures as specified in their Assurance Statement. The scope and basis of assurance have been described in their assurance letter. The Board was not involved in seeking this assurance.

Contact[2]

Corporate Headquarters: TCS House, Raveline Street, Fort, Mumbai 400 001, Maharashtra, India. **Website:** www.tcs.com.

Please email any feedback/queries to: **corporate.sustainability@tcs.com**

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[1] 102-10, 102-45, 102-46, 102-48,102-49, 102-50, 102-51, 102-52, 102-54, 102-56
[2] 102-3, 102-53

Stakeholder Engagement Framework

TCS engages with a broad spectrum of stakeholders – internal and external – to understand their concerns and priorities and uses these to guide policy formulation and decision making. Business considerations govern decisions about which stakeholders to engage with, in what manner, and with what periodicity.

The key stakeholders identified in consultation with our company's management are: customers, employees, shareholders, academic institutions, head-hunters, staffing firms, other suppliers, partners and collaborators, industry bodies such as NASSCOM and CII[3], governments, NGOs, local communities and society at large[4]. Some other stakeholders that we closely engage with – such as industry analysts, equity analysts, and the news media – are not mentioned here because they are proxies for other named stakeholders – ie customers, shareholders, and society at large, respectively.

The Company continually engages with all its stakeholders to ensure an ongoing dialog. Interactions might be structured (eg: surveys, account statements) or unstructured (town halls, 1x1 meetings). Based on mutual convenience and need, the engagement maybe scheduled as needed, or pre-scheduled on a periodic basis (fortnightly / monthly / quarterly / annual), or continuous (eg: website, social media)[5].

3 102-13
4 102-40, 102-42
5 102-43

Identification of Material Topics

Stakeholder interactions result in the identification of a broad funnel of issues important to each of the constituencies. The Company's Sustainability Council uses customer satisfaction surveys, employee surveys, first-hand feedback from investors, and discussions with internal and external stakeholders, as well as its own judgment, to prioritize and arrive at a list of material topics with significant economic, environmental, or social impacts on TCS' business, reputation, and operations. These topics are listed below.

Material Topics[6]	Why This is Material	Key Concerns[7]	Boundary of Impact	GRI Indicators
Corporate governance	Strong corporate governance that takes into account stakeholder concerns, engenders trust, oversees business strategies, and ensures fiscal accountability, ethical corporate behavior, and fairness to all stakeholders is core to achieving the organization's longer term mission.	Governance structure and composition; Independence of the Board; Avoidance of conflict of interest; Board oversight; Disclosure and transparency; Ethics and compliance	Internal	102-18, 102-16
Business sustainability	A financially strong, viable business that is able to adapt to changing technology landscapes to remain relevant to customers and profitably grow its revenues year-on-year is essential to meet longer term expectations of stakeholders.	Economic performance; Demand sustainability; Investments in capability development	Internal	201-1
Talent management	The company's ability to attract, develop, motivate, and retain talent is critical to business success.	Talent acquisition; Talent development; Diversity and equal opportunity; Talent retention; Employee engagement; Health and safety	Internal	401-3 402-1 403-1 404-1 405-2
Social responsibility	Business has to be rooted in community and be aligned with its larger interests. Any adversarial relationship can hurt the company's ability to create longer term value.	Local communities; Education and skill development; Job creation; Taxes generated; Health and wellness; Environmental stewardship	External	413-1
Environmental footprint	Business sustainability is linked to the planet's sustainability. Moreover, good environmental practices result in greater operational efficiency, adding to financial sustainability.	Energy consumption; GHG emissions; Water management; Effluents and waste	Internal	302-1 303-1 305-1 306-1

Material topics, aspects, and boundary of impact[8]

[6] 102-47
[7] 102-44
[8] 102-46, 102-47: Boundary of Impact: Internal includes all TCS offices and campuses, 103-1

GRI Content Index[9]

GRI Standard	Disclosure	Page No.	Omission
GRI 101: Foundation 2016 (GRI 101 doesn't include any disclosures)			
General disclosures			
Organizational Profile			
GRI 102: General Disclosures 2016	102-1 Name of the organization	1	
	102-2 Activities, brands, products and services	34	
	102-3 Location of headquarters	167	
	102-4 Location of operations	34	
	102-5 Ownership and legal form	1	
	102-6 Markets served	34	
	102-7 Scale of the organization	1	
	102-8 Information on employees and other workers	41	
	102-9 Supply Chain	42	
	102-10 Significant changes to the organization and its supply chain	167	
	102-11 Precautionary principle or approach	74	
	102-12 External initiatives	37	
	102-13 Membership of associations	167	
Strategy			
GRI 102: General Disclosures 2016	102-14 Statement from senior decision maker	7	
Ethics and Integrity			
GRI 102: General Disclosures 2016	102-16 Values, principles, standards, and norms of behavior	79	

9 102-55

GRI Standard	Disclosure	Page No.	Omission
Governance			
GRI 102: General Disclosures 2016	102-18 Governance structure	78	
Stakeholder Engagement			
GRI 102: General Disclosures 2016	102-40 List of stakeholder groups	167	
	102-41 Collective bargaining agreements	43	
	102-42 Identifying and selecting stakeholders	167	
	102-43 Approach to stakeholder engagement	167	
	102-44 Key topics and concerns raised	169	
Reporting Practice			
GRI 102: General Disclosures 2016	102-45 Entities included in the consolidated financial statements	150, 167	
	102-46 Defining report content and topic boundaries	167, 169	
	102-47 List of material topics	169	
	102-48 Restatements of information	167	
	102-49 Changes in reporting	167	
	102-50 Reporting period	167	
	102-51 Date of most recent report	167	

GRI Standard	Disclosure	Page No.	Omission
GRI 102: General Disclosures 2016	102-52 Reporting cycle	167	
	102-53 Contact point for questions regarding the report	167	
	102-54 Claims of reporting in accordance with the GRI Standards	167	
	102-55 GRI content index	170	
	102-56 External assurance	167	

GRI Standard	Disclosure	Page No.	Omission
Material Topics - Economic			
GRI 201 – Economic Performance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its boundaries	169	
	103-2 The management approach and its components	36	
	103-3 Evaluation of the management approach	52	
GRI 201: Economic Performance 2016	201-1 Direct economic Value generated and distributed	12	

Material Topics - Environment			
GRI 302: Energy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its boundaries	169	
	103-2 The management approach and its components	75	
	103-3 Evaluation of the management approach	75	
GRI 302: Energy 2016	302-1 Direct (Scope 1) GHG Emissions	74	
GRI 303: Water			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its boundaries	169	
	103-2 The management approach and its components	76	
	103-3 Evaluation of the management approach	76	
GRI 303: Water 2016	303-1 Water withdrawal by source	76	
GRI 305: Emissions			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its boundaries	169	
	103-2 The management approach and its components	74	
	103-3 Evaluation of the management approach	74	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG Emissions	75	

GRI Standard	Disclosure	Page No.	Omission
Material Topics - Environment			
GRI 306: EFFLUENTS AND WASTE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its boundaries	169	
	103-2 The management approach and its components	76	
	103-3 Evaluation of the management approach	76	
GRI 305: Effluents and waste 2016	306-1 Water discharge by quality and destination	76	

Material Topics – Social			
GRI 401: Employment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its boundaries	169	
	103-2 The management approach and its components	40	
	103-3 Evaluation of the management approach	40	
	401-3 Parental Leave	43	
GRI 402: Labor/Management Relations			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its boundaries	169	
	103-2 The management approach and its components	43	
	103-3 Evaluation of the management approach	43	
GRI 402: Employment	402-1 Minimum notice periods regarding operational changes	43	
GRI 403: Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its boundaries	169	
	103-2 The management approach and its components	46	
	103-3 Evaluation of the management approach	46	
GRI 403: Occupational Health and Safety	403-1 Workers representation in formal joint management–worker health and safety committees	46	

GRI Standard	Disclosure	Page No.	Omission
Material Topics – Social			
GRI 404: Training and Education			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its boundaries	169	
	103-2 The management approach and its components	44	
	103-3 Evaluation of the management approach	44	
GRI 404: Training and Education	404-1 Average hours of training per year per employee	44	
GRI 405: Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its boundaries	169	
	103-2 The management approach and its components	43	
	103-3 Evaluation of the management approach	43	
GRI 405: Diversity and Equal Opportunity	405-2 Ratio of basic salary and remuneration of women to men	43	
GRI 413: Local Communities			
GRI 103: Management Approach 2016	103-1 Explanation of the material topics and its boundaries	169	
	103-2 The management approach and its components	65	
	103-3 Evaluation of the management approach	65	
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	65	

Ernst & Young Associates LLP
5th Floor, Block B 2
Nirlon Knowledge Park
Off Western Express Highway
Goregaon (E), Mumbai 400063, India

Tel: +91 22 6192 0000
ey.com

Building a better working world

INDEPENDENT ASSURANCE STATEMENT

The Board of Directors and Management
Tata Consultancy Services Limited
Mumbai, India

Ernst & Young Associates LLP (EY) was engaged by Tata Consultancy Services Limited (the 'Company' or 'TCS') to provide independent assurance on its annual Integrated Report (the 'Report') for the Financial Year 2019-20.

The development of the Report is based on the Global Reporting Initiative (GRI) Sustainability Reporting Standards ('GRI Standards'); its content and presentation is the sole responsibility of the management of the Company. EY's responsibility, as agreed with the management of the Company, is to provide independent assurance on the report content as described in the scope of assurance. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the Report is entirely at its own risk. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

Scope of assurance

The scope of assurance covers the following aspects of the Report:

- Data and information related to the Company's sustainability performance for the period 1st April 2019 to 31st March 2020;
- The Company's internal protocols, processes, and controls related to the collection and collation of sustainability performance data;
- Verification of data and related information through consultations at the Company's Head Office in Mumbai as well as desk reviews of the following locations:
  - Olympus Centre, Mumbai
  - Sahyadri Park, Pune
  - Siruseri, Chennai
- Review of data on a sample basis, at the above-mentioned locations, pertaining to the following disclosures of the GRI Standards:
  - Environmental Topics: Energy (302-1, 302–3, 302-4), Water (303-1, 303-2, 303-3), Emissions (305-1 to 305-5), Effluents and Waste (306-1, 306-2), and paper consumption (non-GRI);
  - Social Topics: Information on employees (102-8), Occupational Health & Safety (403-1), Training and Education (404-1), Diversity and Equal Opportunity (405-1), Local Communities (413-1).

Limitations of our review

The assurance scope excludes:

- Operations of the Company other than those mentioned in the 'Scope of Assurance';
- Aspects of the Report and data/information other than those mentioned above;
- Data and information outside the defined reporting period i.e. 1st April 2019 to 31st March 2020;
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company;
- Review of the Company's compliance with regulations, acts, guidelines with respect to various regulatory agencies and other legal matters;
- Data and information on economic and financial performance of the Company;
- Review of qualitative statements and case studies in various sections of the Report.

Building a better working world

Assurance criteria

The assurance engagement was planned and performed in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000). Our evidence-gathering procedures were designed to obtain a 'Limited' level of assurance (as set out in ISAE 3000) as well as conformance of sustainability performance disclosures as per GRI Standards.

What we did to form our conclusions

In order to form our conclusion, we undertook the following key steps:

- Interviews with select key personnel and the core team responsible for the preparation of the Report to understand the Company's sustainability vision, mechanism for management of sustainability issues and engagement with key stakeholders;
- Interactions with the key personnel at the Company's Management to understand and review the current processes in place for capturing sustainability performance data;
- Data assurance through desk reviews covering the Company's corporate office and other operational locations as mentioned in the 'Scope of Assurance' above;
- Review of relevant documents and systems for gathering, analyzing and aggregating sustainability performance data in the reporting period.

Our Observations

The Company has demonstrated its commitment to sustainable development by reporting its performance on various material topics for FY 2019-20. The Report has been developed as per the GRI Standards, and includes a description of the stakeholder engagement process, materiality analysis and the key material topics.

Our Conclusion

On the basis of our review scope and methodology, nothing has come to our attention that causes us not to believe that the data has been presented fairly, in material respects, in keeping with the GRI Standards and the Company's reporting principles and criteria.

Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our climate change and sustainability network and undertakes similar engagements with a number of significant Indian and international businesses. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics[1] for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

for Ernst & Young Associates LLP

Chaitanya Kalia
Partner
Date: 30 May 2020
Mumbai

[1] International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. This *Code* establishes ethical requirements for professional accountants.

TCS Safe Harbor Clause

Certain statements in this release concerning our future prospects are forward-looking statements. Forward-looking statements by their nature involve a number of risks and uncertainties that could cause actual results to differ materially from market expectations. These risks and uncertainties include, but are not limited to, our ability to manage growth, intense competition among global IT services companies, various factors which may affect our profitability, such as wage increases or an appreciating Rupee, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on cross-border movement of skilled personnel, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which TCS has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property, pandemics, natural disasters and general economic conditions affecting our industry. TCS may, from time to time, make additional written and oral forwardlooking statements, including our reports to shareholders. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements.

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Tata Consultancy Services Limited
9th Floor, Nirmal Building, Nariman Point, Mumbai 400 021
www.tcs.com