

TATA CONSULTANCY SERVICES LIMITED
Condensed Standalone Interim Balance Sheet

		(₹ crore)	
	Note	As at September 30, 2023	As at March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	8(a)	8,485	9,186
Capital work-in-progress	8(a)	1,277	1,103
Right-of-use assets	7	5,836	5,695
Intangible assets	8(b)	609	809
Financial assets			
Investments	6(a)	2,405	2,405
Trade receivables			
Billed	6(b)	126	125
Unbilled		48	196
Loans	6(e)	3	3
Other financial assets	6(f)	553	532
Income tax assets (net)		1,287	2,115
Deferred tax assets (net)		2,550	2,464
Other assets	8(c)	2,852	2,410
Total non-current assets		26,031	27,043
Current assets			
Inventories	8(d)	27	27
Financial assets			
Investments	6(a)	41,774	35,738
Trade receivables			
Billed	6(b)	37,493	35,534
Unbilled		7,238	7,264
Cash and cash equivalents	6(c)	2,301	1,462
Other balances with banks	6(d)	5,382	3,081
Loans	6(e)	288	332
Other financial assets	6(f)	1,501	1,557
Income tax assets (net)		385	-
Other assets	8(c)	8,639	7,789
Total current assets		1,05,028	92,784
TOTAL ASSETS		1,31,059	1,19,827
EQUITY AND LIABILITIES			
Equity			
Share capital	6(k)	366	366
Other equity		83,560	74,172
Total equity		83,926	74,538
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities		4,800	4,698
Other financial liabilities	6(g)	325	340
Employee benefit obligations	11	147	95
Deferred tax liabilities (net)		236	190
Unearned and deferred revenue		220	642
Total non-current liabilities		5,728	5,965
Current liabilities			
Financial liabilities			
Lease liabilities		997	961
Trade payables			
Dues of small enterprises and micro enterprises		102	-
Dues of creditors other than small enterprises and micro enterprises		14,230	13,768
Other financial liabilities	6(g)	5,560	6,948
Unearned and deferred revenue		2,593	2,962
Other liabilities	8(e)	4,709	3,113
Provisions	8(f)	284	279
Employee benefit obligations	11	3,278	3,022
Income tax liabilities (net)		9,652	8,271
Total current liabilities		41,405	39,324
TOTAL EQUITY AND LIABILITIES		1,31,059	1,19,827

NOTES FORMING PART OF CONDENSED STANDALONE 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

N Ganapathy Subramaniam
COO and Executive Director

Amit Somani
Partner
Membership No: 060154
Mumbai, October 11, 2023

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, October 11, 2023

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

		(₹ crore)			
	Note	Three month period ended September 30, 2023	Three month period ended September 30, 2022	Six month period ended September 30, 2023	Six month period ended September 30, 2022
Revenue from operations	9	50,165	46,819	1,00,027	91,299
Other income	10	1,755	1,622	3,658	2,337
TOTAL INCOME		51,920	48,441	1,03,685	93,636
Expenses					
Employee benefit expenses	11	26,018	23,511	51,997	46,482
Cost of equipment and software licences	12(a)	370	314	743	433
Finance costs	13	134	125	272	309
Depreciation and amortisation expense		979	976	1,948	1,936
Other expenses	12(b)	9,975	10,212	20,349	19,773
TOTAL EXPENSES		37,476	35,138	75,309	68,933
PROFIT BEFORE TAX		14,444	13,303	28,376	24,703
Tax expense					
Current tax		3,501	3,171	6,990	6,049
Deferred tax		14	73	(27)	7
TOTAL TAX EXPENSE		3,515	3,244	6,963	6,056
PROFIT FOR THE PERIOD		10,929	10,059	21,413	18,647
OTHER COMPREHENSIVE INCOME (OCI)					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined employee benefit plans		22	88	(13)	1
Income tax on items that will not be reclassified subsequently to profit or loss		(5)	(20)	3	-
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		(171)	(91)	(25)	(776)
Net change in intrinsic value of derivatives designated as cash flow hedges		64	81	74	120
Net change in time value of derivatives designated as cash flow hedges		(11)	51	(2)	48
Income tax on items that will be reclassified subsequently to profit or loss		33	1	13	232
TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)		(68)	110	50	(375)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		10,861	10,169	21,463	18,272
Earnings per equity share:- Basic and diluted (₹)	15	29.87	27.49	58.52	50.96
Weighted average number of equity shares		365,90,51,373	365,90,51,373	365,90,51,373	365,90,51,373

NOTES FORMING PART OF CONDENSED STANDALONE INTERIM FINANCIAL STATEMENTS

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Amit Somani
Partner
Membership No: 060154
Mumbai, October 11, 2023

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, October 11, 2023

TATA CONSULTANCY SERVICES LIMITED
Condensed Standalone Interim Statement of Changes in Equity

A. EQUITY SHARE CAPITAL

(₹ 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 September 30, 2023
366	-	366	-	366

(₹ crore)

Balance as at April 1, 2022	Changes in equity share capital due to prior period errors	Restated balance as at April 1, 2022	Changes in equity share capital during the period	Balance as at September 30, 2022
366	-	366	-	366

TATA CONSULTANCY SERVICES LIMITED
Condensed Standalone Interim Statement of Changes in Equity

B. OTHER EQUITY

OTHER EQUITY	(₹ crore)							
	Reserves and surplus				Items of other comprehensive income		Total Equity	
	Capital reserve*	Capital redemption reserve	Special Economic Zone re-investment reserve	Retained earnings	Investment revaluation reserve	Cash flow hedging reserve		
						Intrinsic value		Time value
Balance as at April 1, 2023	-	17	11,809	62,228	138	8	(28)	74,172
Profit for the period	-	-	-	21,413	-	-	-	21,413
Other comprehensive income / (losses)	-	-	-	(10)	5	57	(2)	50
Total comprehensive income	-	-	-	21,403	5	57	(2)	21,463
Dividend	-	-	-	(12,075)	-	-	-	(12,075)
Transfer to Special Economic Zone re-investment reserve	-	-	4,848	(4,848)	-	-	-	-
Transfer from Special Economic Zone re-investment reserve	-	-	(2,449)	2,449	-	-	-	-
Balance as at September 30, 2023	-	17	14,208	69,157	143	65	(30)	83,560
Balance as at April 1, 2022	-	17	7,287	68,949	580	27	(53)	76,807
Profit for the period	-	-	-	18,647	-	-	-	18,647
Other comprehensive income / (losses)	-	-	-	1	(505)	92	37	(375)
Total comprehensive income	-	-	-	18,648	(505)	92	37	18,272
Dividend	-	-	-	(10,977)	-	-	-	(10,977)
Transfer to Special Economic Zone re-investment reserve	-	-	4,152	(4,152)	-	-	-	-
Transfer from Special Economic Zone re-investment reserve	-	-	(2,736)	2,736	-	-	-	-
Balance as at September 30, 2022	-	17	8,703	75,204	75	119	(16)	84,102

*Represents values less than ₹0.50 crore.

Loss of ₹10 crore and gain of ₹1 crore on remeasurement of defined employee benefit plans (net of tax) is recognised as a part of retained earnings for six month periods ended September 30, 2023 and 2022, respectively.

TATA CONSULTANCY SERVICES LIMITED
Condensed Standalone Interim Statement of Changes in Equity

Nature and purpose of reserves

(a) Capital reserve

The Company recognises profit and loss on purchase, sale, issue or cancellation of the Company'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 Company 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 Company as on the balance sheet date.

(e) 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 profit and loss respectively, when such instruments are disposed.

(f) Cash flow hedging reserve

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

NOTES FORMING PART OF CONDENSED STANDALONE INTERIM FINANCIAL STATEMENTS

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For **B S R & Co. LLP**
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Mumbai, October 11, 2023

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, October 11, 2023

TATA CONSULTANCY SERVICES LIMITED
Condensed Standalone Interim Statement of Cash Flows

	(₹ crore)	
	Six month period ended September 30, 2023	Six month period ended September 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	21,413	18,647
Adjustments for:		
Depreciation and amortisation expense	1,948	1,936
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	38	22
Tax expense	6,963	6,056
Unrealised foreign exchange (gain) / loss	10	(18)
Net gain on disposal of property, plant and equipment	(2)	(7)
Net gain on disposal / fair valuation of investments	(125)	(77)
Interest income	(1,890)	(1,347)
Dividend income (including exchange impact)	(1,447)	(914)
Finance costs	272	309
Operating profit before working capital changes	27,180	24,607
Net change in		
Inventories	-	(13)
Trade receivables		
Billed	(1,994)	(2,935)
Unbilled	174	(1,032)
Loans and other financial assets	109	(169)
Other assets	(1,241)	44
Trade payables	564	3,103
Unearned and deferred revenue	(791)	(87)
Other financial liabilities	(1,494)	9
Other liabilities and provisions	1,907	(216)
Cash generated from operations	24,414	23,311
Taxes paid (net of refunds)	(4,793)	(5,101)
Net cash generated from operating activities	19,621	18,210
CASH FLOWS FROM INVESTING ACTIVITIES		
Bank deposits placed	(3,577)	(700)
Inter-corporate deposits placed	-	(4,780)
Purchase of investments	(59,091)	(56,217)
Payment for purchase of property, plant and equipment	(599)	(1,094)
Payment including advances for acquiring right-of-use assets	(14)	(2)
Payment for purchase of intangible assets	(48)	(35)
Proceeds from bank deposits	1,277	5,330
Proceeds from inter-corporate deposits	-	2,886
Proceeds from disposal / redemption of investments	53,273	43,445
Proceeds from sub-lease receivable	5	2
Proceeds from disposal of property, plant and equipment	5	7
Interest received	1,173	1,204
Dividend received from subsidiaries	1,694	914
Net cash used in investing activities	(5,902)	(9,040)

TATA CONSULTANCY SERVICES LIMITED
Condensed Standalone Interim Statement of Cash Flows

	(₹ crore)	
	Six month period ended September 30, 2023	Six month period ended September 30, 2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(530)	(528)
Interest paid	(264)	(292)
Dividend paid	(12,075)	(10,977)
Transfer of funds from buy-back escrow account	-	18
Tax on buy-back of equity shares	-	(4,192)
Net cash used in financing activities	(12,869)	(15,971)
Net change in cash and cash equivalents	850	(6,801)
Cash and cash equivalents at the beginning of the period	1,462	8,197
Exchange difference on translation of foreign currency cash and cash equivalents	(11)	(16)
Cash and cash equivalents at the end of the period	2,301	1,380
<u>Components of cash and cash equivalents</u>		
Balances with banks		
In current accounts	999	710
In deposit accounts	1,302	670
Cheques on hand	-*	-*
Cash on hand	-*	-*
Remittances in transit	-	-*
	2,301	1,380

*Represents values less than ₹0.50 crore.

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Mumbai, October 11, 2023

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of condensed standalone interim financial statements

1) Corporate information

Tata Consultancy Services Limited (referred to as “TCS Limited” or “the Company”) provides IT services, consulting and business solutions and has been partnering with many of the world’s largest businesses in their transformation journeys. The Company offers a consulting-led, cognitive powered, integrated portfolio of IT, business and engineering services and solutions. This is delivered through its unique Location-Independent Agile delivery model recognised as a benchmark of excellence in software development.

The Company is a public limited company incorporated and domiciled in India. The address of its corporate office is TCS House, Raveline Street, Fort, Mumbai - 400001. As at September 30, 2023, Tata Sons Private Limited, the holding company owned 72.27% of the Company’s equity share capital.

The Board of Directors approved the condensed standalone interim financial statements for six month period ended September 30, 2023 and authorised for issue on October 11, 2023.

2) Statement of compliance

These condensed standalone interim financial statements have been prepared in accordance with the Indian Accounting Standard (referred to as “Ind AS”) 34 Interim Financial Reporting 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 Company’s financial position and performance since the last annual financial statements, wherever applicable.

3) Basis of preparation

These condensed standalone 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 Company’s normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows 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 Company are segregated. The Company 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.

These condensed standalone interim financial statements have been prepared in Indian Rupee (₹) which is the functional currency of the Company. 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 standalone interim financial statements have been discussed in the respective notes.

4) Use of estimates and judgements

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

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of condensed standalone interim financial statements

The Company uses the following critical accounting estimates in preparation of its condensed standalone interim financial statements:

(a) Revenue recognition

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

(b) Useful lives of property, plant and equipment

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

(c) Impairment of investments in subsidiaries

The Company reviews its carrying value of investments carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the statement of profit and loss.

(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 and judgements, 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).

(f) Provision for income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company 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 Company 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 Company uses significant judgements to assess contingent liabilities. Contingent liabilities are recognised when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the condensed standalone interim financial statements.

(h) Employee benefits

The accounting of employee benefit plans in the nature of defined benefit, explained under employee benefits note, requires the Company to use estimates and judgements.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of condensed standalone interim financial statements

(i) Leases

The Company 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 Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company 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 Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company 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 Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company 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.

5) 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 six month period ended September 30, 2023, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

6) Financial assets, financial liabilities and equity instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value, 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 Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

Cash and cash equivalents

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

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of condensed standalone interim financial statements

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.

Investment in subsidiaries

Investment in subsidiaries are measured at cost less impairment loss, if any.

Financial liabilities

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

Equity instruments

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

Derivative accounting

• **Instruments in hedging relationship**

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

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

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

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

The Company separates the intrinsic value and time value of an option and designates as hedging instruments only the change in intrinsic value of the option. The change in fair value of the 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 the 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 Company 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.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of condensed standalone interim financial statements

Impairment of financial assets (other than at fair value)

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

(a) Investments

Investments consist of the following:

Investments – Non-current

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Investment in subsidiaries		
Fully paid equity shares (unquoted)	2,405	2,405
Investments designated at fair value through OCI		
Fully paid equity shares (unquoted)		
Taj Air Limited	19	19
Less: Impairment in value of investments	(19)	(19)
	2,405	2,405

Investments – Current

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Investments carried at fair value through profit or loss		
Mutual fund units (quoted)	3,911	1,147
Investments carried at fair value through OCI		
Government bonds and securities (quoted)	25,790	26,128
Corporate bonds (quoted)	4,999	3,110
Investments carried at amortised cost		
Certificate of deposits (quoted)	2,667	2,955
Commercial papers (quoted)	4,407	2,398
	41,774	35,738

Government bonds and securities includes bonds pledged with bank for credit facility amounting to ₹1,650 crore and ₹1,650 crore as at September 30, 2023 and March 31, 2023, respectively.

Aggregate value of quoted and unquoted investments is as follows:

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Aggregate value of quoted investments	41,774	35,738
Aggregate value of unquoted investments (net of impairment)	2,405	2,405
Aggregate market value of quoted investments	41,774	35,736
Aggregate value of impairment of investments	19	19

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Notes forming part of condensed standalone interim financial statements

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

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Certificate of deposits	2,667	2,951
Commercial papers	4,407	2,400

Carrying value of investment in equity instruments is as follows:

					(₹ crore)
In Numbers	Currency	Face value per share	Investment in subsidiaries	As at September 30, 2023	As at March 31, 2023
Fully paid equity shares (unquoted)					
212,27,83,424	UYU	1	TCS Iberoamerica SA	461	461
15,75,300	INR	10	APTOnline Limited	-	-
1,300	EUR	-	Tata Consultancy Services Belgium	1	1
66,000	EUR	1,000	Tata Consultancy Services Netherlands BV	403	403
1,000	SEK	100	Tata Consultancy Services Sverige AB	19	19
1	EUR	-	Tata Consultancy Services Deutschland GmbH	2	2
20,000	USD	10	Tata America International Corporation	453	453
75,82,820	SGD	1	Tata Consultancy Services Asia Pacific Pte Ltd.	19	19
3,72,58,815	AUD	1	TCS FNS Pty Limited	212	212
10,00,001	GBP	1	Diligenta Limited	429	429
1,000	USD	-	Tata Consultancy Services Canada Inc.	_*	_*
100	CAD	70,653.61	Tata Consultancy Services Canada Inc.	31	31
51,00,000	INR	10	C-Edge Technologies Limited	5	5
8,90,000	INR	10	MP Online Limited	1	1
1,40,00,000	ZAR	1	Tata Consultancy Services (Africa) (PTY) Ltd.	66	66
18,89,005	INR	10	MahaOnline Limited	2	2
-	QAR	-	Tata Consultancy Services Qatar L.L.C.	2	2
10,00,000	INR	100	TCS e-Serve International Limited	10	10
1,00,500	GBP	0.00001	Tata Consultancy Services UK Limited	66	66
2,50,00,000	EUR	1	Tata Consultancy Services Ireland Limited	224	224
10,00,000	INR	10	TCS Foundation	-	-
				2,405	2,405

					(₹ crore)
In Numbers	Currency	Face value per share	Equity instruments designated at fair value through OCI	As at September 30, 2023	As at March 31, 2023
Fully paid equity shares (unquoted)					
1,90,00,000	INR	10	Taj Air Limited	19	19
Less : Impairment in value of investments				(19)	(19)
				-	-

*Represents value less than ₹0.50 crore.

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(b) Trade receivables - Billed

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

Trade receivables - Billed – Non-current

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Trade receivables - Billed	806	771
Less: Allowance for doubtful trade receivables - Billed	(680)	(646)
Considered good	126	125

Trade receivables - Billed – Current

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Trade receivables - Billed	37,796	35,731
Less: Allowance for doubtful trade receivables - Billed	(315)	(275)
Considered good	37,481	35,456
Trade receivables - Billed	152	256
Less: Allowance for doubtful trade receivables - Billed	(140)	(178)
Credit impaired	12	78
	37,493	35,534

(c) Cash and cash equivalents

Cash and cash equivalents consist of the following:

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Balances with banks		
In current accounts	999	776
In deposit accounts	1,302	686
Cheques on hand	_*	_*
Cash on hand	_*	_*
Remittances in transit	-	_*
	2,301	1,462

*Represents value less than ₹0.50 crore.

(d) Other balances with banks

Other balances with banks consist of the following:

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Earmarked balances with banks	204	653
Short-term bank deposits	5,178	2,428
	5,382	3,081

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

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(e) Loans

Loans (unsecured) consist of the following:

Loans – Non-current

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Considered good		
Loans and advances to employees	3	3
	3	3

Loans – Current

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Considered good		
Loans and advances to employees	288	332
Credit impaired		
Loans and advances to employees	34	31
Less: Allowance on loans and advances to employees	(34)	(31)
	288	332

(f) Other financial assets

Other financial assets consist of the following:

Other financial assets – Non-current

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Security deposits	535	508
Others	18	24
	553	532

Other financial assets – Current

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Security deposits	275	296
Fair value of foreign exchange derivative assets	264	190
Interest receivable	835	624
Others	127	447
	1,501	1,557

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(g) Other financial liabilities

Other financial liabilities consist of the following:

Other financial liabilities – Non-current

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Capital creditors	96	111
Others	229	229
	325	340

Others include advance taxes paid of ₹226 crore and ₹226 crore as at September 30, 2023 and March 31, 2023, 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

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Accrued payroll	3,293	4,970
Unclaimed dividends	52	51
Fair value of foreign exchange derivative liabilities	70	141
Capital creditors	731	635
Liabilities towards customer contracts	1,280	1,075
Others	134	76
	5,560	6,948

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(h) Financial instruments by category

The carrying value of financial instruments by categories as at September 30, 2023 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	-	-	-	-	2,301	2,301
Bank deposits	-	-	-	-	5,178	5,178
Earmarked balances with banks	-	-	-	-	204	204
Investments (other than in subsidiary)	3,911	30,789	-	-	7,074	41,774
Trade receivables						
Billed	-	-	-	-	37,619	37,619
Unbilled	-	-	-	-	7,286	7,286
Loans	-	-	-	-	291	291
Other financial assets	-	-	110	154	1,790	2,054
	3,911	30,789	110	154	61,743	96,707
Financial liabilities						
Trade payables	-	-	-	-	14,332	14,332
Lease liabilities	-	-	-	-	5,797	5,797
Other financial liabilities	-	-	-	70	5,815	5,885
	-	-	-	70	25,944	26,014

The carrying value of financial instruments by categories as at March 31, 2023 is as follows:

	(₹ crore)					
	Fair value through profit or loss	Fair value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total carrying value
Financial assets						
Cash and cash equivalents	-	-	-	-	1,462	1,462
Bank deposits	-	-	-	-	2,428	2,428
Earmarked balances with banks	-	-	-	-	653	653
Investments (other than in subsidiary)	1,147	29,238	-	-	5,353	35,738
Trade receivables						
Billed	-	-	-	-	35,659	35,659
Unbilled	-	-	-	-	7,460	7,460
Loans	-	-	-	-	335	335
Other financial assets	-	-	37	153	1,899	2,089
	1,147	29,238	37	153	55,249	85,824
Financial liabilities						
Trade payables	-	-	-	-	13,768	13,768
Lease liabilities	-	-	-	-	5,659	5,659
Other financial liabilities	-	-	-	141	7,147	7,288
	-	-	-	141	26,574	26,715

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Carrying amounts of cash and cash equivalents, trade receivables, loans and trade payables as at September 30, 2023 and March 31, 2023, 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 ₹7,074 crore and ₹5,351 crore as at September 30, 2023 and March 31, 2023, 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 September 30, 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual fund units	3,911	-	-	3,911
Government bonds and securities	25,790	-	-	25,790
Corporate bonds	4,999	-	-	4,999
Certificate of deposits	2,667	-	-	2,667
Commercial papers	4,407	-	-	4,407
Fair value of foreign exchange derivative assets	-	264	-	264
	41,774	264	-	42,038
Financial liabilities				
Fair value of foreign exchange derivative liabilities	-	70	-	70
	-	70	-	70

	(₹ crore)			
As at March 31, 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual fund units	1,147	-	-	1,147
Government bonds and securities	26,128	-	-	26,128
Corporate bonds	3,110	-	-	3,110
Certificate of deposits	2,951	-	-	2,951
Commercial papers	2,400	-	-	2,400
Fair value of foreign exchange derivative assets	-	190	-	190
	35,736	190	-	35,926
Financial liabilities				
Fair value of foreign exchange derivative liabilities	-	141	-	141
	-	141	-	141

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(j) Derivative financial instruments and hedging activity

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

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

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

Foreign currency	As at September 30, 2023			As at March 31, 2023		
	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	12	300	7	8	225	13
Great Britain Pound	29	210	63	22	200	14
Euro	30	215	40	22	203	10

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

	(₹ crore)			
	Six month period ended September 30, 2023		Year ended March 31, 2023	
	Intrinsic value	Time value	Intrinsic value	Time value
Balance at the beginning of the period	8	(28)	27	(53)
(Gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	(66)	117	(376)	488
Deferred tax on (gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	15	(26)	90	(144)
Change in the fair value of effective portion of cash flow hedges	140	(119)	351	(456)
Deferred tax on change in the fair value of effective portion of cash flow hedges	(32)	26	(84)	137
Balance at the end of the period	65	(30)	8	(28)

The Company has entered into derivative instruments not in hedging relationship by way of foreign exchange forward, currency options and futures contracts. As at September 30, 2023 and March 31, 2023, the notional amount of outstanding contracts aggregated to ₹45,591 crore and ₹46,102 crore, respectively, and the respective fair value of these contracts have a net gain of ₹84 crore and ₹12 crore.

Exchange loss of ₹58 crore and loss of ₹184 crore on foreign exchange forward, currency options and futures contracts that do not qualify for hedge accounting have been recognised in the condensed standalone interim statement of profit and loss for three month periods ended September 30, 2023 and 2022, respectively.

Exchange gain of ₹130 crore and loss of ₹586 crore on foreign exchange forward, currency options and futures contracts that do not qualify for hedge accounting have been recognised in the condensed standalone interim statement of profit and loss for six month periods ended September 30, 2023 and 2022, respectively.

Net foreign exchange gain / (loss) include loss of ₹10 crore and gain of ₹160 crore transferred from cash flow hedging reserve for three month periods ended September 30, 2023 and 2022, respectively.

Net foreign exchange gain / (loss) include loss of ₹51 crore and gain of ₹216 crore transferred from cash flow hedging reserve for six month periods ended September 30, 2023 and 2022, respectively.

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(k) Equity instruments

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

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Authorised		
460,05,00,000 equity shares of ₹1 each (March 31, 2023: 460,05,00,000 equity shares of ₹1 each)	460	460
105,02,50,000 preference shares of ₹1 each (March 31, 2023: 105,02,50,000 preference shares of ₹1 each)	105	105
	565	565
Issued, Subscribed and Fully paid up		
365,90,51,373 equity shares of ₹1 each (March 31, 2023: 365,90,51,373 equity shares of ₹1 each)	366	366
	366	366

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.

7) 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.

Company as a lessee

The Company 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 Company 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 Company 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 Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, 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 Company 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 Company 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

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right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company 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.

Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company 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 Company 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 Company 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 Company 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 Company is as follows:

	(₹ crore)	
	Additions for six month period ended September 30, 2023	Net carrying amount as at September 30, 2023
Leasehold land	-*	934
Buildings	705	4,780
Leasehold improvement	1	2
Computer equipment	-	41
Software licences	-	78
Vehicles	1	1
	707	5,836

*Represents value less than ₹0.50 crore.

	(₹ crore)	
	Additions for the year ended March 31, 2023	Net carrying amount as at March 31, 2023
Leasehold land	179	940
Buildings	799	4,608
Leasehold improvement	-	2
Computer equipment	-	49
Software licences	-	96
Vehicles	-	-*
	978	5,695

*Represents value less than ₹0.50 crore.

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

	(₹ crore)			
	Three month period ended September 30, 2023	Three month period ended September 30, 2022	Six month period ended September 30, 2023	Six month period ended September 30, 2022
Leasehold land	3	3	6	5
Buildings	271	260	533	516
Leasehold improvement	1	—*	1	1
Computer equipment	4	4	8	8
Software licences	9	9	18	18
Vehicles	—*	—*	—*	—*
	288	276	566	548

*Represents value less than ₹0.50 crore.

Interest on lease liabilities is ₹108 crore and ₹104 crore for three month periods ended September 30, 2023 and 2022, respectively.

Interest on lease liabilities is ₹216 crore and ₹209 crore for six month periods ended September 30, 2023 and 2022, respectively.

8) 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 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

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.

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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, 2023	323	7,966	1,925	808	10,947	40	2,492	1,926	1,553	27,980
Additions	-	48	17	17	283	2	45	13	26	451
Disposals	-	-	(50)	(1)	(86)	(3)	(16)	(24)	(4)	(184)
Cost as at September 30, 2023	323	8,014	1,892	824	11,144	39	2,521	1,915	1,575	28,247
Accumulated depreciation as at April 1, 2023	-	(3,675)	(1,340)	(444)	(8,179)	(34)	(2,217)	(1,488)	(1,417)	(18,794)
Depreciation	-	(202)	(58)	(41)	(679)	(2)	(74)	(60)	(33)	(1,149)
Disposals	-	-	50	1	85	3	16	22	4	181
Accumulated depreciation as at September 30, 2023	-	(3,877)	(1,348)	(484)	(8,773)	(33)	(2,275)	(1,526)	(1,446)	(19,762)
Net carrying amount as at September 30, 2023	323	4,137	544	340	2,371	6	246	389	129	8,485
Capital work-in-progress*										1,277
Total										9,762

*₹451 crore has been capitalised and transferred to property, plant and equipment during six month period ended September 30, 2023.

	(₹ 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, 2022	323	7,737	1,885	752	9,925	35	2,395	1,872	1,512	26,436
Additions	-	234	48	56	1,291	8	151	63	53	1,904
Disposals	-	(5)	(8)	-	(269)	(3)	(54)	(9)	(12)	(360)
Cost as at March 31, 2023	323	7,966	1,925	808	10,947	40	2,492	1,926	1,553	27,980
Accumulated depreciation as at April 1, 2022	-	(3,286)	(1,221)	(366)	(7,061)	(33)	(2,085)	(1,367)	(1,348)	(16,767)
Depreciation	-	(393)	(127)	(78)	(1,386)	(4)	(186)	(130)	(81)	(2,385)
Disposals	-	4	8	-	268	3	54	9	12	358
Accumulated depreciation as at March 31, 2023	-	(3,675)	(1,340)	(444)	(8,179)	(34)	(2,217)	(1,488)	(1,417)	(18,794)
Net carrying amount as at March 31, 2023	323	4,291	585	364	2,768	6	275	438	136	9,186
Capital work-in-progress*										1,103
Total										10,289

*₹1,904 crore has been capitalised and transferred to property, plant and equipment during the year ended March 31, 2023.

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(b) Intangible assets

Intangible assets purchased 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 which are amortised over licence period which equates the economic useful life ranging between 2-5 years 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
Cost as at April 1, 2023	1,727
Additions	33
Disposals / Derecognised	(14)
Cost as at September 30, 2023	1,746
Accumulated amortisation as at April 1, 2023	(918)
Amortisation	(233)
Disposals / Derecognised	14
Accumulated amortisation as at September 30, 2023	(1,137)
Net carrying amount as at September 30, 2023	609
	(₹ crore)
	Rights under licensing agreement and software licences
Cost as at April 1, 2022	1,530
Additions	247
Disposals / Derecognised	(50)
Cost as at March 31, 2023	1,727
Accumulated amortisation as at April 1, 2022	(512)
Amortisation	(456)
Disposals / Derecognised	50
Accumulated amortisation as at March 31, 2023	(918)
Net carrying amount as at March 31, 2023	809

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of condensed standalone interim financial statements

(c) Other assets

Other assets consist of the following:

Other assets – Non-current

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Considered good		
Capital advances	79	67
Advances to related parties	111	63
Contract assets	130	153
Prepaid expenses	2,219	1,907
Contract fulfillment costs	131	33
Others	182	187
	2,852	2,410
Advances to related parties, considered good, comprise:		
Voltas Limited	-*	-*
Tata Realty and Infrastructure Ltd	-*	-*
Tata Projects Limited	100	54
Titan Engineering and Automation Limited	2	-
Saankhya Labs Private Limited	8	8
Universal MEP Projects & Engineering Services Limited	1	1
Tata Teleservices (Maharashtra) Limited	-*	-

*Represents value less than ₹0.50 crore.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of condensed standalone interim financial statements

Other assets – Current

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Considered good		
Advance to suppliers	32	48
Advance to related parties	784	18
Contract assets	5,086	4,678
Prepaid expenses	784	1,336
Contract fulfillment costs	784	531
Indirect taxes recoverable	858	853
Others	311	325
Considered doubtful		
Advance to suppliers	2	2
Other advances	2	2
Less: Allowance on doubtful assets	(4)	(4)
	8,639	7,789
Advance to related parties, considered good comprise:		
Tata Sons Private Limited	7	7
Tata AIG General Insurance Company Limited	-*	1
Tata Consultancy Services Deutschland GmbH	12	7
Tata Consultancy Services De Mexico S.A., De C.V.	3	2
PT Tata Consultancy Services Indonesia	-*	-
Titan Company Limited	3	1
Tata Consultancy Services (South Africa) (PTY) Ltd.	1	-
Tata Consultancy Services Asia Pacific Pte Ltd.	-*	-
Tata Consultancy Services Do Brasil Ltda	1	-
Tata Consultancy Services Italia s.r.l.	1	-
TCS e-Serve International Limited	-*	-
TCS Financial Solutions Australia Pty Limited	1	-
The Indian Hotels Company Limited	-*	-
Tata Consultancy Services Canada Inc.	-*	-
Tata Consultancy Services Saudi Arabia	5	-
Tejas Networks Limited	750	-

*Represents value less than ₹0.50 crore.

Non-current – Others includes advance of ₹177 crore and ₹177 crore towards acquiring right-of-use of leasehold land as at September 30, 2023 and March 31, 2023, respectively.

(d) Inventories

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

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Inventories consist of the following:

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Raw materials, sub-assemblies and components	27	22
Finished goods and work-in-progress	-*	5
	27	27

*Represents value less than ₹0.50 crore.

(e) Other liabilities

Other liabilities consist of the following:

Other liabilities – Current

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Advance received from customers	2,122	457
Indirect taxes payable and other statutory liabilities	2,260	2,429
Others	327	227
	4,709	3,113

(f) Provisions

Provisions consist of the following:

Provisions – Current

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Provision towards legal claim (Refer note 17)	208	206
Provision for foreseeable loss	73	70
Other provisions	3	3
	284	279

9) Revenue recognition

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

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

- Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight-lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations.
- Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of condensed standalone interim financial statements

customisation services rendered significantly modifies or customises the software, these services and software are accounted for as a single performance obligation and revenue is recognised over time on a POC method.

- Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.
- The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

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

Judgement is also required to determine the transaction price for the contract 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 Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

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

Revenue from subsidiaries is recognised based on transaction price which is at arm's length.

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 Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

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

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

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of condensed standalone interim financial statements

Revenue disaggregation by nature of services is as follows:

	(₹ crore)			
	Three month period ended September 30, 2023	Three month period ended September 30, 2022	Six month period ended September 30, 2023	Six month period ended September 30, 2022
Consultancy services	49,817	46,447	99,227	90,767
Sale of equipment and software licences	348	372	800	532
	50,165	46,819	1,00,027	91,299

Revenue disaggregation by industry vertical is as follows:

	(₹ crore)			
	Three month period ended September 30, 2023	Three month period ended September 30, 2022	Six month period ended September 30, 2023	Six month period ended September 30, 2022
Banking, Financial Services and Insurance	17,902	16,799	35,881	32,835
Manufacturing	4,647	4,144	9,146	8,121
Consumer Business	8,594	8,214	17,313	16,042
Communication, Media and Technology	8,466	8,370	17,031	16,319
Life Sciences and Healthcare	6,026	5,453	12,075	10,621
Others	4,530	3,839	8,581	7,361
	50,165	46,819	1,00,027	91,299

Revenue disaggregation by geography is as follows:

	(₹ crore)			
	Three month period ended September 30, 2023	Three month period ended September 30, 2022	Six month period ended September 30, 2023	Six month period ended September 30, 2022
Americas				
North America	29,007	28,245	57,969	54,562
Latin America	116	91	220	180
Europe				
United Kingdom	8,828	7,286	17,569	14,487
Continental Europe	5,215	4,530	10,359	9,141
Asia Pacific	3,101	2,992	6,167	5,879
India	2,806	2,710	5,579	5,161
Middle East and Africa	1,092	965	2,164	1,889
	50,165	46,819	1,00,027	91,299

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

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of condensed standalone interim financial statements

10) 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 month period ended September 30, 2023	Three month period ended September 30, 2022	Six month period ended September 30, 2023	Six month period ended September 30, 2022
Interest income	771	676	1,890	1,347
Dividend income	910	794	1,455	910
Net gain on disposal / fair valuation of investments carried at fair value through profit or loss	50	54	120	77
Net gain on sale of investments other than equity shares carried at fair value through OCI	-	-	5	-
Net gain on disposal of property, plant and equipment	-	2	2	7
Net foreign exchange gain / (loss)	9	68	148	(53)
Rent income	6	5	12	10
Other income	9	23	26	39
	1,755	1,622	3,658	2,337
Interest income comprise:				
Interest on bank balances and bank deposits	113	19	216	107
Interest on financial assets carried at amortised cost	86	145	184	258
Interest on financial assets carried at fair value through OCI	571	512	1,119	982
Other interest (including interest on tax refunds)	1	-	371	-
Dividend income comprise:				
Dividend from subsidiaries	910	794	1,455	910

11) 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 Company 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 Company provides benefits such as superannuation and foreign defined contribution plans to its employees which are treated as defined contribution plans.

TATA CONSULTANCY SERVICES LIMITED
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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 month period ended September 30, 2023	Three month period ended September 30, 2022	Six month period ended September 30, 2023	Six month period ended September 30, 2022
Salaries, incentives and allowances	23,538	21,327	47,021	42,096
Contributions to provident and other funds	1,750	1,580	3,511	3,143
Staff welfare expenses	730	604	1,465	1,243
	26,018	23,511	51,997	46,482

Employee benefit obligations consist of the following:

Employee benefit obligations – Non-current

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Foreign defined benefit plans	30	28
Other employee benefit obligations	117	67
	147	95

Employee benefit obligations – Current

	(₹ crore)	
	As at September 30, 2023	As at March 31, 2023
Compensated absences	3,245	2,991
Other employee benefit obligations	33	31
	3,278	3,022

12) Cost recognition

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

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

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Notes forming part of condensed standalone interim financial statements

(a) Cost of equipment and software licences

Cost of equipment and software licences consist of the following:

	(₹ crore)			
	Three month period ended September 30, 2023	Three month period ended September 30, 2022	Six month period ended September 30, 2023	Six month period ended September 30, 2022
Raw materials, sub-assemblies and components consumed	14	5	20	8
Equipment and software licences purchased	355	309	718	422
	369	314	738	430
Finished goods and work-in-progress				
Opening stock	1	—*	5	3
Less: Closing stock	—*	—*	—*	—*
	1	—	5	3
	370	314	743	433

*Represents value less than ₹0.50 crore.

(b) Other expenses

Other expenses consist of the following:

	(₹ crore)			
	Three month period ended September 30, 2023	Three month period ended September 30, 2022	Six month period ended September 30, 2023	Six month period ended September 30, 2022
Fees to external consultants	5,922	6,518	12,018	12,543
Facility expenses	628	545	1,248	1,040
Travel expenses	532	501	1,146	940
Communication expenses	366	364	755	700
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	16	14	38	22
Other expenses	2,511	2,270	5,144	4,528
	9,975	10,212	20,349	19,773

Other expenses include ₹1,201 crore and ₹1,064 crore for three month periods ended September 30, 2023 and 2022, respectively, towards sales, marketing and advertisement expenses and ₹702 crore and ₹646 crore for three month periods ended September 30, 2023 and 2022, respectively, towards project expenses.

Other expenses include ₹2,548 crore and ₹2,109 crore for six month periods ended September 30, 2023 and 2022, respectively, towards sales, marketing and advertisement expenses and ₹1,323 crore and ₹1,306 crore for six month periods ended September 30, 2023 and 2022, respectively, towards project expenses.

13) Finance costs

Finance costs consist of the following:

	(₹ crore)			
	Three month period ended September 30, 2023	Three month period ended September 30, 2022	Six month period ended September 30, 2023	Six month period ended September 30, 2022
Interest on lease liabilities	108	104	216	209
Interest on tax matters	—*	—*	10	2
Other interest costs	26	21	46	98
	134	125	272	309

*Represents value less than ₹0.50 crore.

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14) 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 having its branches in India and overseas where it operates. The current tax payable by the Company in India is Indian income tax payable on income after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

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

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

Deferred income taxes

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

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

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

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

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

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

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

Direct tax contingencies

The Company has ongoing disputes with income tax authorities in India and in some of the other jurisdictions where it operates. 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. The Company has recognised contingent liability in respect of tax demands received from direct tax authorities in India and other jurisdictions of ₹1,707 crore and ₹1,471 crore as at September 30, 2023 and March 31, 2023, respectively. These demand orders are being contested by the Company based on the management evaluation and advice of tax consultants. In respect of tax contingencies of ₹318 crore and ₹318 crore as at September 30, 2023 and March 31, 2023, respectively, not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited.

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The Company periodically receives notices and inquiries from income tax authorities related to the Company's operations in the jurisdictions it operates in. The Company has evaluated these notices and inquiries and has concluded that any consequent income tax claims or demands by the income tax authorities will not succeed on ultimate resolution.

15) 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 month period ended September 30, 2023	Three month period ended September 30, 2022	Six month period ended September 30, 2023	Six month period ended September 30, 2022
Profit for the period (₹ crore)	10,929	10,059	21,413	18,647
Weighted average number of equity shares	365,90,51,373	365,90,51,373	365,90,51,373	365,90,51,373
Basic and diluted earnings per share (₹)	29.87	27.49	58.52	50.96
Face value per equity share (₹)	1	1	1	1

16) Segment information

The Company publishes the condensed standalone interim financial statements of the Company along with the condensed consolidated interim financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the condensed consolidated interim financial statements.

17) Commitments and contingencies

Capital commitments

The Company has contractually committed (net of advances) ₹2,235 crore and ₹1,454 crore as at September 30, 2023 and March 31, 2023, respectively, for purchase of property, plant and equipment.

Contingencies

• **Direct tax matters**

Refer note 14.

• **Indirect tax matters**

The Company has ongoing disputes with tax authorities mainly relating to treatment of characterisation and classification of certain items. The Company has demands amounting to ₹495 crore and ₹498 crore as at September 30, 2023 and March 31, 2023, respectively, from various indirect tax authorities which are being contested by the Company based on the management evaluation and advice of tax consultants.

• **Other claims**

Claims aggregating ₹202 crore and ₹218 crore as at September 30, 2023 and March 31, 2023, respectively, against the Company have not been acknowledged as debts.

In addition to above, in October 2014, Epic Systems Corporation (referred to as Epic) filed a legal claim against the Company in the Court of Western District Madison, Wisconsin alleging unauthorised access to and download of their confidential information and use thereof in the development of the Company's product MedMantra.

Pursuant to an initial unfavourable judgment from the District Court, the Appeals Court re-affirmed the order of compensatory damages of ₹1,163 crore (US \$140 million) and remanded back to the District Court to reassess matter relating to punitive damages (to limit maximum up to ₹1,163 crore (US \$140 million)), the Company has already paid the compensatory damages of ₹1,163 crore (US \$140 million) along with interest in April 2022. The Company's second appeal in the Appeals Court to reduce the punitive damages

TATA CONSULTANCY SERVICES LIMITED
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subsequently affirmed by the District Court was disposed on July 14, 2023, with a re-affirmation of the District Court order awarding punitive damages of ₹1,163 crore (US \$140 million). The Company has already filed a petition to the Supreme Court to review the entire judgement including both the compensatory and punitive damages re-affirmed by the Appeals Court. The Company carries a provision of ₹208 crore (US \$25 million) towards punitive damages.

Letter of Credit provided to Epic towards punitive damages and other incidental charges stands at ₹1,263 crore (US \$152 million).

- **Guarantees and 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 Company has provided guarantees to third parties on behalf of its subsidiaries. The Company does not expect any outflow of resources in respect of the above.

The amounts assessed as contingent liability do not include interest that could be claimed by counter parties.

18) Related party transactions

The Company paid an amount of ₹6,346 crore to Tata Sons Private Limited, the holding company, towards final dividend for the year ended March 31, 2023, as approved by the shareholders in the Annual General Meeting. Additionally, the Company also paid an amount of ₹2,380 crore towards interim dividend for the year ending March 31, 2024 as approved by the Board of Directors at its meeting.

Pursuant to contract for procurement of hardware, software and services, advances of ₹750 crore has been paid to Tejas Networks Limited, a subsidiary of Tata Sons Private Limited, during six month period ended September 30, 2023 and outstanding advances as on September 30, 2023 is ₹750 crore.

Other than above, the Company's material related party transactions during the period and outstanding balances as on date are with its subsidiaries with whom the Company routinely enters into transactions in the ordinary course of business.

- 19)** The Board of Directors approved post-employment benefits, payable to the outgoing CEO and Managing Director, which has been actuarially valued. Accordingly, the Company has recorded an expense of ₹48 crore during three month period ended June 30, 2023.
- 20)** 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 will assess the impact and its evaluation once the subject rules are notified. The Company 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.

TATA CONSULTANCY SERVICES LIMITED
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21) Subsequent events

- (a) The Board of Directors at its meeting held on October 11, 2023, has declared an interim dividend of ₹9.00 per equity share.
- (b) The Board of Directors at its meeting held on October 11, 2023, has approved a proposal to buy-back upto 4,09,63,855 equity shares of the Company for an aggregate amount not exceeding ₹17,000 crore being 1.12% of the total paid up equity share capital at ₹4,150 per equity share subject to approval from shareholders.

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

N Ganapathy Subramaniam
COO and Executive Director

Amit Somani
Partner
Membership No: 060154
Mumbai, October 11, 2023

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, October 11, 2023