TATA CONSULTANCY SERVICES LIMITED

Condensed Consolidated Interim Balance Sheet

	Note	As at June 30, 2023	As at March 31, 2023
			(₹ crore)
ASSETS			
Non-current assets			
Property, plant and equipment	10(a)	9,820	10,230
Capital work-in-progress	10(a)	1,305	1,234
Right-of-use assets	9	7,578	7,560
Goodwill	10(b)	1,853	1,858
Other intangible assets	10(c)	767	867
Financial assets			
Investments	8(a)	297	266
Trade receivables			
Billed	8(b)	119	149
Unbilled		68	199
Loans	8(e)	173	173
Other financial assets	8(f)	2,879	2,149
Income tax assets (net)		1,725	2,583
Deferred tax assets (net)		3,353	3,307
Other assets	10(d)	3,051	2,806
Total non-current assets		**32,988**	**33,381**
Current assets			
Inventories	10(e)	32	28
Financial assets			
Investments	8(a)	38,970	36,897
Trade receivables			
Billed	8(b)	41,473	41,049
Unbilled		8,773	8,905
Cash and cash equivalents	8(c)	15,622	7,123
Other balances with banks	8(d)	3,641	3,909
Loans	8(e)	1,056	1,325
Other financial assets	8(f)	1,138	1,319
Income tax assets (net)		813	8
Other assets	10(d)	9,473	9,707
Total current assets		**1,20,991**	**1,10,270**
TOTAL ASSETS		**1,53,979**	**1,43,651**
EQUITY AND LIABILITIES			
Equity			
Share capital	8(k)	366	366
Other equity		92,476	90,058
Equity attributable to shareholders of the Company		**92,842**	**90,424**
Non-controlling interests		727	782
Total equity		**93,569**	**91,206**
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities		6,228	6,203
Other financial liabilities	8(g)	343	353
Employee benefit obligations	13	604	536
Deferred tax liabilities (net)		874	792
Unearned and deferred revenue		536	1,003
Total non-current liabilities		**8,585**	**8,887**
Current liabilities			
Financial liabilities			
Lease liabilities		1,471	1,485
Trade payables		10,556	10,515
Other financial liabilities	8(g)	14,686	9,068
Unearned and deferred revenue		3,566	3,843
Other liabilities	10(f)	6,083	4,892
Provisions	10(g)	343	345
Employee benefit obligations	13	4,315	4,065
Income tax liabilities (net)		10,805	9,345
Total current liabilities		**51,825**	**43,558**
TOTAL EQUITY AND LIABILITIES		**1,53,979**	**1,43,651**

NOTES FORMING PART OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As per our report of even date attached

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

Amit Somani
Partner
Membership No: 060154

Mumbai, July 12, 2023

For and on behalf of the Board

K Krithivasan
CEO and Managing Director

N Ganapathy Subramaniam
COO and Executive Director

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, July 12, 2023

TATA CONSULTANCY SERVICES LIMITED

Condensed Consolidated Interim Statement of Profit and Loss

	Note	Three month period ended June 30, 2023	Three month period ended June 30, 2022
		(₹ crore)	
Revenue from operations	11	59,381	52,758
Other income	12	1,397	789
TOTAL INCOME		**60,778**	**53,547**
Expenses			
Employee benefit expenses	13	35,148	30,327
Cost of equipment and software licences	14(a)	506	217
Finance costs	15	163	199
Depreciation and amortisation expense		1,243	1,230
Other expenses	14(b)	8,729	8,798
TOTAL EXPENSES		**45,789**	**40,771**
PROFIT BEFORE TAX		**14,989**	**12,776**
Tax expense			
Current tax		3,868	3,287
Deferred tax		1	(30)
TOTAL TAX EXPENSE		**3,869**	**3,257**
PROFIT FOR THE PERIOD		**11,120**	**9,519**
OTHER COMPREHENSIVE INCOME (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined employee benefit plans		14	(87)
Income tax on items that will not be reclassified subsequently to profit or loss		(8)	20
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		146	(685)
Net change in intrinsic value of derivatives designated as cash flow hedges		10	39
Net change in time value of derivatives designated as cash flow hedges		9	(3)
Exchange differences on translation of financial statements of foreign operations		(72)	(241)
Income tax on items that will be reclassified subsequently to profit or loss		(19)	231
TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)		**80**	**(726)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**11,200**	**8,793**
Profit for the period attributable to:			
Shareholders of the Company		11,074	9,478
Non-controlling interests		46	41
		11,120	**9,519**
Other comprehensive income for the period attributable to:			
Shareholders of the Company		126	(693)
Non-controlling interests		(46)	(33)
		80	**(726)**
Total comprehensive income for the period attributable to:			
Shareholders of the Company		11,200	8,785
Non-controlling interests		-	8
		11,200	**8,793**
Earnings per equity share:- Basic and diluted (₹)	17	30.26	25.90
Weighted average number of equity shares		365,90,51,373	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**
Chartered Accountants
Firm's registration no: 101248W/W-100022

K Krithivasan
CEO and Managing Director

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COO and Executive Director

Amit Somani
Partner
Membership No: 060154

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, July 12, 2023

Mumbai, July 12, 2023

TATA CONSULTANCY SERVICES LIMITED

Condensed Consolidated 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 Jun 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 June 30, 2022
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, 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**
Balance as at April 1, 2022	**75**	**440**	**7,287**	**78,158**	**162**	**488**	**27**	**(53)**	**2,189**	**88,773**	**707**	**89,480**
Profit for the period	-	-	-	9,478	-	-	-	-	-	9,478	41	9,519
Other comprehensive income / (losses)	-	-	-	(67)	-	(446)	30	(2)	(208)	(693)	(33)	(726)
Total comprehensive income	**-**	**-**	**-**	**9,411**	**-**	**(446)**	**30**	**(2)**	**(208)**	**8,785**	**8**	**8,793**
Dividend	-	-	-	(8,050)	-	-	-	-	-	(8,050)	(41)	(8,091)
Purchase of non-controlling interests	-	-	-	(8)	-	-	-	-	-	(8)	(17)	(25)
Transfer to Special Economic Zone re-investment reserve	-	-	1,998	(1,998)	-	-	-	-	-	-	-	-
Transfer from Special Economic Zone re-investment reserve	-	-	(1,282)	1,282	-	-	-	-	-	-	-	-
Balance as at June 30, 2022	**75**	**440**	**8,003**	**78,795**	**162**	**42**	**57**	**(55)**	**1,981**	**89,500**	**657**	**90,157**

Gain of ₹6 crore and loss of ₹67 crore on remeasurement of defined employee benefit plans (net of tax) is recognised as a part of retained earnings for three month period ended June 30, 2023 and 2022, respectively.

Total equity (primarily retained earnings) includes ₹1,636 crore and ₹1,776 crore as at June 30, 2023 and 2022, 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 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

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Chartered Accountants
Firm's registration no: 101248W/W-100022

Amit Somani
Partner
Membership No: 060154

Mumbai, July 12, 2023

For and on behalf of the Board

K Krithivasan
CEO and Managing Director

N Ganapathy Subramaniam
COO and Executive Director

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, July 12, 2023

TATA CONSULTANCY SERVICES LIMITED

Condensed Consolidated Interim Statement of Cash Flows

		(₹ crore)
	Three month period ended June 30, 2023	**Three month period ended June 30, 2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	11,120	9,519
Adjustments for:		
Depreciation and amortisation expense	1,243	1,230
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	18	15
Tax expense	3,869	3,257
Unrealised foreign exchange gain	6	(27)
Net gain on disposal of property, plant and equipment	(2)	(5)
Net gain on disposal / fair valuation of investments	(82)	(23)
Interest income	(1,209)	(706)
Dividend income	(8)	(1)
Finance costs	163	199
Operating profit before working capital changes	**15,118**	**13,458**
Net change in		
Inventories	(4)	(5)
Trade receivables		
Billed	(424)	(1,578)
Unbilled	264	(753)
Loans and other financial assets	(25)	(784)
Other assets	7	35
Trade payables	49	2,148
Unearned and deferred revenue	(743)	97
Other financial liabilities	(2,299)	(784)
Other liabilities and provisions	607	590
Cash generated from operations	**12,550**	**12,424**
Taxes paid (net of refunds)	(1,980)	(2,157)
Net cash generated from operating activities	**10,570**	**10,267**
CASH FLOWS FROM INVESTING ACTIVITIES		
Bank deposits placed	(901)	(54)
Inter-corporate deposits placed	-	(4,840)
Purchase of investments#	(31,864)	(21,745)
Payment for purchase of property, plant and equipment	(336)	(726)
Payment including advances for acquiring right-of-use assets	-	(2)
Payment for purchase of intangible assets	(28)	(20)
Proceeds from bank deposits	475	1,554
Proceeds from inter-corporate deposits	298	1,893
Proceeds from disposal / redemption of investments#	30,062	18,832
Proceeds from sub-lease receivable	3	1
Proceeds from disposal of property, plant and equipment	3	6
Interest received	869	705
Dividend received	4	1
Net cash generated from / (used in) investing activities	**(1,415)**	**(4,395)**

TATA CONSULTANCY SERVICES LIMITED

Condensed Consolidated Interim Statement of Cash Flows

	(₹ crore)	
	Three month period ended June 30, 2023	**Three month period ended June 30, 2022**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(415)	(375)
Interest paid	(158)	(191)
Dividend paid	-	(8,050)
Dividend paid to non-controlling interests	(55)	(41)
Transfer of funds from buy-back escrow account	-	18
Tax on buy-back of equity shares	-	(4,192)
Net cash used in financing activities	**(628)**	**(12,831)**
Net change in cash and cash equivalents	**8,527**	**(6,959)**
Cash and cash equivalents at the beginning of the period	7,123	12,488
Exchange difference on translation of foreign currency cash and cash equivalents	(28)	46
Cash and cash equivalents at the end of the period	**15,622**	**5,575**
Components of cash and cash equivalents		
Balances with banks		
In current accounts	2,344	2,915
In deposit accounts	13,271	2,641
Cheques on hand	-*	-*
Cash on hand	-*	-*
Remittances in transit	7	19
	15,622	**5,575**

*Represents values less than ₹0.50 crore.

#Purchase of investments include ₹113 crore and ₹46 crore for three month periods ended June 30, 2023 and 2022, respectively, and proceeds from disposal / redemption of investments include ₹19 crore and ₹19 crore for three month periods ended June 30, 2023 and 2022, 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

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Company Secretary

Mumbai, July 12, 2023

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, 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 consolidated interim financial statements for three month period ended June 30, 2023 and authorised for issue on July 12, 2023.

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

(c) Impairment of goodwill

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

(d) Fair value measurement of financial instruments

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

(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 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 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, explained under employee benefits note, requires the Group to use estimates and judgements.

(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 month period ended June 30, 2023, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

7) Business combinations

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the condensed consolidated interim 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 policies of the Company and its subsidiaries which are approved by their respective Board of Directors. The policies provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company and its subsidiaries.

  The hedge instruments are designated and documented as hedges at the inception of the contract. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified in net foreign exchange gains in 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 allowances for doubtful trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-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, 2023	**As at March 31, 2023**
Investments designated at fair value through OCI		
Fully paid equity shares (unquoted)		
Mozido LLC	82	82
FCM LLC	62	62
Taj Air Limited	19	19
Philippine Dealing System Holdings Corporation	7	7
Less: Impairment in value of investments	(134)	(134)
Investments carried at amortised cost		
Government bonds and securities (quoted)	188	188
Corporate bonds (quoted)	73	42
	297	**266**

Investments – Non-current includes ₹260 crore and ₹229 crore as at June 30, 2023 and March 31, 2023, respectively, pertaining to trusts held for specified purposes.

Investments – Current

(₹ crore)

	As at June 30, 2023	As at March 31, 2023
Investments carried at fair value through profit or loss		
Mutual fund units (quoted)	5,537	2,296
Investments carried at fair value through OCI		
Government bonds and securities (quoted)	25,063	26,128
Corporate bonds (quoted)	3,889	3,110
Investments carried at amortised cost		
Corporate bonds (quoted)	10	10
Certificate of deposits (quoted)	2,472	2,955
Commercial papers (quoted)	1,999	2,398
	38,970	**36,897**

Investments – Current includes ₹133 crore and ₹68 crore as at June 30, 2023 and March 31, 2023, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

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

Aggregate value of quoted and unquoted investments is as follows:

(₹ crore)

	As at June 30, 2023	As at March 31, 2023
Aggregate value of quoted investments	39,231	37,127
Aggregate value of unquoted investments (net of impairment)	36	36
Aggregate market value of quoted investments	39,227	37,121
Aggregate value of impairment of investments	134	134

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

(₹ crore)

	As at June 30, 2023	As at March 31, 2023
Government bonds and securities	187	186
Corporate bonds	80	50
Certificate of deposits	2,472	2,951
Commercial papers	1,999	2,400

(b) Trade receivables – Billed

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

Trade receivables - Billed – Non-current

(₹ crore)

	As at June 30, 2023	As at March 31, 2023
Trade receivables - Billed	794	824
Less: Allowance for doubtful trade receivables - Billed	**(675)**	(675)
Considered good	**119**	**149**

Trade receivables - Billed – Current

	As at June 30, 2023	As at March 31, 2023
		(₹ crore)
Trade receivables - Billed	41,757	41,244
Less: Allowance for doubtful trade receivables - Billed	(329)	(297)
Considered good	**41,428**	**40,947**
Trade receivables - Billed	261	343
Less: Allowance for doubtful trade receivables - Billed	(216)	(241)
Credit impaired	**45**	**102**
	41,473	**41,049**

(c) Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As at June 30, 2023	As at March 31, 2023
		(₹ crore)
Balances with banks		
In current accounts	2,344	2,114
In deposit accounts	13,271	4,999
Cheques on hand	-*	-*
Cash on hand	-*	-*
Remittances in transit	7	10
	15,622	**7,123**

*Represents value less than ₹0.50 crore.

Balances with banks in current accounts include ₹8 crore and ₹8 crore as at June 30, 2023 and March 31, 2023, 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, 2023	As at March 31, 2023
		(₹ crore)
Earmarked balances with banks	242	685
Short-term bank deposits	3,399	3,224
	3,641	**3,909**

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 NIL and ₹425 crore as at June 30, 2023 and March 31, 2023, respectively, pertaining to TCS foundation held for specified purposes.

(e) Loans

Loans (unsecured) consist of the following:

Loans – Non-current

	As at June 30, 2023	As at March 31, 2023
		(₹ crore)
Considered good		
Inter-corporate deposits	170	170
Loans and advances to employees	3	3
	173	**173**

Loans – Current

	As at June 30, 2023	As at March 31, 2023
		(₹ crore)
Considered good		
Inter-corporate deposits	547	846
Loans and advances to employees	509	479
Credit impaired		
Loans and advances to employees	33	32
Less: Allowance on loans and advances to employees	(33)	(32)
	1,056	**1,325**

Inter-corporate deposits placed with financial institutions yield fixed interest rate. Inter-corporate deposits include ₹633 crore and ₹932 crore as at June 30, 2023 and March 31, 2023, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

(f) Other financial assets

Other financial assets consist of the following:

Other financial assets – Non-current

	As at June 30, 2023	As at March 31, 2023
		(₹ crore)
Security deposits	685	614
Earmarked balances with banks	195	192
Long-term bank deposits	1,973	1,334
Interest receivable	20	2
Others	6	7
	2,879	**2,149**

Other financial assets – Current

	As at June 30, 2023	As at March 31, 2023
		(₹ crore)
Security deposits	338	378
Fair value of foreign exchange derivative assets	173	191
Interest receivable	598	720
Others	29	30
	1,138	**1,319**

Long-term bank deposits include ₹1,092 crore and ₹417 crore as at June 30, 2023 and March 31, 2023, respectively, pertaining to TCS Foundation held for specified purposes.

Interest receivable include ₹56 crore and ₹66 crore as at June 30, 2023 and March 31, 2023, 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, 2023	As at March 31, 2023
		(₹ crore)
Capital creditors	109	120
Others	234	233
	343	**353**

Others include advance taxes paid of ₹226 crore and ₹226 crore as at June 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 June 30, 2023	As at March 31, 2023
Accrued payroll	4,599	6,847
Unclaimed dividends	54	51
Fair value of foreign exchange derivative liabilities	81	141
Capital creditors	764	731
Liabilities towards customer contracts	1,108	1,137
Liabilities towards final dividend	7,880	-
Others	200	161
	14,686	**9,068**

(h) Financial instruments by category

The carrying value of financial instruments by categories as at June 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	-	-	-	-	15,622	15,622
Bank deposits	-	-	-	-	5,372	5,372
Earmarked balances with banks	-	-	-	-	437	437
Investments	5,537	28,988	-	-	4,742	39,267
Trade receivables						
Billed	-	-	-	-	41,592	41,592
Unbilled	-	-	-	-	8,841	8,841
Loans	-	-	-	-	1,229	1,229
Other financial assets	-	-	48	125	1,676	1,849
	5,537	**28,988**	**48**	**125**	**79,511**	**1,14,209**
Financial liabilities						
Trade payables	-	-	-	-	10,556	10,556
Lease liabilities	-	-	-	-	7,699	7,699
Other financial liabilities	-	-	-	81	14,948	15,029
	-	**-**	**-**	**81**	**33,203**	**33,284**

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	-	-	-	-	7,123	7,123
Bank deposits	-	-	-	-	4,558	4,558
Earmarked balances with banks	-	-	-	-	877	877
Investments	2,296	29,274	-	-	5,593	37,163
Trade receivables						
Billed	-	-	-	-	41,198	41,198
Unbilled	-	-	-	-	9,104	9,104
Loans	-	-	-	-	1,498	1,498
Other financial assets	-	-	37	154	1,751	1,942
	2,296	**29,274**	**37**	**154**	**71,702**	**1,03,463**
Financial liabilities						
Trade payables	-	-	-	-	10,515	10,515
Lease liabilities	-	-	-	-	7,688	7,688
Other financial liabilities	-	-	-	141	9,280	9,421
	-	**-**	**-**	**141**	**27,483**	**27,624**

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade payables as at June 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 ₹4,737 crore and ₹5,587 crore as at June 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 June 30, 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual fund units	5,537	-	-	5,537
Equity shares	1.00	-	35	36
Government bonds and securities	25,250	-	-	25,250
Corporate bonds	3,969	-	-	3,969
Certificate of deposits	2,472	-	-	2,472
Commercial papers	1,999	-	-	1,999
Fair value of foreign exchange derivative assets	-	173	-	173
	39,228	**173**	**35**	**39,436**
Financial liabilities				
Fair value of foreign exchange derivative liabilities	-	81	-	81
	-	**81**	**-**	**81**

(₹ crore)

As at March 31, 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual fund units	2,296	-	-	2,296
Equity shares	-	-	36	36
Government bonds and securities	26,314	-	-	26,314
Corporate bonds	3,160	-	-	3,160
Certificate of deposits	2,951	-	-	2,951
Commercial papers	2,400	-	-	2,400
Fair value of foreign exchange derivative assets	-	191	-	191
	37,121	**191**	**36**	**37,348**
Financial liabilities				
Fair value of foreign exchange derivative liabilities	-	141	-	141
	-	**141**	**-**	**141**

(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, 2023			As at March 31, 2023		
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	5	125	9	8	225	13
Great Britain Pound	25	212	19	22	200	14
Euro	25	215	20	22	203	10

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

(₹ crore)

	Three month period ended June 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	(22)	63	(376)	488
Deferred tax on (gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	5	(15)	90	(144)
Change in the fair value of effective portion of cash flow hedges	32	(54)	351	(456)
Deferred tax on change in the fair value of effective portion of cash flow hedges	(10)	13	(84)	137
Balance at the end of the period	**13**	**(21)**	**8**	**(28)**

The Group has entered into derivative instruments not in hedging relationship by way of foreign exchange forward, currency options and futures contracts. As at at June 30, 2023 and March 31, 2023, the notional amount of outstanding contracts aggregated to ₹46,293 crore and ₹47,500 crore, respectively, and the respective fair value of these contracts have a net gain of ₹45 crore and ₹13 crore.

Exchange gain of ₹199 crore and loss of ₹402 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 month periods ended June 30, 2023 and 2022, respectively.

Net foreign exchange gain / (loss) include loss of ₹41 crore and gain of ₹56 crore transferred from cash flow hedging reserve for three month periods ended June 30, 2023 and 2022, respectively.

(k) Equity instruments

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

(₹ crore)

	As at June 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.

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 month period ended June 30, 2023	Net carrying amount as at June 30, 2023
Leasehold land	-	938
Buildings	462	6,374
Leasehold improvements	-	30
Computer equipment	-	113
Software licences	-	87
Vehicles	1	30
Office equipment	1	5
	464	**7,578**

(₹ crore)

	Additions for the year ended March 31, 2023	Net carrying amount as at March 31, 2023
Leasehold land	179	940
Buildings	1,236	6,330
Leasehold improvements	14	30
Computer equipment	73	125
Software licences	-	96
Vehicles	17	34
Office equipment	1	5
	1,520	**7,560**

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

(₹ crore)

	Three month period ended June 30, 2023	Three month period ended June 30, 2022
Leasehold land	3	2
Buildings	392	377
Leasehold improvements	2	2
Computer equipment	11	6
Software licences	9	9
Vehicles	4	4
Office equipment	1	1
	422	**401**

Interest on lease liabilities is ₹127 crore and ₹122 crore for three month periods ended June 30, 2023 and 2022, 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 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.

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	**354**	**8,066**	**2,673**	**828**	**13,435**	**43**	**2,815**	**2,138**	**1,992**	**32,344**
Additions	-	2	14	2	217	2	33	3	10	283
Disposals	-	-	(6)	-	(77)	(1)	(10)	(7)	(1)	(102)
Translation exchange difference	-	-	-	-	22	-	(2)	3	(1)	22
Cost as at June 30, 2023	**354**	**8,068**	**2,681**	**830**	**13,597**	**44**	**2,836**	**2,137**	**2,000**	**32,547**
Accumulated depreciation as at April 1, 2023	**-**	**(3,744)**	**(1,945)**	**(458)**	**(10,025)**	**(36)**	**(2,487)**	**(1,646)**	**(1,773)**	**(22,114)**
Depreciation	-	(101)	(42)	(21)	(430)	(1)	(46)	(33)	(22)	(696)
Disposals	-	-	6	-	77	1	10	6	1	101
Translation exchange difference	-	(2)	-	-	(18)	-	2	(1)	1	(18)
Accumulated depreciation as at June 30, 2023	**-**	**(3,847)**	**(1,981)**	**(479)**	**(10,396)**	**(36)**	**(2,521)**	**(1,674)**	**(1,793)**	**(22,727)**
Net carrying amount as at June 30, 2023	**354**	**4,221**	**700**	**351**	**3,201**	**8**	**315**	**463**	**207**	**9,820**
Capital work-in-progress*										1,305
Total										**11,125**

*₹283 crore has been capitalised and transferred to property, plant and equipment during three month period ended June 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	**352**	**7,829**	**2,569**	**770**	**12,087**	**39**	**2,686**	**2,062**	**1,906**	**30,300**
Additions	-	234	72	56	1,628	8	180	67	69	2,314
Disposals	-	(5)	(15)	-	(342)	(4)	(69)	(9)	(14)	(458)
Translation exchange difference	2	8	47	2	62	-	18	18	31	188
Cost as at March 31, 2023	**354**	**8,066**	**2,673**	**828**	**13,435**	**43**	**2,815**	**2,138**	**1,992**	**32,344**
Accumulated depreciation as at April 1, 2022	**-**	**(3,343)**	**(1,736)**	**(377)**	**(8,563)**	**(35)**	**(2,315)**	**(1,503)**	**(1,654)**	**(19,526)**
Depreciation	-	(398)	(186)	(80)	(1,755)	(4)	(219)	(140)	(110)	(2,892)
Disposals	-	4	15	-	340	3	62	9	14	447
Translation exchange difference	-	(7)	(38)	(1)	(47)	-	(15)	(12)	(23)	(143)
Accumulated depreciation as at March 31, 2023	**-**	**(3,744)**	**(1,945)**	**(458)**	**(10,025)**	**(36)**	**(2,487)**	**(1,646)**	**(1,773)**	**(22,114)**
Net carrying amount as at March 31, 2023	**354**	**4,322**	**728**	**370**	**3,410**	**7**	**328**	**492**	**219**	**10,230**
Capital work-in-progress*										1,234
Total										**11,464**

*₹2,314 crore has been capitalised and transferred to property, plant and equipment during the year ended March 31, 2023.

(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, 2023	As at March 31, 2023
Balance at the beginning of the period	**1,858**	**1,787**
Translation exchange difference	(5)	71
Balance at the end of the period	**1,853**	**1,858**

(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, 2023	**1,892**	**126**	**2,018**
Additions	24	-	24
Disposals / Derecognised	(4)	-	(4)
Translation exchange difference	(2)	-	(2)
Cost as at June 30, 2023	**1,910**	**126**	**2,036**
Accumulated amortisation as at April 1, 2023	**(1,025)**	**(126)**	**(1,151)**
Amortisation	(125)	-	(125)
Disposals / Derecognised	4	-	4
Translation exchange difference	3	-	3
Accumulated amortisation as at June 30, 2023	**(1,143)**	**(126)**	**(1,269)**
Net carrying amount as at June 30, 2023	**767**	**-**	**767**

(₹ crore)

	Rights under licensing agreement and software licences	Customer-related intangibles	Total
Cost as at April 1, 2022	**1,697**	**121**	**1,818**
Additions	262	-	262
Disposals / Derecognised	(73)	-	(73)
Translation exchange difference	6	5	11
Cost as at March 31, 2023	**1,892**	**126**	**2,018**
Accumulated amortisation as at April 1, 2022	**(596)**	**(121)**	**(717)**
Amortisation	(496)	-	(496)
Disposals / Derecognised	73	-	73
Translation exchange difference	(6)	(5)	(11)
Accumulated amortisation as at March 31, 2023	**(1,025)**	**(126)**	**(1,151)**
Net carrying amount as at March 31, 2023	**867**	**-**	**867**

(d) Other assets

Other assets consist of the following:

Other assets – Non-current

(₹ crore)

	As at June 30, 2023	As at March 31, 2023
Considered good		
Capital advances	70	68
Advances to related parties	65	63
Contract assets	175	215
Prepaid expenses	2,427	2,138
Contract fulfillment costs	96	114
Others	218	208
	3,051	**2,806**
Advances to related parties, considered good, comprise:		
Voltas Limited	-*	-*
Tata Realty and Infrastructure Ltd	-*	-*
Tata Projects Limited	55	54
Saankhya Labs Private Limited	8	8
Universal MEP Projects & Engineering Services Limited	1	1

*Represents value less than ₹0.50 crore.

Other assets – Current

	(₹ crore)	
	As at June 30, 2023	**As at March 31, 2023**
Considered good		
Advance to suppliers	157	91
Advance to related parties	10	9
Contract assets	5,768	5,616
Prepaid expenses	902	1,514
Contract fulfillment costs	1,276	1,035
Indirect taxes recoverable	981	1,049
Others	379	393
Considered doubtful		
Advance to suppliers	2	2
Other advances	4	4
Less: Allowance on doubtful assets	(6)	(6)
	9,473	**9,707**
Advance to related parties, considered good comprise:		
Tata Sons Private Limited	7	7
Tata AIG General Insurance Company Limited	-*	1
Titan Company Limited	1	1

*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 June 30, 2023 and March 31, 2023, 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, 2023	**As at March 31, 2023**
Raw materials, sub-assemblies and components	31	23
Finished goods and work-in-progress	1	5
	32	**28**

(f) Other liabilities

Other liabilities consist of the following:

Other liabilities – Current

	(₹ crore)	
	As at June 30, 2023	**As at March 31, 2023**
Advance received from customers	591	543
Indirect taxes payable and other statutory liabilities	5,213	4,119
Others	279	230
	6,083	**4,892**

(g) Provisions

Provisions consist of the following:

Provisions – Current

		(₹ crore)
	As at June 30, 2023	**As at March 31, 2023**
Provision towards legal claim (Refer note 19)	205	206
Provision for foreseeable loss	98	101
Other provisions	40	38
	343	**345**

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 month period ended June 30, 2023	**Three month period ended June 30, 2022**
Consultancy services	58,769	52,495
Sale of equipment and software licences	612	263
	59,381	**52,758**

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 month period ended June 30, 2023	**Three month period ended June 30, 2022**
Interest income	1,209	706
Dividend income	8	1
Net gain on disposal / fair valuation of investments carried at fair value through profit or loss	77	23
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	5
Net foreign exchange gain	75	37
Other income	21	17
	1,397	**789**
Interest income comprise:		
Interest on bank balances and bank deposits	169	105
Interest on financial assets carried at amortised cost	122	131
Interest on financial assets carried at fair value through OCI	548	470
Other interest (including interest on tax refunds)	370	-
Dividend income comprise:		
Dividend from mutual fund units and other investments	8	1

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 month period ended June 30, 2023	**Three month period ended June 30, 2022**
Salaries, incentives and allowances	31,444	27,176
Contributions to provident and other funds	2,727	2,337
Staff welfare expenses	977	814
	35,148	**30,327**

Employee benefit obligations consist of the following:

Employee benefit obligations – Non-current

		(₹ crore)
	As at June 30, 2023	**As at March 31, 2023**
Gratuity liability	15	11
Foreign defined benefit plans	408	383
Other employee benefit obligations	181	142
	604	**536**

Employee benefit obligations – Current

		(₹ crore)
	As at June 30, 2023	**As at March 31, 2023**
Compensated absences	4,287	4,027
Other employee benefit obligations	28	38
	4,315	**4,065**

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 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.

(a) Cost of equipment and software licences

Cost of equipment and software licences consist of the following:

(₹ crore)

	Three month period ended June 30, 2023	Three month period ended June 30, 2022
Raw materials, sub-assemblies and components consumed	6	3
Equipment and software licences purchased	495	211
	501	**214**
Finished goods and work-in-progress		
Opening stock	5	3
Less: Closing stock	-	-*
	5	**3**
	506	**217**

*Represents value less than ₹0.50 crore.

(b) Other expenses

Other expenses consist of the following:

(₹ crore)

	Three month period ended June 30, 2023	Three month period ended June 30, 2022
Fees to external consultants	4,582	5,284
Facility expenses	758	610
Travel expenses	794	558
Communication expenses	574	493
Bad debts and advances written off, allowance for doubtful trade receivables and advances (net)	18	15
Other expenses	2,003	1,838
	8,729	**8,798**

Other expenses include ₹864 crore and ₹846 crore for three month periods ended June 30, 2023 and 2022, respectively, towards project expenses.

15) Finance costs

Finance costs consist of the following:

(₹ crore)

	Three month period ended June 30, 2023	Three month period ended June 30, 2022
Interest on lease liabilities	127	122
Interest on tax matters	13	(4)
Other interest costs	23	81
	163	**199**

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 current tax payable by the Company and its subsidiaries 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.

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

Advance taxes and provisions for current income taxes are presented in the 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 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.

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 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. The Company and its subsidiaries have recognised contingent liability in respect of tax demands received from direct tax authorities in India and other jurisdictions of ₹1,539 crore and ₹1,542 crore as at June 30, 2023 and March 31, 2023, 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, 2023 and March 31, 2023, 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 month period ended June 30, 2023	Three month period ended June 30, 2022
Profit for the period attributable to shareholders of the Company (₹ crore)	11,074	9,478
Weighted average number of equity shares	365,90,51,373	365,90,51,373
Basic and diluted earnings per share (₹)	30.26	25.90
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) Retail and 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 month periods ended June 30,2023 and 2022, is as follows:

Three month period ended June 30, 2023							**(₹ crore)**
	Banking, Financial Services and Insurance	**Manufacturing**	**Retail and 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**

Three month period ended June 30, 2022							**(₹ crore)**
	Banking, Financial Services and Insurance	**Manufacturing**	**Retail and Consumer Business**	**Communication, Media and Technology**	**Life Sciences and Healthcare**	**Others**	**Total**
Revenue from operations	**20,244**	**5,088**	**8,832**	**8,848**	**5,667**	**4,079**	**52,758**
Segment result	**5,170**	**1,404**	**2,220**	**2,370**	**1,602**	**650**	**13,416**
Total unallocable expenses							1,429
Operating income							**11,987**
Other income							789
Profit before tax							**12,776**
Tax expense							3,257
Profit for the period							**9,519**

Information regarding geographical revenue is as follows:

		(₹ crore)
	Three month period ended June 30, 2023	**Three month period ended June 30, 2022**
Americas		
North America	30,890	28,045
Latin America	1,163	947
Europe		
United Kingdom	9,756	7,879
Continental Europe	8,870	7,994
Asia Pacific	4,638	4,359
India	2,885	2,527
Middle East and Africa	1,179	1,007
	59,381	**52,758**

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) ₹1,699 crore and ₹1,543 crore as at June 30, 2023 and March 31, 2023, 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 ₹1,096 crore and ₹568 crore as at June 30, 2023 and March 31, 2023, 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 ₹281 crore and ₹277 crore as at June 30, 2023 and March 31, 2023, respectively, against the Group have not been acknowledged as debts.

  In addition to above, in October 2014, Epic Systems Corporation (referred to as Epic) filed a legal claim against the Company in the Court of Western District Madison, Wisconsin 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 ₹1,149 crore (US $140 million) and remanded back to the District Court to reassess matter relating to punitive damages (to limit maximum up to ₹1,149 crore (US $140 million)), the Company has paid the compensatory damages of ₹1,149 crore (US $140 million) along with interest in April 2022 as re-affirmed. The Company has filed an appeal on November 16, 2022, in the Appeals Court to reduce the punitive damages subsequently affirmed by the District Court at ₹1,149 crore (US $140 million), which is currently pending and the Company has made provision of ₹185 crore (US $25 million) towards the same.

  Letter of Credit provided to Epic towards punitive damages and other incidental charges stands at ₹1,247 crore (US $152 million).

- **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 recorded ₹6,346 crore as dividend payable 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. The dividend has been subsequently paid on July 3, 2023.

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 outgoing CEO and Managing Director, which has been actuarially valued. Accordingly, the Company has recorded an expense of ₹48 crore.

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) TCS Technology Solutions AG renamed as TCS Technology Solutions GmbH.

24) Dividend

The Board of Directors at its meeting held on July 12, 2023 has declared an interim dividend of ₹9.00 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

Amit Somani
Partner
Membership No: 060154

Mumbai, July 12, 2023

For and on behalf of the Board

K Krithivasan
CEO and Managing Director

N Ganapathy Subramaniam
COO and Executive Director

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, July 12, 2023