TATA CONSULTANCY SERVICES LIMITED
Condensed Consolidated Interim Balance Sheet

	Note	As at June 30, 2024	As at March 31, 2024
		(₹ crore)	
ASSETS			
Non-current assets			
Property, plant and equipment	10(a)	9,232	9,376
Capital work-in-progress	10(a)	1,708	1,564
Right-of-use assets	9	8,775	7,886
Goodwill	10(b)	1,823	1,832
Other intangible assets	10(c)	452	510
Financial assets			
Investments	8(a)	291	281
Trade receivables			
Billed	8(b)	109	127
Unbilled		35	16
Loans	8(e)	2	2
Other financial assets	8(f)	2,713	3,272
Deferred tax assets (net)		3,434	3,403
Income tax assets (net)		1,780	1,600
Other assets	10(d)	3,810	3,596
Total non-current assets		**34,164**	**33,465**
Current assets			
Inventories	10(e)	28	28
Financial assets			
Investments	8(a)	32,526	31,481
Trade receivables			
Billed	8(b)	46,908	44,434
Unbilled		9,062	9,143
Cash and cash equivalents	8(c)	7,669	9,016
Other balances with banks	8(d)	4,914	4,270
Loans	8(e)	341	491
Other financial assets	8(f)	1,590	1,703
Income tax assets (net)		157	151
Other assets	10(d)	12,389	12,267
Total current assets		**1,15,584**	**1,12,984**
TOTAL ASSETS		**1,49,748**	**1,46,449**
EQUITY AND LIABILITIES			
Equity			
Share capital	8(k)	362	362
Other equity		91,855	90,127
Equity attributable to shareholders of the Company		**92,217**	**90,489**
Non-controlling interests		797	830
Total equity		**93,014**	**91,319**
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities		7,342	6,516
Other financial liabilities	8(g)	383	365
Employee benefit obligations	13	709	686
Deferred tax liabilities (net)		914	977
Unearned and deferred revenue		391	482
Total non-current liabilities		**9,739**	**9,026**
Current liabilities			
Financial liabilities			
Lease liabilities		1,530	1,505
Trade payables		11,555	9,981
Other financial liabilities	8(g)	6,776	8,362
Unearned and deferred revenue		3,355	3,640
Other liabilities	10(f)	6,855	6,524
Provisions	10(g)	144	140
Employee benefit obligations	13	4,661	4,519
Income tax liabilities (net)		12,119	11,433
Total current liabilities		**46,995**	**46,104**
TOTAL EQUITY AND LIABILITIES		**1,49,748**	**1,46,449**

NOTES FORMING PART OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As per our report of even date attached

For and on behalf of the Board

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration no: 101248W/W-100022

K Krithivasan
CEO and Managing Director
DIN: 10106739

Aarthi Subramanian
Director
DIN: 07121802

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai, July 11, 2024

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, July 11, 2024

TATA CONSULTANCY SERVICES LIMITED
Condensed Consolidated Interim Statement of Profit and Loss

	Note	Three months ended June 30, 2024	Three months ended June 30, 2023
		(₹ crore)	
Revenue from operations	11	62,613	59,381
Other income	12	962	1,397
TOTAL INCOME		**63,575**	**60,778**
Expenses			
Employee benefit expenses	13	36,416	35,148
Cost of equipment and software licences	14(a)	2,151	506
Finance costs	15	173	163
Depreciation and amortisation expense		1,220	1,243
Other expenses	14(b)	7,384	8,729
TOTAL EXPENSES		**47,344**	**45,789**
PROFIT BEFORE TAX		**16,231**	**14,989**
Tax expense			
Current tax		4,290	3,868
Deferred tax		(164)	1
TOTAL TAX EXPENSE		**4,126**	**3,869**
PROFIT FOR THE PERIOD		**12,105**	**11,120**
OTHER COMPREHENSIVE INCOME (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined employee benefit plans		51	14
Income tax on items that will not be reclassified subsequently to profit or loss		(18)	(8)
Items that will be reclassified subsequently to profit or loss			
Net change in fair values of investments other than equity shares carried at fair value through OCI		54	146
Net change in intrinsic value of derivatives designated as cash flow hedges		4	10
Net change in time value of derivatives designated as cash flow hedges		1	9
Exchange differences on translation of financial statements of foreign operations		(292)	(72)
Income tax on items that will be reclassified subsequently to profit or loss		(14)	(19)
TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)		**(214)**	**80**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**11,891**	**11,200**
Profit for the period attributable to:			
Shareholders of the Company		12,040	11,074
Non-controlling interests		65	46
		12,105	**11,120**
Other comprehensive income for the period attributable to:			
Shareholders of the Company		(181)	126
Non-controlling interests		(33)	(46)
		(214)	**80**
Total comprehensive income for the period attributable to:			
Shareholders of the Company		11,859	11,200
Non-controlling interests		32	-
		11,891	**11,200**
Earnings per equity share:- Basic and diluted (₹)	17	33.28	30.26
Weighted average number of equity shares		361,80,87,518	365,90,51,373

NOTES FORMING PART OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As per our report of even date attached

For and on behalf of the Board

For **B S R & Co. LLP**
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Aniruddha Godbole
Partner
Membership No: 105149

Mumbai, July 11, 2024

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, July 11, 2024

TATA CONSULTANCY SERVICES LIMITED

Condensed Consolidated Interim Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

(₹ crore)

Balance as at April 1, 2024	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2024	Changes in equity share capital during the period	Balance as at June 30, 2024
362	-	362	-	362

(₹ crore)

Balance as at April 1, 2023	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2023	Changes in equity share capital during the period	Balance as at June 30, 2023
366	-	366	-	366

B. OTHER EQUITY

(₹ crore)

	Reserves and surplus					Items of other comprehensive income				Equity attributable to shareholders of the Company	Non-controlling interests	Total equity
	Capital reserve	Capital redemption reserve	Special Economic Zone re-investment reserve	Retained earnings	Statutory reserve	Investment revaluation reserve	Cash flow hedging reserve: Intrinsic value	Cash flow hedging reserve: Time value	Foreign currency translation reserve			
Balance as at April 1, 2024	**75**	**444**	**16,234**	**70,033**	**160**	**235**	**9**	**(18)**	**2,955**	**90,127**	**830**	**90,957**
Profit for the period	-	-	-	12,040	-	-	-	-	-	12,040	65	12,105
Other comprehensive income / (losses)	-	-	-	33	-	41	3	1	(259)	(181)	(33)	(214)
Total comprehensive income	**-**	**-**	**-**	**12,073**	**-**	**41**	**3**	**1**	**(259)**	**11,859**	**32**	**11,891**
Dividend	-	-	-	(10,131)	-	-	-	-	-	(10,131)	(65)	(10,196)
Transfer from Special Economic Zone re-investment reserve	-	-	(2,670)	2,670	-	-	-	-	-	-	-	-
Balance as at June 30, 2024	**75**	**444**	**13,564**	**74,645**	**160**	**276**	**12**	**(17)**	**2,696**	**91,855**	**797**	**92,652**
Balance as at April 1, 2023	**75**	**440**	**11,809**	**74,722**	**143**	**41**	**8**	**(28)**	**2,848**	**90,058**	**782**	**90,840**
Profit for the period	-	-	-	11,074	-	-	-	-	-	11,074	46	11,120
Other comprehensive income / (losses)	-	-	-	6	-	133	5	7	(25)	126	(46)	80
Total comprehensive income	**-**	**-**	**-**	**11,080**	**-**	**133**	**5**	**7**	**(25)**	**11,200**	**-**	**11,200**
Dividend	-	-	-	(8,782)	-	-	-	-	-	(8,782)	(55)	(8,837)
Transfer to Special Economic Zone re-investment reserve	-	-	2,538	(2,538)	-	-	-	-	-	-	-	-
Transfer from Special Economic Zone re-investment reserve	-	-	(1,347)	1,347	-	-	-	-	-	-	-	-
Balance as at June 30, 2023	**75**	**440**	**13,000**	**75,829**	**143**	**174**	**13**	**(21)**	**2,823**	**92,476**	**727**	**93,203**

Gain of ₹33 crore and ₹6 crore on remeasurement of defined employee benefit plans (net of tax) is recognised as a part of retained earnings for three months ended June 30, 2024 and 2023, respectively.

Total equity (primarily retained earnings) includes ₹1,621 crore and ₹1,636 crore as at June 30, 2024 and 2023, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

Nature and purpose of reserves

(a) Capital reserve

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

(b) Capital redemption reserve

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

(c) Special Economic Zone re-investment reserve

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

(d) Retained earnings

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

(e) Statutory reserve

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

(f) Investment revaluation reserve

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

(g) Cash flow hedging reserve

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

(h) Foreign currency translation reserve

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

NOTES FORMING PART OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As per our report of even date attached

For and on behalf of the Board

For **B S R & Co. LLP**
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Partner
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Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, July 11, 2024

Mumbai, July 11, 2024

TATA CONSULTANCY SERVICES LIMITED
Condensed Consolidated Interim Statement of Cash Flows

	Three months ended June 30, 2024	Three months ended June 30, 2023
	(₹ crore)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	12,105	11,120
Adjustments for:		
Depreciation and amortisation expense	1,220	1,243
Bad debts and advances written off, allowance for expected credit losses and doubtful advances (net)	43	18
Tax expense	4,126	3,869
Net gain on lease modification	(7)	-
Unrealised foreign exchange loss	7	6
Net gain on disposal of property, plant and equipment	(2)	(2)
Net gain on disposal / fair valuation of investments	(52)	(82)
Interest income	(785)	(1,209)
Dividend income	(11)	(8)
Finance costs	173	163
Operating profit before working capital changes	**16,817**	**15,118**
Net change in		
Inventories	-	(4)
Trade receivables		
Billed	(2,763)	(424)
Unbilled	(14)	264
Loans and other financial assets	6	(25)
Other assets	(274)	7
Trade payables	1,732	49
Unearned and deferred revenue	(356)	(743)
Other financial liabilities	(1,503)	(2,299)
Other liabilities and provisions	556	607
Cash generated from operations	**14,201**	**12,550**
Taxes paid (net of refunds)	(3,784)	(1,980)
Net cash generated from operating activities	**10,417**	**10,570**
CASH FLOWS FROM INVESTING ACTIVITIES		
Bank deposits placed	(187)	(901)
Purchase of investments #	(33,477)	(31,864)
Payment for purchase of property, plant and equipment	(805)	(336)
Payment including advances for acquiring right-of-use assets	(17)	-
Payment for purchase of intangible assets	(56)	(28)
Proceeds from bank deposits	90	475
Proceeds from inter-corporate deposits	60	298
Proceeds from disposal / redemption of investments #	32,541	30,062
Proceeds from sub-lease receivable	2	3
Proceeds from disposal of property, plant and equipment	3	3
Interest received	871	869
Dividend received	6	4
Net cash used in investing activities	**(969)**	**(1,415)**

TATA CONSULTANCY SERVICES LIMITED

Condensed Consolidated Interim Statement of Cash Flows

	Three months ended June 30, 2024	Three months ended June 30, 2023
		(₹ crore)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(413)	(415)
Interest paid	(172)	(158)
Dividend paid	(10,131)	-
Dividend paid to non-controlling interests	(65)	(55)
Net cash used in financing activities	**(10,781)**	**(628)**
Net change in cash and cash equivalents	**(1,333)**	**8,527**
Cash and cash equivalents at the beginning of the period	9,016	7,123
Exchange difference on translation of foreign currency cash and cash equivalents	(14)	(28)
Cash and cash equivalents at the end of the period	**7,669**	**15,622**
<u>Components of cash and cash equivalents</u>		
Balances with banks		
In current accounts	2,373	2,344
In deposit accounts	5,290	13,271
Cheques on hand	-*	-*
Cash on hand	-*	-*
Remittances in transit	6	7
	7,669	**15,622**

*Represents values less than ₹0.50 crore.

#Purchase of investments include ₹17 crore and ₹113 crore for three months ended June 30, 2024 and 2023, respectively, and proceeds from disposal / redemption of investments include ₹59 crore and ₹19 crore for three months ended June 30, 2024 and 2023, respectively, held by trusts and TCS Foundation held for specified purposes.

NOTES FORMING PART OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As per our report of even date attached

For and on behalf of the Board

For **B S R & Co. LLP**
Chartered Accountants
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Director
DIN: 07121802

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai, July 11, 2024

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, July 11, 2024

1) Corporate information

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

The Company is a public limited company incorporated and domiciled in India. The address of its corporate office is TCS House, Raveline Street, Fort, Mumbai - 400001. As at June 30, 2024, Tata Sons Private Limited, the holding company owned 71.74% of the Company's equity share capital.

The Board of Directors approved the condensed consolidated interim financial statements for three months ended June 30, 2024 and authorised for issue on July 11, 2024.

2) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the Indian Accounting Standard (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. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements, wherever applicable.

3) Basis of preparation

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

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

The material accounting policy information related to preparation of the condensed consolidated interim financial statements have been discussed in the respective notes.

4) Basis of consolidation

The Company consolidates all entities which are controlled by it.

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

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

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

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

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

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

5) Use of estimates and judgements

The preparation of condensed consolidated interim financial statements in conformity with the recognition and measurement principles of Ind AS requires management of the Group to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of condensed consolidated interim 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 judgements, estimates and assumptions in preparation of its condensed consolidated interim financial statements:

(a) Revenue recognition

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

The Group exercises judgement for identification of performance obligations, determination of transaction price, ascribing the transaction price to each distinct performance obligation and in determining whether the performance obligation is satisfied at a point in time or over a period of time. These judgements have been explained in detail under the revenue recognition note (Refer note 11).

(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 (Refer note 10(a)).

(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 (Refer note 10(b)).

(d) Fair value measurement of financial instruments

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

(e) Impairment of financial assets (other than at fair value)

Measurement of impairment of financial assets require use of estimates, which have been explained in the note on financial assets, financial liabilities and equity instruments, under impairment of financial assets (other than at fair value) (Refer note 8)).

(f) Deferred tax assets

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.

(g) Provisions and contingent liabilities

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

The Group uses significant judgements to assess contingent liabilities. Contingent liabilities are 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 condensed consolidated interim financial statements.

(h) 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 (Refer note 13).

(i) Leases

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

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

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

6) Recent pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. During three months ended June 30, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

7) Business combinations

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

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

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

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

8) Financial assets, financial liabilities and equity instruments

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

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

Cash and cash equivalents

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

Financial assets at amortised cost

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

Financial assets at fair value through other comprehensive income

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

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

Financial assets at fair value through profit or loss

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

Financial liabilities

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

Equity instruments

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

Derivative accounting

- **Instruments in hedging relationship**

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

The Group uses hedging instruments that are governed by the financial risk management policy as approved by the Risk Management Committee. The policy provides principles on the use of such financial derivatives consistent with the risk management strategy of the company and its subsidiaries. While determining the appropriate hedge ratio, the Group takes into consideration the prevailing macro-economic conditions, the availability and liquidity of the hedging instruments, tolerance levels for hedge ineffectiveness and the costs of hedging. The hedging activities are reviewed by the Risk Management Committee every quarter and future course of action is determined.

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

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

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

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

- **Instruments not in hedging relationship**

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

Impairment of financial assets (other than at fair value)

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

(a) Investments

Investments consist of the following:

Investments – Non-current

		(₹ crore)
	As at June 30, 2024	**As at March 31, 2024**
Investments designated at fair value through OCI		
Fully paid equity shares		
Mozido LLC (unquoted)	83	83
FCM LLC (unquoted)	63	63
Taj Air Limited (unquoted)	19	19
Philippine Dealing System Holdings Corporation (unquoted)	8	8
LATAM Airlines Group S.A. (quoted)	1	1
Less: Impairment in value of investments	(142)	(142)
Investments carried at amortised cost		
Government bonds and securities (quoted)	188	188
Corporate bonds (quoted)	71	61
	291	**281**

Investments – Non-current includes ₹259 crore and ₹249 crore as at June 30, 2024 and March 31, 2024, respectively, pertaining to trusts held for specified purposes.

Investments – Current

	As at June 30, 2024	As at March 31, 2024
		(₹ crore)
Investments carried at fair value through profit or loss		
Mutual fund units (quoted)	3,801	2,360
Investments carried at fair value through OCI		
Government bonds and securities (quoted)	24,768	24,746
Corporate bonds (quoted)	3,410	3,406
Investments carried at amortised cost		
Corporate bonds (quoted)	30	30
Certificate of deposits (quoted)	517	-
Commercial papers (quoted)	-	939
	32,526	**31,481**

Investments – Current includes ₹146 crore and ₹196 crore as at June 30, 2024 and March 31, 2024, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

Aggregate value of quoted and unquoted investments is as follows:

	As at June 30, 2024	As at March 31, 2024
		(₹ crore)
Aggregate value of quoted investments	32,786	31,731
Aggregate value of unquoted investments (net of impairment)	31	31
Aggregate market value of quoted investments	32,783	31,729
Aggregate value of impairment of investments	142	142

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

	As at June 30, 2024	As at March 31, 2024
		(₹ crore)
Government bonds and securities	185	186
Corporate bonds	101	91
Certificate of deposits	517	-
Commercial papers	-	939

(b) Trade receivables – Billed

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

Trade receivables - Billed – Non-current

	As at June 30, 2024	As at March 31, 2024
		(₹ crore)
Trade receivables - Billed	790	765
Less: Allowance for expected credit losses	(681)	(638)
Considered good	**109**	**127**

Trade receivables - Billed – Current

	As at June 30, 2024 (₹ crore)	As at March 31, 2024 (₹ crore)
Trade receivables - Billed	47,175	44,722
Less: Allowance for expected credit losses	(351)	(365)
Considered good	**46,824**	**44,357**
Trade receivables - Billed	274	264
Less: Allowance for expected credit losses	(190)	(187)
Credit impaired	**84**	**77**
	46,908	**44,434**

(c) Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As at June 30, 2024 (₹ crore)	As at March 31, 2024 (₹ crore)
Balances with banks		
In current accounts	2,373	2,804
In deposit accounts	5,290	6,212
Cheques on hand	-*	-*
Cash on hand	-*	-*
Remittances in transit	6	-*
	7,669	**9,016**

*Represents value less than ₹0.50 crore.

Balances with banks in current accounts include ₹9 crore and ₹9 crore as at June 30, 2024 and March 31, 2024, respectively, pertaining to trusts held for specified purposes.

(d) Other balances with banks

Other balances with banks consist of the following:

	As at June 30, 2024 (₹ crore)	As at March 31, 2024 (₹ crore)
Earmarked balances with banks	478	471
Short-term bank deposits	4,436	3,799
	4,914	**4,270**

Earmarked balances with banks primarily relate to margin money for purchase of investments, unclaimed dividends and liquidity backstop as a part of regulatory requirements.

Short-term bank deposits include ₹1,192 crore and ₹517 crore as at June 30, 2024 and March 31, 2024, respectively, pertaining to TCS Foundation held for specified purposes.

(e) Loans

Loans (unsecured) consist of the following:

Loans – Non-current

		(₹ crore)
	As at June 30, 2024	**As at March 31, 2024**
Considered good		
Loans to employees	2	2
	2	**2**

Loans – Current

		(₹ crore)
	As at June 30, 2024	**As at March 31, 2024**
Considered good		
Inter-corporate deposits	110	170
Loans to employees	231	321
	341	**491**

Inter-corporate deposits placed with financial institutions yield fixed interest rate. Inter-corporate deposits include ₹110 crore and ₹110 crore as at June 30, 2024 and March 31, 2024, respectively, pertaining to TCS Foundation held for specified purposes.

(f) Other financial assets

Other financial assets consist of the following:

Other financial assets – Non-current

		(₹ crore)
	As at June 30, 2024	**As at March 31, 2024**
Security deposits	817	749
Earmarked balances with banks	214	213
Long-term bank deposits	1,647	2,248
Interest receivable	35	62
	2,713	**3,272**

Other financial assets – Current

		(₹ crore)
	As at June 30, 2024	**As at March 31, 2024**
Security deposits	278	339
Fair value of foreign exchange derivative assets	129	141
Interest receivable	685	764
Advances to employees	403	368
Less: Allowance for advances to employees	(48)	(43)
Others	143	134
	1,590	**1,703**

Long-term bank deposits include ₹820 crore and ₹1,495 crore as at June 30, 2024 and March 31, 2024, respectively, pertaining to TCS Foundation held for specified purposes.

Interest receivable includes ₹148 crore and ₹111 crore as at June 30, 2024 and March 31, 2024, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

(g) Other financial liabilities

Other financial liabilities consist of the following:

Other financial liabilities – Non-current

	As at June 30, 2024	As at March 31, 2024
		(₹ crore)
Capital creditors	88	69
Others	295	296
	383	**365**

Others include advance taxes paid of ₹226 crore and ₹226 crore as at June 30, 2024 and March 31, 2024, respectively, by the seller of TCS e-Serve Limited (merged with the Company) which, on refund by tax authorities, is payable to the seller.

Other financial liabilities – Current

	As at June 30, 2024	As at March 31, 2024
		(₹ crore)
Accrued payroll	4,696	5,760
Unclaimed dividends	58	53
Fair value of foreign exchange derivative liabilities	111	114
Capital creditors	541	625
Liabilities towards customer contracts	1,026	1,509
Others	344	301
	6,776	**8,362**

(h) Financial instruments by category

The carrying value of financial instruments by categories as at June 30, 2024 is as follows:

	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
						(₹ crore)
Financial assets						
Cash and cash equivalents	-	-	-	-	7,669	7,669
Bank deposits	-	-	-	-	6,083	6,083
Earmarked balances with banks	-	-	-	-	692	692
Investments	3,801	28,210	-	-	806	32,817
Trade receivables						
Billed	-	-	-	-	47,017	47,017
Unbilled	-	-	-	-	9,097	9,097
Loans	-	-	-	-	343	343
Other financial assets	-	-	44	85	2,313	2,442
	3,801	**28,210**	**44**	**85**	**74,020**	**1,06,160**
Financial liabilities						
Trade payables	-	-	-	-	11,555	11,555
Lease liabilities	-	-	-	-	8,872	8,872
Other financial liabilities	-	-	-	111	7,048	7,159
	-	**-**	**-**	**111**	**27,475**	**27,586**

The carrying value of financial instruments by categories as at March 31, 2024 is as follows:

(₹ crore)

	Fair value through profit or loss	Fair value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total carrying value
Financial assets						
Cash and cash equivalents	-	-	-	-	9,016	9,016
Bank deposits	-	-	-	-	6,047	6,047
Earmarked balances with banks	-	-	-	-	684	684
Investments	2,360	28,184	-	-	1,218	31,762
Trade receivables						
Billed	-	-	-	-	44,561	44,561
Unbilled	-	-	-	-	9,159	9,159
Loans	-	-	-	-	493	493
Other financial assets	-	-	46	95	2,373	2,514
	2,360	**28,184**	**46**	**95**	**73,551**	**1,04,236**
Financial liabilities						
Trade payables	-	-	-	-	9,981	9,981
Lease liabilities	-	-	-	-	8,021	8,021
Other financial liabilities	-	-	-	114	8,613	8,727
	-	**-**	**-**	**114**	**26,615**	**26,729**

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade payables as at June 30, 2024 and March 31, 2024, approximate the fair value due to their nature. Carrying amounts of bank deposits, earmarked balances with banks, other financial assets and other financial liabilities which are subsequently measured at amortised cost also approximate the fair value due to their nature in each of the periods presented. Fair value measurement of lease liabilities is not required. Fair value of investments carried at amortised cost is ₹803 crore and ₹1,215 crore as at June 30, 2024 and March 31, 2024, respectively.

(i) Fair value hierarchy

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

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

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

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

				(₹ crore)
As at June 30, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Mutual fund units	3,801	-	-	3,801
Equity shares	1	-	31	32
Government bonds and securities	24,953	-	-	24,953
Corporate bonds	3,511	-	-	3,511
Certificate of deposits	517	-	-	517
Fair value of foreign exchange derivative assets	-	129	-	129
	32,783	**129**	**31**	**32,943**
Financial liabilities				
Fair value of foreign exchange derivative liabilities	-	111	-	111
	-	**111**	**-**	**111**

				(₹ crore)
As at March 31, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Mutual fund units	2,360	-	-	2,360
Equity shares	1	-	31	32
Government bonds and securities	24,932	-	-	24,932
Corporate bonds	3,497	-	-	3,497
Commercial papers	939	-	-	939
Fair value of foreign exchange derivative assets	-	141	-	141
	31,729	**141**	**31**	**31,901**
Financial liabilities				
Fair value of foreign exchange derivative liabilities	-	114	-	114
	-	**114**	**-**	**114**

(j) Derivative financial instruments and hedging activity

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

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

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

	As at June 30, 2024			**As at March 31, 2024**		
Foreign currency	**No. of contracts**	**Notional amount of contracts (In million)**	**Fair value (₹ crore)**	**No. of contracts**	**Notional amount of contracts (In million)**	**Fair value (₹ crore)**
US Dollar	4	100	2	19	475	6
Great Britain Pound	27	230	21	29	230	24
Euro	27	230	21	28	235	16

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

(₹ crore)

	Three months ended June 30, 2024		Year ended March 31, 2024	
	Intrinsic value	**Time value**	**Intrinsic value**	**Time value**
Balance at the beginning of the period	**9**	**(18)**	**8**	**(28)**
(Gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	(27)	57	(139)	241
Deferred tax on (gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	7	(14)	31	(55)
Change in the fair value of effective portion of cash flow hedges	31	(56)	140	(228)
Deferred tax on change in the fair value of effective portion of cash flow hedges	(8)	14	(31)	52
Balance at the end of the period	**12**	**(17)**	**9**	**(18)**

The Group has entered into derivative instruments not in hedging relationship by way of foreign exchange forward, currency options and futures contracts. As at June 30, 2024 and March 31, 2024, the notional amount of outstanding contracts aggregated to ₹54,560 crore and ₹50,982 crore, respectively, and the respective fair value of these contracts have a net loss of ₹26 crore and ₹19 crore.

Exchange loss of ₹16 crore and gain of ₹199 crore on foreign exchange forward, currency options and futures contracts that do not qualify for hedge accounting have been recognised in the condensed consolidated interim statement of profit and loss for three months ended June 30, 2024 and 2023, respectively.

Net foreign exchange gain / (loss) include loss of ₹30 crore and ₹41 crore transferred from cash flow hedging reserve to the condensed consolidated interim statement of profit and loss on occurrence of forecasted hedge transactions for three months ended June 30, 2024 and 2023, respectively.

(k) Equity instruments

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

(₹ crore)

	As at June 30, 2024	As at March 31, 2024
Authorised		
460,05,00,000 equity shares of ₹1 each (March 31, 2024: 460,05,00,000 equity shares of ₹1 each)	460	460
105,02,50,000 preference shares of ₹1 each (March 31, 2024: 105,02,50,000 preference shares of ₹1 each)	105	105
	565	**565**
Issued, Subscribed and Fully paid up		
361,80,87,518 equity shares of ₹1 each (March 31, 2024: 361,80,87,518 equity shares of ₹1 each)	362	362
	362	**362**

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

The Company bought back 4,09,63,855 equity shares for an aggregate amount of ₹17,000 crore being 1.12% of the total paid up equity share capital at ₹4,150 per equity share in the previous year. The equity shares bought back were extinguished on December 13, 2023.

9) Leases

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

Group as a lessee

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

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

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

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

Group as a lessor

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

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

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

(₹ crore)

	Additions for three months ended June 30, 2024	Net carrying amount as at June 30, 2024
Leasehold land	-	926
Buildings	1,372	7,550
Leasehold improvements	-	21
Computer equipment	-	187
Software licences	-	53
Vehicles	3	32
Office equipment	3	4
Furniture and fixtures	-	3
	1,378	**8,775**

(₹ crore)

	Additions for the year ended March 31, 2024	Net carrying amount as at March 31, 2024
Leasehold land	-	929
Buildings	1,928	6,631
Leasehold improvements	-	25
Computer equipment	125	202
Software licences	-	60
Vehicles	18	34
Office equipment	1	3
Furniture and fixtures	2	2
	2,074	**7,886**

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

(₹ crore)

	Three months ended June 30, 2024	Three months ended June 30, 2023
Leasehold land	3	3
Buildings	407	392
Leasehold improvements	2	2
Computer equipment	15	11
Software licences	7	9
Vehicles	5	4
Office equipment	1	1
	440	**422**

Interest on lease liabilities is ₹152 crore and ₹127 crore for three months ended June 30, 2024 and 2023, respectively.

10) Non-financial assets and non-financial liabilities

(a) Property, plant and equipment

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

Depreciation is provided for property, plant and equipment on a straight-line basis so as to expense the cost less residual value over their estimated useful lives as prescribed in Schedule II of the Companies Act, 2013 except in respect of certain categories of assets, where the useful life of the assets has been assessed 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
Plant and equipment	10 years*
Computer equipment	4 years*
Vehicles	4 years*
Office equipment	2-5 years*
Electrical installations	4-10 years*
Furniture and fixtures	5 years*

* The Group believes that the technically evaluated useful lives, different from Schedule II of the Companies Act, 2013, best represent the period over which these assets are expected to be used.

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

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

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

Property, plant and equipment consist of the following:

(₹ crore)

	Freehold land	Buildings	Leasehold improvements	Plant and equipment	Computer equipment	Vehicles	Office equipment	Electrical installations	Furniture and fixtures	Total
Cost as at April 1, 2024	**354**	**8,280**	**2,777**	**878**	**14,199**	**45**	**2,976**	**2,202**	**2,142**	**33,853**
Additions	-	90	29	14	320	-	41	25	35	554
Disposals	-	-	(14)	-	(60)	(1)	(5)	(2)	(5)	(87)
Translation exchange difference	-	-	(29)	(1)	(68)	-	(13)	(8)	(7)	(126)
Cost as at June 30, 2024	**354**	**8,370**	**2,763**	**891**	**14,391**	**44**	**2,999**	**2,217**	**2,165**	**34,194**
Accumulated depreciation as at April 1, 2024	**-**	**(4,154)**	**(2,036)**	**(539)**	**(11,483)**	**(37)**	**(2,629)**	**(1,748)**	**(1,851)**	**(24,477)**
Depreciation	-	(101)	(44)	(22)	(399)	(1)	(42)	(32)	(24)	(665)
Disposals	-	-	14	-	59	1	5	2	5	86
Translation exchange difference	-	-	23	-	52	-	10	5	4	94
Accumulated depreciation as at June 30, 2024	**-**	**(4,255)**	**(2,043)**	**(561)**	**(11,771)**	**(37)**	**(2,656)**	**(1,773)**	**(1,866)**	**(24,962)**
Net carrying amount as at June 30, 2024	**354**	**4,115**	**720**	**330**	**2,620**	**7**	**343**	**444**	**299**	**9,232**
Capital work-in-progress*										1,708
Total										**10,940**

*₹554 crore has been capitalised and transferred to property, plant and equipment during three months ended June 30, 2024.

(₹ crore)

	Freehold land	Buildings	Leasehold improvements	Plant and equipment	Computer equipment	Vehicles	Office equipment	Electrical installations	Furniture and fixtures	Total
Cost as at April 1, 2023	**354**	**8,066**	**2,673**	**828**	**13,435**	**43**	**2,815**	**2,138**	**1,992**	**32,344**
Additions	-	217	195	56	970	6	215	96	168	1,923
Disposals	-	(4)	(98)	(3)	(279)	(4)	(53)	(39)	(22)	(502)
Translation exchange difference	-	1	7	(3)	73	-	(1)	7	4	88
Cost as at March 31, 2024	**354**	**8,280**	**2,777**	**878**	**14,199**	**45**	**2,976**	**2,202**	**2,142**	**33,853**
Accumulated depreciation as at April 1, 2023	**-**	**(3,744)**	**(1,945)**	**(458)**	**(10,025)**	**(36)**	**(2,487)**	**(1,646)**	**(1,773)**	**(22,114)**
Depreciation	-	(413)	(182)	(86)	(1,682)	(4)	(192)	(134)	(97)	(2,790)
Disposals	-	4	98	2	276	3	50	37	22	492
Translation exchange difference	-	(1)	(7)	3	(52)	-	-	(5)	(3)	(65)
Accumulated depreciation as at March 31, 2024	**-**	**(4,154)**	**(2,036)**	**(539)**	**(11,483)**	**(37)**	**(2,629)**	**(1,748)**	**(1,851)**	**(24,477)**
Net carrying amount as at March 31, 2024	**354**	**4,126**	**741**	**339**	**2,716**	**8**	**347**	**454**	**291**	**9,376**
Capital work-in-progress*										1,564
Total										**10,940**

*₹1,923 crore has been capitalised and transferred to property, plant and equipment during the year ended March 31, 2024.

(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 economic uncertainties, reassessment of the discount rates, revisiting the growth rates factored while arriving at terminal value and subjecting these variables to sensitivity analysis. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Goodwill consists of the following:

(₹ crore)

	As at June 30, 2024	As at March 31, 2024
Balance at the beginning of the period	**1,832**	**1,858**
Translation exchange difference	(9)	(26)
Balance at the end of the period	**1,823**	**1,832**

(c) Other intangible assets

Intangible assets purchased including acquired in business combination, are measured at cost as at the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.
Intangible assets consist of rights under licensing agreement and software licences and customer-related intangibles.
Following table summarises the nature of intangibles and their estimated useful lives:

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

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

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

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

Intangible assets consist of the following:

(₹ crore)

	Rights under licensing agreement and software licences	Customer-related intangibles	Total
Cost as at April 1, 2024	**2,004**	**127**	**2,131**
Additions	58	-	58
Disposals / Derecognised	(26)	-	(26)
Translation exchange difference	(3)	(1)	(4)
Cost as at June 30, 2024	**2,033**	**126**	**2,159**
Accumulated amortisation as at April 1, 2024	**(1,494)**	**(127)**	**(1,621)**
Amortisation	(115)	-	(115)
Disposals / Derecognised	26	-	26
Translation exchange difference	2	1	3
Accumulated amortisation as at June 30, 2024	**(1,581)**	**(126)**	**(1,707)**
Net carrying amount as at June 30, 2024	**452**	**-**	**452**

(₹ crore)

	Rights under licensing agreement and software licences	Customer-related intangibles	Total
Cost as at April 1, 2023	**1,892**	**126**	**2,018**
Additions	131	-	131
Disposals / Derecognised	(18)	-	(18)
Translation exchange difference	(1)	1	-
Cost as at March 31, 2024	**2,004**	**127**	**2,131**
Accumulated amortisation as at April 1, 2023	**(1,025)**	**(126)**	**(1,151)**
Amortisation	(479)	-	(479)
Disposals / Derecognised	11	-	11
Translation exchange difference	(1)	(1)	(2)
Accumulated amortisation as at March 31, 2024	**(1,494)**	**(127)**	**(1,621)**
Net carrying amount as at March 31, 2024	**510**	**-**	**510**

(d) Other assets

Other assets consist of the following:

Other assets – Non-current

(₹ crore)

	As at June 30, 2024	As at March 31, 2024
Considered good		
Capital advances	86	88
Advances to related parties	235	196
Contract assets	365	295
Prepaid expenses	2,623	2,557
Contract fulfillment costs	281	247
Others	220	213
	3,810	**3,596**
Advances to related parties, considered good, comprise:		
Tata Realty and Infrastructure Limited	-*	-*
Tata Projects Limited	231	191
Titan Engineering and Automation Limited	2	3
Universal MEP Projects & Engineering Services Limited	2	2

*Represents value less than ₹0.50 crore.

Other assets – Current

	(₹ crore)	
	As at June 30, 2024	**As at March 31, 2024**
Considered good		
Advance to suppliers	102	174
Advance to related parties	978	967
Contract assets	6,869	5,846
Prepaid expenses	1,070	2,055
Contract fulfillment costs	1,809	1,588
Indirect taxes recoverable	1,258	1,288
Others	303	349
Considered doubtful		
Advance to suppliers	2	2
Other advances	6	4
Less: Allowance for doubtful assets	(8)	(6)
	12,389	**12,267**
Advance to related parties, considered good comprise:		
Tata AIG General Insurance Company Limited	15	7
Titan Company Limited	3	-
Tejas Networks Limited	960	960

Non-current **–** Others includes advance of ₹177 crore and ₹177 crore towards acquiring right-of-use of leasehold land as at June 30, 2024 and March 31, 2024, respectively.

(e) Inventories

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

Inventories consist of the following:

	(₹ crore)	
	As at June 30, 2024	**As at March 31, 2024**
Raw materials, sub-assemblies and components	24	28
Finished goods and work-in-progress	4	-*
	28	**28**

*Represents value less than ₹0.50 crore.

(f) Other liabilities

Other liabilities consist of the following:

Other liabilities – Current

	(₹ crore)	
	As at June 30, 2024	**As at March 31, 2024**
Advance received from customers	1,848	1,841
Indirect taxes payable and other statutory liabilities	4,624	4,330
Others	383	353
	6,855	**6,524**

(g) Provisions

Provisions consist of the following:

Provisions – Current

	(₹ crore)	
	As at June 30, 2024	**As at March 31, 2024**
Provision for foreseeable loss	102	97
Other provisions	42	43
	144	**140**

11) 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.

The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. Such costs are amortised over the contractual period or useful life of licence, whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

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

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

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

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

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

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

Revenue disaggregation by nature of services is as follows:

		(₹ crore)
	Three months ended June 30, 2024	**Three months ended June 30, 2023**
Consultancy services	61,827	58,769
Sale of equipment and software licences	786	612
	62,613	**59,381**

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

12) Other income

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

Other income consist of the following:

(₹ crore)

	Three months ended June 30, 2024	Three months ended June 30, 2023
Interest income	785	1,209
Dividend income	11	8
Net gain on disposal / fair valuation of investments carried at fair value through profit or loss	51	77
Net gain on sale of investments other than equity shares carried at fair value through OCI	1	5
Net gain on disposal of property, plant and equipment	2	2
Net gain on lease modification	7	-
Net foreign exchange gain / (loss)	91	75
Other income	14	21
	962	**1,397**
Interest income comprise:		
Interest on bank balances and bank deposits	206	169
Interest on financial assets carried at amortised cost	49	122
Interest on financial assets carried at fair value through OCI	529	548
Other interest (including interest on tax refunds)	1	370
Dividend income comprise:		
Dividend from mutual fund units and other investments	11	8

13) Employee benefits

Defined benefit plans

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

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

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

Defined contribution plans

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

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

Short-term employee benefits

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

Compensated absences

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

Employee benefit expenses consist of the following:

		(₹ crore)
	Three months ended June 30, 2024	**Three months ended June 30, 2023**
Salaries, incentives and allowances	32,462	31,444
Contributions to provident and other funds	2,991	2,727
Staff welfare expenses	963	977
	36,416	**35,148**

Employee benefit obligations consist of the following:

Employee benefit obligations – Non-current

		(₹ crore)
	As at June 30, 2024	**As at March 31, 2024**
Gratuity liability	16	15
Foreign defined benefit plans	505	502
Other employee benefit obligations	188	169
	709	**686**

Employee benefit obligations – Current

		(₹ crore)
	As at June 30, 2024	**As at March 31, 2024**
Compensated absences	4,622	4,480
Other employee benefit obligations	39	39
	4,661	**4,519**

14) Cost recognition

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

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

(a) Cost of equipment and software licences

Cost of equipment and software licences consist of the following:

	Three months ended June 30, 2024	Three months ended June 30, 2023
		(₹ crore)
Raw materials, sub-assemblies and components consumed	11	6
Equipment and software licences purchased	2,144	495
	2,155	**501**
Finished goods and work-in-progress		
Opening stock	-*	5
Less: Closing stock	4	-
	(4)	**5**
	2,151	**506**

*Represents value less than ₹0.50 crore.

(b) Other expenses

Other expenses consist of the following:

	Three months ended June 30, 2024	Three months ended June 30, 2023
		(₹ crore)
Fees to external consultants	2,665	4,582
Facility expenses	828	758
Travel expenses	841	794
Communication expenses	550	574
Bad debts and advances written off, allowance for expected credit losses and doubtful advances (net)	43	18
Other expenses	2,457	2,003
	7,384	**8,729**

Other expenses include ₹1,059 crore and ₹864 crore for three months ended June 30, 2024 and 2023, respectively, towards project expenses.

The Company made a contribution to an electoral trust of ₹220 crore crore and NIL for three months ended June 30, 2024 and 2023, respectively, which is included in other expenses.

15) Finance costs

Finance costs consist of the following:

	Three months ended June 30, 2024	Three months ended June 30, 2023
		(₹ crore)
Interest on lease liabilities	152	127
Interest on tax matters	6	13
Other interest costs	15	23
	173	**163**

16) Income taxes

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

Current income taxes

The current income tax expense includes income taxes payable by the Company and its subsidiaries in India and overseas.

The Company has recognised income tax expenses applying the provisions under section 115BAA of the Income-tax Act, 1961.

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.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

The Organisation for Economic Co-operation and Development (OECD) has published the model rules for global minimum tax (Pillar Two model rules). Pillar Two legislation has been enacted, or substantively enacted, in certain jurisdictions where the Group operates. The Group is within the scope of the OECD Pillar Two model rules and has evaluated the potential exposure to global minimum tax. The Group does not expect any material financial impact for the current period. The evaluation of the potential exposure is based on the most recent country-by-country reporting, and financial statements for the constituent entities in the Group.

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, affects neither accounting nor taxable profit or loss at the time of the transaction.

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

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

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

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

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.

Direct tax contingencies

The Company and its subsidiaries have ongoing disputes with income tax authorities in India and in some of the other jurisdictions where they operate. The disputes relate to tax treatment of certain expenses claimed as deduction, computation or eligibility of tax incentives and allowances and characterisation of fees for services received. Contingent liability in respect of tax demands received from direct tax authorities in India and other jurisdictions is ₹1,852 crore and ₹1,871 crore as at June 30, 2024 and March 31, 2024, respectively. These demand orders are being contested by the Company and its subsidiaries based on the management evaluation and advise of tax consultants. In respect of tax contingencies of ₹318 crore and ₹318 crore as at June 30, 2024 and March 31, 2024, 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.

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 period. The Company did not have any potentially dilutive securities in any of the periods presented.

	Three months ended June 30, 2024	Three months ended June 30, 2023
Profit for the period attributable to shareholders of the Company (₹ crore)	12,040	11,074
Weighted average number of equity shares	361,80,87,518	365,90,51,373
Basic and diluted earnings per share (₹)	33.28	30.26
Face value per equity share (₹)	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) Consumer Business, 4) Communication, Media and Technology, 5) Life Sciences and Healthcare and 6) Others such as Energy, Resources and Utilities, 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. 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 three months ended June 30,2024 and 2023, is as follows:

Three months ended June 30, 2024							**(₹ crore)**
	Banking, Financial Services and Insurance	**Manufacturing**	**Consumer Business**	**Communication, Media and Technology**	**Life Sciences and Healthcare**	**Others**	**Total**
Revenue from operations	**23,074**	**6,271**	**9,991**	**10,794**	**6,909**	**5,574**	**62,613**
Segment result	**6,011**	**2,090**	**2,627**	**2,459**	**2,092**	**1,383**	**16,662**
Total unallocable expenses							1,393
Operating income							**15,269**
Other income							962
Profit before tax							**16,231**
Tax expense							4,126
Profit for the period							**12,105**

Three months ended June 30, 2023 (₹ crore)

	Banking, Financial Services and Insurance	Manufacturing	Consumer Business	Communication, Media and Technology	Life Sciences and Healthcare	Others	Total
Revenue from operations	**22,662**	**5,636**	**9,876**	**9,596**	**6,636**	**4,975**	**59,381**
Segment result	**5,457**	**1,619**	**2,467**	**2,677**	**1,781**	**997**	**14,998**
Total unallocable expenses							1,406
Operating income							**13,592**
Other income							1,397
Profit before tax							**14,989**
Tax expense							3,869
Profit for the period							**11,120**

Information regarding geographical revenue is as follows:

(₹ crore)

	Three months ended June 30, 2024	Three months ended June 30, 2023
Americas		
North America	30,963	30,890
Latin America	1,209	1,163
Europe		
United Kingdom	10,556	9,756
Continental Europe	8,996	8,870
Asia Pacific	4,921	4,638
India	4,668	2,885
Middle East and Africa	1,300	1,179
	62,613	**59,381**

Geographical revenue is allocated based on the location of the customers.

19) Commitments and contingencies

Capital commitments

The Group has contractually committed (net of advances) ₹2,154 crore and ₹2,032 crore as at June 30, 2024 and March 31, 2024, respectively, for purchase of property, plant and equipment.

Contingencies

- **Direct tax matters**

Refer note 16.

- **Indirect tax matters**

The Company and its subsidiaries have ongoing disputes with tax authorities mainly relating to treatment of characterisation and classification of certain items. The Company and its subsidiaries have demands amounting to ₹1,149 crore and ₹1,161 crore as at June 30, 2024 and March 31, 2024, 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 ₹221 crore and ₹226 crore as at June 30, 2024 and March 31, 2024, respectively, against the Group have not been acknowledged as debts.

➢ In April 2019, Computer Sciences Corporation (referred to as CSC) filed a legal claim against the Company in the Court of Northern District of Texas and Dallas Division (trial court) alleging misappropriation of trade secrets and other CSC's confidential information and sought preliminary and permanent injunctive relief, and unspecified monetary damages and disgorgement of profits.

A trial before an advisory jury was held and on November 17, 2023, the jury returned an advisory verdict in favour of CSC, finding that the Company misappropriated CSC's trade secrets and recommended compensation of US $70 million (equivalent to ₹584 crore) and a further punitive damage of US $140 million (equivalent to ₹1,168 crore) to be paid by the Company to CSC. Subsequently, the parties filed their respective written submissions in the matter. On June 13, 2024, the trial court passed a judgement as follows:

1. The Court ordered that the Company is liable to CSC for US $56 million (equivalent to ₹467 crore) in compensatory damages and US $112 million (equivalent to ₹935 crore) in exemplary damages.
2. The Court also assessed that the Company is liable for US $25 million (equivalent to ₹209 crore) in prejudgment interest through June 13, 2024.
3. The Court also passed certain injunction and other reliefs against the Company.

The Company, based on external opinion and legal assessment, believes that it has a strong case and would defend its position vigorously and pursue legal remedies to overturn the adverse judgement of the trial court.

➢ 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 alleging unauthorised access to and download of their confidential information and use thereof in the development of the Company's product MedMantra. Pursuant to unfavourable judgment from the District Court and Appeals Court which awarded US $140 million as compensatory damages and US $140 million as punitive damages, Epic invoked payment of US $140 million out of US $440 million Letter of Credit provided as security, towards compensatory damages in April 2022. The Company's petition to the Supreme Court to review the entire judgement including both the compensatory and punitive damages re-affirmed by the Appeals Court was rejected by the Supreme Court on November 20, 2023, pursuant to which, punitive damages of US $140 million was paid on December 1, 2023. The Company provided the balance punitive damages amount of US $115 million (equivalent to ₹958 crore) in its financial statements for the year ended March 31, 2024 and disclosed the same as an "exceptional item" in the consolidated statement of profit and loss.

- **Letter of comfort**

The Company has given letter of comfort to banks for credit facilities availed by its subsidiaries. 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) Related party transactions

The Company paid an amount of ₹7,267 crore to Tata Sons Private Limited, the holding company, towards final dividend for the year ended March 31, 2024, as approved by the shareholders in the Annual General Meeting.

Pursuant to contract for procurement of hardware, software and services, outstanding advances paid to Tejas Networks Limited, a subsidiary of Tata Sons Private Limited, as on June 30, 2024 is ₹960 crore.

Other than above, the Group does not have any material related party transactions during the period and outstanding balances as on date.

21) The Board of Directors approved post-employment benefits, payable to the retiring COO and Executive Director, which has been actuarially valued. Accordingly, the Company has recorded an expense of ₹22 crore during three months ended June 30, 2024.

22) The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment had released draft rules for the Code on Social Security, 2020 on November 13, 2020. The Company and its Indian subsidiaries will assess the impact and its evaluation once the subject rules are notified. The Company and its Indian subsidiaries will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

23) Dividend

The Board of Directors at its meeting held on July 11, 2024 has declared an interim dividend of ₹10.00 per equity share.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's registration no: 101248W/W-100022

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai, July 11, 2024

For and on behalf of the Board

K Krithivasan
CEO and Managing Director
DIN: 10106739

Aarthi Subramanian
Director
DIN: 07121802

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, July 11, 2024