

TATA CONSULTANCY SERVICES LIMITED
Condensed Consolidated Interim Balance Sheet

	Note	As at September 30, 2024	As at March 31, 2024	(₹ crore)
ASSETS				
Non-current assets				
Property, plant and equipment	10(a)	9,438	9,376	
Capital work-in-progress	10(a)	1,500	1,564	
Right-of-use assets	9	8,977	7,886	
Goodwill	10(b)	1,901	1,832	
Other intangible assets	10(c)	413	510	
Financial assets				
Investments	8(a)	289	281	
Trade receivables				
Billed	8(b)	86	127	
Unbilled		62	16	
Loans	8(e)	2	2	
Other financial assets	8(f)	2,550	3,272	
Deferred tax assets (net)		3,388	3,403	
Income tax assets (net)		1,904	1,600	
Other assets	10(d)	3,674	3,596	
Total non-current assets		34,184	33,465	
Current assets				
Inventories	10(e)	29	28	
Financial assets				
Investments	8(a)	35,792	31,481	
Trade receivables				
Billed	8(b)	49,532	44,434	
Unbilled		8,178	9,143	
Cash and cash equivalents	8(c)	8,155	9,016	
Other balances with banks	8(d)	8,578	4,270	
Loans	8(e)	257	491	
Other financial assets	8(f)	2,961	1,703	
Income tax assets (net)		172	151	
Other assets	10(d)	13,286	12,267	
Total current assets		1,26,940	1,12,984	
TOTAL ASSETS		1,61,124	1,46,449	
EQUITY AND LIABILITIES				
Equity				
Share capital	8(k)	362	362	
Other equity		1,01,133	90,127	
Equity attributable to shareholders of the Company		101,495	90,489	
Non-controlling interests		888	830	
Total equity		102,383	91,319	
Liabilities				
Non-current liabilities				
Financial liabilities				
Lease liabilities		7,477	6,516	
Other financial liabilities	8(g)	756	365	
Employee benefit obligations	13	789	686	
Deferred tax liabilities (net)		938	977	
Unearned and deferred revenue		299	482	
Total non-current liabilities		10,259	9,026	
Current liabilities				
Financial liabilities				
Lease liabilities		1,569	1,505	
Trade payables		12,927	9,981	
Other financial liabilities	8(g)	7,156	8,362	
Unearned and deferred revenue		3,535	3,640	
Other liabilities	10(f)	6,930	6,524	
Provisions	10(g)	155	140	
Employee benefit obligations	13	4,849	4,519	
Income tax liabilities (net)		11,361	11,433	
Total current liabilities		48,482	46,104	
TOTAL EQUITY AND LIABILITIES		1,61,124	1,46,449	

NOTES FORMING PART OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As per our report of even date attached

For and on behalf of the Board

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

K Krishivasan
CEO and Managing Director
DIN: 10106739

Aarthi Subramanian
Director
DIN: 07121802

Aniruddha Godbole
Partner
Membership No: 105149

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, October 10, 2024

Mumbai, October 10, 2024

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

	Note	Three months ended September 30, 2024	Three months ended September 30, 2023	Six months ended September 30, 2024	Six months ended September 30, 2023	(₹ crore)
Revenue from operations	11	64,259	59,692	1,26,872	1,19,073	
Other income	12	729	1,006	1,691	2,403	
TOTAL INCOME		64,988	60,698	1,28,563	1,21,476	
Expenses						
Employee benefit expenses	13	36,654	35,123	73,070	70,271	
Cost of equipment and software licences	14(a)	3,230	462	5,381	968	
Finance costs	15	162	159	335	322	
Depreciation and amortisation expense		1,266	1,263	2,486	2,506	
Other expenses	14(b)	7,644	8,361	15,028	17,090	
TOTAL EXPENSES		48,956	45,368	96,300	91,157	
PROFIT BEFORE TAX		16,032	15,330	32,263	30,319	
Tax expense						
Current tax		4,078	3,955	8,368	7,823	
Deferred tax		(1)	(5)	(165)	(4)	
TOTAL TAX EXPENSE		4,077	3,950	8,203	7,819	
PROFIT FOR THE PERIOD		11,955	11,380	24,060	22,500	
OTHER COMPREHENSIVE INCOME (OCI)						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined employee benefit plans		(38)	(9)	13	5	
Net change in fair values of investments in equity shares carried at fair value through OCI		(12)	-	(12)	-	
Income tax on items that will not be reclassified subsequently to profit or loss		10	-	(8)	(8)	
Items that will be reclassified subsequently to profit or loss						
Net change in fair values of investments other than equity shares carried at fair value through OCI		392	(171)	446	(25)	
Net change in intrinsic value of derivatives designated as cash flow hedges		(14)	64	(10)	74	
Net change in time value of derivatives designated as cash flow hedges		(23)	(11)	(22)	(2)	
Exchange differences on translation of financial statements of foreign operations		835	(124)	543	(196)	
Income tax on items that will be reclassified subsequently to profit or loss		(89)	33	(103)	14	
TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)		1061	(218)	847	(138)	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		13,016	11,162	24,907	22,362	
Profit for the period attributable to:						
Shareholders of the Company		11,909	11,342	23,949	22,416	
Non-controlling interests		46	38	111	84	
		11,955	11,380	24,060	22,500	
Other comprehensive income for the period attributable to:						
Shareholders of the Company		987	(210)	806	(84)	
Non-controlling interests		74	(8)	41	(54)	
		1,061	(218)	847	(138)	
Total comprehensive income for the period attributable to:						
Shareholders of the Company		12,896	11,132	24,755	22,332	
Non-controlling interests		120	30	152	30.00	
		13,016	11,162	24,907	22,362	
Earnings per equity share:- Basic and diluted (₹)	17	32.92	31.00	66.20	61.26	
Weighted average number of equity shares		361,80,87,518	365,90,51,373	361,80,87,518	365,90,51,373	

NOTES FORMING PART OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As per our report of even date attached

For and on behalf of the Board

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

K Krishivasan
CEO and Managing Director
DIN: 10106739

Aarthi Subramanian
Director
DIN: 07121802

Aniruddha Godbole
Partner
Membership No: 105149

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, October 10, 2024

Mumbai, October 10, 2024

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

A. EQUITY SHARE CAPITAL

(₹ crore)

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

(₹ crore)

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

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

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	Foreign currency translation reserve				
							Intrinsic value	Time value				
Balance as at April 1, 2024	75	444	16,234	70,033	160	235	9	(18)	2,955	90,127	830	90,957
Profit for the period	-	-	-	23,949	-	-	-	-	-	23,949	111	24,060
Other comprehensive income / (losses)	-	-	-	5	-	322	(8)	(15)	502	806	41	847
Total comprehensive income	-	-	-	23,954	-	322	(8)	(15)	502	24,755	152	24,907
Dividend	-	-	-	(13,749)	-	-	-	-	-	(13,749)	(94)	(13,843)
Transfer from Special Economic Zone re-investment reserve	-	-	(5,782)	5,782	-	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	(8)	8	-	-	-	-	-	-	-
Balance as at September 30, 2024	75	444	10,452	86,012	168	557	1	(33)	3,457	1,01,133	888	1,02,021
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	-	-	-	22,416	-	-	-	-	-	22,416	84	22,500
Other comprehensive income / (losses)	-	-	-	(3)	-	5	57	(2)	(141)	(84)	(54)	(138)
Total comprehensive income	-	-	-	22,413	-	5	57	(2)	(141)	22,332	30	22,362
Dividend	-	-	-	(12,075)	-	-	-	-	-	(12,075)	(81)	(12,156)
Transfer to Special Economic Zone re-investment reserve	-	-	4,848	(4,848)	-	-	-	-	-	-	-	-
Transfer from Special Economic Zone re-investment reserve	-	-	(2,449)	2,449	-	-	-	-	-	-	-	-
Balance as at September 30, 2023	75	440	14,208	82,661	143	46	65	(30)	2,707	1,00,315	731	1,01,046

Gain of ₹5 crore and loss of ₹3 crore on remeasurement of defined employee benefit plans (net of tax) is recognised as a part of retained earnings for six months ended September 30, 2024 and 2023, respectively.

Total equity (primarily retained earnings) includes ₹1,618 crore and ₹1,654 crore as at September 30, 2024 and 2023, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

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

Nature and purpose of reserves

(a) Capital reserve

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

(b) Capital redemption reserve

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

(c) Special Economic Zone re-investment reserve

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

(d) Retained earnings

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

(e) Statutory reserve

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

(f) Investment revaluation reserve

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

(g) Cash flow hedging reserve

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

(h) Foreign currency translation reserve

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

NOTES FORMING PART OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As per our report of even date attached

For and on behalf of the Board

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

K Krishivasan
CEO and Managing Director
DIN: 10106739

Aarthi Subramanian
Director
DIN: 07121802

Aniruddha Godbole
Partner
Membership No: 105149

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, October 10, 2024

Mumbai, October 10, 2024

TATA CONSULTANCY SERVICES LIMITED
Condensed Consolidated Interim Statement of Cash Flows

	(₹ crore)	
	Six months ended September 30, 2024	Six months ended September 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	24,060	22,500
Adjustments for:		
Depreciation and amortisation expense	2,486	2,506
Bad debts and advances written off, allowance for expected credit losses and doubtful advances (net)	62	50
Tax expense	8,203	7,819
Net gain on lease modification	(12)	-
Unrealised foreign exchange (gain) / loss	(20)	8
Net gain on disposal of property, plant and equipment	(8)	(2)
Net gain on disposal / fair valuation of investments	(118)	(144)
Interest income	(1,586)	(2,082)
Dividend income	(23)	(16)
Finance costs	335	322
Operating profit before working capital changes	33,379	30,961
Net change in		
Inventories	(1)	-
Trade receivables		
Billed	(4,618)	(1,389)
Unbilled	1,075	148
Loans and other financial assets	(385)	(19)
Other assets	(918)	(1,466)
Trade payables	2,537	139
Unearned and deferred revenue	(346)	(1,019)
Other financial liabilities	(770)	(1,606)
Other liabilities and provisions	758	2,045
Cash generated from operations	30,711	27,794
Taxes paid (net of refunds)	(8,712)	(5,793)
Net cash generated from operating activities	21,999	22,001
CASH FLOWS FROM INVESTING ACTIVITIES		
Bank deposits placed	(3,930)	(5,151)
Purchase of investments [#]	(68,972)	(65,317)
Payment for purchase of property, plant and equipment	(1,491)	(767)
Payment including advances for acquiring right-of-use assets	(91)	(16)
Payment for purchase of intangible assets	(108)	(49)
Proceeds from bank deposits	404	2,200
Proceeds from inter-corporate deposits	60	822
Proceeds from disposal / redemption of investments [#]	64,732	58,641
Proceeds from sub-lease receivable	2	3
Proceeds from disposal of property, plant and equipment	9	5
Interest received	1,302	1,351
Dividend received	15	10
Net cash used in investing activities	(8,068)	(8,268)

TATA CONSULTANCY SERVICES LIMITED
Condensed Consolidated Interim Statement of Cash Flows

	(₹ crore)	Six months ended September 30, 2024	Six months ended September 30, 2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities	(835)	(816)	
Interest paid	(333)	(312)	
Dividend paid	(13,749)	(12,075)	
Dividend paid to non-controlling interests	(94)	(81)	
Net cash used in financing activities	(15,011)	(13,284)	
 Net change in cash and cash equivalents	 (1,080)	 449	
Cash and cash equivalents at the beginning of the period	9,016	7,123	
Exchange difference on translation of foreign currency cash and cash equivalents	219	(28)	
Cash and cash equivalents at the end of the period	8,155	7,544	
 Components of cash and cash equivalents			
Balances with banks			
In current accounts	2,711	2,320	
In deposit accounts	5,443	5,214	
Cheques on hand	-*	-*	
Cash on hand	-*	-*	
Remittances in transit	1	10	
	8,155	7,544	

*Represents value less than ₹0.50 crore.

#Purchase of investments include ₹43 crore and ₹280 crore for six months ended September 30, 2024 and 2023, respectively, and proceeds from disposal / redemption of investments include ₹135 crore and ₹47 crore for six months ended September 30, 2024 and 2023, respectively, held by trusts and TCS Foundation held for specified purposes.

NOTES FORMING PART OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As per our report of even date attached

For and on behalf of the Board

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

K Krishivasan
CEO and Managing Director
DIN: 10106739

Aarthi Subramanian
Director
DIN: 07121802

Aniruddha Godbole
Partner
Membership No: 105149

Mumbai, October 10, 2024

Samir Seksaria
CFO

Mumbai, October 10, 2024

Pradeep Manohar Gaitonde
Company Secretary

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

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 September 30, 2024, Tata Sons Private Limited, the holding company owned 71.74% of the Company's equity share capital.

The Board of Directors approved the condensed consolidated interim financial statements for six months ended September 30, 2024 and authorised for issue on October 10, 2024.

2) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the Indian Accounting Standard (referred to as “Ind AS”) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements, wherever applicable.

3) Basis of preparation

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

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

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

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

4) Basis of consolidation

The Company consolidates all entities which are controlled by it.

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

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

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

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

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

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

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

5) Use of estimates and judgements

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

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

The Group uses the following critical accounting judgements, estimates and assumptions in preparation of its condensed consolidated interim financial statements:

(a) Revenue recognition

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

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

(b) Useful lives of property, plant and equipment

The Group reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods (Refer note 10(a)).

(c) Impairment of goodwill

The Group estimates the value-in-use of the cash generating units (CGUs) based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The discount rates used for the CGUs represent the weighted average cost of capital based on the historical market returns of comparable companies (Refer note 10(b)).

(d) Fair value measurement of financial instruments

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

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

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

(f) Deferred tax assets

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Group exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

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

(g) Provisions and contingent liabilities

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

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

(h) Employee benefits

The accounting of employee benefit plans in the nature of defined benefit requires the Group to use assumptions. These assumptions have been explained under employee benefits note (Refer note 13).

(i) Leases

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

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

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

6) Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. During six months ended September 30, 2024, MCA has notified Ind AS 117 – Insurance Contracts applicable to the Group w.e.f. April 1, 2024. The Group has reviewed the new standard and based on its evaluation has determined that it does not have any significant impact in its financial statements.

7) Business combinations

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

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

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

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

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

8) Financial assets, financial liabilities and equity instruments

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

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

Cash and cash equivalents

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

Financial assets at amortised cost

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

Financial assets at fair value through other comprehensive income

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

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

Financial assets at fair value through profit or loss

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

Financial liabilities

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

Equity instruments

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

Derivative accounting

• Instruments in hedging relationship

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

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

The hedge instruments are designated and documented as hedges at the inception of the contract. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their

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

respective cash flows. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified in net foreign exchange gains in the statement of profit and loss.

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

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

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

- **Instruments not in hedging relationship**

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

Impairment of financial assets (other than at fair value)

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

(a) Investments

Investments consist of the following:

Investments – Non-current

	₹ crore)	
	As at September 30, 2024	As at March 31, 2024
Investments designated at fair value through OCI		
Mozido LLC (unquoted)	84	83
FCM LLC (unquoted)	63	63
Taj Air Limited (unquoted)	19	19
Philippine Dealing System Holdings Corporation (unquoted)	8	8
LATAM Airlines Group S.A. (quoted)	1	1
Less: Impairment in value of investments	(155)	(142)
Investments carried at amortised cost		
Government bonds and securities (quoted)	188	188
Corporate bonds and debentures (quoted)	81	61
	289	281

Investments – Non-current includes ₹269 crore and ₹249 crore as at September 30, 2024 and March 31, 2024, respectively, pertaining to trusts held for specified purposes.

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

Investments – Current

	(₹ crore)	
	As at September 30, 2024	As at March 31, 2024
Investments carried at fair value through profit or loss		
Mutual fund units (quoted)	5,148	2,360
Investments carried at fair value through OCI		
Government bonds and securities (quoted)	25,077	24,746
Corporate bonds and debentures (quoted)	4,036	3,406
Investments carried at amortised cost		
Corporate bonds and debentures (quoted)	10	30
Certificate of deposits (quoted)	1,247	-
Commercial papers (quoted)	274	939
	35,792	31,481

Investments – Current includes ₹89 crore and ₹196 crore as at September 30, 2024 and March 31, 2024, 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 ₹2,700 crore and NIL as at September 30, 2024 and March 31, 2024, respectively.

Aggregate value of quoted and unquoted investments is as follows:

	(₹ crore)	
	As at September 30, 2024	As at March 31, 2024
Aggregate value of quoted investments	36,062	31,731
Aggregate value of unquoted investments (net of impairment)	19	31
Aggregate market value of quoted investments	36,060	31,729
Aggregate value of impairment of investments	155	142

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

	(₹ crore)	
	As at September 30, 2024	As at March 31, 2024
Government bonds and securities	186	186
Corporate bonds and debentures	91	91
Certificate of deposits	1,247	-
Commercial papers	274	939

(b) Trade receivables – Billed

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

Trade receivables - Billed – Non-current

	(₹ crore)	
	As at September 30, 2024	As at March 31, 2024
Trade receivables - Billed	759	765
Less: Allowance for expected credit losses	(673)	(638)
Considered good	86	127

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

Trade receivables - Billed – Current

	(₹ crore)	
	As at September 30, 2024	As at March 31, 2024
Trade receivables - Billed	49,809	44,722
Less: Allowance for expected credit losses	(363)	(365)
Considered good	49,446	44,357
Trade receivables - Billed	293	264
Less: Allowance for expected credit losses	(207)	(187)
Credit impaired	86	77
	49,532	44,434

(c) Cash and cash equivalents

Cash and cash equivalents consist of the following:

	(₹ crore)	
	As at September 30, 2024	As at March 31, 2024
Balances with banks		
In current accounts	2,711	2,804
In deposit accounts	5,443	6,212
Cheques on hand	-*	-*
Cash on hand	-*	-*
Remittances in transit	1	-*
	8,155	9,016

*Represents value less than ₹0.50 crore.

Balances with banks in current accounts include ₹11 crore and ₹9 crore as at September 30, 2024 and March 31, 2024, respectively, pertaining to trusts held for specified purposes.

(d) Other balances with banks

Other balances with banks consist of the following:

	(₹ crore)	
	As at September 30, 2024	As at March 31, 2024
Earmarked balances with banks	481	471
Short-term bank deposits	8,097	3,799
	8,578	4,270

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

Short-term bank deposits include ₹1,492 crore and ₹517 crore as at September 30, 2024 and March 31, 2024, respectively, pertaining to TCS Foundation held for specified purposes.

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

(e) Loans

Loans (unsecured) consist of the following:

Loans – Non-current

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

Loans – Current

	(₹ crore)	
	As at September 30, 2024	As at March 31, 2024
Considered good		
Inter-corporate deposits	110	170
Loans to employees	147	321
	257	491

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

(f) Other financial assets

Other financial assets consist of the following:

Other financial assets – Non-current

	(₹ crore)	
	As at September 30, 2024	As at March 31, 2024
Security deposits	761	749
Earmarked balances with banks	231	213
Long-term bank deposits	1,543	2,248
Interest receivable	15	62
	2,550	3,272

Other financial assets – Current

	(₹ crore)	
	As at September 30, 2024	As at March 31, 2024
Security deposits	300	339
Fair value of foreign exchange derivative assets	74	141
Interest receivable	1,025	764
Advances to employees	394	368
Less: Allowance for advances to employees	(50)	(43)
Others	1,218	134
	2,961	1,703

Long-term bank deposits include ₹520 crore and ₹1,495 crore as at September 30, 2024 and March 31, 2024, respectively, pertaining to TCS Foundation held for specified purposes.

Interest receivable includes ₹185 crore and ₹111 crore as at September 30, 2024 and March 31, 2024, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

Current – Others include ₹535 crore and NIL as at September 30, 2024 and March 31, 2024, pertaining to amount receivable on redemption of mutual funds.

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

(g) Other financial liabilities

Other financial liabilities consist of the following:

Other financial liabilities – Non-current

	(₹ crore)	
	As at September 30, 2024	As at March 31, 2024
Capital creditors	73	69
Liabilities towards customer contracts	379	-
Others	304	296
	756	365

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

Other financial liabilities – Current

	(₹ crore)	
	As at September 30, 2024	As at March 31, 2024
Accrued payroll	4,777	5,760
Unclaimed dividends	55	53
Fair value of foreign exchange derivative liabilities	196	114
Capital creditors	563	625
Liabilities towards customer contracts	1,235	1,509
Others	330	301
	7,156	8,362

(h) Financial instruments by category

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

	Fair value through profit or loss	Fair value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total carrying value
Financial assets						
Cash and cash equivalents	-	-	-	-	8,155	8,155
Bank deposits	-	-	-	-	9,640	9,640
Earmarked balances with banks	-	-	-	-	712	712
Investments	5,148	29,133	-	-	1,800	36,081
Trade receivables						
Billed	-	-	-	-	49,618	49,618
Unbilled	-	-	-	-	8,240	8,240
Loans	-	-	-	-	259	259
Other financial assets	-	-	22	52	3,663	3,737
	5,148	29,133	22	52	82,087	1,16,442
Financial liabilities						
Trade payables	-	-	-	-	12,927	12,927
Lease liabilities	-	-	-	-	9,046	9,046
Other financial liabilities	-	-	-	196	7,716	7,912
	-	-	-	196	29,689	29,885

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

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

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

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade payables as at September 30, 2024 and March 31, 2024, approximate the fair value due to their nature. Carrying amounts of bank deposits, earmarked balances with banks, other financial assets and other financial liabilities which are subsequently measured at amortised cost also approximate the fair value due to their nature in each of the periods presented. Fair value measurement of lease liabilities is not required. Fair value of investments carried at amortised cost is ₹1,798 crore and ₹1,215 crore as at September 30, 2024 and March 31, 2024, respectively.

(i) Fair value hierarchy

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

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

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

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

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

	(₹ crore)			
	Level 1	Level 2	Level 3	Total
As at September 30, 2024				
Financial assets				
Mutual fund units	5,148	-	-	5,148
Equity shares	1	-	19	20
Government bonds and securities	25,263	-	-	25,263
Corporate bonds and debentures	4,127	-	-	4,127
Certificate of deposits	1,247	-	-	1,247
Commercial papers	274	-	-	274
Fair value of foreign exchange derivative assets	-	74	-	74
	36,060	74	19	36,153
Financial liabilities				
Fair value of foreign exchange derivative liabilities	-	196	-	196
	-	196	-	196
As at March 31, 2024				
Financial assets				
Mutual fund units	2,360	-	-	2,360
Equity shares	1	-	31	32
Government bonds and securities	24,932	-	-	24,932
Corporate bonds and debentures	3,497	-	-	3,497
Commercial papers	939	-	-	939
Fair value of foreign exchange derivative assets	-	141	-	141
	31,729	141	31	31,901
Financial liabilities				
Fair value of foreign exchange derivative liabilities	-	114	-	114
	-	114	-	114

(j) Derivative financial instruments and hedging activity

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

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

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

Foreign currency	As at September 30, 2024			As at March 31, 2024		
	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	150	2	19	475	6
Great Britain Pound	31	300	10	29	230	24
Euro	31	295	10	28	235	16

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

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

	(₹ crore)			
	Six months ended September 30, 2024		Year ended March 31, 2024	
	Intrinsic value	Time value	Intrinsic value	Time value
Balance at the beginning of the period	9	(18)	8	(28)
(Gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	(27)	107	(139)	241
Deferred tax on (gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions	7	(28)	31	(55)
Change in the fair value of effective portion of cash flow hedges	17	(129)	140	(228)
Deferred tax on change in the fair value of effective portion of cash flow hedges	(5)	35	(31)	52
Balance at the end of the period	1	(33)	9	(18)

The Group has entered into derivative instruments not in hedging relationship by way of foreign exchange forward, currency options and futures contracts. As at September 30, 2024 and March 31, 2024, the notional amount of outstanding contracts aggregated to ₹52,996 crore and ₹50,982 crore, respectively, and the respective fair value of these contracts have a net loss of ₹144 crore and ₹19 crore.

Exchange loss of ₹631 crore and ₹75 crore on foreign exchange forward, currency options and futures contracts that do not qualify for hedge accounting have been recognised in the condensed consolidated interim statement of profit and loss for three months ended September 30, 2024 and 2023, respectively.

Exchange loss of ₹647 crore and gain of ₹124 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 six months ended September 30, 2024 and 2023, respectively.

Net foreign exchange gain / (loss) include loss of ₹50 crore and ₹10 crore transferred from cash flow hedging reserve to the condensed consolidated interim statement of profit and loss on occurrence of forecasted hedge transactions for three months ended September 30, 2024 and 2023, respectively.

Net foreign exchange gain / (loss) include loss of ₹80 crore and ₹51 crore transferred from cash flow hedging reserve to the condensed consolidated interim statement of profit and loss on occurrence of forecasted hedge transactions for six months ended September 30, 2024 and 2023, respectively.

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

(k) Equity instruments

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

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

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

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

9) Leases

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

Group as a lessee

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

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

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

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

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 six months ended	Net carrying amount as at
	September 30, 2024	September 30, 2024
Leasehold land	-	923
Buildings	1,973	7,740
Leasehold improvements	39	57
Computer equipment	-	174
Software licences	-	45
Vehicles	6	32
Office equipment	3	4
Furniture and fixtures	-	2
	2,021	8,977

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

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

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

	(₹ crore)			
	Three months ended September 30, 2024	Three months ended September 30, 2023	Six months ended September 30, 2024	Six months ended September 30, 2023
Leasehold land	3	3	6	6
Buildings	429	408	836	800
Leasehold improvements	3	2	5	4
Computer equipment	15	11	30	22
Software licences	7	9	14	18
Vehicles	5	5	10	9
Office equipment	1	1	2	2
	463	439	903	861

Interest on lease liabilities is ₹155 crore and ₹127 crore for three months ended September 30, 2024 and 2023, respectively.

Interest on lease liabilities is ₹307 crore and ₹254 crore for six months ended September 30, 2024 and 2023, respectively.

10) Non-financial assets and non-financial liabilities

(a) Property, plant and equipment

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

Depreciation is provided for property, plant and equipment on a straight-line basis so as to expense the cost less residual value over their estimated useful lives as prescribed in Schedule II of the Companies Act, 2013 except in respect of certain categories of assets, where the useful life of the assets has been assessed based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

Type of asset	Useful lives
Buildings	20 years*
Leasehold improvements	Lease term
Plant and equipment	10 years*
Computer equipment	4 years*
Vehicles	4 years*
Office equipment	2-5 years*
Electrical installations	4-10 years*
Furniture and fixtures	5 years*

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

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

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

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

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

Property, plant and equipment consist of the following:

	Freehold land	Buildings	Leasehold improvements	Plant and equipment	Computer equipment	Vehicles	Office equipment	Electrical installations	Furniture and fixtures	(₹ crore) Total
Cost as at April 1, 2024	354	8,280	2,777	878	14,199	45	2,976	2,202	2,142	33,853
Additions	-	333	38	77	633	3	130	94	104	1,412
Disposals	-	(1)	(14)	(2)	(161)	(1)	(17)	(7)	(5)	(208)
Translation exchange difference	-	1	(10)	-	22	-	(1)	(7)	3	8
Cost as at September 30, 2024	354	8,613	2,791	953	14,693	47	3,088	2,282	2,244	35,065
Accumulated depreciation as at April 1, 2024	-	(4,154)	(2,036)	(539)	(11,483)	(37)	(2,629)	(1,748)	(1,851)	(24,477)
Depreciation	-	(206)	(88)	(45)	(804)	(2)	(88)	(66)	(50)	(1,349)
Disposals	-	1	14	2	160	1	17	7	5	207
Translation exchange difference	-	-	14	(1)	(26)	-	2	5	(2)	(8)
Accumulated depreciation as at September 30, 2024	-	(4,359)	(2,096)	(583)	(12,153)	(38)	(2,698)	(1,802)	(1,898)	(25,627)
Net carrying amount as at September 30, 2024	354	4,254	695	370	2,540	9	390	480	346	9,438
Capital work-in-progress*										1,500
Total										10,938

*₹1,412 crore has been capitalised and transferred to property, plant and equipment during six months ended September 30, 2024.

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

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

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

(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 September 30, 2024	As at March 31, 2024
Balance at the beginning of the period	1,832	1,858
Translation exchange difference	69	(26)
Balance at the end of the period	1,901	1,832

(c) Other intangible assets

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

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

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

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

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

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

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

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

Intangible assets consist of the following:

	(₹ crore)		
	Rights under licensing agreement and software licences	Customer- related intangibles	Total
Cost as at April 1, 2024	2,004	127	2,131
Additions	136	-	136
Disposals / Derecognised	(61)	-	(61)
Translation exchange difference	7	3	10
Cost as at September 30, 2024	2,086	130	2,216
Accumulated amortisation as at April 1, 2024	(1,494)	(127)	(1,621)
Amortisation	(234)	-	(234)
Disposals / Derecognised	61	-	61
Translation exchange difference	(6)	(3)	(9)
Accumulated amortisation as at September 30, 2024	(1,673)	(130)	(1,803)
Net carrying amount as at September 30, 2024	413	-	413

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

(d) Other assets

Other assets consist of the following:

Other assets – Non-current

	(₹ crore)	
	As at September 30, 2024	As at March 31, 2024
Considered good		
Capital advances	115	88
Advances to related parties	223	196
Contract assets	244	295
Prepaid expenses	2,602	2,557
Contract fulfillment costs	279	247
Others	211	213
	3,674	3,596

Advances to related parties, considered good, comprise:

Tata Realty and Infrastructure Limited	-*	-*
Tata Projects Limited	220	191
Titan Engineering and Automation Limited	2	3
Universal MEP Projects & Engineering Services Limited	1	2

*Represents value less than ₹0.50 crore.

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

Other assets – Current

	(₹ crore)	
	As at September 30, 2024	As at March 31, 2024
Considered good		
Advance to suppliers	152	174
Advance to related parties	1,476	967
Contract assets	6,528	5,846
Prepaid expenses	1,377	2,055
Contract fulfillment costs	2,000	1,588
Indirect taxes recoverable	1,316	1,288
Others	437	349
Considered doubtful		
Advance to suppliers	2	2
Other advances	4	4
Less: Allowance for doubtful assets	(6)	(6)
	13,286	12,267
Advance to related parties, considered good comprise:		
Tata AIG General Insurance Company Limited	8	7
Titan Company Limited	3	-
Tejas Networks Limited	1,460	960
Tata Consulting Engineers Limited	5	-

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

(e) Inventories

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

Inventories consist of the following:

	(₹ crore)	
	As at September 30, 2024	As at March 31, 2024
Raw materials, sub-assemblies and components	28	28
Finished goods and work-in-progress	1	-*
Stores and spares	-*	-
	29	28

*Represents value less than ₹0.50 crore.

(f) Other liabilities

Other liabilities consist of the following:

Other liabilities – Current

	(₹ crore)	
	As at September 30, 2024	As at March 31, 2024
Advance received from customers	1,842	1,841
Indirect taxes payable and other statutory liabilities	4,667	4,330
Operating lease liabilities	1	-
Others	420	353
	6,930	6,524

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

(g) Provisions

Provisions consist of the following:

Provisions – Current

	₹ crore	
	As at September 30, 2024	As at March 31, 2024
Provision for foreseeable loss	109	97
Other provisions	46	43
	155	140

11) Revenue recognition

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Revenue disaggregation by nature of services is as follows:

	₹ crore)			
	Three months ended September 30, 2024	Three months ended September 30, 2023	Six months ended September 30, 2024	Six months ended September 30, 2023
Consultancy services	63,683	59,241	1,25,510	1,18,010
Sale of equipment and software licences	576	451	1,362	1,063
	64,259	59,692	1,26,872	1,19,073

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

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

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:

	Three months ended September 30, 2024	Three months ended September 30, 2023	Six months ended September 30, 2024	Six months ended September 30, 2023	(₹ crore)
Interest income	801	873	1,586	2,082	
Dividend income	12	8	23	16	
Net gain on disposal / fair valuation of investments carried at fair value through profit or loss	66	62	117	139	
Net gain on sale of investments other than equity shares carried at fair value through OCI	-	-	1	5	
Net gain on disposal of property, plant and equipment	6	-	8	2	
Net gain on lease modification	5	-	12	-	
Net foreign exchange gain / (loss)	(175)	60	(84)	135	
Other income	14	3	28	24	
	729	1,006	1,691	2,403	

Interest income comprise:

Interest on bank balances and bank deposits	193	203	399	372
Interest on financial assets carried at amortised cost	52	96	101	218
Interest on financial assets carried at fair value through OCI	518	571	1,047	1,119
Other interest (including interest on tax refunds)	38	3	39	373

Dividend income comprise:

Dividend from mutual fund units and other investments	12	8	23	16
---	----	---	----	----

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.

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

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:

	Three months ended September 30, 2024	Three months ended September 30, 2023	Six months ended September 30, 2024	Six months ended September 30, 2023	(₹ crore)
Salaries, incentives and allowances	32,693	31,459	65,155	62,903	
Contributions to provident and other funds	2,897	2,688	5,888	5,415	
Staff welfare expenses	1,064	976	2,027	1,953	
	36,654	35,123	73,070	70,271	

Employee benefit obligations consist of the following:

Employee benefit obligations – Non-current

	As at September 30, 2024	As at March 31, 2024	(₹ crore)
Gratuity liability	17	15	
Foreign defined benefit plans	524	502	
Other employee benefit obligations	248	169	
	789	686	

Employee benefit obligations – Current

	As at September 30, 2024	As at March 31, 2024	(₹ crore)
Compensated absences	4,807	4,480	
Other employee benefit obligations	42	39	
	4,849	4,519	

14) Cost recognition

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

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

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

(a) Cost of equipment and software licences

Cost of equipment and software licences consist of the following:

	(₹ crore)			
	Three months ended September 30, 2024	Three months ended September 30, 2023	Six months ended September 30, 2024	Six months ended September 30, 2023
Raw materials, sub-assemblies and components consumed	6	14	17	20
Equipment and software licences purchased	3,221	448	5,365	943
	3,227	462	5,382	963
Finished goods and work-in-progress				
Opening stock	4	-	-	5
Less: Closing stock	1	-	1	-*
	3	-	(1)	5
	3,230	462	5,381	968

*Represents value less than ₹0.50 crore.

(b) Other expenses

Other expenses consist of the following:

	(₹ crore)			
	Three months ended September 30, 2024	Three months ended September 30, 2023	Six months ended September 30, 2024	Six months ended September 30, 2023
Fees to external consultants	2,989	4,291	5,654	8,873
Facility expenses	866	769	1,694	1,527
Travel expenses	814	683	1,655	1,477
Communication expenses	602	544	1,152	1,118
Bad debts and advances written off, allowance for expected credit losses and doubtful advances (net)	19	32	62	50
Other expenses	2,354	2,042	4,811	4,045
	7,644	8,361	15,028	17,090

Other expenses include ₹997 crore and ₹989 crore for three months ended September 30, 2024 and 2023, respectively, towards project expenses.

Other expenses include ₹2,056 crore and ₹1,853 crore for six months ended September 30, 2024 and 2023, respectively, towards project expenses.

The Company made a contribution to an electoral trust of ₹218 crore crore and NIL for six months ended September 30, 2024 and 2023, respectively, which is included in other expenses.

15) Finance costs

Finance costs consist of the following:

	(₹ crore)			
	Three months ended September 30, 2024	Three months ended September 30, 2023	Six months ended September 30, 2024	Six months ended September 30, 2023
Interest on lease liabilities	155	127	307	254
Interest on tax matters	(11)	2	(5)	15
Other interest costs	18	30	33	53
	162	159	335	322

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

16) Income taxes

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

Current income taxes

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

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

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

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

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

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

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

Deferred income taxes

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

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

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

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

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

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

Direct tax contingencies

The Company and its subsidiaries have ongoing disputes with income tax authorities in India and in some of the other jurisdictions where they operate. The disputes relate to tax treatment of certain expenses claimed as deduction, computation or eligibility of tax incentives and allowances and characterisation of fees for services received. Contingent liability in respect of tax demands received from direct tax authorities in India and other jurisdictions is ₹1,852 crore and ₹1,871 crore as at September 30, 2024 and

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

March 31, 2024, respectively. These demand orders are being contested by the Company and its subsidiaries based on the management evaluation and advise of tax consultants. In respect of tax contingencies of ₹318 crore and ₹318 crore as at September 30, 2024 and March 31, 2024, respectively, not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited.

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

17) Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The Company did not have any potentially dilutive securities in any of the periods presented.

	Three months ended September 30, 2024	Three months ended September 30, 2023	Six months ended September 30, 2024	Six months ended September 30, 2023
Profit for the period attributable to shareholders of the Company (₹ crore)	11,909	11,342	23,949	22,416
Weighted average number of equity shares	361,80,87,518	365,90,51,373	361,80,87,518	365,90,51,373
Basic and diluted earnings per share (₹)	32.92	31.00	66.20	61.26
Face value per equity share (₹)	1	1	1	1

18) Segment information

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

The Group has identified business segments ('industry vertical') as reportable segments. The business segments comprise: 1) Banking, Financial Services and Insurance, 2) Manufacturing, 3) Consumer Business, 4) Communication, Media and Technology, 5) Life Sciences and Healthcare and 6) Others such as Energy, Resources and Utilities, s-Governance and Products.

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

The assets and liabilities of the Group are used interchangeably amongst segments. Allocation of such assets and liabilities is not practicable and any forced allocation would not result in any meaningful segregation. Hence assets and liabilities have not been identified to any of the reportable segments.

Summarised segment information for three and six months ended September 30, 2024 and 2023, is as follows:

Three months ended September 30, 2024	(₹ crore)						
	Banking, Financial Services and Insurance	Manufacturing	Consumer Business	Communication, Media and Technology	Life Sciences and Healthcare	Others	Total
Revenue from operations	23,785	6,310	10,025	12,088	6,630	5,421	64,259
Segment result	6,345	2,063	2,695	2,357	1,849	1,422	16,731
Total unallocable expenses							1,428
Operating income							15,303
Other income							729
Profit before tax							16,032
Tax expense							4,077
Profit for the period							11,955

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

Six months ended September 30, 2024

	Banking, Financial Services and Insurance	Manufacturing	Consumer Business	Communication, Media and Technology	Life Sciences and Healthcare	Others	(₹ crore) Total
Revenue from operations	46,859	12,581	20,016	22,882	13,539	10,995	1,26,872
Segment result	12,356	4,153	5,322	4,816	3,941	2,805	33,393
Total unallocable expenses							2,821
Operating income							30,572
Other income							1,691
Profit before tax							32,263
Tax expense							8,203
Profit for the year							24,060

Three months ended September 30, 2023

	Banking, Financial Services and Insurance	Manufacturing	Consumer Business	Communication, Media and Technology	Life Sciences and Healthcare	Others	(₹ crore) Total
Revenue from operations	22,840	5,787	9,773	9,572	6,625	5,095	59,692
Segment result	5,861	1,680	2,483	2,739	1,837	1,146	15,746
Total unallocable expenses							1,422
Operating income							14,324
Other income							1,006
Profit before tax							15,330
Tax expense							3,950
Profit for the period							11,380

Six months ended September 30, 2023

	Banking, Financial Services and Insurance	Manufacturing	Consumer Business	Communication, Media and Technology	Life Sciences and Healthcare	Others	(₹ crore) Total
Revenue from operations	45,502	11,423	19,649	19,168	13,261	10,070	1,19,073
Segment result	11,318	3,299	4,950	5,416	3,618	2,143	30,744
Total unallocable expenses							2,828
Operating income							27,916
Other income							2,403
Profit before tax							30,319
Tax expense							7,819
Profit for the year							22,500

Information regarding geographical revenue is as follows:

	Three months ended September 30, 2024	Three months ended September 30, 2023	Six months ended September 30, 2024	Six months ended September 30, 2023
Americas				
North America		30,572	30,887	61,535
Latin America		1,175	1,205	2,384
Europe				
United Kingdom		10,922	9,873	21,478
Continental Europe		9,371	8,913	18,367
Asia Pacific		5,162	4,664	10,083
India		5,708	2,923	10,376
Middle East and Africa		1,349	1,227	2,649
	64,259	59,692	1,26,872	1,19,073

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

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

19) Commitments and contingencies

Capital commitments

The Group has contractually committed (net of advances) ₹2,220 crore and ₹2,032 crore as at September 30, 2024 and March 31, 2024, respectively, for purchase of property, plant and equipment.

Contingencies

- **Direct tax matters**

Refer note 16.

- **Indirect tax matters**

The Company and its subsidiaries have ongoing disputes with tax authorities mainly relating to treatment of characterisation and classification of certain items. The Company and its subsidiaries have demands amounting to ₹1,132 crore and ₹1,161 crore as at September 30, 2024 and March 31, 2024, respectively, from various indirect tax authorities which are being contested by the Company and its subsidiaries based on the management evaluation and advice of tax consultants.

- **Other claims**

- Claims aggregating ₹290 crore and ₹226 crore as at September 30, 2024 and March 31, 2024, respectively, against the Group have not been acknowledged as debts.
- In April 2019, Computer Sciences Corporation (referred to as CSC) filed a legal claim against the Company in the Court of Northern District of Texas and Dallas Division (trial court) alleging misappropriation of trade secrets and other CSC's confidential information and sought preliminary and permanent injunctive relief, and unspecified monetary damages and disgorgement of profits.

A trial before an advisory jury was held and on November 17, 2023, the jury returned an advisory verdict in favour of CSC, finding that the Company misappropriated CSC's trade secrets and recommended compensation of US \$70 million (equivalent to ₹587 crore) and a further punitive damage of US \$140 million (equivalent to ₹1,173 crore) to be paid by the Company to CSC. Subsequently, the parties filed their respective written submissions in the matter. On June 13, 2024, the trial court passed a judgement as follows:

1. The Court ordered that the Company is liable to CSC for US \$56 million (equivalent to ₹469 crore) in compensatory damages and US \$12 million (equivalent to ₹939 crore) in exemplary damages.
2. The Court also assessed that the Company is liable for US \$25 million (equivalent to ₹209 crore) in prejudgment interest through June 13, 2024.
3. The Court also passed certain injunction and other reliefs against the Company.

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

- In October 2014, Epic Systems Corporation (referred to as Epic) filed a legal claim against the Company in the Court of Western District Madison, Wisconsin alleging unauthorised access to and download of their confidential information and use thereof in the development of the Company's product MedMantra. Pursuant to unfavourable judgment from the District Court and Appeals Court which awarded US \$140 million as compensatory damages and US \$140 million as punitive damages, Epic invoked payment of US \$140 million out of US \$440 million Letter of Credit provided as security, towards compensatory damages in April 2022. The Company's petition to the Supreme Court to review the entire judgement including both the compensatory and punitive damages re-affirmed by the Appeals Court was rejected by the Supreme Court on November 20, 2023, pursuant to which, punitive damages of US \$140 million was paid on December 1, 2023. The Company provided the balance punitive damages amount of US \$115 million (equivalent to ₹958 crore) in its financial statements for the year ended March 31, 2024 and disclosed the same as an "exceptional item" in the consolidated statement of profit and loss.

- **Letter of comfort**

The Company has given letter of comfort to banks for credit facilities availed by its subsidiaries. As per the terms of letter of comfort, the Company undertakes not to divest its ownership interest directly or indirectly in the subsidiary and provide such managerial, technical and financial assistance to ensure continued successful operations of the subsidiary.

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

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

20) Related party transactions

The Company paid an amount of ₹7,267 crore to Tata Sons Private Limited, the holding company, towards final dividend for the year ended March 31, 2024, as approved by the shareholders in the Annual General Meeting. Additionally, the Company also paid an amount of ₹2,595 crore towards interim dividend for the year ending March 31, 2025 as approved by the Board of Directors at its meeting.

Pursuant to contract for procurement of hardware, software and services, advances of ₹500 crore has been paid to Tejas Networks Limited, a subsidiary of Tata Sons Private Limited, during six months ended September 30, 2024. Outstanding advances and trade payables pertaining to Tejas Networks Limited as on September 30, 2024 are ₹1,460 crore and ₹2,751 crore, respectively.

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

- 21)** The Board of Directors approved post-employment benefits, payable to the retiring COO and Executive Director, which has been actuarially valued. Accordingly, the Company has recorded an expense of ₹22 crore during three months ended June 30, 2024.
- 22)** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment had released draft rules for the Code on Social Security, 2020 on November 13, 2020. The Company and its Indian subsidiaries will assess the impact and its evaluation once the subject rules are notified. The Company and its Indian subsidiaries will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.
- 23)** TCS Financial Solutions (Beijing) Co., Ltd. merged with Tata Consultancy Services (China) Co., Ltd. w.e.f. July 1, 2024

24) Dividend

The Board of Directors at its meeting held on October 10, 2024, has declared an interim dividend of ₹10.00 per equity share.

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 Krishivasan
CEO and Managing Director
DIN: 10106739

Aarthi Subramanian
Director
DIN: 07121802

Aniruddha Godbole
Partner
Membership No: 105149

Samir Seksaria
CFO

Pradeep Manohar Gaitonde
Company Secretary

Mumbai, October 10, 2024

Mumbai, October 10, 2024