**TATA CONSULTANCY SERVICES LIMITED**

**Consolidated Interim Balance Sheet**

| | Note | As at December 31, 2024 | As at March 31, 2024 |
|---|---|---|---|
| | | (₹ crore) | |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 10(a) | 9,495 | 9,376 |
| Capital work-in-progress | 10(a) | 1,412 | 1,564 |
| Right-of-use assets | 9 | 9,305 | 7,886 |
| Goodwill | 10(b) | 1,806 | 1,832 |
| Other intangible assets | 10(c) | 1,153 | 510 |
| Financial assets | | | |
| Investments | 8(a) | 274 | 281 |
| Trade receivables | | | |
| Billed | 8(b) | 98 | 127 |
| Unbilled | | 18 | 16 |
| Loans | 8(e) | 25 | 2 |
| Other financial assets | 8(f) | 2,212 | 3,272 |
| Deferred tax assets (net) | | 3,360 | 3,403 |
| Income tax assets (net) | | 2,082 | 1,600 |
| Other assets | 10(d) | 3,656 | 3,596 |
| **Total non-current assets** | | **34,896** | **33,465** |
| **Current assets** | | | |
| Inventories | 10(e) | 26 | 28 |
| Financial assets | | | |
| Investments | 8(a) | 41,752 | 31,481 |
| Trade receivables | | | |
| Billed | 8(b) | 52,124 | 44,434 |
| Unbilled | | 8,342 | 9,143 |
| Cash and cash equivalents | 8(c) | 9,925 | 9,016 |
| Other balances with banks | 8(d) | 9,656 | 4,270 |
| Loans | 8(e) | 74 | 491 |
| Other financial assets | 8(f) | 2,633 | 1,703 |
| Income tax assets (net) | | 249 | 151 |
| Other assets | 10(d) | 14,634 | 12,267 |
| **Total current assets** | | **1,39,415** | **1,12,984** |
| **TOTAL ASSETS** | | **1,74,311** | **1,46,449** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | | 362 | 362 |
| Other equity | | 1,09,126 | 90,127 |
| **Equity attributable to shareholders of the Company** | | **109,488** | **90,489** |
| Non-controlling interests | | 925 | 830 |
| **Total equity** | | **110,413** | **91,319** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Lease liabilities | | 7,860 | 6,516 |
| Other financial liabilities | 8(g) | 722 | 365 |
| Employee benefit obligations | 13 | 815 | 686 |
| Deferred tax liabilities (net) | | 930 | 977 |
| Unearned and deferred revenue | | 438 | 482 |
| **Total non-current liabilities** | | **10,765** | **9,026** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Lease liabilities | | 1,491 | 1,505 |
| Trade payables | | 14,189 | 9,981 |
| Other financial liabilities | 8(g) | 8,711 | 8,362 |
| Unearned and deferred revenue | | 3,985 | 3,640 |
| Other liabilities | 10(f) | 6,856 | 6,524 |
| Provisions | 10(g) | 146 | 140 |
| Employee benefit obligations | 13 | 4,828 | 4,519 |
| Income tax liabilities (net) | | 12,927 | 11,433 |
| **Total current liabilities** | | **53,133** | **46,104** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,74,311** | **1,46,449** |

**NOTES FORMING PART OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As per our report of even date attached

For and on behalf of the Board

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

**K Krithivasan**
*CEO and Managing Director*
DIN: 10106739

**Aarthi Subramanian**
*Director*
DIN: 07121802

**Aniruddha Godbole**
*Partner*
Membership No: 105149

*Mumbai, January 9, 2025*

**Samir Seksaria**
*CFO*

**Yashaswin Sheth**
*Company Secretary*

*Mumbai, January 9, 2025*

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

(₹ crore)

| | Note | Three months ended December 31, 2024 | Three months ended December 31, 2023 | Nine months ended December 31, 2024 | Nine months ended December 31, 2023 |
|---|---|---|---|---|---|
| Revenue from operations | 11 | 63,973 | 60,583 | 1,90,845 | 1,79,656 |
| Other income | 12 | 1,243 | 862 | 2,934 | 3,265 |
| **TOTAL INCOME** | | **65,216** | **61,445** | **1,93,779** | **1,82,921** |
| **Expenses** | | | | | |
| Employee benefit expenses | 13 | 35,956 | 34,722 | 1,09,026 | 1,04,993 |
| Cost of equipment and software licences | 14(a) | 3,519 | 1,173 | 8,900 | 2,141 |
| Finance costs | 15 | 234 | 230 | 569 | 552 |
| Depreciation and amortisation expense | | 1,377 | 1,233 | 3,863 | 3,739 |
| Other expenses | 14(b) | 7,464 | 8,300 | 22,492 | 25,390 |
| **TOTAL EXPENSES** | | **48,550** | **45,658** | **1,44,850** | **1,36,815** |
| **PROFIT BEFORE EXCEPTIONAL ITEM AND TAX** | | **16,666** | **15,787** | 48,929 | **46,106** |
| **Exceptional item** | | | | | |
| Settlement of legal claim | 19 | - | 958 | - | 958 |
| **PROFIT BEFORE TAX** | | **16,666** | **14,829** | **48,929** | **45,148** |
| **Tax expense** | | | | | |
| Current tax | 16 | 4,217 | 3,633 | 12,585 | 11,456 |
| Deferred tax | 16 | 5 | 99 | (160) | 95 |
| **TOTAL TAX EXPENSE** | | **4,222** | **3,732** | **12,425** | **11,551** |
| **PROFIT FOR THE PERIOD** | | **12,444** | **11,097** | **36,504** | **33,597** |
| **OTHER COMPREHENSIVE INCOME (OCI)** | | | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | | | |
| Remeasurement of defined employee benefit plans | | 41 | (70) | 54 | (65) |
| Net change in fair values of investments in equity shares carried at fair value through OCI | | (6) | - | (18) | - |
| **Income tax on items that will not be reclassified subsequently to profit or loss** | | (14) | 12 | (22) | 4 |
| **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 | | (133) | 54 | 313 | 29 |
| Net change in intrinsic value of derivatives designated as cash flow hedges | | 29 | (82) | 19 | (8) |
| Net change in time value of derivatives designated as cash flow hedges | | 22 | - | - | (2) |
| Exchange differences on translation of financial statements of foreign operations | | (780) | 718 | (237) | 522 |
| **Income tax on items that will be reclassified subsequently to profit or loss** | | 21 | 5 | (82) | 19 |
| **TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)** | | **(820)** | **637** | **27** | **499** |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | | **11,624** | **11,734** | **36,531** | **34,096** |
| | | | | | |
| **Profit for the period attributable to:** | | | | | |
| Shareholders of the Company | | 12,380 | 11,058 | 36,329 | 33,474 |
| Non-controlling interests | | 64 | 39 | 175 | 123 |
| | | **12,444** | **11,097** | **36,504** | **33,597** |
| | | | | | |
| **Other comprehensive income for the period attributable to:** | | | | | |
| Shareholders of the Company | | (776) | 609 | 30 | 525 |
| Non-controlling interests | | (44) | 28 | (3) | (26) |
| | | **(820)** | **637** | **27** | **499** |
| | | | | | |
| **Total comprehensive income for the period attributable to:** | | | | | |
| Shareholders of the Company | | 11,604 | 11,667 | 36,359 | 33,999 |
| Non-controlling interests | | 20 | 67 | 172 | 97 |
| | | **11,624** | **11,734** | **36,531** | **34,096** |
| | | | | | |
| **Earnings per equity share:- Basic and diluted (₹)** | 17 | 34.21 | 30.29 | 100.40 | 91.55 |
| Weighted average number of equity shares | | 361,80,87,518 | 365,10,36,706 | 361,80,87,518 | 365,63,70,102 |

**NOTES FORMING PART OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As per our report of even date attached

For and on behalf of the Board

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

**K Krithivasan**
*CEO and Managing Director*
DIN: 10106739

**Aarthi Subramanian**
*Director*
DIN: 07121802

**Aniruddha Godbole**
*Partner*
Membership No: 105149

*Mumbai, January 9, 2025*

**Samir Seksaria**
*CFO*

**Yashaswin Sheth**
*Company Secretary*

*Mumbai, January 9, 2025*

**TATA CONSULTANCY SERVICES LIMITED**
**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 December 31, 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 December 31, 2023 |
|---|---|---|---|---|
| 366 | - | 366 | (4) | 362 |

*Refer note 8(I)

## B. OTHER EQUITY

(₹ crore)

| | Reserves and surplus | | | | | Items of other comprehensive income | | | | Equity attributable to shareholders of the Company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital reserve | Capital redemption reserve | Special Economic Zone re-investment reserve | Retained earnings | Statutory reserve | Investment revaluation reserve | Cash flow hedging reserve: Intrinsic value | Cash flow hedging reserve: Time value | Foreign currency translation reserve | | | |
| **Balance as at April 1, 2024** | **75** | **444** | **16,234** | **70,033** | **160** | **235** | **9** | **(18)** | **2,955** | **90,127** | **830** | **90,957** |
| Profit for the period | - | - | - | 36,329 | - | - | - | - | - | 36,329 | 175 | 36,504 |
| Other comprehensive income / (losses) | - | - | - | 32 | - | 216 | 13 | 1 | (232) | 30 | (3) | 27 |
| **Total comprehensive income** | **-** | **-** | **-** | **36,361** | **-** | **216** | **13** | **1** | **(232)** | **36,359** | **172** | **36,531** |
| Dividend | - | - | - | (17,367) | - | - | - | - | - | (17,367) | (98) | (17,465) |
| Sale of shares to non-controlling interests | - | - | - | 7 | - | - | - | - | - | 7 | 21 | 28 |
| Transfer from Special Economic Zone re-investment reserve | - | - | (9,775) | 9,775 | - | - | - | - | - | - | - | - |
| Transfer to reserves | - | - | - | (12) | 12 | - | - | - | - | - | - | - |
| **Balance as at December 31, 2024** | **75** | **444** | **6,459** | **98,797** | **172** | **451** | **22** | **(17)** | **2,723** | **1,09,126** | **925** | **1,10,051** |
| **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 | - | - | - | 33,474 | - | - | - | - | - | 33,474 | 123 | 33,597 |
| Other comprehensive income / (losses) | - | - | - | (61) | - | 45 | (6) | (2) | 549 | 525 | (26) | 499 |
| **Total comprehensive income** | **-** | **-** | **-** | **33,413** | **-** | **45** | **(6)** | **(2)** | **549** | **33,999** | **97** | **34,096** |
| Dividend | - | - | - | (15,368) | - | - | - | - | - | (15,368) | (81) | (15,449) |
| Expenses for buy-back of equity shares[1] | | | | (46) | | | | | | (46) | | (46) |
| Tax on buy-back of equity shares[1] | | | | (3,959) | | | | | | (3,959) | | (3,959) |
| Buy-back of equity shares[1] | - | 4 | - | (17,000) | - | - | - | - | - | (16,996) | - | (16,996) |
| Transfer to Special Economic Zone re-investment reserve | - | - | 7,300 | (7,300) | - | - | - | - | - | - | - | - |
| Transfer from Special Economic Zone re-investment reserve | - | - | (3,762) | 3,762 | - | - | - | - | - | - | - | - |
| **Balance as at December 31, 2023** | **75** | **444** | **15,347** | **68,224** | **143** | **86** | **2** | **(30)** | **3,397** | **87,688** | **798** | **88,486** |

[1]Refer note 8(l)

Gain of ₹32 crore and loss of ₹61 crore on remeasurement of defined employee benefit plans (net of tax) is recognised as a part of retained earnings for nine months ended December 31, 2024 and 2023, respectively.

Total equity (primarily retained earnings) includes ₹1,638 crore and ₹1,669 crore as at December 31, 2024 and 2023, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

**Nature and purpose of reserves**

**(a) Capital reserve**

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

**(b) Capital redemption reserve**

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

**(c) Special Economic Zone re-investment reserve**

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

**(d) Retained earnings**

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

**(e) Statutory reserve**

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

**(f) Investment revaluation reserve**

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

**(g) Cash flow hedging reserve**

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

**(h) Foreign currency translation reserve**

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

**NOTES FORMING PART OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As per our report of even date attached

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

**Aniruddha Godbole**
*Partner*
Membership No: 105149

*Mumbai, January 9, 2025*

For and on behalf of the Board

**K Krithivasan**
*CEO and Managing Director*
DIN: 10106739

**Aarthi Subramanian**
*Director*
DIN: 07121802

**Samir Seksaria**
*CFO*

**Yashaswin Sheth**
*Company Secretary*

*Mumbai, January 9, 2025*

**TATA CONSULTANCY SERVICES LIMITED**
**Consolidated Interim Statement of Cash Flows**

| | (₹ crore) | |
|---|---|---|
| | **Nine months ended December 31, 2024** | **Nine months ended December 31, 2023** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| **Profit for the period** | 36,504 | 33,597 |
| **Adjustments for:** | | |
| Depreciation and amortisation expense | 3,863 | 3,739 |
| Bad debts and advances written off, allowance for expected credit losses and doubtful advances (net) | 104 | 72 |
| Tax expense | 12,425 | 11,551 |
| Net gain on lease modification | (14) | (1) |
| Unrealised foreign exchange (gain) / loss | 11 | (26) |
| Net gain on disposal of property, plant and equipment | (13) | (6) |
| Net gain on disposal / fair valuation of investments | (195) | (246) |
| Interest income | (2,535) | (2,994) |
| Dividend income | (37) | (27) |
| Finance costs | 569 | 552 |
| **Operating profit before working capital changes** | **50,682** | **46,211** |
| **Net change in** | | |
| Inventories | 2 | (3) |
| Trade receivables | | |
| Billed | (7,397) | (2,605) |
| Unbilled | 987 | 855 |
| Loans and other financial assets | (333) | (124) |
| Other assets | (2,225) | (1,629) |
| Trade payables | 3,705 | (234) |
| Unearned and deferred revenue | 188 | (763) |
| Other financial liabilities | (177) | (1,143) |
| Other liabilities and provisions | 551 | 1,470 |
| **Cash generated from operations** | **45,983** | **42,035** |
| Taxes paid (net of refunds) | (11,596) | (9,690) |
| **Net cash generated from operating activities** | **34,387** | **32,345** |
| | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Bank deposits placed | (4,902) | (5,465) |
| Purchase of investments # | (1,03,350) | (1,11,507) |
| Payment for purchase of property, plant and equipment | (2,176) | (1,371) |
| Payment including advances for acquiring right-of-use assets | (83) | (27) |
| Payment for purchase of intangible assets | (163) | (373) |
| Proceeds from bank deposits | 469 | 5,997 |
| Proceeds from inter-corporate deposits | 170 | 836 |
| Proceeds from disposal / redemption of investments # | 93,660 | 1,15,577 |
| Proceeds from sub-lease receivable | 3 | 3 |
| Proceeds from disposal of property, plant and equipment | 17 | 13 |
| Proceeds from disposal of intangible assets | - | 7 |
| Interest received | 2,069 | 2,350 |
| Dividend received | 34 | 16 |
| Loan given | (26) | - |
| **Net cash generated from / (used in) investing activities** | **(14,278)** | **6,056** |

**TATA CONSULTANCY SERVICES LIMITED**
**Consolidated Interim Statement of Cash Flows**

| | Nine months ended December 31, 2024 | Nine months ended December 31, 2023 |
|---|---|---|
| | **(₹ crore)** | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Repayment of lease liabilities | (1,261) | (1,219) |
| Interest paid | (550) | (477) |
| Dividend paid | (17,367) | (15,368) |
| Dividend paid to non-controlling interests | (98) | (81) |
| Transfer of funds to buy-back escrow account | - | (425) |
| Transfer of funds from buy-back escrow account | - | 425 |
| Expenses for buy-back of equity shares (Refer note 8(l)) | - | (46) |
| Tax on buy-back of equity shares (Refer note 8(l)) | - | (3,959) |
| Buy-back of equity shares (Refer note 8(l)) | - | (17,000) |
| Sale of shares to non-controlling interests | 28 | - |
| **Net cash used in financing activities** | **(19,248)** | **(38,150)** |
| | | |
| **Net change in cash and cash equivalents** | **861** | **251** |
| 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 | 48 | 160 |
| **Cash and cash equivalents at the end of the period** | **9,925** | **7,534** |
| | | |
| **<u>Components of cash and cash equivalents</u>** | | |
| **Balances with banks** | | |
| In current accounts | 2,336 | 2,282 |
| In deposit accounts | 7,578 | 5,243 |
| Cheques on hand | -* | -* |
| Cash on hand | -* | -* |
| Remittances in transit | 11 | 9 |
| | **9,925** | **7,534** |

*Represents value less than ₹0.50 crore.

#Purchase of investments include ₹175 crore and ₹286 crore for nine months ended December 31, 2024 and 2023, respectively, and proceeds from disposal / redemption of investments include ₹169 crore and ₹77 crore for nine months ended December 31, 2024 and 2023, respectively, held by trusts and TCS Foundation held for specified purposes.

**NOTES FORMING PART OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

As per our report of even date attached

For and on behalf of the Board

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

**K Krithivasan**
*CEO and Managing Director*
DIN: 10106739

**Aarthi Subramanian**
*Director*
DIN: 07121802

**Aniruddha Godbole**
*Partner*
Membership No: 105149

*Mumbai, January 9, 2025*

**Samir Seksaria**
*CFO*

**Yashaswin Sheth**
*Company Secretary*

*Mumbai, January 9, 2025*

**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 December 31, 2024, Tata Sons Private Limited, the holding company owned 71.74% of the Company's equity share capital.

The Board of Directors approved the consolidated interim financial statements for nine months ended December 31, 2024 and authorised for issue on January 09, 2025.

**2) Statement of compliance**

These standalone interim financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), including the requirements of Ind AS 34 - Interim Financial Reporting, as prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

**3) Basis of preparation**

These 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 consolidated interim financial statements have been discussed in the respective notes.

**4) Basis of consolidation**

The Company consolidates all entities which are controlled by it.

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

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

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

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

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

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

**5) Use of estimates and judgements**

The preparation of 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 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 consolidated interim financial statements:

**(a) Revenue recognition**

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

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

**(b) Useful lives of property, plant and equipment**

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

**(c) Impairment of goodwill**

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

**(d) Fair value measurement of financial instruments**

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

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

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

**(f) Deferred tax assets**

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

**(g) Provisions and contingent liabilities**

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

The Group uses significant judgements to assess contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the 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 nine months ended December 31, 2024, MCA has notified Ind AS – 117 Insurance Contracts and amendments to Ind AS 116 – Leases, relating to sale and leaseback transactions, applicable to the Group w.e.f. April 1, 2024. The Group has reviewed the new pronouncements 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.

**8) Financial assets, financial liabilities and equity instruments**

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

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

**Cash and cash equivalents**

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

**Financial assets at amortised cost**

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

**Financial assets at fair value through other comprehensive income**

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

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

**Financial assets at fair value through profit or loss**

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

**Financial liabilities**

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

**Equity instruments**

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

**Derivative accounting**

- **Instruments in hedging relationship**

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

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

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

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

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

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

- **Instruments not in hedging relationship**

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

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

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

**(a) Investments**

Investments consist of the following:

**Investments – Non-current**

| | | **(₹ crore)** |
|---|---|---|
| | **As at December 31, 2024** | **As at March 31, 2024** |
| **Investments designated at fair value through OCI** | | |
| Fully paid equity shares | | |
| Mozido LLC (unquoted) | 86 | 83 |
| FCM LLC (unquoted) | 64 | 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 | (163) | (142) |
| **Investments carried at amortised cost** | | |
| Government bonds and securities (quoted) | 188 | 188 |
| Corporate bonds and debentures (quoted) | 71 | 61 |
| | **274** | **281** |

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

**Investments – Current**

(₹ crore)

| | As at December 31, 2024 | As at March 31, 2024 |
|---|---|---|
| **Investments carried at fair value through profit or loss** | | |
| Mutual fund units (quoted) | 5,897 | 2,360 |
| **Investments carried at fair value through OCI** | | |
| Government bonds and securities (quoted) | 24,948 | 24,746 |
| Corporate bonds and debentures (quoted) | 4,939 | 3,406 |
| **Investments carried at amortised cost** | | |
| Corporate bonds and debentures (quoted) | 20 | 30 |
| Certificate of deposits (quoted) | 3,518 | - |
| Commercial papers (quoted) | 2,430 | 939 |
| | **41,752** | **31,481** |

Investments – Current includes ₹197 crore and ₹196 crore as at December 31, 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 December 31, 2024 and March 31, 2024, respectively.

Aggregate value of quoted and unquoted investments is as follows:

(₹ crore)

| | As at December 31, 2024 | As at March 31, 2024 |
|---|---|---|
| Aggregate value of quoted investments | 42,012 | 31,731 |
| Aggregate value of unquoted investments (net of impairment) | 14 | 31 |
| Aggregate market value of quoted investments | 42,010 | 31,729 |
| Aggregate value of impairment of investments | 163 | 142 |

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

(₹ crore)

| | As at December 31, 2024 | As at March 31, 2024 |
|---|---|---|
| Government bonds and securities | 186 | 186 |
| Corporate bonds and debentures | 91 | 91 |
| Certificate of deposits | 3,518 | - |
| Commercial papers | 2,430 | 939 |

Equity instruments designated at fair value through OCI are as follows:

(₹ crore)

| In Numbers | Currency | Face value per share | Equity instruments designated at fair value through OCI | As at December 31, 2024 | As at March 31, 2024 |
|---|---|---|---|---|---|
| | | | **Fully paid equity shares** | | |
| 1 00 00 000 | USD | 1 | Mozido LLC (unquoted) | 86 | 83 |
| 15 | USD | 500,000 | FCM LLC (unquoted) | 64 | 63 |
| 1 90 00 000 | INR | 10 | Taj Air Limited (unquoted) | 19 | 19 |
| 5 00 000 | PHP | 100 | Philippine Dealing System Holdings Corporation (unquoted) | 8 | 8 |
| 66 05 679 | CLP | 1 | LATAM Airlines Group S.A. (quoted) | - | 1 |
| | | | Less: Impairment in value of investments | (163) | (142) |
| | | | | **14** | **32** |

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

| | | (₹ crore) |
|---|---|---|
| | **As at December 31, 2024** | **As at March 31, 2024** |
| **Balance at the beginning of the period** | **235** | **41** |
| Net loss arising on revaluation of financial assets carried at fair value | (18) | (6) |
| Net gain / (loss) arising on revaluation of investments other than equities carried at fair value through other comprehensive income | 313 | 248 |
| Deferred tax relating to net gain / (loss) arising on revaluation of investments other than equities carried at fair value through other comprehensive income | (78) | (40) |
| Net cumulative gain reclassified to statement of profit and loss on sale of investments other than equities carried at fair value through other comprehensive income | (1) | (11) |
| Deferred tax relating to net cumulative gain reclassified to statement of profit and loss on sale of investments other than equities carried at fair value through other comprehensive income | - | 3 |
| **Balance at the end of the period** | **451** | **235** |

**(b) Trade receivables – Billed**

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

**Trade receivables - Billed – Non-current**

| | | (₹ crore) |
|---|---|---|
| | **As at December 31, 2024** | **As at March 31, 2024** |
| Trade receivables - Billed | 795 | 765 |
| Less: Allowance for expected credit losses | (697) | (638) |
| **Considered good** | **98** | **127** |

**Trade receivables - Billed – Current**

| | | (₹ crore) |
|---|---|---|
| | **As at December 31, 2024** | **As at March 31, 2024** |
| Trade receivables - Billed | 52,397 | 44,722 |
| Less: Allowance for expected credit losses | (361) | (365) |
| **Considered good** | **52,036** | **44,357** |
| | | |
| Trade receivables - Billed | 308 | 264 |
| Less: Allowance for expected credit losses | (220) | (187) |
| **Credit impaired** | **88** | **77** |
| | **52,124** | **44,434** |

Above balances of trade receivables – billed include balances with related parties (Refer note 21).

**(c) Cash and cash equivalents**

Cash and cash equivalents consist of the following:

| | As at December 31, 2024 | As at March 31, 2024 |
|---|---|---|
| | | **(₹ crore)** |
| **Balances with banks** | | |
| In current accounts | 2,336 | 2,804 |
| In deposit accounts | 7,578 | 6,212 |
| Cheques on hand | -* | -* |
| Cash on hand | -* | -* |
| Remittances in transit | 11 | -* |
| | **9,925** | **9,016** |

*Represents value less than ₹0.50 crore.

Balances with banks in current accounts include ₹10 crore and ₹9 crore as at December 31, 2024 and March 31, 2024, respectively, pertaining to trusts held for specified purposes.

**(d) Other balances with banks**

Other balances with banks consist of the following:

| | As at December 31, 2024 | As at March 31, 2024 |
|---|---|---|
| | | **(₹ crore)** |
| Earmarked balances with banks | 498 | 471 |
| Short-term bank deposits | 9,158 | 3,799 |
| | **9,656** | **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 ₹1,592 crore and ₹517 crore as at December 31, 2024 and March 31, 2024, respectively, pertaining to TCS Foundation held for specified purposes.

**(e) Loans**

Loans (unsecured) consist of the following:

**Loans – Non-current**

| | As at December 31, 2024 | As at March 31, 2024 |
|---|---|---|
| | | **(₹ crore)** |
| **Considered good** | | |
| Inter-corporate deposits | - | - |
| Loans to employees | 2 | 2 |
| Other loans | 23 | - |
| | **25** | **2** |

**Loans – Current**

| | As at December 31, 2024 | As at March 31, 2024 |
|---|---|---|
| | | **(₹ crore)** |
| **Considered good** | | |
| Inter-corporate deposits | - | 170 |
| Loans to employees | 72 | 321 |
| Other loans | 2 | - |
| | **74** | **491** |

Inter-corporate deposits placed with financial institutions yield fixed interest rate. Inter-corporate deposits include ₹NIL crore and ₹110 crore as at December 31, 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 December 31, 2024** | **As at March 31, 2024** |
| Security deposits | 693 | 749 |
| Earmarked balances with banks | 242 | 213 |
| Long-term bank deposits | 1,254 | 2,248 |
| Interest receivable | 23 | 62 |
| | **2,212** | **3,272** |

**Other financial assets – Current**

| | | (₹ crore) |
|---|---|---|
| | **As at December 31, 2024** | **As at March 31, 2024** |
| Security deposits | 338 | 339 |
| Fair value of foreign exchange derivative assets | 202 | 141 |
| Interest receivable | 1,108 | 764 |
| Advances to employees | 323 | 368 |
| Less: Allowance for advances to employees | (50) | (43) |
| Others | 712 | 134 |
| | **2,633** | **1,703** |

Long-term bank deposits include ₹420 crore and ₹1,495 crore as at December 31, 2024 and March 31, 2024, respectively, pertaining to TCS Foundation held for specified purposes.

Interest receivable includes ₹207 crore and ₹111 crore as at December 31, 2024 and March 31, 2024, respectively, pertaining to trusts and TCS Foundation held for specified purposes.

**(g) Other financial liabilities**

Other financial liabilities consist of the following:

**Other financial liabilities – Non-current**

| | | (₹ crore) |
|---|---|---|
| | **As at December 31, 2024** | **As at March 31, 2024** |
| Capital creditors | 70 | 69 |
| Liabilities towards customer contracts | 352 | - |
| Others | 300 | 296 |
| | **722** | **365** |

Others include advance taxes paid of ₹226 crore and ₹226 crore as at December 31, 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 December 31, 2024 | As at March 31, 2024 |
|---|---|---|
| Accrued payroll | 5,077 | 5,760 |
| Unclaimed dividends | 55 | 53 |
| Fair value of foreign exchange derivative liabilities | 407 | 114 |
| Capital creditors | 1,570 | 625 |
| Liabilities towards customer contracts | 1,303 | 1,509 |
| Others | 299 | 301 |
| | **8,711** | **8,362** |

**(h) Financial instruments by category**

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

(₹ crore)

| | Fair value through profit or loss | Fair value through other comprehensive income | Derivative instruments in hedging relationship | Derivative instruments not in hedging relationship | Amortised cost | Total carrying value |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Cash and cash equivalents | - | - | - | - | 9,925 | 9,925 |
| Bank deposits | - | - | - | - | 10,412 | 10,412 |
| Earmarked balances with banks | - | - | - | - | 740 | 740 |
| Investments | 5,897 | 29,902 | - | - | 6,227 | 42,026 |
| Trade receivables | | | | | | |
| Billed | - | - | - | - | 52,222 | 52,222 |
| Unbilled | - | - | - | - | 8360 | 8360 |
| Loans | - | - | - | - | 99 | 99 |
| Other financial assets | - | - | 65 | 137 | 3,147 | 3,349 |
| | **5,897** | **29,902** | **65** | **137** | **91,132** | **1,27,133** |
| **Financial liabilities** | | | | | | |
| Trade payables | - | - | - | - | 14,189 | 14,189 |
| Lease liabilities | - | - | - | - | 9,351 | 9,351 |
| Other financial liabilities | - | - | - | 407 | 9,026 | 9,433 |
| | **-** | **-** | **-** | **407** | **32,566** | **32,973** |

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

(₹ crore)

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

Loans include inter-corporate deposits of ₹170 crore, with original maturity period within 24 months

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade payables as at December 31, 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 ₹6,225 crore and ₹1,215 crore as at December 31, 2024 and March 31, 2024, respectively.

**(i) Fair value hierarchy**

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

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

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

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

| | | | | (₹ crore) |
|---|---|---|---|---|
| **As at December 31, 2024** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial assets** | | | | |
| Mutual fund units | 5,897 | - | - | 5,897 |
| Equity shares | 1 | - | 14 | 15 |
| Government bonds and securities | 25,134 | - | - | 25,134 |
| Corporate bonds and debentures | 5,030 | - | - | 5,030 |
| Certificate of deposits | 3,518 | - | - | 3,518 |
| Commercial papers | 2,430 | - | - | 2,430 |
| Fair value of foreign exchange derivative assets | - | 202 | - | 202 |
| | **42,010** | **202** | **14** | **42,226** |
| **Financial liabilities** | | | | |
| Fair value of foreign exchange derivative liabilities | - | 407 | - | 407 |
| | **-** | **407** | **-** | **407** |

| | | | | (₹ crore) |
|---|---|---|---|---|
| **As at March 31, 2024** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial assets** | | | | |
| Mutual fund units | 2,360 | - | - | 2,360 |
| Equity shares | 1 | - | 31 | 32 |
| Government bonds and securities | 24,932 | - | - | 24,932 |
| Corporate bonds 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** |

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

| | | (₹ crore) |
|---|---|---|
| | **Nine months ended December 31, 2024** | **Year ended March 31, 2024** |
| **Balance at the beginning of the period** | **31** | **36** |
| Impairment in value of investments | (18) | (6) |
| Translation exchange difference | 1 | 1 |
| **Balance at the end of the period** | **14** | **31** |

**(j) Derivative financial instruments and hedging activity**

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

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

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

| | As at December 31, 2024 | | | As at March 31, 2024 | | |
|---|---|---|---|---|---|---|
| **Foreign currency** | **No. of contracts** | **Notional amount of contracts (In million)** | **Fair value (₹ crore)** | **No. of contracts** | **Notional amount of contracts (In million)** | **Fair value (₹ crore)** |
| US Dollar | - | - | - | 19 | 475 | 6 |
| Great Britain Pound | 27 | 245 | 37 | 29 | 230 | 24 |
| Euro | 26 | 240 | 28 | 28 | 235 | 16 |

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

(₹ crore)

| | Nine months ended December 31, 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 | (158) | 172 | (139) | 241 |
| Deferred tax on (gain) / loss transferred to profit and loss on occurrence of forecasted hedge transactions | 40 | (45) | 31 | (55) |
| Change in the fair value of effective portion of cash flow hedges | 177 | (172) | 140 | (228) |
| Deferred tax on change in the fair value of effective portion of cash flow hedges | (46) | 46 | (31) | 52 |
| **Balance at the end of the period** | **22** | **(17)** | **9** | **(18)** |

The Group has entered into derivative instruments not in hedging relationship by way of foreign exchange forward, currency options and futures contracts. As at December 31, 2024 and March 31, 2024, the notional amount of outstanding contracts aggregated to ₹58,105 crore and ₹50,982 crore, respectively, and the respective fair value of these contracts have a net loss of ₹271 crore and ₹19 crore.

Exchange Gain of ₹135 crore and Loss of ₹353 crore on foreign exchange forward, currency options and futures contracts that do not qualify for hedge accounting have been recognised in the consolidated interim statement of profit and loss for three months ended December 31, 2024 and 2023, respectively.

Exchange loss of ₹512 crore and ₹229 crore on foreign exchange forward, currency options and futures contracts that do not qualify for hedge accounting have been recognised in the consolidated interim statement of profit and loss for nine months ended December 31, 2024 and 2023, respectively.

Net foreign exchange gain / (loss) include gain of ₹67 crore and loss of ₹11 crore transferred from cash flow hedging reserve to the consolidated interim statement of profit and loss on occurrence of forecasted hedge transactions for three months ended December 31, 2024 and 2023, respectively.

Net foreign exchange gain / (loss) include loss of ₹14 crore and ₹62 crore transferred from cash flow hedging reserve to the consolidated interim statement of profit and loss on occurrence of forecasted hedge transactions for nine months ended December 31, 2024 and 2023, respectively.

Net gain on derivative instruments of ₹5 crore recognised in cash flow hedging reserve as at December 31, 2024, is expected to be transferred to the statement of profit and loss by December 31, 2025. The maximum period over which the exposure to cash flow variability has been hedged is through calendar year 2025.

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

| | | (₹ crore) |
|---|---|---|
| | **As at December 31, 2024** | **As at March 31, 2024** |
| 10% Appreciation of the underlying foreign currencies | - | - |
| 10% Depreciation of the underlying foreign currencies | 534 | 910 |

**(k) Financial risk management**

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

**Market risk**

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

- **Foreign currency exchange rate risk**

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

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

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

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

The following analysis has been worked out based on the net exposures for each of the subsidiaries and Tata Consultancy Services Limited as of the date of balance sheet which could affect the statement of profit and loss and other comprehensive income and equity. Further the exposure as indicated below is mitigated by some of the derivative contracts entered into by the Group as disclosed in note 8(j).

The following table sets forth information relating to unhedged foreign currency exposure as at December 31, 2024:

| | | | | (₹ crore) |
|---|---|---|---|---|
| | **USD** | **EUR** | **GBP** | **Others** |
| Net financial assets | 2,146 | 234 | 146 | 5,889 |
| Net financial liabilities | (9,688) | (4) | (76) | (410) |

10% appreciation / depreciation of the respective functional currency of Tata Consultancy Services Limited and its subsidiaries with respect to various foreign currencies would result in increase / decrease in the Group's profit before taxes by approximately ₹176 crore for the period ended December 31, 2024.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2024:

(₹ crore)

| | USD | EUR | GBP | Others |
|---|---|---|---|---|
| Net financial assets | 2,753 | 518 | 161 | 3,508 |
| Net financial liabilities | (7,129) | (253) | (2,185) | (753) |

10% appreciation / depreciation of the respective functional currency of Tata Consultancy Services Limited and its subsidiaries with respect to various foreign currencies would result in increase / decrease in the Group's profit before taxes by approximately ₹338 crore for the year ended March 31, 2024.

- **Interest rate risk**

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

**Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Refer note 5 for methods, assumptions and information used to measure expected credit losses.

Financial instruments that are subject to credit risk consist of trade receivables, loans, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. Inter-corporate deposits of ₹NIL are with a financial institution having a high credit-rating assigned by credit-rating agencies. Bank deposits include an amount of ₹10,334 crore held with three banks having high credit rating which are individually in excess of 10% or more of the Group's total bank deposits as at December 31, 2024. None of the other financial instruments of the Group result in material concentration of credit risk.

- **Exposure to credit risk**

The carrying amount of financial assets and contract assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹1,33,305 crore and ₹2,96,130 crore as at December 31, 2024 and March 31, 2024, respectively, being the total of the carrying amount of balances with banks, bank deposits, investments, trade receivables, loans, contract assets and other financial assets.

The Group's exposure to customers is diversified and no single customer contributes to more than 10% of outstanding trade receivables and contract assets as at December 31, 2024 and March 31, 2024.

**Geographic concentration of credit risk**

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

| | As at December 31, 2024 | | As at March 31, 2024 | |
|---|---|---|---|---|
| | Gross% | Net% | Gross% | Net% |
| United States of America | 39.29 | 39.83 | 42.07 | 42.67 |
| India | 23.28 | 22.18 | 18.68 | 17.44 |
| United Kingdom | 12.61 | 12.81 | 16.56 | 16.86 |

Geographical concentration of trade receivables (gross and net of allowances) and contract assets is allocated based on the location of the customers.

The allowance for lifetime expected credit losses on trade receivables for the period ended December 31, 2024 and year ended March 31, 2024 was ₹89 crore and ₹98 crore respectively. The reconciliation of allowance for expected credit losses is as follows:

| | (₹ crore) | |
|---|---|---|
| | **As at December 31, 2024** | **As at March 31, 2024** |
| **Balance at the beginning of the period** | **1,190** | **1,213** |
| Change during the period | 89 | 98 |
| Bad debts written off | (2) | (118) |
| Translation exchange difference | 1 | (3) |
| **Balance at the end of the period** | **1,278** | **1,190** |

**Liquidity risk**

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

| | | | | | (₹ crore) |
|---|---|---|---|---|---|
| **December 31, 2024** | **Due in 1st year** | **Due in 2nd year** | **Due in 3rd to 5th year** | **Due after 5th year** | **Total** |
| **Non-derivative financial liabilities** | | | | | |
| Trade payables | 14,189 | - | - | - | 14,189 |
| Lease liabilities | 1,974 | 1,784 | 3,811 | 4,561 | 12,130 |
| Other financial liabilities | 8,509 | 217 | 485 | 23 | 9,234 |
| | 24,672 | 2,001 | 4,296 | 4,584 | 35,553 |
| **Derivative financial liabilities** | 407 | - | - | - | 407 |
| | **25,079** | **2,001** | **4,296** | **4,584** | **35,960** |

| | | | | | (₹ crore) |
|---|---|---|---|---|---|
| **March 31, 2024** | **Due in 1st year** | **Due in 2nd year** | **Due in 3rd to 5th year** | **Due after 5th year** | **Total** |
| **Non-derivative financial liabilities** | | | | | |
| Trade payables | 9,981 | - | - | - | 9,981 |
| Lease liabilities | 1,959 | 1,709 | 3,364 | 3,070 | 10,102 |
| Other financial liabilities | 8,255 | 51 | 73 | 245 | 8,624 |
| | **20,195** | **1,760** | **3,437** | **3,315** | **28,707** |
| **Derivative financial liabilities** | 114 | - | - | - | 114 |
| | **20,309** | **1,760** | **3,437** | **3,315** | **28,821** |

**(l) Equity instruments**

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

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

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

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

**I. Reconciliation of number of shares**

| | As at December 31, 2024 | | As at March 31, 2024 | |
|---|---|---|---|---|
| | Number of shares | Amount (₹ crore) | Number of shares | Amount (₹ crore) |
| **Equity shares** | | | | |
| **Opening balance** | **361,80,87,518** | **362** | **365,90,51,373** | **366** |
| Issued during the period | - | - | - | - |
| Shares extinguished on buy-back | | - | (4,09,63,855) | (4) |
| **Closing balance** | **361,80,87,518** | **362** | **361,80,87,518** | **362** |

**II. Rights, preferences and restrictions attached to shares**

The Company has one class of equity shares having a par value of ₹1 each. Each shareholder is eligible for one vote per share held and carry a right to dividend. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**III. Shares held by Holding company, its Subsidiaries and Associates**

| | | (₹ crore) |
|---|---|---|
| | As at December 31, 2024 | As at March 31, 2024 |
| **Equity shares** | | |
| **Holding company** | | |
| 259,54,99,419 equity shares (March 31, 2024: 259,54,99,419 equity shares) are held by Tata Sons Private Limited | 260 | 260 |
| **Subsidiaries and Associates of Holding company** | | |
| 7,220 equity shares (March 31, 2024: 7,220 equity shares) are held by Tata Industries Limited* | - | - |
| 10,04,425 equity shares (March 31, 2024: 10,04,425 equity shares) are held by Tata Investment Corporation Limited* | - | - |
| 46,798 equity shares (March 31, 2024: 46,798 equity shares) are held by Tata Steel Limited* | - | - |
| 766 equity shares (March 31, 2024: 766 equity shares) are held by The Tata Power Company Limited* | - | - |
| | **260** | **260** |

*Equity shares having value less than ₹0.50 crore

**9) Leases**

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

**Group as a lessee**

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

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

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

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

**Group as a lessor**

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

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

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

(₹ crore)

| | Additions for nine months ended December 31, 2024 | Net carrying amount as at December 31, 2024 |
|---|---|---|
| Leasehold land | - | 921 |
| Buildings | 2,820 | 8,093 |
| Leasehold improvements | 39 | 54 |
| Computer equipment | - | 157 |
| Software licences | - | 38 |
| Vehicles | 13 | 36 |
| Office equipment | 5 | 6 |
| | **2,877** | **9,305** |

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

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

| | Three months ended December 31, 2024 | Three months ended December 31, 2023 | Nine months ended December 31, 2024 | Nine months ended December 31, 2023 |
|---|---|---|---|---|
| | | | | **(₹ crore)** |
| Leasehold land | 3 | 3 | 9 | 9 |
| Buildings | 428 | 387 | 1,264 | 1,187 |
| Leasehold improvements | 3 | 2 | 8 | 6 |
| Computer equipment | 15 | 11 | 45 | 33 |
| Software licences | 7 | 9 | 21 | 27 |
| Vehicles | 5 | 5 | 15 | 14 |
| Office equipment | 1 | 1 | 3 | 3 |
| Furniture and fixtures | -* | - | -* | - |
| | **462** | **418** | **1,365** | **1,279** |

Interest on lease liabilities is ₹160 crore and ₹125 crore for three months ended December 31, 2024 and 2023, respectively.

Interest on lease liabilities is ₹467 crore and ₹379 crore for nine months ended December 31, 2024 and 2023, respectively.

The Group incurred ₹82 crore and ₹93 for three months ended December 31 2024 and 2023, respectively, towards expenses relating to short-term leases and leases of low-value assets.

The Group incurred ₹251 crore and ₹275 crore for nine months ended December 31 2024 and 2023, respectively, towards expenses relating to short-term leases and leases of low-value assets.

The total cash outflow for leases is ₹667 crore and ₹632 crore for three months ended December 31 2024 and 2023, respectively, including cash outflow for short term leases and leases of low-value assets.

The total cash outflow for leases is ₹2,068 crore and ₹1,900 crore for nine months ended December 31 2024 and 2023, respectively, including cash outflow for short term leases and leases of low-value assets

The Group has lease term extension options that are not reflected in the measurement of lease liabilities. The present value of future cash outflows for such extension periods is ₹921 crore and ₹815 crore as at December 31, 2024 and March 31, 2024, respectively.

Lease contracts entered by the Group majorly pertain for buildings taken on lease to conduct its business in the ordinary course.

The Group does not have any lease restrictions and commitment towards variable rent as per the contract.

## 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 consolidated interim financial statements**

Property, plant and equipment consist of the following:

(₹ crore)

| | Freehold land | Buildings | Leasehold improvements | Plant and equipment | Computer equipment | Vehicles | Office equipment | Electrical installations | Furniture and fixtures | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cost as at April 1, 2024** | **354** | **8,280** | **2,777** | **878** | **14,199** | **45** | **2,976** | **2,202** | **2,142** | **33,853** |
| Additions | - | 456 | 57 | 105 | 1,078 | 7 | 205 | 129 | 146 | 2,183 |
| Disposals | - | (1) | (37) | (2) | (353) | (2) | (39) | (12) | (18) | (464) |
| Translation exchange difference | 1 | 3 | (32) | (2) | (94) | - | (14) | (11) | - | (149) |
| **Cost as at December 31, 2024** | **355** | **8,738** | **2,765** | **979** | **14,830** | **50** | **3,128** | **2,308** | **2,270** | **35,423** |
| **Accumulated depreciation as at April 1, 2024** | **-** | **(4,154)** | **(2,036)** | **(539)** | **(11,483)** | **(37)** | **(2,629)** | **(1,748)** | **(1,851)** | **(24,477)** |
| Depreciation | - | (313) | (129) | (68) | (1,196) | (4) | (137) | (99) | (79) | (2,025) |
| Disposals | - | 1 | 37 | 2 | 353 | 2 | 39 | 12 | 18 | 464 |
| Translation exchange difference | - | (2) | 29 | 1 | 67 | - | 10 | 5 | - | 110 |
| **Accumulated depreciation as at December 31, 2024** | **-** | **(4,468)** | **(2,099)** | **(604)** | **(12,259)** | **(39)** | **(2,717)** | **(1,830)** | **(1,912)** | **(25,928)** |
| **Net carrying amount as at December 31, 2024** | **355** | **4,270** | **666** | **375** | **2,571** | **11** | **411** | **478** | **358** | **9,495** |
| Capital work-in-progress | | | | | | | | | | 1,412 |
| **Total** | | | | | | | | | | **10,907** |

(₹ crore)

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

Changes in Capital work-in-progress are as follows:

| | | (₹ crore) |
|---|---|---|
| | **Nine months ended December 31, 2024** | **Year ended March 31, 2024** |
| **Balance at the beginning of the period** | 1,564 | 1,233 |
| Addition during the period | 2,033 | 2,252 |
| Capitalised during the period | (2,183) | (1,923) |
| Translation exchange difference | (2) | 2 |
| **Balance at the end of the period** | **1 412** | **1 564** |

**(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 December 31, 2024** | **As at March 31, 2024** |
| **Balance at the beginning of the period** | **1,832** | **1,858** |
| Translation exchange difference | (26) | (26) |
| **Balance at the end of the period** | **1,806** | **1,832** |

Goodwill of ₹683 crore and ₹689 crore as at December 31, 2024 and March 31, 2024, respectively, has been allocated to the TCS business in France.

In the absence of any indication of impairment, goodwill was last tested on March 31, 2024. On that date, the estimated value-in-use of this CGU is based on the future cash flows using a 1.50% annual growth rate for periods subsequent to the forecast period of 5 years and discount rate of 8.67%. An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

The remaining amount of goodwill of ₹1,123 crore and ₹1,143 crore as at December 31, 2024 and March 31, 2024, respectively, (relating to different CGUs individually immaterial) had been evaluated based on the cash flow forecasts of the related CGUs and the recoverable amounts of these CGUs exceeded their carrying amounts.sss

**(c) Other intangible assets**

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

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

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

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

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

Intangible assets consist of the following:

(₹ crore)

| | Rights under licensing agreement and software licences | Customer-related intangibles | Total |
|---|---|---|---|
| **Cost as at April 1, 2024** | **2,004** | **127** | **2,131** |
| Additions | 1,116 | - | 1,116 |
| Disposals / Derecognised | (106) | - | (106) |
| Translation exchange difference | (1) | - | (1) |
| **Cost as at December 31, 2024** | **3,013** | **127** | **3,140** |
| **Accumulated amortisation as at April 1, 2024** | **(1,494)** | **(127)** | **(1,621)** |
| Amortisation | (473) | - | (473) |
| Disposals / Derecognised | 106 | - | 106 |
| Translation exchange difference | 1 | - | 1 |
| **Accumulated amortisation as at December 31, 2024** | **(1,860)** | **(127)** | **(1,987)** |
| **Net carrying amount as at December 31, 2024** | **1,153** | **-** | **1,153** |

(₹ 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** |

The estimated amortisation for the periods subsequent to December 31, 2024 is as follows:

(₹ crore)

| **Period ending December 31,** | **Amortisation expense** |
|---|---|
| 2025 | 948 |
| 2026 | 128 |
| 2027 | 64 |
| 2028 | 13 |
| | **1,153** |

**(d) Other assets**

Other assets consist of the following:

**Other assets – Non-current**

| | | (₹ crore) |
|---|---|---|
| | **As at December 31, 2024** | **As at March 31, 2024** |
| **Considered good** | | |
| Capital advances | 114 | 88 |
| Advances to related parties | 246 | 196 |
| Contract assets | 241 | 295 |
| Prepaid expenses | 2,609 | 2,557 |
| Contract fulfillment costs | 231 | 247 |
| Others | 215 | 213 |
| | **3,656** | **3,596** |
| **Advances to related parties, considered good, comprise:** | | |
| Tata Realty and Infrastructure Limited | -* | -* |
| Tata Projects Limited | 243 | 191 |
| Titan Engineering and Automation Limited | 2 | 3 |
| Universal MEP Projects & Engineering Services Limited | 1 | 2 |

*Represents value less than ₹0.50 crore.

**Other assets – Current**

| | | (₹ crore) |
|---|---|---|
| | **As at December 31, 2024** | **As at March 31, 2024** |
| **Considered good** | | |
| Advance to suppliers | 150 | 174 |
| Advance to related parties | 1,464 | 967 |
| Contract assets | 5,946 | 5,846 |
| Prepaid expenses | 3,073 | 2,055 |
| Contract fulfillment costs | 2,099 | 1,588 |
| Indirect taxes recoverable | 1,480 | 1,288 |
| Others | 422 | 349 |
| **Considered doubtful** | | |
| Advance to suppliers | 2 | 2 |
| Other advances | 4 | 4 |
| Less: Allowance for doubtful assets | (6) | (6) |
| | **14,634** | **12,267** |
| **Advance to related parties, considered good comprise:** | | |
| Tata AIG General Insurance Company Limited | 4 | 7 |
| Titan Engineering & Automation Limited | - | -* |
| Tejas Networks Limited | 1,460 | 960 |

Non-current – Others includes advance of ₹177 crore and ₹174 crore towards acquiring right-of-use of leasehold land as at December 31, 2024 and March 31, 2024, respectively.

Contract fulfillment costs of ₹1,026 crore and ₹838 crore for the period ended December 31, 2024 and year ended March 31, 2024, respectively, have been amortised in the consolidated statement of profit and loss. Refer note 11 for changes in contract assets.

**(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:

| | As at December 31, 2024 | As at March 31, 2024 |
|---|---|---|
| | | (₹ crore) |
| Raw materials, sub-assemblies and components | 22 | 28 |
| Finished goods and work-in-progress | 4 | -* |
| Stores and spares | -* | - |
| | **26** | **28** |

*Represents value less than ₹0.50 crore.

**(f) Other liabilities**

Other liabilities consist of the following:

**Other liabilities – Current**

| | As at December 31, 2024 | As at March 31, 2024 |
|---|---|---|
| | | (₹ crore) |
| Advance received from customers | 1,863 | 1,841 |
| Indirect taxes payable and other statutory liabilities | 4,493 | 4,330 |
| Others | 500 | 353 |
| | **6,856** | **6,524** |

**(g) Provisions**

Provisions consist of the following:

**Provisions – Current**

| | As at December 31, 2024 | As at March 31, 2024 |
|---|---|---|
| | | (₹ crore) |
| Provision for foreseeable loss | 108 | 97 |
| Other provisions | 38 | 43 |
| | **146** | **140** |

**11) Revenue recognition**

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

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

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

agent of the customer. The Group recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

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

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

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

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

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

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

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

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

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

Revenue disaggregation by nature of services is as follows:

(₹ crore)

| | Three months ended December 31, 2024 | Three months ended December 31, 2023 | Nine months ended December 31, 2024 | Nine months ended December 31, 2023 |
|---|---|---|---|---|
| Consultancy services | 63,071 | 59,653 | 1,88,581 | 1,77,663 |
| Sale of equipment and software licences | 902 | 930 | 2,264 | 1,993 |
| | **63,973** | **60,583** | **1,90,845** | **1,79,656** |

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

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognise those revenues, the Group has applied the practical expedient in Ind AS 115. Accordingly, the Group has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is ₹1,71,429 crore out of which 47.01% is expected to be recognised as revenue in the next year and the balance thereafter. No consideration from contracts with customers is excluded from the amount mentioned above.

Changes in contract assets are as follows:

| | | (₹ crore) |
|---|---|---|
| | **Nine months ended December 31, 2024** | **Year ended March 31, 2024** |
| **Balance at the beginning of the period** | **6,141** | **5,831** |
| Invoices raised that were included in the contract assets balance at the beginning of the period | (4,337) | (3,933) |
| Increase due to revenue recognised during the period, excluding amounts billed during the period | 4,289 | 4,182 |
| Translation exchange difference | 94 | 61 |
| **Balance at the end of the period** | **6,187** | **6,141** |

Changes in unearned and deferred revenue are as follows:

| | | (₹ crore) |
|---|---|---|
| | **Nine months ended December 31, 2024** | **Year ended March 31, 2024** |
| **Balance at the beginning of the period** | **4,122** | **4,846** |
| Revenue recognised that was included in the unearned and deferred revenue balance at the beginning of the period | (3,641) | (4,178) |
| Increase due to invoicing during the period, excluding amounts recognised as revenue during the period | 3,949 | 3,469 |
| Translation exchange difference | (7) | (14) |
| **Balance at the end of the period** | **4,423** | **4,122** |

Reconciliation of revenue recognised with the contracted price is as follows:

| | | | | (₹ crore) |
|---|---|---|---|---|
| | **Three months ended December 31, 2024** | **Three months ended December 31, 2023** | **Nine months ended December 31, 2024** | **Nine months ended December 31, 2023** |
| Contracted price | 65,081 | 61,581 | 1,93,744 | 1,82,598 |
| Reductions towards variable consideration components | (1,108) | - 998 | (2,899) | (2,942) |
| **Revenue recognised** | **63,973** | **60,583** | **1,90,845** | **1,79,656** |

The reduction towards variable consideration comprises of volume discounts, service level credits, etc.

## 12) Other income

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

Other income consist of the following:

(₹ crore)

| | Three months ended December 31, 2024 | Three months ended December 31, 2023 | Nine months ended December 31, 2024 | Nine months ended December 31, 2023 |
|---|---|---|---|---|
| Interest income | 949 | 912 | 2,535 | 2,994 |
| Dividend income | 14 | 11 | 37 | 27 |
| Net gain on disposal / fair valuation of investments carried at fair value through profit or loss | 77 | 96 | 194 | 235 |
| Net gain on sale of investments other than equity shares carried at fair value through OCI | - | 6 | 1 | 11 |
| Net gain on disposal of property, plant and equipment | 5 | 4 | 13 | 6 |
| Net gain on lease modification | 2 | 1 | 14 | 1 |
| Net foreign exchange gain / (loss) | 188 | (175) | 104 | (40) |
| Other income | 7 | 7 | 35 | 31 |
| | **1,243** | **862** | **2,934** | **3,265** |
| **Interest income comprise:** | | | | |
| Interest on bank balances and bank deposits | 293 | 215 | 692 | 587 |
| Interest on financial assets carried at amortised cost | 87 | 132 | 188 | 350 |
| Interest on financial assets carried at fair value through OCI | 542 | 550 | 1,589 | 1,669 |
| Other interest (including interest on tax refunds) | 27 | 15 | 66 | 388 |
| **Dividend income comprise:** | | | | |
| Dividend from mutual fund units and other investments | 14 | 11 | 37 | 27 |

## 13) Employee benefits

### Defined benefit plans

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

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

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

### Defined contribution plans

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

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

### Short-term employee benefits

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

**Compensated absences**

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

Employee benefit expenses consist of the following:

(₹ crore)

| | Three months ended December 31, 2024 | Three months ended December 31, 2023 | Nine months ended December 31, 2024 | Nine months ended December 31, 2023 |
|---|---|---|---|---|
| Salaries, incentives and allowances | 32,183 | 31,154 | 97,338 | 94,057 |
| Contributions to provident and other funds | 2,869 | 2,666 | 8,757 | 8,081 |
| Staff welfare expenses | 904 | 902 | 2,931 | 2,855 |
| | **35,956** | **34,722** | **1,09,026** | **1,04,993** |

Employee benefit obligations consist of the following:

**Employee benefit obligations – Non-current**

(₹ crore)

| | As at December 31, 2024 | As at March 31, 2024 |
|---|---|---|
| Gratuity liability | 16 | 15 |
| Foreign defined benefit plans | 530 | 502 |
| Other employee benefit obligations | 269 | 169 |
| | **815** | **686** |

**Employee benefit obligations – Current**

(₹ crore)

| | As at December 31, 2024 | As at March 31, 2024 |
|---|---|---|
| Compensated absences | 4,784 | 4,480 |
| Other employee benefit obligations | 44 | 39 |
| | **4,828** | **4,519** |

Employee benefit plans consist of the following:

**Gratuity and pension**

In accordance with Indian law, Tata Consultancy Services Limited and its subsidiaries in India operate a scheme of gratuity which is a defined benefit plan. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days' salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service. The Company manages the plan through a trust. Trustees administer contributions made to the trust. Certain overseas subsidiaries and branches of the Company also provide for retirement benefit pension plans in accordance with the local laws.

The following table sets out the details of the defined benefit retirement plans and the amounts recognised in the financial statements:

(₹ crore)

| | As at December 31, 2024 | | | | | As at March 31, 2024 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total |
| **Change in benefit obligations** | | | | | | | | | | |
| **Benefit obligations, beginning of the period** | **5,300** | **3** | **1,898** | **392** | **7,593** | **4,667** | **3** | **1,833** | **294** | **6,797** |
| Translation exchange | - | - | 10 | (27) | (17) | - | - | 26 | 13 | 39 |
| Plan participants' contribution | - | - | 11 | - | 11 | - | - | 20 | - | 20 |
| Service cost | 400 | 1 | 25 | 55 | 481 | 485 | - | 33 | 82 | 600 |
| Interest cost | 293 | - | 47 | 13 | 353 | 363 | - | 57 | 18 | 438 |
| Remeasurement of the net defined benefit liability | 114 | - | 71 | 9 | 194 | 168 | - | (16) | 10 | 162 |
| Past service cost / (credit) | - | - | - | - | - | - | - | 6 | 6 | 12 |
| Benefits paid | (271) | - | (66) | (26) | (363) | (383) | - | (61) | (31) | (475) |
| **Benefit obligations, end of the period** | **5,836** | **4** | **1,996** | **416** | **8,252** | **5,300** | **3** | **1,898** | **392** | **7,593** |

(₹ crore)

| | As at December 31, 2024 | | | | | As at March 31, 2024 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total |
| **Change in plan assets** | | | | | | | | | | |
| **Fair value of plan assets, beginning of the period** | **7,234** | **-** | **2,078** | **-** | **9,312** | **6,405** | **-** | **1,929** | **-** | **8,334** |
| Translation exchange | - | - | 4 | - | 4 | - | - | 26 | - | 26 |
| Interest income | 394 | - | 53 | - | 447 | 501 | - | 61 | - | 562 |
| Employers' contributions | 272 | - | 42 | - | 314 | 601 | - | 53 | - | 654 |
| Plan participants' contribution | - | - | 11 | - | 11 | - | - | 20 | - | 20 |
| Benefits paid | (271) | - | (66) | - | (337) | (383) | - | (61) | - | (444) |
| Remeasurement - return on plan assets excluding amount included in interest income | 87 | - | 160 | - | 247 | 110 | - | 50 | - | 160 |
| **Fair value of plan assets, end of the period** | **7,716** | **-** | **2,282** | **-** | **9,998** | **7,234** | **-** | **2,078** | **-** | **9,312** |

(₹ crore)

| | As at December 31, 2024 | | | | | As at March 31, 2024 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total |
| **Funded status** | | | | | | | | | | |
| Deficit of plan assets over obligations | (12) | (4) | (114) | (416) | (546) | (12) | (3) | (110) | (392) | (517) |
| Surplus of plan assets over obligations | 1,892 | - | 400 | - | 2,292 | 1,946 | - | 290 | - | 2,236 |
| | **1,880** | **(4)** | **286** | **(416)** | **1,746** | **1,934** | **(3)** | **180** | **(392)** | **1,719** |

(₹ crore)

| | As at December 31, 2024 | | | | | As at March 31, 2024 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total |
| **Category of assets** | | | | | | | | | | |
| Corporate bonds | 2,004 | - | 88 | - | 2,092 | 1,960 | - | 371 | - | 2,331 |
| Equity instruments | 262 | - | - | - | 262 | 201 | - | 375 | - | 576 |
| Government bonds and | 3,426 | - | - | - | 3,426 | 3,172 | - | - | - | 3,172 |
| Insurer managed funds | 1,855 | - | 2,026 | - | 3,881 | 1,734 | - | 607 | - | 2,341 |
| Bank balances | 27 | - | 3 | - | 30 | 22 | - | 78 | - | 100 |
| Others | 142 | - | 165 | - | 307 | 145 | - | 647 | - | 792 |
| | **7,716** | **-** | **2,282** | **-** | **9,998** | **7,234** | **-** | **2,078** | **-** | **9,312** |

Net periodic gratuity / pension cost, included in employee cost consists of the following components:

(₹ crore)

| | As at December 31, 2024 | | | | | As at March 31, 2024 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total |
| Service cost | 400 | 1 | 25 | 55 | 481 | 485 | - | 33 | 82 | 600 |
| Net interest on net defined benefit (asset) / liability | (101) | - | (6) | 13 | (94) | (138) | - | (4) | 18 | (124) |
| Past service cost / (credit) | - | - | - | - | - | - | - | 6 | 6 | 12 |
| **Net periodic gratuity / pension cost** | **299** | **1** | **19** | **68** | **387** | **347** | **-** | **35** | **106** | **488** |
| **Actual return on plan assets** | **481** | **-** | **213** | **-** | **694** | **611** | **-** | **111** | **-** | **722** |

Remeasurement of the net defined benefit (asset) / liability:

(₹ crore)

| | As at December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total |
| Actuarial gains arising from changes in demographic assumptions | - | - | 1 | 1 | 2 |
| Actuarial (gains) and losses arising from changes in financial assumptions | 66 | - | 65 | - | 131 |
| Actuarial losses arising from changes in experience adjustments | 48 | - | 5 | 8 | 61 |
| **Remeasurement of the net defined benefit liability** | **114** | **-** | **71** | **9** | **194** |
| Remeasurement - return on plan assets excluding amount included in interest income | (87) | - | (161) | - | (248) |
| | **27** | **-** | **(90)** | **9** | **(54)** |

(₹ crore)

| | As at March 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Domestic plans Funded | Domestic plans Unfunded | Foreign plans Funded | Foreign plans Unfunded | Total |
| Actuarial losses arising from changes in demographic assumptions | (2) | - | (4) | (3) | (9) |
| Actuarial gains arising from changes in financial assumptions | 67 | - | (43) | 10 | 34 |
| Actuarial (gains) and losses arising from changes in experience adjustments | 103 | - | 31 | 3 | 137 |
| **Remeasurement of the net defined benefit liability** | **168** | **-** | **(16)** | **10** | **162** |
| Remeasurement - return on plan assets excluding amount included in interest income | (110) | - | (50) | - | (160) |
| | **58** | **-** | **(66)** | **10** | **2** |

The assumptions used in accounting for the defined benefit plan are set out below:

| | As at December 31, 2024 | | As at March 31, 2024 | |
|---|---|---|---|---|
| | **Domestic plans** | **Foreign plans** | **Domestic plans** | **Foreign plans** |
| Discount rate | 7.00% - 7.25% | 1.18% - 9.40% | 7.00% - 7.25% | 1.57% - 9.40% |
| Rate of increase in compensation levels of covered employees | 5.00% - 10.00% | 1.75% - 7.00% | 5.00% - 10.00% | 1.75% - 7.00% |
| Rate of return on plan assets | 7.00% - 7.25% | 1.18% - 9.40% | 7.00% - 7.25% | 1.57% - 9.40% |
| Weighted average duration of defined benefit obligations | 2-11 Years | 3-27 Years | 2-11 Years | 3-27 Years |

Future mortality assumptions are taken based on the published statistics by the Insurance Regulatory and Development Authority of India.

The expected benefits are based on the same assumptions as are used to measure Group's defined benefit plan obligations as at December 31, 2024. The Group is expected to contribute ₹40 crore to defined benefit plan obligations funds for the period ending December 31, 2025 comprising domestic component of ₹7 crore and foreign component of ₹33 crore.

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

**(₹ crore)**

| | **As at December 31, 2024** | **As at March 31, 2024** |
|---|---|---|
| Increase of 0.50% | (290) | (272) |
| Decrease of 0.50% | 320 | 300 |

If the expected salary growth increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

**(₹ crore)**

| | **As at December 31, 2024** | **As at March 31, 2024** |
|---|---|---|
| Increase of 0.50% | 175 | 163 |
| Decrease of 0.50% | (168) | (157) |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

Each year an Asset-Liability matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk and return profiles. Investment and contribution policies are integrated within this study.

The defined benefit obligations shall mature after period ended December 31, 2024 as follows:

**(₹ crore)**

| **Period ending December 31,** | **Defined benefit obligations** |
|---|---|
| 2025 | 998 |
| 2026 | 840 |
| 2027 | 868 |
| 2028 | 823 |
| 2029 | 779 |
| 2030-2034 | 3,175 |

**Provident fund**

In accordance with Indian law, all eligible employees of Tata Consultancy Services Limited in India are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly to a trust set up by the Company to manage the investments and distribute the amounts entitled to employees. This plan is a defined benefit plan as the Company is obligated to provide its members a rate of return which should, at the minimum, meet the interest rate declared by Government administered provident fund. A part of the Company's contribution is transferred to Government administered pension fund. The contributions made by the Company and the shortfall of interest, if any, are recognized as an expense in profit and loss under employee benefit expenses. As per the latest actuarial valuation report of provident fund liabilities on the basis of guidance issued by Actuarial Society of India under the deterministic approach, there is no deficiency in the interest cost as the present value of the expected future earnings of the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of Government administered provident fund. The principal assumptions used in the latest valuation report for determining the present value obligations of interest guarantee are discount rate: 7.25%, average remaining tenure of investment portfolio: 6 years and guaranteed rate of return are: 8.25% based on the latest valuation report.

All eligible employees of Indian subsidiaries of the Company are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly to the Government administered provident fund plan. A part of the Company's contribution is transferred to Government administered pension fund. This plan is a defined contribution plan as the obligation of the employer is limited to the monthly contributions made to the fund. The contributions made to the fund are recognised as an expense in profit and loss under employee benefit expenses.

The Group expensed ₹451 crore and ₹424 crore for three months ended December 31, 2024 and 2023, respectively, towards provident fund.

The Group expensed ₹1335 crore and ₹1275 crore for nine months ended December 31, 2024 and 2023, respectively, towards provident fund.

**Superannuation**

All eligible employees on Indian payroll are entitled to benefits under Superannuation, a defined contribution plan. The Group makes monthly contributions until retirement or resignation of the employee. The Group recognises such contributions as an expense when incurred. The Group has no further obligation beyond its monthly contribution.

The Group expensed ₹126 crore and ₹113 crore for three months ended December 31, 2024 and 2023, respectively, towards Employees' Superannuation Fund.

The Group expensed ₹371 crore and ₹340 crore for nine months ended December 31, 2024 and 2023, respectively, towards Employees' Superannuation Fund

**Foreign Defined Contribution Plans:**

The Group expensed ₹673 crore and ₹632 crore for three months ended December 31, 2024 and 2023, respectively, towards foreign defined contribution plans.

The Group expensed ₹2084 crore and ₹1890 crore for nine months ended December 31, 2024 and 2023, respectively, towards foreign defined contribution plans.

**14) Cost recognition**

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

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

**(a) Cost of equipment and software licences**

Cost of equipment and software licences consist of the following:

(₹ crore)

| | Three months ended December 31, 2024 | Three months ended December 31, 2023 | Nine months ended December 31, 2024 | Nine months ended December 31, 2023 |
|---|---|---|---|---|
| Raw materials, sub-assemblies and components consumed | 16 | 9 | 33 | 29 |
| Equipment and software licences purchased | 3,505 | 1,165 | 8,870 | 2,108 |
| | **3,521** | **1,174** | **8,903** | **2,137** |
| **Finished goods and work-in-progress** | | | | |
| Opening stock | 1 | -* | - | 5 |
| Less: Closing stock | 3 | 1 | 3 | 1 |
| | **(2)** | **(1)** | **(3)** | **4** |
| | **3,519** | **1,173** | **8,900** | **2,141** |

*Represents value less than ₹0.50 crore.

**(b) Other expenses**

Other expenses consist of the following:

(₹ crore)

| | Three months ended December 31, 2024 | Three months ended December 31, 2023 | Nine months ended December 31, 2024 | Nine months ended December 31, 2023 |
|---|---|---|---|---|
| Fees to external consultants | 2,970 | 3,971 | 8,624 | 12,844 |
| Facility expenses | 873 | 787 | 2,567 | 2,314 |
| Travel expenses | 729 | 682 | 2,384 | 2,159 |
| Communication expenses | 596 | 565 | 1,748 | 1,683 |
| Bad debts and advances written off, allowance for expected credit losses and doubtful advances (net) | 42 | 22 | 104 | 72 |
| Other expenses | 2,254 | 2,273 | 7,065 | 6,318 |
| | **7,464** | **8,300** | **22,492** | **25,390** |

Other expenses include ₹1,147 crore and ₹1,160 crore for three months ended December 31, 2024 and 2023, respectively, towards project expenses.

Other expenses include ₹3,203 crore and ₹3,014 crore for nine months ended December 31, 2024 and 2023, respectively, towards project expenses.

The Company made a contribution to an electoral trust of ₹218 crore and NIL for nine months ended December 31, 2024 and 2023, respectively, which is included in other expenses.

**15) Finance costs**

Finance costs consist of the following:

(₹ crore)

| | Three months ended December 31, 2024 | Three months ended December 31, 2023 | Nine months ended December 31, 2024 | Nine months ended December 31, 2023 |
|---|---|---|---|---|
| Interest on lease liabilities | 160 | 125 | 467 | 379 |
| Interest on tax matters | 4 | 3 | (1) | 18 |
| Other interest costs | 70 | 102 | 103 | 155 |
| | **234** | **230** | **569** | **552** |

## 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.

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

The income tax expense consists of the following:

| | Three months ended December 31, 2024 | Three months ended December 31, 2023 | Nine months ended December 31, 2024 | Nine months ended December 31, 2023 |
|---|---|---|---|---|
| | | | | (₹ crore) |
| **Current tax** | | | | |
| Current tax expense for current period | 4,630 | 3,803 | 13,545 | 11,871 |
| Current tax benefit pertaining to prior periods | (413) | (170) | (960) | (415) |
| | 4,217 | 3,633 | 12,585 | 11,456 |
| **Deferred tax** | | | | |
| Deferred tax expense / (benefit) for current period | 5 | 98 | (152) | 57 |
| Deferred tax expense / (benefit) pertaining to prior periods | - | 1 | (8) | 38 |
| | 5 | 99 | (160) | 95 |
| | **4,222** | **3,732** | **12,425** | **11,551** |

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

| | Three months ended December 31, 2024 | Three months ended December 31, 2023 | Nine months ended December 31, 2024 | Nine months ended December 31, 2023 |
|---|---|---|---|---|
| | | | | (₹ crore) |
| Profit before tax | 16,666 | 14,829 | 48,929 | 45,148 |
| Indian statutory income tax rate | 25.17% | 34.94% | 25.17% | 34.94% |
| Expected income tax expense | 4,194 | 5,181 | 12,314 | 15,776 |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense** | | | | |
| Tax holidays | - | (1,537) | (2) | (4,561) |
| Income exempt from tax | (127) | (127) | (419) | (415) |
| Undistributed earnings in branches and subsidiaries | 197 | 31 | 272 | 74 |
| Tax on income at different rates | 765 | 184 | 765 | 508 |
| Tax pertaining to prior periods | (413) | (169) | (968) | (377) |
| Others (net) | (394) | 169 | 463 | 546 |
| **Total income tax expense** | **4,222** | **3,732** | **12,425** | **11,551** |

Significant components of net deferred tax assets and liabilities for the period ended December 31, 2024 are as follows:

| | Opening balance | Recognised in profit and loss | Recognised in / reclassified from other comprehensive income | Exchange difference | Closing balance |
|---|---|---|---|---|---|
| | | | | | (₹ crore) |
| **Deferred tax assets / (liabilities) in relation to** | | | | | |
| Property, plant and equipment and intangible assets | 739 | 121 | - | (7) | 853 |
| Provision for employee benefits | 1,108 | 34 | (29) | 1 | 1,114 |
| Cash flow hedges | 3 | - | (5) | - | (2) |
| Receivables, financial assets at amortised cost | 422 | 7 | - | (1) | 428 |
| Branch profit tax | (100) | (82) | - | - | (182) |
| Undistributed earnings of subsidiaries | (680) | 169 | - | - | (511) |
| Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income | (126) | 1.00 | (78) | - | (203) |
| Lease liabilities and right-of-use assets | 270 | (24) | - | (2) | 244 |
| Others | 790 | (66) | - | (35) | 689 |
| | **2,426** | **160** | **(112)** | **(44)** | **2,430** |

Gross deferred tax assets and liabilities are as follows:

| | | | (₹ crore) |
|---|---|---|---|
| **As at December 31, 2024** | **Assets** | **Liabilities** | **Net** |
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Property, plant and equipment and intangible assets | 976 | 123 | 853 |
| Provision for employee benefits | 1,156 | 42 | 1,114 |
| Cash flow hedges | (2) | - | (2) |
| Receivables, financial assets at amortised cost | 429 | 1 | 428 |
| Branch profit tax | - | 182 | (182) |
| Undistributed earnings of subsidiaries | - | 511 | (511) |
| Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income | (201) | 2 | (203) |
| Lease liabilities | 1,484 | | 1,484 |
| Right-of-use-assets | (1,240) | | (1,240) |
| Others | 758 | 69 | 689 |
| | **3,360** | **930** | **2,430** |

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2024 are as follows:

| | | | | | (₹ crore) |
|---|---|---|---|---|---|
| | **Opening balance** | **Recognised in profit and loss** | **Recognised in / reclassified from other comprehensive income** | **Exchange difference** | **Closing balance** |
| **Deferred tax assets / (liabilities) in relation to** | | | | | |
| Property, plant and equipment and intangible assets | 686 | 52 | - | 1 | 739 |
| Provision for employee benefits | 1,056 | 84 | (24) | (8) | 1,108 |
| Cash flow hedges | 6 | - | (3) | - | 3 |
| Receivables, financial assets at amortised cost | 438 | (15) | - | (1) | 422 |
| MAT credit entitlement | - | - | - | - | - |
| Branch profit tax | (135) | 35 | - | - | (100) |
| Undistributed earnings of subsidiaries | (534) | (146) | - | - | (680) |
| Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income | (84) | (2) | (37) | (3) | (126) |
| Lease liabilities and right-of-use assets | 250 | 20 | - | - | 270 |
| Others | 832 | (62) | - | 20 | 790 |
| | **2,515** | **(34)** | **(64)** | **9** | **2,426** |

Gross deferred tax assets and liabilities are as follows:

| | | | (₹ crore) |
|---|---|---|---|
| **As at March 31, 2024** | **Assets** | **Liabilities** | **Net** |
| **Deferred tax assets / (liabilities) in relation to** | | | |
| Property, plant and equipment and intangible assets | 862 | 123 | 739 |
| Provision for employee benefits | 1,149 | 41 | 1,108 |
| Cash flow hedges | 3 | - | 3 |
| Receivables, financial assets at amortised cost | 422 | - | 422 |
| Branch profit tax | - | 100 | (100) |
| Undistributed earnings of subsidiaries | - | 680 | (680) |
| Unrealised gain on securities carried at fair value through profit or loss / other comprehensive | (124) | 2 | (126) |
| Lease liabilities | 1,314 | - | 1,314 |
| Right-of-use-assets | (1,044) | | (1,044) |
| Others | 821 | 31 | 790 |
| | **3,403** | **977** | **2,426** |

Under the Income-tax Act, 1961, unabsorbed business losses expire 8 years after the year in which they originate. In respect of certain foreign subsidiaries, business losses can be carried forward indefinitely unless there is a substantial change in the ownership.

Unrecognised deferred tax assets relate primarily to business losses and tax credit entitlements which do not qualify for recognition as per the applicable accounting standards. These unabsorbed business losses will expire based on the year of origination as follows:

| | (₹ crore) |
|---|---|
| **December 31,** | **Unabsorbed business losses** |
| 2028 | 1 |
| Thereafter | - |
| | **1** |

Deferred tax liability on temporary differences of ₹8,122 crore as at December 31, 2024, associated with investments in subsidiaries, has not been recognised, as it is the intention of Tata Consultancy Services Limited to reinvest the earnings of these subsidiaries for the foreseeable future.

**Direct tax contingencies**

The Company and its subsidiaries have ongoing disputes with income tax authorities in India and in some of the 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 ₹1,851 crore and ₹1,871 crore as at December 31, 2024 and March 31, 2024, respectively. These demand orders are being contested by the Company and its subsidiaries based on the management evaluation and advise of tax consultants. In respect of tax contingencies of ₹318 crore and ₹318 crore as at December 31, 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.

The number of years that are subject to tax assessments varies depending on tax jurisdiction. The major tax jurisdictions of Tata Consultancy Services Limited include India, United States of America and United Kingdom. In India, tax filings from fiscal 2022 are generally subject to examination by the tax authorities. In United States of America, the federal statute of limitation applies to fiscals 2020 and earlier and applicable state statutes of limitation vary by state. In United Kingdom, the statute of limitation generally applies to fiscal 2019 and earlier.

## 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 December 31, 2024** | **Three months ended December 31, 2023** | **Nine months ended December 31, 2024** | **Nine months ended December 31, 2023** |
|---|---|---|---|---|
| Profit for the period attributable to shareholders of the Company (₹ crore) | 12,380 | 11,058 | 36,329 | 33,474 |
| Weighted average number of equity shares | 361,80,87,518 | 365,10,36,706 | 361,80,87,518 | 365,63,70,102 |
| Basic and diluted earnings per share (₹) | 34.21 | 30.29 | 100.40 | 91.55 |
| 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 nine months ended December 31,2024 and 2023, is as follows:

| **Three months ended December 31, 2024** | | | | | | | **(₹ crore)** |
|---|---|---|---|---|---|---|---|
| | **Banking, Financial Services and Insurance** | **Manufacturing** | **Consumer Business** | **Communication, Media and Technology** | **Life Sciences and Healthcare** | **Others** | **Total** |
| **Revenue from operations** | **23,481** | **6,194** | **10,035** | **11,989** | **6,426** | **5,848** | **63,973** |
| **Segment result** | **6,403** | **2,042** | **2,971** | **2,390** | **1,816** | **1,412** | **17,034** |
| Total unallocable expenses | | | | | | | 1,611 |
| **Operating income** | | | | | | | **15,423** |
| Other income | | | | | | | 1,243 |
| **Profit before tax** | | | | | | | **16,666** |
| Tax expense | | | | | | | 4,222 |
| **Profit for the period** | | | | | | | **12,444** |
| Depreciation and amortisation expense (unallocable) | | | | | | | **1,377** |
| Significant non-cash items (allocable) | (7) | (1) | 2 | 18 | (10) | 40 | **42** |

| **Nine months ended December 31, 2024** | | | | | | | **(₹ crore)** |
|---|---|---|---|---|---|---|---|
| | **Banking, Financial Services and Insurance** | **Manufacturing** | **Consumer Business** | **Communication, Media and Technology** | **Life Sciences and Healthcare** | **Others** | **Total** |
| **Revenue from operations** | **70,340** | **18,775** | **30,051** | **34,871** | **19,965** | **16,843** | **1,90,845** |
| **Segment result** | **18,759** | **6,196** | **8,293** | **7,206** | **5,757** | **4,216** | **50,427** |
| Total unallocable expenses | | | | | | | 4,432 |
| **Operating income** | | | | | | | **45,995** |
| Other income | | | | | | | 2,934 |
| **Profit before tax** | | | | | | | **48,929** |
| Tax expense | | | | | | | 12,425 |
| **Profit for the period** | | | | | | | **36,504** |
| Depreciation and amortisation expense (unallocable) | | | | | | | **3,863** |
| Significant non-cash items (allocable) | (9) | (3) | 5 | 30 | (11) | 92 | **104** |

**Three months ended December 31, 2023** (₹ crore)

| | Banking, Financial Services and Insurance | Manufacturing | Consumer Business | Communication, Media and Technology | Life Sciences and Healthcare | Others | Total |
|---|---|---|---|---|---|---|---|
| **Revenue from operations** | **22,667** | **5,931** | **9,817** | **9,932** | **6,726** | **5,510** | **60,583** |
| **Segment result** | **5,951** | **1,869** | **2,583** | **2,833** | **1,926** | **1,226** | **16,388** |
| Total unallocable expenses | | | | | | | 2,421 |
| **Operating income** | | | | | | | **13,967** |
| Other income | | | | | | | 862 |
| **Profit before tax** | | | | | | | **14,829** |
| Tax expense | | | | | | | 3,732 |
| **Profit for the period** | | | | | | | **11,097** |
| Depreciation and amortisation expense (unallocable) | | | | | | | **1,233** |
| Significant non-cash items (allocable) | (8) | 4 | 6 | (5) | 0 | 25 | **22** |

**Nine months ended December 31, 2023** (₹ crore)

| | Banking, Financial Services and Insurance | Manufacturing | Consumer Business | Communication, Media and Technology | Life Sciences and Healthcare | Others | Total |
|---|---|---|---|---|---|---|---|
| **Revenue from operations** | **68,169** | **17,354** | **29,466** | **29,100** | **19,987** | **15,580** | **1,79,656** |
| **Segment result** | **17,269** | **5,168** | **7,533** | **8,249** | **5,544** | **3,369** | **47,132** |
| Total unallocable expenses | | | | | | | 5,249 |
| **Operating income** | | | | | | | **41,883** |
| Other income | | | | | | | 3,265 |
| **Profit before tax** | | | | | | | **45,148** |
| Tax expense | | | | | | | 11,551 |
| **Profit for the period** | | | | | | | **33,597** |
| Depreciation and amortisation expense (unallocable) | | | | | | | **3,739** |
| Significant non-cash items (allocable) | (27) | 19 | 4 | 0 | 12 | 64 | **72** |

Information regarding geographical revenue is as follows:

(₹ crore)

| | Three months ended December 31, 2024 | Three months ended December 31, 2023 | Nine months ended December 31, 2024 | Nine months ended December 31, 2023 |
|---|---|---|---|---|
| Americas (1) | 31,689 | 31,922 | 95,608 | 96,067 |
| Europe (2) | 19,557 | 18,990 | 59,402 | 56,402 |
| India | 6,255 | 3,675 | 16,631 | 9,483 |
| Others | 6 472 | 5 996 | 19 204 | 17 704 |
| **Total** | **63,973** | **60,583** | **190,845** | **179,656** |

Geographical non-current assets (property, plant and equipment, right-of-use assets, goodwill, other intangible assets, income tax assets and other non-current assets) are allocated based on the location of the assets.

Information regarding geographical non-current assets is as follows:

(₹ crore)

| **Geography** | **As at December 31, 2024** | **As at March 31, 2024** |
|---|---|---|
| Americas (3) | 2,321 | 3,158 |
| Europe (4) | 4,545 | 3,818 |
| India | 20,537 | 18,307 |
| Others | 1,510 | 1,081 |
| **Total** | **28,913** | **26,364** |

• (1) includes revenue in the United States of America of ₹28,130 crore and ₹28,423 crore for three months ended December 31, 2024 and 2023, respectively.
• (1) includes revenue in the United States of America of ₹84,954 crore and ₹85,628 crore for nine months ended December 31, 2024 and 2023, respectively.

• (2) includes revenue in the United Kingdom of ₹10,637 crore and ₹9,926 crore for three months ended December 31, 2024 and 2023, respectively.
• (2) includes revenue in the United Kingdom of ₹32,115 crore and ₹29,554 crore for nine months ended December 31, 2024 and 2023, respectively.
• (3) is substantially related to operations in the United States of America.
• (4) includes non-current assets in the United Kingdom of ₹2,342 crore and ₹1,814 crore as at December 31, 2024 and March 2024, respectively.

**Information about major customers**

No single customer represents 10% or more of the Group's total revenue for three months and nine months ended December 31, 2024 and 2023, respectively.

## 19) Commitments and contingencies

**Capital commitments**

The Group has contractually committed (net of advances) ₹2,018 crore and ₹2,032 crore as at December 31, 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 ₹1,161 crore and ₹1,161 crore as at December 31, 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 ₹284 crore and ₹226 crore as at December 31, 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 ₹599 crore) and a further punitive damage of US $140 million (equivalent to ₹1,199 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 ₹479 crore) in compensatory damages and US $112 million (equivalent to ₹959 crore) in exemplary damages.
2. The Court also assessed that the Company is liable for US $25 million (equivalent to ₹214 crore) in prejudgment interest through June 13, 2024.
3. The Court also passed certain injunction and other reliefs against the Company.

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

➢ In October 2014, Epic Systems Corporation (referred to as Epic) filed a legal claim against the Company in the Court of Western District Madison, Wisconsin alleging unauthorised access to and download of their confidential information and use thereof in the development of the Company's product MedMantra. Pursuant to unfavourable judgment from the District Court and Appeals Court which awarded US $140 million as compensatory damages and US $140 million as punitive damages, Epic invoked payment of US $140 million out of US $440 million Letter of Credit provided as security, towards compensatory damages in April 2022. The

Company’s petition to the Supreme Court to review the entire judgement including both the compensatory and punitive damages re-affirmed by the Appeals Court was rejected by the Supreme Court on November 20, 2023, pursuant to which, punitive damages of US $140 million was paid on December 1, 2023. The Company provided the balance punitive damages amount of US $115 million (equivalent to ₹958 crore) in its financial statements for the year ended March 31, 2024 and disclosed the same as an "exceptional item" in the consolidated statement of profit and loss.

- **Letter of comfort**

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

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

**20) List of direct and indirect subsidiaries, country of incorporation and percentage of voting power**

| Name of the Company | Country of incorporation | % of voting power as at December 31, 2024 | % of voting power as at March 31, 2024 |
|---|---|---|---|
| **As at December 31, 2024** | | | |
| Tata America International Corporation | USA | 100.00 | 100.00 |
| Tata Consultancy Services Canada Inc. | Canada | 100.00 | 100.00 |
| TCS Iberoamerica S.A. | Uruguay | 100.00 | 100.00 |
| Tata Consultancy Services Belgium | Belgium | 100.00 | 100.00 |
| Tata Consultancy Services Deutschland GmbH | Germany | 100.00 | 100.00 |
| Tata Consultancy Services Netherlands B.V. | Netherlands | 100.00 | 100.00 |
| Tata Consultancy Services Sverige Aktiebolag | Sweden | 100.00 | 100.00 |
| Diligenta Limited | UK | 100.00 | 100.00 |
| Tata Consultancy Services UK Limited | UK | 100.00 | 100.00 |
| Tata Consultancy Services Ireland Limited | Ireland | 100.00 | 100.00 |
| Tata Consultancy Services Asia Pacific Pte. Ltd. | Singapore | 100.00 | 100.00 |
| TCS FNS Pty Limited | Australia | 100.00 | 100.00 |
| APTOnline Limited | India | 89.00 | 89.00 |
| C-Edge Technologies Limited | India | 51.00 | 51.00 |
| MP Online Limited | India | 89.00 | 89.00 |
| TCS e-Serve International Limited | India | 100.00 | 100.00 |
| MahaOnline Limited | India | 74.00 | 74.00 |
| Tata Consultancy Services (Africa) (Proprietary) Limited | South Africa | 100.00 | 100.00 |
| Tata Consultancy Services Qatar | Qatar | 100.00 | 100.00 |
| TCS Foundation | India | 100.00 | 100.00 |
| | | | |
| **Subsidiaries (held indirectly)** | | | |
| Tata Consultancy Services Argentina S.A. | Argentina | 100.00 | 100.00 |
| Tata Consultancy Services Chile S.A. | Chile | 100.00 | 100.00 |
| Tata Consultancy Services De Mexico, S.A. De C.V. | Mexico | 100.00 | 100.00 |
| Tata Consultancy Services Do Brasil Ltda. | Brazil | 100.00 | 100.00 |
| TCS Inversiones Chile Limitada | Chile | 100.00 | 100.00 |
| TCS Solution Center S.A. | Uruguay | 100.00 | 100.00 |
| Tatasolution Center S.A. | Ecuador | 100.00 | 100.00 |
| MGDC S.C. | Mexico | 100.00 | 100.00 |
| TCS Uruguay S.A. | Uruguay | 100.00 | 100.00 |
| Tata Consultancy Services Guatemala, S.A. | Gautemala | 100.00 | 100.00 |
| Tata Consultancy Services De Espana S.A. | Spain | 100.00 | 100.00 |
| Tata Consultancy Services Italia S.R.L. | Italy | 100.00 | 100.00 |
| Tata Consultancy Services (Portugal), Unipessoal Lda | Portugal | 100.00 | 100.00 |
| Tata Consultancy Services Luxembourg S.A. | Capellen (G.D. de Luxembourg) | 100.00 | 100.00 |
| Tata Consultancy Services Switzerland Ltd | Switzerland | 100.00 | 100.00 |
| Tata Consultancy Services France | France | 100.00 | 100.00 |
| Tata Consultancy Services Saudi Arabia | Saudi Arabia | 100.00 | 100.00 |
| TCS Business Services GmbH | Germany | 100.00 | 100.00 |
| Tata Consultancy Services Bulgaria EOOD | Bulgaria | 100.00 | 100.00 |
| TCS Technology Solutions GmbH | Germany | 100.00 | 100.00 |
| Tata Consultancy Services Osterreich GmbH | Austria | 100.00 | 100.00 |
| Diligenta (Europe) B.V. | Netherlands | 100.00 | 100.00 |
| Tata Consultancy Services Malaysia Sdn. Bhd. | Malaysia | 100.00 | 100.00 |
| TCS Financial Solutions Australia Pty Ltd | Australia | 100.00 | 100.00 |
| Tata Consultancy Services Indonesia, PT | Indonesia | 100.00 | 100.00 |
| Tata Consultancy Services (China) Co., Ltd. | China | 100.00 | 100.00 |
| TCS Financial Solutions (Beijing) Co., Ltd. | China | 100.00 | 100.00 |
| Tata Consultancy Services (Thailand) Limited | Thailand | 100.00 | 100.00 |
| Tata Consultancy Services (Philippines) Inc. | Philippines | 100.00 | 100.00 |
| Tata Consultancy Services Japan, Ltd. | Japan | 66.00 | 66.00 |
| Tata Consultancy Services (South Africa) (Proprietary) Limited | South Africa | 70.00 | 100.00 |

**Notes:**

1. TCS Financial Solutions (Beijing) Co., Ltd. merged with Tata Consultancy Services (China) Co. Ltd. w.e.f. July 1, 2024.

2. On December 20, 2024, Tata Consultancy Services (Africa) (Proprietary) Limited (TCS Africa), a wholly owned subsidiary of the Company, and Tata Consultancy Services (South Africa) (Proprietary) Limited (TCS SA), a step down wholly owned subsidiary of the Company, had entered into an agreement with Isisekelo Sethu Trust (Trust) to sell and dispose off 30% of shares held by TCS Africa in TCS SA to comply with the Broad-Based Black Economic Empowerment (B-BBEE) guidelines in South Africa. Accordingly, 30% of shares held by TCS Africa in TCS SA were sold to the Trust for a consideration of ZAR 61 million (equivalent ₹28 crore) on December 20, 2024. Consequent to the above transaction, TCS SA ceased to be a wholly owned step-down subsidiary of TCS. The Trust is a registered trust in South Africa which is formed for the purpose of, inter alia, facilitating the empowerment and development of previously disadvantaged and economically marginalized people in accordance with Broad Based Black Economic Empowerment Act (B-BBEE Act). It is an independent entity and the Group neither controls nor exercises significant influence over the Trust.

## 21) Related party transactions

The Company's principal related parties consist of its holding company Tata Sons Private Limited and its subsidiaries, its own subsidiaries, affiliates and key managerial personnel. The Group's material related party transactions and outstanding balances are with related parties with whom the Group routinely enter into transactions in the ordinary course of business.

Transactions and balances with its own subsidiaries are eliminated on consolidation.

Transactions with related parties are as follows:

(₹ crore)

| | Three months ended December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Tata Sons Private Limited | Subsidiaries of Tata Sons Private Limited | Associates / joint ventures of Tata Sons Private Limited and their subsidiaries | Other related parties | Total |
| Revenue from operations | 17 | 234 | 1,335 | - | 1,586 |
| Rent income | - | 1 | - | - | 1 |
| Purchases of goods and services (including reimbursements) | 6 | 2,472 | 44 | - | 2,522 |
| Brand equity contribution | 71 | - | - | - | 71 |
| Facility expenses | - | 1 | 18 | - | 19 |
| Lease rental | - | 12 | 15 | - | 27 |
| Bad debts and advances written off, allowance for doubtful trade receivables and advances (net) | - | 3 | (1) | - | 2 |
| Contribution and advance to post employment benefit plans | - | - | - | 1,628 | 1,628 |
| Purchase of property, plant and equipment | - | 101 | (6) | - | 95 |
| Advances given | - | 23 | 2 | - | 25 |
| Advances recovered | - | 10 | 3 | - | 13 |
| Dividend paid | 2,595 | 1 | - | - | 2,596 |
| Guarantees given | - | - | 1 | - | 1 |

(₹ crore)

| | Nine months ended December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Tata Sons Private Limited | Subsidiaries of Tata Sons Private Limited | Associates / joint ventures of Tata Sons Private Limited and their subsidiaries | Other related parties | Total |
| Revenue from operations | 50 | 1,031 | 4,337 | - | 5,418 |
| Rent income | - | 1 | - | - | 1 |
| Purchases of goods and services (including reimbursements) | 9 | 6,443 | 156 | - | 6,608 |
| Brand equity contribution | 241 | - | - | - | 241 |
| Facility expenses | 1 | 5 | 58 | - | 64 |
| Lease rental | - | 36 | 45 | - | 81 |
| Bad debts and advances written off, allowance for doubtful trade receivables and advances | - | 2 | (2) | - | - |
| Contribution and advance to post employment benefit plans | - | - | - | 3,780 | 3,780 |
| Purchase of property, plant and equipment | - | 361 | 16 | - | 377 |
| Advances given | - | 577 | 30 | - | 607 |
| Advances recovered | - | 28 | 5 | - | 33 |
| Dividend paid | 12,458 | 5 | 1 | - | 12,464 |
| Guarantees given | - | - | 1 | - | 1 |

(₹ crore)

| | Three months ended December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Tata Sons Private Limited | Subsidiaries of Tata Sons Private Limited | Associates / joint ventures of Tata Sons Private Limited and their subsidiaries | Other related parties | Total |
| Revenue from operations | 12 | 233 | 1,162 | - | 1,407 |
| Purchases of goods and services (including reimbursements) | 1 | 308 | 62 | - | 371 |
| Brand equity contribution | 85 | - | - | - | 85 |
| Facility expenses | - | 2 | 20 | - | 22 |
| Lease rental | - | 12 | 12 | - | 24 |
| Bad debts and advances written off, allowance for expected credit losses and doubtful advances (net) | - | 4 | - | - | 4 |
| Contribution and advance to post employment benefit plans | - | - | - | 936 | 936 |
| Purchase of property, plant and equipment | - | 5 | 23 | - | 28 |
| Advances given | - | 6 | 47 | - | 53 |
| Advances recovered | - | 17 | 2 | - | 19 |
| Dividend paid | 2,380 | 1 | - | - | 2,381 |
| Buy-back of shares | 10,548 | 4 | 3 | - | 10,555 |

(₹ crore)

| | Nine months ended December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Tata Sons Private Limited | Subsidiaries of Tata Sons Private Limited | Associates / joint ventures of Tata Sons Private Limited and their subsidiaries | Other related parties | Total |
| Revenue from operations | 37 | 773 | 3,219 | - | 4,029 |
| Purchases of goods and services (including reimbursements) | 2 | 643 | 189 | - | 834 |
| Brand equity contribution | 257 | - | - | - | 257 |
| Facility expenses | 1 | 12 | 56 | - | 69 |
| Lease rental | - | 36 | 31 | - | 67 |
| Bad debts and advances written off, allowance for expected credit losses and doubtful advances (net) | - | 7 | (1) | - | 6 |
| Contribution and advance to post employment benefit plans | - | - | - | 2,823 | 2,823 |
| Purchase of property, plant and equipment | - | 9 | 81 | - | 90 |
| Advances given | - | 756 | 98 | - | 854 |
| Advances recovered | - | 18 | 3 | - | 21 |
| Advances taken | - | 27 | 1 | - | 28 |
| Dividend paid | 11,106 | 6 | 1 | - | 11,113 |
| Buy-back of shares | 10,548 | 4 | 3 | - | 10,555 |

Balances receivable from related parties are as follows:

| | As at December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Tata Sons Private Limited | Subsidiaries of Tata Sons Private Limited | Associates / joint ventures of Tata Sons Private Limited and their subsidiaries | Other related parties | Total |
| Trade receivables and contract assets | 19 | 312 | 1,394 | - | 1,725 |
| Loans, other financial assets and other | 2 | 1,857 | 35 | - | 1,894 |
| | **21** | **2,169** | **1,429** | **-** | **3,619** |

(₹ crore)

| | As at March 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Tata Sons Private Limited | Subsidiaries of Tata Sons Private Limited | Associates / joint ventures of Tata Sons Private Limited and their subsidiaries | Other related parties | Total |
| Trade receivables and contract assets | 5 | 411 | 1,509 | - | 1,925 |
| Loans, other financial assets and other | 2 | 1,238 | 9 | - | 1,249 |
| | **7** | **1,649** | **1,518** | **-** | **3,174** |

Balances payable to related parties are as follows:

(₹ crore)

| | As at December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Tata Sons Private Limited | Subsidiaries of Tata Sons Private Limited | Associates / joint ventures of Tata Sons Private Limited and their subsidiaries | Other related parties | Total |
| Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities | 254 | 4,406 | 329 | - | 4,989 |
| Commitments | - | 1,115 | 31 | - | 1,146 |

(₹ crore)

| | As at March 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Tata Sons Private Limited | Subsidiaries of Tata Sons Private Limited | Associates / joint ventures of Tata Sons Private Limited and their subsidiaries | Other related parties | Total |
| Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities | 355 | 1,003 | 428 | - | 1,786 |
| Commitments | - | 1,412 | 13 | - | 1,425 |

Material related party transactions are as follows:

(₹ crore)

| | Three months ended December 31, 2024 | Three months ended December 31, 2023 | Nine months ended December 31, 2024 | Nine months ended December 31, 2023 |
|---|---|---|---|---|
| **Revenue from operations** | | | | |
| Jaguar Land Rover Limited | 898 | 754 | 2,781 | 2,045 |
| Tata Steel IJmuiden BV | 136 | 151 | 420 | 448 |
| **Purchases of goods and services (including reimbursements) and net of cost recovery** | | | | |
| Tejas Networks Limited | 2,314 | 149 | 5,997 | 174 |
| **Advances given** | | | | |
| Tejas Networks Limited | - | - | 500 | 750 |

Material related party balances are as follows:

(₹ crore)

| | As at December 31, 2024 | As at March 31, 2024 |
|---|---|---|
| **Trade receivables and contract assets** | | |
| Jaguar Land Rover Limited | 798 | 898 |
| **Trade payables, unearned and deferred revenue, other financial liabilities and other liabilities** | | |
| Tejas Networks Limited | 4,032 | 607 |

Transactions with key management personnel are as follows:

(₹ crore)

| | Three months ended December 31, 2024 | Three months ended December 31, 2023 | Nine months ended December 31, 2024 | Nine months ended December 31, 2023 |
|---|---|---|---|---|
| Short-term benefits | 1 | 2 | 11 | 7 |
| Dividend paid during the period | - | - | 1 | 1 |
| Post-employment benefits | - | - | 1 | 2 |
| | **1** | **2** | **13** | **10** |

The remuneration of directors and key executives is determined by the nomination and remuneration committee having regard to the performance of individuals and market trends.

**22)** The sitting fees and commission paid to non-executive directors is NIL and ₹15 crore as at December 31, 2024 and March 31, 2024 respectively

**23)** 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.

**24)** 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.

**25) Dividends**

The Dividends paid during the period ended December 31, 2024 include an amount of ₹28.00 per equity share towards final dividend for the year ended March 31, 2024 and an amount of ₹20.00 per equity share towards interim dividends for the period ended December 31, 2024. Dividends paid during the year ended March 31, 2024 include an amount of ₹24.00 per equity share towards final dividend for the year ended March 31, 2023 and an amount of ₹45.00 per equity share towards interim dividends (including special dividend) for the year ended March 31, 2024.

The Board of Directors at its meeting held on January 9, 2025, has declared an interim dividend of ₹10.00 per equity share and special dividend of ₹66.00 per equity share.

As per our report of even date attached

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

**Aniruddha Godbole**
*Partner*
Membership No: 105149

*Mumbai, January 9, 2025*

For and on behalf of the Board

**K Krithivasan**
*CEO and Managing Director*
DIN: 10106739

**Aarthi Subramanian**
*Director*
DIN: 07121802

**Samir Seksaria**
*CFO*

**Yashaswin Sheth**
*Company Secretary*

*Mumbai, January 9, 2025*