

TATA CONSULTANCY SERVICES LIMITED
CONDENSED BALANCE SHEET AS AT JUNE 30, 2014

(₹ crores)

	Note	As at June 30, 2014	As at March 31, 2014
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	195.87	195.87
(b) Reserves and surplus	4	38561.93	43856.01
		<u>38757.80</u>	<u>44051.88</u>
Non - current liabilities			
(a) Long - term borrowings	5	84.03	89.69
(b) Deferred tax liabilities (net)	6(a)	236.88	226.87
(c) Other long - term liabilities	7	699.67	690.44
(d) Long - term provisions	8	319.88	279.61
		<u>1340.46</u>	<u>1286.61</u>
Current liabilities			
(a) Short - term borrowings	9	3.59	-
(b) Trade payables		4240.01	3977.55
(c) Other current liabilities	10	7244.33	2460.32
(d) Short - term provisions	11	12113.77	5827.83
		<u>23601.70</u>	<u>12265.70</u>
TOTAL		<u>63699.96</u>	<u>57604.19</u>
II. ASSETS			
Non - current assets			
(a) Fixed assets			
(i) Tangible assets	12	6685.94	5887.09
(ii) Intangible assets		38.96	42.10
(iii) Capital work-in-progress		3126.63	3047.53
		<u>9851.53</u>	<u>8976.72</u>
(b) Non - current investments	13	4437.48	5098.55
(c) Deferred tax assets (net)	6(b)	297.08	273.58
(d) Long - term loans and advances	14	6005.12	6875.54
(e) Other non - current assets	15	452.80	1544.99
		<u>21044.01</u>	<u>22769.38</u>
Current assets			
(a) Current investments	16	5967.32	733.87
(b) Inventories	17	14.62	8.57
(c) Unbilled revenues	18	2804.61	2626.08
(d) Trade receivables	19	16366.82	14471.89
(e) Cash and bank balances	20	12124.97	12566.26
(f) Short - term loans and advances	21	4399.87	3688.12
(g) Other current assets	22	977.74	740.02
		<u>42655.95</u>	<u>34834.81</u>
TOTAL		<u>63699.96</u>	<u>57604.19</u>

III. NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS

1-35

As per our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

P. R. Ramesh
Partner

N. Chandrasekaran
CEO and Managing Director

Rajesh Gopinathan
Chief Financial Officer

Suprakash Mukhopadhyay
Company Secretary

Mumbai, July 17, 2014

Mumbai, July 17, 2014

TATA CONSULTANCY SERVICES LIMITED
CONDENSED STATEMENT OF PROFIT AND LOSS

		(₹ crores)	
		For the quarter ended June 30,	For the quarter ended June 30,
		2014	2013
	Note		
I. Revenue from operations (Net of excise duty of ₹ 1.32 crores (Previous period : ₹ 0.68 crore)	23	17438.43	14478.65
II. Other income (net)	24	798.96	262.06
III. TOTAL REVENUE		18237.39	14740.71
IV. Expenses:			
(a) Employee benefit expenses	25	6024.84	5252.80
(b) Operation and other expenses	26	5925.38	4784.81
(c) Finance costs	27	3.73	5.03
(d) Depreciation and amortisation expense	12	335.26	241.24
TOTAL EXPENSES		12289.21	10283.88
V. PROFIT BEFORE EXCEPTIONAL ITEM AND TAX (III-IV)		5948.18	4456.83
VI. Exceptional item	32	527.76	-
VII. PROFIT BEFORE TAX		6475.94	4456.83
VIII. Tax expense:			
(a) Current tax	28	1392.56	1011.97
(b) Deferred tax		(13.49)	(0.64)
(c) MAT credit entitlement	28	-	(16.39)
		1379.07	994.94
IX. PROFIT FOR THE PERIOD		5096.87	3461.89
X. Earnings per equity share: - Basic and diluted (₹)		26.02	17.65
Weighted average number of equity shares (face value of ₹ 1 each)		195,87,27,979	195,87,27,979
XI. NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS	1-35		

*As per our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants*

For and on behalf of the Board

P. R. Ramesh
Partner

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CEO and Managing Director

Rajesh Gopinathan
Chief Financial Officer

Suprakash Mukhopadhyay
Company Secretary

Mumbai, July 17, 2014

Mumbai, July 17, 2014

TATA CONSULTANCY SERVICES LIMITED
CONDENSED CASH FLOW STATEMENT

(₹ crores)

	Note	For the quarter ended June 30, 2014	For the quarter ended June 30, 2013
I CASH FLOWS FROM OPERATING ACTIVITIES		3385.88	1504.09
II CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(729.77)	(661.80)
Proceeds from sale of fixed assets		0.10	2.16
Purchase of trade investments		-	(25.00)
Proceeds from sale / redemption of trade investments		253.36	51.86
Purchase of mutual funds and other investments		(12991.01)	(12183.60)
Proceeds from redemption of mutual funds and sale of other investments		8204.84	10756.21
Loans repaid by subsidiaries		1.67	1.62
Inter-corporate deposits placed		-	(15.00)
Inter-corporate deposits matured		50.00	288.40
Fixed deposit placed with banks having original maturity over three months		(49.00)	(1382.00)
Fixed deposit with banks matured having original maturity over three months		1519.90	1871.00
Dividend received from subsidiaries (including exchange gain)		55.68	27.11
Dividend received from other investments		-	0.12
Interest received		241.08	328.59
Net cash used in investing activities		(3443.15)	(940.33)
III CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings (net)		3.59	(77.13)
Repayment of long-term borrowings		(0.47)	-
Dividend paid		-	(12.86)
Interest paid		(3.76)	(5.01)
Net cash used in financing activities		(0.64)	(95.00)
Net increase in cash and cash equivalents		(57.91)	468.76
Cash and cash equivalents at beginning of the period		438.37	323.85
Add: Transferred as on April 1, 2013 consequent to amalgamation of companies		-	2.57
Exchange difference on translation of foreign currency cash and cash equivalents		10.79	7.03
Cash and cash equivalents at end of the period	20	391.25	802.21
Earmarked balances with banks		14.72	11.94
Short - term bank deposits		11719.00	4082.18
Cash and Bank balances at the end of the period	20	12124.97	4896.33
IV NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS	1-35		

As per our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

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Partner

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Rajesh Gopinathan
Chief Financial Officer

Suprakash Mukhopadhyay
Company Secretary

Mumbai, July 17, 2014

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TATA CONSULTANCY SERVICES LIMITED
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

1) CORPORATE INFORMATION

Tata Consultancy Services Limited (referred to as “TCS Limited” or “the Company”) provide consulting-led integrated portfolio of Information technology (IT) and IT-enabled services delivered through a network of multiple locations around the globe. The Company’s full services portfolio consists of IT and Assurance Services, Business Intelligence and Performance Management, Business Process Services, Cloud Services, Connected Marketing Solutions, Consulting, Eco-sustainability Services, Engineering and Industrial Services, Enterprise Security and Risk Management, Enterprise Solutions, iON-Small and Medium Businesses, IT Infrastructure Services, Mobility Products and Services and Platform Solutions.

As at June 30, 2014, Tata Sons Limited owned 73.69% of the Company’s equity share capital and has the ability to control its operating and financial policies. The Company’s registered office is in Mumbai and it has 64 subsidiaries across the globe.

2) SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These condensed financial statements have been prepared in accordance with Accounting Standard 25 “Interim Financial Reporting” (AS - 25) notified under the Companies Act, 1956 (“the Act”) (which continues to be applicable in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013) and other accounting principles generally accepted in India. These condensed financial statements should be read in conjunction with the annual financial statements of the Company for the year ended and as at March 31, 2014. In the opinion of the management, all adjustments which are necessary for a fair presentation have been included. The accounting policies followed in preparation of the condensed financial statements are consistent with those followed in the preparation of the annual financial statements. The results of interim period are not necessarily indicative of the results that may be expected for any interim period or for the full year.

b) Use of estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the period. Examples of such estimates include provisions for doubtful receivables, employee benefits, provision for income taxes, accounting for contract costs expected to be incurred, the useful lives of depreciable fixed assets and provisions for impairment. Future results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognised in the period in which the results are known/materialise.

c) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation / amortisation. Costs include all expenses incurred to bring the asset to its present location and condition.

Fixed assets exclude computers and other assets individually costing ₹ 50,000 or less which are not capitalised except when they are part of a larger capital investment programme.

d) Depreciation / Amortisation

In respect of fixed assets (other than freehold land and capital work-in-progress) acquired during the period, depreciation/ amortisation is charged on a straight line basis so as to write off the cost of the assets over the useful lives and for the assets acquired prior to April 1, 2014, the carrying amount as on April 1, 2014 is depreciated over the remaining useful life based on an evaluation.

TATA CONSULTANCY SERVICES LIMITED
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

<u>Type of asset</u>	<u>Period</u>
Leasehold land and buildings	Lease period
Freehold buildings	20 years
Factory buildings	20 years
Leasehold improvements	Lease period
Plant and machinery	10 years
Computer equipment	4 years
Vehicles	4 years
Office equipment	5 years
Electrical installations	10 years
Furniture and fixtures	5 years
Intellectual property / distribution rights	5 years
Rights under licensing agreement	License period

Fixed assets purchased for specific projects will be depreciated over the period of the project or the useful life stated above, whichever is shorter.

e) Leases

Assets taken on lease by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such a lease is capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the statement of profit and loss on a straight-line basis.

f) Impairment

At each balance sheet date, the management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognised as income in the statement of profit and loss.

g) Investments

Long-term investments and current maturities of long-term investments are stated at cost, less provision for other than temporary diminution in value. Current investments, except for current maturities of long-term investments, comprising investments in mutual funds are stated at the lower of cost and fair value.

h) Employee benefits

(i) Post-employment benefit plans

Contributions to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to such benefits.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the statement of profit and loss for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, or amortised on a straight-line basis over the average period until the benefits become vested.

TATA CONSULTANCY SERVICES LIMITED

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as 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.

(ii) Other employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave, overseas social security contributions and performance incentives.

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.

i) Revenue recognition

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

Revenues from turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

Revenues from the sale of equipment are recognised upon delivery, which is when title passes to the customer.

Revenues from sale of software licences are recognised upon delivery.

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

In respect of Business Process Outsourcing (BPO) services, revenue on time and material and unit priced contracts is recognised as the related services are rendered, whereas revenue from fixed price contracts is recognised as per the proportionate completion method with contract cost determining the degree of completion.

Revenues are reported net of discounts.

Dividends are recorded when the right to receive payment is established. Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

j) Taxation

Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognised as an asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with it will fructify.

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and is likely to reverse in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available to realise such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

TATA CONSULTANCY SERVICES LIMITED
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

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

The Company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

k) Foreign currency transactions

Income and expenses in foreign currencies are converted at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities other than net investments in non-integral foreign operations are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses are recognised in the statement of profit and loss. Exchange difference arising on a monetary item that, in substance, forms part of an enterprise's net investments in a non-integral foreign operation are accumulated in a foreign currency translation reserve.

Premium or discount on foreign exchange forward, options and futures contracts are amortised and recognised in the statement of profit and loss over the period of the contract. Foreign exchange forward, options and future contracts outstanding at the balance sheet date, other than designated cash flow hedges, are stated at fair values and any gains or losses are recognised in the statement of profit and loss.

l) Derivative instruments and hedge accounting

The Company uses foreign exchange forward, options and future contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges.

The use of hedging instruments is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders' funds and the ineffective portion is recognised immediately in the statement of profit and loss. The Company separates the intrinsic value and time value of an option and forward and designates as hedging instruments, only the fair value change in the intrinsic value of the option and forward. The change in fair values of the time value of option, which was previously recognised immediately in profit or loss, is now accumulated in hedging reserve, a component of shareholders' funds and is classified to profit or loss when the forecast transaction occurs.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Cumulative gain or loss on the hedging instrument recognised in shareholders' funds is retained there and is classified to Statement of profit and loss when the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the statement of profit and loss for the period.

m) Inventories

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

TATA CONSULTANCY SERVICES LIMITED
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

n) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

o) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

3) SHARE CAPITAL

The Authorised, Issued, Subscribed and Fully paid-up share capital comprises of equity shares and redeemable preference shares having a par value of ₹ 1 each as follows:

	(₹ crores)	
	As at June 30, 2014	As at March 31, 2014
Authorised		
(i) 420,05,00,000 equity shares of ₹ 1 each (March 31, 2014 : 420,05,00,000 equity shares of ₹ 1 each)	420.05	420.05
(ii) 105,02,50,000 redeemable preference shares of ₹ 1 each (March 31, 2014 : 105,02,50,000 redeemable preference shares of ₹ 1 each)	105.03	105.03
	525.08	525.08
Issued, Subscribed and Fully paid up		
(i) 195,87,27,979 equity shares of ₹ 1 each (March 31, 2014 : 195,87,27,979 equity shares of ₹ 1 each)	195.87	195.87
	195.87	195.87

144,34,51,698 equity shares (March 31, 2014 : 144,34,51,698 equity shares) and are held by Tata Sons Limited, the holding company.

TATA CONSULTANCY SERVICES LIMITED
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

4) RESERVES AND SURPLUS

Reserves and surplus consist of the following reserves:

	(₹ crores)	
	As at June 30, 2014	As at March 31, 2014
(a) Capital redemption reserve		
(i) Opening balance	100.00	-
(ii) Addition during the period (net)	-	100.00
	100.00	100.00
(b) Securities premium reserve		
(i) Opening balance	1918.87	1918.47
(ii) Transferred on account of Amalgamation	-	0.40
	1918.87	1918.87
(c) Foreign currency translation reserve		
(i) Opening balance	225.85	174.61
(ii) Addition during the period (net)	6.52	51.24
	232.37	225.85
(d) Hedging reserve account (Refer Note 31)		
(i) Opening balance	29.64	55.49
(ii) Adjustment on amalgamation	-	(8.33)
(iii) Deduction during the period (net)	(106.17)	(17.52)
	(76.53)	29.64
(e) General reserve		
(i) Opening balance	5161.20	5515.11
(ii) Adjustment on amalgamation	-	(2201.40)
(iii) Transferred from surplus in statement of profit and loss	-	1847.49
	5161.20	5161.20
(f) Surplus in statement of profit and loss		
(i) Opening balance	36420.45	24602.85
(ii) Add: Transferred on amalgamation	-	2375.22
(ii) Add : Profit for the period	5096.87	18474.92
	41517.32	45452.99
Less : Appropriations		
(a) Interim dividends on equity shares	8814.28	2349.87
(b) Proposed final dividend on equity shares	-	3917.46
(c) Dividend on redeemable preference shares	-	28.76
(d) Tax on dividend	1497.99	788.96
(e) Write back of tax on dividend	(20.97)	-
(f) General reserve	-	1847.49
(g) Capital redemption reserve	-	100.00
	31226.02	36420.45
	38561.93	43856.01

The Board of Directors at its meeting held on July 17, 2014, has declared an interim dividend of ₹ 45 per equity share which includes a special dividend of ₹ 40 per equity share.

5) LONG – TERM BORROWINGS

Long - term borrowings consist of the following:

	(₹ crores)	
	As at June 30, 2014	As at March 31, 2014
(a) Secured loans		
Long term maturities of obligations under finance lease	82.98	88.64
(b) Unsecured loans		
Other borrowings (from entities other than banks)	1.05	1.05
	84.03	89.69

Obligations under finance lease are secured against fixed assets obtained under finance lease arrangements.

TATA CONSULTANCY SERVICES LIMITED
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

6) DEFERRED TAX BALANCES

Major components of the deferred tax balances consist of the following:

	(₹ crores)	
	As at June 30, 2014	As at March 31, 2014
(a) Deferred tax liabilities (net)		
(i) Foreign branch profit tax	229.46	217.88
(ii) Depreciation and amortisation	7.42	8.99
	236.88	226.87
(b) Deferred tax assets (net)		
(i) Depreciation and amortisation	25.22	(57.57)
(ii) Employee benefits	141.49	152.74
(iii) Provision for doubtful receivables, loans and advances	85.65	93.68
(iv) Operating lease liabilities	55.32	55.47
(v) Others	(10.60)	29.26
	297.08	273.58

7) OTHER LONG - TERM LIABILITIES

Other long - term liabilities consist of the following:

	(₹ crores)	
	As at June 30, 2014	As at March 31, 2014
(a) Capital creditors	92.21	92.27
(b) Operating lease liabilities	263.65	254.18
(c) Others	343.81	343.99
	699.67	690.44

8) LONG - TERM PROVISIONS

Long - term provisions consist of the following:

	(₹ crores)	
	As at June 30, 2014	As at March 31, 2014
(a) Provision for employee benefits :		
(i) Gratuity	172.65	137.70
(ii) Others	26.42	31.23
(b) Provision for other payables	120.81	110.68
	319.88	279.61

TATA CONSULTANCY SERVICES LIMITED
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

9) SHORT - TERM BORROWINGS

Short – term borrowings consist of the following:

	(₹ crores)	
	As at	As at
	June 30, 2014	March 31, 2014
Unsecured Loans		
Loans repayable on demand from banks	3.59	-
	3.59	-

10) OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	(₹ crores)	
	As at	As at
	June 30, 2014	March 31, 2014
(a) Current maturities of long-term debt	-	0.47
(b) Current maturities of obligations under finance lease	26.74	25.32
(c) Interest accrued but not due on borrowings	-	0.03
(d) Income received in advance	771.36	753.74
(e) Unpaid dividends	13.21	13.49
(f) Final dividend on equity shares	3917.46	-
(g) Dividend on redeemable preference shares	28.76	-
(h) Tax on dividend	649.69	-
(i) Advance received from customers	33.66	21.96
(j) Operating lease liabilities	33.64	26.26
(k) Other payables	1769.81	1619.05
	7244.33	2460.32

Other payables comprises of :

Fair value of foreign exchange forward and currency option contracts secured against trade receivables	104.76	22.95
Statutory liabilities	733.32	585.98
Capital creditors	339.90	418.74
Others	591.83	591.38

Obligations under finance lease are secured against fixed assets obtained under finance lease arrangements.

TATA CONSULTANCY SERVICES LIMITED
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

11) SHORT - TERM PROVISIONS

Short - term provisions consist of the following:

	(₹ crores)	
	As at June 30, 2014	As at March 31, 2014
(a) Provision for employee benefits	829.66	761.99
(b) Others		
(i) Proposed final dividend on equity shares	-	3917.46
(ii) Proposed dividend on redeemable preference shares	-	28.76
(iii) Interim dividend	8814.28	-
(iv) Tax on dividend	1497.99	670.66
(v) Current income taxes (net)	941.36	411.35
(vi) Provision for other payables	30.48	37.61
	12113.77	5827.83

Provisions for employee benefits include provision for compensated absences and other short term employee benefits.

TATA CONSULTANCY SERVICES LIMITED
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

12) FIXED ASSETS

Fixed assets consist of the following:

(i) Tangible assets

(₹ in crores)

Description	Freehold land	Leasehold land	Freehold buildings	Factory buildings	Leasehold buildings	Leasehold improvements	Plant and machinery	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Electrical installations	Total
Gross Block as at April 1, 2014	326.21	209.48	3137.73	2.77	9.81	976.73	10.29	754.73	25.01	1318.34	3464.15	942.76	11178.01
	325.57	193.97	2622.72	2.77	9.81	769.50	10.67	540.15	22.12	1032.00	2818.87	759.37	9107.52
Additions	-	-	221.21	-	-	29.87	19.56	49.11	0.90	34.60	198.78	49.18	603.21
	0.64	15.51	515.01	-	-	229.72	-	219.76	5.11	299.89	766.19	197.45	2249.28
Deletions / Adjustments	-	-	-	-	-	-	-	-	(0.63)	-	(0.01)	-	(0.64)
	-	-	-	-	-	(22.49)	(0.38)	(5.18)	(2.22)	(13.55)	(120.91)	(14.06)	(178.79)
Gross Block as at June 30, 2014	326.21	209.48	3358.94	2.77	9.81	1006.60	29.85	803.84	25.28	1352.94	3662.92	991.94	11780.58
	326.21	209.48	3137.73	2.77	9.81	976.73	10.29	754.73	25.01	1318.34	3464.15	942.76	11178.01
Accumulated depreciation as at April 1, 2014	-	(15.45)	(577.96)	(1.43)	(8.53)	(512.98)	(10.27)	(665.61)	(15.79)	(589.27)	(2483.94)	(409.69)	(5290.92)
	-	(12.58)	(451.33)	(1.23)	(8.34)	(405.62)	(10.60)	(447.48)	(13.13)	(426.63)	(1966.49)	(304.61)	(4048.04)
Depreciation for the period	-	(0.74)	317.51	(0.02)	(0.05)	(26.15)	(0.23)	(7.13)	(1.63)	(59.29)	(138.44)	111.81	195.64
	-	(2.87)	(126.64)	(0.20)	(0.21)	(93.75)	(0.05)	(187.88)	(2.81)	(113.26)	(449.53)	(88.10)	(1065.30)
Deletions / Adjustments	-	-	-	-	-	-	-	-	0.63	-	0.01	-	0.64
	-	-	0.01	-	0.02	(13.61)	0.38	(30.25)	0.15	(49.38)	(67.92)	(16.98)	(177.58)
Accumulated depreciation as at June 30, 2014	-	(16.19)	(260.45)	(1.45)	(8.58)	(539.13)	(10.50)	(672.74)	(16.79)	(648.56)	(2622.37)	(297.88)	(5094.64)
	-	(15.45)	(577.96)	(1.43)	(8.53)	(512.98)	(10.27)	(665.61)	(15.79)	(589.27)	(2483.94)	(409.69)	(5290.92)
Net book value as at June 30, 2014	326.21	193.29	3098.49	1.32	1.23	467.47	19.35	131.10	8.49	704.38	1040.55	694.06	6685.94
	326.21	194.03	2559.77	1.34	1.28	463.75	0.02	89.12	9.22	729.07	980.21	533.07	5887.09

TATA CONSULTANCY SERVICES LIMITED
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

12) FIXED ASSETS (Contd.)

Fixed assets consist of the following:

(ii) Intangible assets (₹ in crores)

Description	Intellectual property / Distribution rights	Rights under licensing agreement	Total
Gross Block as at April 1, 2014	13.21	124.51	137.72
	12.63	63.21	75.84
Additions	-	-	-
	0.58	60.96	61.54
Deletions / Adjustments	-	-	-
	-	0.34	0.34
Gross Block as at June 30, 2014	13.21	124.51	137.72
	13.21	124.51	137.72
Accumulated amortisation as at April 1, 2014	(12.43)	(83.19)	(95.62)
	(11.82)	(19.22)	(31.04)
Amortisation for the period	(0.17)	(2.97)	(3.14)
	(0.61)	(14.64)	(15.25)
Deletions / Adjustments	-	-	-
	-	(49.33)	(49.33)
Accumulated amortisation as at June 30, 2014	(12.60)	(86.16)	(98.76)
	(12.43)	(83.19)	(95.62)
Net book value as at June 30, 2014	0.61	38.35	38.96
	0.78	41.32	42.10

(iii) Capital work-in-progress (₹ in crores)

Description	Total
Capital work-in-progress	3126.63
	3047.53

- (a) Addition include Fixed Assets of ₹ Nil (March 31, 2014: ₹ 512.45 crores) transferred on the amalgamation of TCS e-Serve Limited and TCS e-Serve International Limited (erstwhile subsidiaries of the Company), with the Company.
- (b) Deletion/Adjustments in respect of depreciation include ₹ Nil (March 31, 2014: ₹ 410.29 crores) being the amount of Accumulated depreciation transferred on the amalgamation of TCS e-Serve Limited and TCS e-Serve International Limited (erstwhile subsidiaries of the Company), with the Company.
- (c) Freehold buildings include ₹ 2.67 crores (March 31, 2014: ₹ 2.67 crores) being value of investment in shares of Co-operative Housing Societies and Limited Companies.
- (d) Leasehold improvements under finance lease have a net book value of ₹ 64.52 crores (March 31, 2014: ₹ 67.13 crores)
- (e) Computer equipment under finance lease have a net book value of ₹ 27.53 crores (March 31, 2014: ₹ 30.54 crores)
- (f) Legal formalities relating to conveyance of freehold building having net book value ₹ 17.91 crores (March 31, 2014: ₹ 9.81 crores) are pending completion.

TATA CONSULTANCY SERVICES LIMITED
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

13) NON - CURRENT INVESTMENTS

Non - current investments consist of the following:

	(₹ in crores)	
	As at June 30, 2014	As at March 31, 2014
(A) TRADE INVESTMENTS (at cost)		
(i) <u>Subsidiary companies</u>		
(a) Fully paid equity shares (quoted)		
CMC Limited	379.89	379.89
(b) Fully paid equity shares (unquoted)		
TCS Iberoamerica S.A.	461.32	461.31
APOnline Limited	-	-
Tata Consultancy Services Belgium S.A.	1.06	1.06
Tata Consultancy Services Netherlands B.V.	402.87	402.87
Tata Consultancy Services Sverige AB	18.89	18.89
Tata Consultancy Services Deutschland GmbH	1.72	1.72
Tata America International Corporation	452.91	452.92
Tata Consultancy Services Asia Pacific Pte Ltd.	18.69	18.69
WTI Advanced Technology Limited	38.52	38.52
TCS FNS Pty Limited	211.72	211.72
Diligenta Limited	429.05	429.05
Tata Consultancy Services Canada Inc *	-	-
Tata Consultancy Services Canada Inc.	31.25	31.25
C-Edge Technologies Limited	5.10	5.10
MP Online Limited	0.89	0.89
Tata Consultancy Services Morocco SARL AU	8.17	8.17
Tata Consultancy Services (Africa) (PTY) Ltd.	4.92	4.92
MahaOnline Limited	1.89	1.89
Tata Consultancy Services Qatar S.S.C.	2.44	2.44
Computational Research Laboratories Inc.*	-	-
TCS E-serve International Limited	10.00	10.00
(c) Fully paid preference shares (unquoted)		
Diligenta Limited	112.45	359.45
10% cumulative redeemable preference shares (250,00,000 cumulative preference shares redeemed during the period)		

TATA CONSULTANCY SERVICES LIMITED
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

13) NON - CURRENT INVESTMENTS (contd.)

	(₹ in crores)	
	As at June 30, 2014	As at March 31, 2014
(ii) Others		
(a) Fully paid equity shares (unquoted)		
Yodlee, Inc.	-	-
National Power Exchange Limited	2.50	2.50
Taj Air Limited	19.00	19.00
ALMC HF *	-	-
KOOH Sports Private Limited	3.00	3.00
Ruralshores Business Services Private Limited*	-	-
(b) Fully paid preference shares (unquoted)		
Ruralshores Business Services Private Limited	25.00	25.00
(B) OTHERS		
(i) Mutual and other funds (unquoted)		
India Innovation Fund	6.36	6.36
(ii) Government securities (unquoted)	25.00	25.00
(iii) Bonds and Debentures (unquoted)	1771.16	2185.23
	4445.77	5106.84
Provision for diminution in value of investments	(8.29)	(8.29)
	4437.48	5098.55
Book value of quoted investments	379.89	379.89
Book value of unquoted investments (net of provision)	4057.59	4718.66
Market value of quoted investments	3029.36	2151.32

* Non-current investments having a value of less than ₹ 50,000.

The Company has given an undertaking to the Government of Maharashtra not to divest its shareholding in MahaOnline Limited except to an affiliate. This equity investment is subject to the restriction as per terms of contractual agreement. The restriction is valid as on June 30, 2014.

The Company has given an undertaking to the investors of KOOH Sports Private Limited not to transfer its shareholding prior to the expiry of thirty-six months from the completion date of the investment agreement except with the prior written consent of the other parties to the agreement. The restriction is valid as on June 30, 2014.

The Company has given letter of comfort to various banks for credit facilities availed by its subsidiaries (a) Tata America International Corporation, (b) Tata Consultancy Services Switzerland Limited, (c) Tata Consultancy Services Sverige AB, (d) Tata Consultancy Services Belgium S.A., (e) Tata Consultancy Services Deutschland GmbH, (f) TCS Italia SRL, (g) Tata Consultancy Services France SAS, (h) Tata Consultancy Services Asia Pacific Pte Ltd, (i) Tata Consultancy Services Malaysia Sdn Bhd and (j) Tata Consultancy Services Japan Ltd. As per the terms of letter of comfort, the Company undertakes not to divest its ownership interest directly or indirectly in the subsidiaries and provide such managerial, technical and financial assistance to ensure continued successful operations of the subsidiary.

Tata Consultancy Services Morocco SARL AU, a wholly owned subsidiary, is in the process of being voluntarily liquidated.

TATA CONSULTANCY SERVICES LIMITED

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

14) LONG - TERM LOANS AND ADVANCES

Long - term loans and advances (unsecured) consist of the following:

	(₹ crores)	
	As at June 30, 2014	As at March 31, 2014
(a) Considered good		
(i) Capital advances	316.32	351.99
(ii) Security deposits	547.30	548.23
(iii) Loans and advances to employees	6.39	7.04
(iv) Loans and advances to related parties	145.19	138.41
(v) Advance tax (including refunds receivable (net))	2939.71	2913.02
(vi) MAT Credit entitlement	1810.61	1810.61
(vii) Other loans and advances	239.60	1106.24
(b) Considered doubtful		
(i) Security Deposits	0.15	0.15
(ii) Loans and advances to related parties	19.37	19.37
Less : Provision for doubtful loans and advances	(19.52)	(19.52)
	<u>6005.12</u>	<u>6875.54</u>

Loans and advances to related parties, considered good, comprise:

Tata Sons Limited	2.74	2.74
TCS FNS Pty Limited	10.17	10.02
CMC Limited	6.89	0.26
Tata Realty And Infrastructure Limited	45.39	45.39
Tata Capital Financial Services Limited	80.00	80.00

Other loans and advances comprise:

Indirect tax recoverable	45.46	54.76
Inter - corporate deposits	-	858.00
Other amounts recoverable in cash or kind for value to be received	194.14	193.48

Loans and advances to related parties, considered doubtful, comprise:

Tata Consultancy Services Morocco SARL AU	19.37	19.37
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15) OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

	(₹ crores)	
	As at June 30, 2014	As at March 31, 2014
(a) Interest receivable	18.92	34.52
(b) Long - term bank deposits	400.00	1477.00
(c) Earmarked balances with banks	25.00	25.00
(d) Others	8.88	8.47
	<u>452.80</u>	<u>1544.99</u>

Others include discount on bonds and debentures receivable on maturity.

TATA CONSULTANCY SERVICES LIMITED
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

16) CURRENT INVESTMENTS

Current investments consist of the following:

	(₹ crores)	
	As at June 30, 2014	As at March 31, 2014
(i) Mutual and other funds (unquoted)	4861.21	6.00
(ii) Bonds and Debentures (unquoted)	1106.11	727.87
	5967.32	733.87

17) INVENTORIES

Inventories consist of the following:

	(₹ crores)	
	As at June 30, 2014	As at March 31, 2014
(a) Raw materials, sub-assemblies and components	12.93	7.23
(b) Finished goods and Work-in-progress	0.35	0.61
(c) Goods-in-transit (raw materials)	1.34	0.73
	14.62	8.57

Inventories are carried at the lower of cost and net realisable value.

18) UNBILLED REVENUE

Unbilled revenue as at June 30, 2014 amounting to ₹ 2804.61 crores (March 31, 2014: ₹ 2626.08 crores) primarily comprises of the revenue recognised in relation to efforts incurred on turnkey contracts priced on a fixed time, fixed price basis of ₹ 2203.76 crores (March 31, 2014: ₹ 1987.30 crores).

TATA CONSULTANCY SERVICES LIMITED
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

19) TRADE RECEIVABLES

Trade receivables (Unsecured) consist of the following:

	(₹ crores)	
	As at June 30, 2014	As at March 31, 2014
(a) Over six months from the date they were due for payment		
(i) Considered good	1622.21	1658.48
(ii) Considered doubtful	253.32	224.68
(b) Others		
(i) Considered good	14744.61	12813.41
(ii) Considered doubtful	0.65	-
	<u>16620.79</u>	<u>14696.57</u>
Less: Provision for doubtful receivables	<u>(253.97)</u>	<u>(224.68)</u>
	<u>16366.82</u>	<u>14471.89</u>

20) CASH AND BANK BALANCES

Cash and bank balances consist of the following:

	(₹ crores)	
	As at June 30, 2014	As at March 31, 2014
(a) Cash and cash equivalents		
(i) Balances with banks		
In current accounts	362.92	264.69
In deposit accounts with original maturity less than 3 months	20.82	141.85
(ii) Cheques on hand	6.73	14.81
(iii) Cash on hand	0.78	1.00
(iv) Remittances in transit	-	16.02
	<u>391.25</u>	<u>438.37</u>
(b) Other Bank balances		
(i) Earmarked balances with banks	14.72	14.99
(ii) Short - term bank deposits	11719.00	12112.90
	<u>12124.97</u>	<u>12566.26</u>

Balances with banks in current accounts do not include two bank accounts having a balance of ₹ Nil (March 31, 2014: ₹ Nil) operated by the Company on behalf of a third party.

TATA CONSULTANCY SERVICES LIMITED
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

21) SHORT - TERM LOANS AND ADVANCES

Short – term loans and advances (Unsecured) consist of the following:

	(₹ crores)	
	As at June 30, 2014	As at March 31, 2014
(a) Considered good		
(i) Loans and advances to employees	294.00	260.20
(ii) Loans and advances to related parties	298.22	348.71
(iii) Other loans and advances	3807.65	3079.21
(b) Considered doubtful		
(i) Loans and advances to employees	43.33	42.28
(ii) Other loans and advances	9.56	9.96
Less : Provision for doubtful loans and advances	(52.89)	(52.24)
	4399.87	3688.12
Loans and advances to related parties, considered good, comprise:		
TCS FNS Pty Limited	39.58	39.46
Tata Realty and Infrastructure Limited	-	50.00
CMC America Inc.	-	0.01
Tata Consultancy Services Asia Pacific Pte Ltd.	-	1.02
CMC Limited	0.73	0.68
Tata AIG General Insurance Company Limited	0.01	0.02
Tata Capital Financial Services Limited	200.00	200.00
Tata Sons Limited	0.04	-
Infiniti Retail Limited	0.01	0.04
Tata Housing Development Company Limited	50.00	50.00
TCS e-Serve International Limited	0.27	-
Tata Consultancy Services (Africa) (Pty) Limited	0.60	-
C-Edge Technologies Limited	6.98	7.48
Other loans and advances, considered good, comprise:		
Security deposits	67.91	63.07
Inter - corporate deposits	2358.00	1500.00
Indirect tax recoverable	162.35	183.88
Advance to suppliers	56.80	56.40
Fair value of foreign exchange forward and currency option contracts	137.90	346.34
Other amounts recoverable in cash or kind for value to be received	1024.69	929.52
Other loans and advances, considered doubtful, comprise:		
Security deposits	2.80	3.11
Advance to suppliers	3.89	3.89
Other amounts recoverable in cash or kind for value to be received	2.87	2.96

TATA CONSULTANCY SERVICES LIMITED
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

22) OTHER CURRENT ASSETS

Other current assets consist of the following:

	(₹ crores)	
	As at June 30, 2014	As at March 31, 2014
(a) Interest receivable	967.48	715.61
(b) Dividend receivable	-	19.25
(c) Others	10.26	5.16
	977.74	740.02

Others include discount on bonds and debentures receivable on maturity.

23) REVENUE FROM OPERATIONS

Revenue from operations consist of revenues from:

	(₹ crores)	
	For the quarter ended June 30, 2014	For the quarter ended June 30, 2013
(a) Information technology and consultancy services	17198.29	14087.82
(b) Sale of equipment and software licenses	240.14	390.83
	17438.43	14478.65

TATA CONSULTANCY SERVICES LIMITED
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

24) OTHER INCOME (NET)

Other income (net) consist of the following:

	(₹ crores)	
	For the quarter ended June 30, 2014	For the quarter ended June 30, 2013
(a) Interest income	482.86	314.65
(b) Dividend income	36.43	27.23
(c) Profit on redemption of mutual funds and sale of other investments (net)	33.21	15.65
(d) Rent	0.75	1.07
(e) Profit / (loss) on sale of fixed assets (net)	0.10	(0.87)
(f) Exchange gain / (loss) (net)	231.50	(106.10)
(g) Miscellaneous income	14.11	10.43
	798.96	262.06

Interest income comprise:

Interest on bank deposits	337.69	192.62
Interest on inter - corporate deposits	68.18	88.34
Interest on long - term bonds and debentures	75.49	31.61
Interest on loan given to subsidiary	0.56	0.63
Other interest	0.94	1.45

Dividend income comprise:

Dividends from subsidiaries (non-current trade investments)	36.43	27.11
Dividends from other non-current investments (trade investments)	-	-
Dividends from mutual funds (current investments)	-	0.12

Exchange gain (net) include:

Loss on foreign exchange forward and currency option contracts which have been designated as Cash Flow Hedges. (Refer Note 31)	(20.13)	(194.69)
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TATA CONSULTANCY SERVICES LIMITED
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

25) EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses consist of the following:

	(₹ crores)	
	For the quarter ended June 30, 2014	For the quarter ended June 30, 2013
(a) Salaries and incentives	5353.70	4665.24
(b) Contributions to -		
(i) Provident fund	140.97	126.58
(ii) Superannuation scheme	39.11	31.57
(iii) Gratuity fund	59.99	48.44
(iv) Social security and other plans for overseas employees	107.08	96.53
(c) Staff welfare expenses	323.99	284.44
	6024.84	5252.80

TATA CONSULTANCY SERVICES LIMITED

NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

26) OPERATION AND OTHER EXPENSES

Operation and other expenses consist of the following:

	(₹ crores)	
	For the quarter ended June 30, 2014	For the quarter ended June 30, 2013
(a) Overseas business expenses	2884.36	2157.58
(b) Services rendered by business associates and others	1205.24	973.10
(c) Software, hardware and material costs	601.55	641.40
(d) Communication expenses	152.97	122.83
(e) Travelling and conveyance expenses	185.99	146.40
(f) Rent	261.70	244.26
(g) Legal and professional fees	83.67	59.74
(h) Repairs and maintenance	111.79	89.27
(i) Electricity expenses	128.27	119.27
(j) Bad debts (recovered) / written off (net)	(0.18)	0.81
(k) Provision for doubtful receivables	28.57	3.78
(l) Provision for doubtful advances	0.65	1.19
(m) Advances (written back) / written off (net)	(0.01)	(0.68)
(n) Recruitment and training expenses	49.81	42.26
(o) Commission and brokerage	7.19	7.73
(p) Printing and stationery	9.82	8.73
(q) Insurance	6.57	5.07
(r) Rates and taxes	19.76	19.56
(s) Entertainment	11.90	7.80
(t) Other expenses	175.76	134.71
	5925.38	4784.81
(i) Overseas business expenses comprise:		
Travel expenses	257.36	191.19
Employee allowances	2627.00	1966.39
(ii) Repairs and maintenance comprise:		
Buildings	58.01	44.67
Office and computer equipment	53.78	44.60
(iii) Software, hardware and material costs include:		
Material costs		
(a) Raw materials, sub-assemblies and components consumed	11.03	5.43
(b) Opening stock:		
Finished goods and work-in-progress	0.61	0.54
(c) Less: Closing stock:		
Finished goods and work-in-progress	0.35	0.39
	0.26	0.15
	11.29	5.58
(iv) Other expenses include:		
(a) Stores and spare parts consumed	-	0.01
(b) Donation to Electoral Trust	3.16	-

27) FINANCE COSTS

Finance costs consist of the following:

	(₹ crores)	
	For the quarter ended June 30, 2014	For the quarter ended June 30, 2013
Interest expense	3.73	5.03
	3.73	5.03

TATA CONSULTANCY SERVICES LIMITED
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

- 28)** Current tax includes additional provision (net) of ₹ Nil (*June 30, 2013*: Additional provision (net) ₹ 75.25 crores) in domestic and certain overseas jurisdictions relating to earlier years, of which the impact of MAT entitlement of earlier period is ₹ Nil (*March 31, 2014* : ₹ 451.92 crores).

29) SEGMENT REPORTING

The Company has identified business segments (industry practice) as its primary segment and geographic segments as its secondary segment.

Business segments are primarily financial services comprising customers providing banking, finance and insurance services, manufacturing companies, companies in retail and consumer packaged goods industries, companies in telecommunication, media and entertainment and others such as energy, resources and utilities, Hi-tech industry practice, life science and healthcare, s-Governance, travel, transportation and hospitality, products, etc.

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

Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably among segments are not allocated to primary and secondary segments.

Geographical revenues are allocated based on the location of the customer. Geographic segments of the Company are Americas (including Canada and South American countries), Europe, India and Others.

Quarter ended June 30, 2014

(₹ crores)

Particulars	Business Segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Revenue	6899.11	1562.90	2634.98	2256.47	4084.97	17438.43
	5952.49	1236.91	2214.44	1805.19	3269.62	14478.65
Segment result	2346.06	482.62	807.74	636.99	1214.80	5488.21
	2015.49	365.83	639.34	457.93	962.45	4441.04
Unallocable expenses (net)						338.99
						246.27
Operating income						5149.22
						4194.77
Other income (net)						798.96
						262.06
Profit before Exceptional item and tax						5948.18
						4456.83
Exceptional item						527.76
						-
Profit before tax						6475.94
						4456.83
Tax expense						1379.07
						994.94
Net profit for the period						5096.87
						3461.89

TATA CONSULTANCY SERVICES LIMITED
NOTES FORMING PART OF CONDENSED FINANCIAL STATEMENTS

As at June 30, 2014

(₹ crores)

Particulars	Business Segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Segment assets	6372.20	1759.34	2745.56	3012.31	5987.99	19877.40
	5652.54	1373.75	1994.55	2354.32	5580.55	16955.71
Unallocable assets						43822.56
						30697.59
Total assets						63699.96
						47653.30
Segment liabilities	827.35	112.63	119.76	151.23	297.02	1507.99
	700.17	109.56	121.31	141.70	319.61	1392.35
Unallocable liabilities						23434.17
						11135.70
Total liabilities						24942.16
						12528.05

30) CONTINGENT LIABILITIES

(₹ crores)

	As at June 30, 2014	As at March 31, 2014
Claims against the Company not acknowledged as debts	38.50	29.57
Income Tax demands (See (a) below)	3890.20	3890.20
Indirect Tax demands (See (b) below)	67.19	63.27
Guarantees given by the Company on behalf of subsidiaries (See (c) and (d) below)	4058.37	4082.31

- In respect of income tax demands of ₹ 318.20 crores (March 31, 2014: ₹ 318.20 crores), not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited, which has been amalgamated with the Company effective April 1, 2013.
- In respect of indirect tax demands of ₹ 8.53 crores (March 31, 2014: ₹ 8.53 crores), not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited, which has been amalgamated with the Company effective April 1, 2013.
- The Company has provided guarantees aggregating to ₹ 3133.35 crores (GBP 306.51 million) (March 31, 2014: ₹ 3167.02 crores) (GBP 317.20 million) to third parties on behalf of its subsidiary Diligenta Limited. The Company does not expect any outflow of resources in respect of the above.
- The Company has provided guarantees aggregating to ₹ 83.92 crores (USD 13.97 million) (March 31, 2014: ₹ 83.91 crores) (USD 13.97 million) to third parties on behalf of its subsidiary Tata America Corporation Limited. The Company does not expect any outflow of resources in respect of the above.

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31) DERIVATIVE FINANCIAL INSTRUMENTS

The Company, in accordance with its risk management policies and procedures, enters into foreign exchange forward, options and future contracts to manage its exposure in foreign exchange rates. The counter party is generally a bank. These contracts are for a period between one day and eight years.

The Company has outstanding foreign currency option contracts, which have been designated as Cash Flow Hedges, as at:

June 30, 2014				March 31, 2014		
Foreign Currency	No. of Contracts	Notional amount of Currency Options contracts (million)	Fair Value (₹ crores)	No. of Contracts	Notional amount of Currency Options contracts (million)	Fair Value (₹ crores)
U.S. Dollar	60	2067.00	73.44	4	410.00	21.36
Sterling Pound	12	369.00	19.02	6	177.00	18.23
Euro	18	210.00	9.49	3	120.00	19.87
Australian dollar	12	165.00	8.89	3	75.00	2.71

The movement in Hedging Reserve during the period ended June 30, 2014, and the year ended March 31, 2014 for derivatives designated as Cash Flow Hedges is as follows:

	(₹ crores)			
	Period ended June 30, 2014		Year ended March 31, 2014	
	Intrinsic Value	Time Value	Intrinsic Value	Time Value
Balance at the beginning of the period	24.88	4.76	55.49	-
Transferred on amalgamation	-	-	(8.33)	-
Changes in the fair value of effective portion of Cash Flow Hedges	69.26	(195.56)	(619.65)	(140.11)
Losses transferred to the statement of profit and loss on occurrence of forecasted hedge transaction	(85.66)	105.79	597.37	144.87
Balance at the end of the period	8.48	(85.01)	24.88	4.76

Net loss on derivative instruments of ₹ 76.53 crores recognised in Hedging Reserve as of June 30, 2014, is expected to be reclassified to the statement of profit and loss by June 30, 2015.

In addition to the above Cash Flow Hedges, the Company has outstanding foreign exchange forward, options and future contracts with notional amount aggregating ₹ 18574.87 crores (March 31, 2014: ₹ 15774.90 crores) whose fair value showed a loss of ₹ 77.70 crores as on June 30, 2014 (March 31, 2014: gain of ₹ 261.23 crores). Exchange gain of ₹ 177.60 crores (June 30, 2013: Exchange loss of ₹ 475.45 crores) on foreign exchange forward, options and future contracts for the quarter ended June 30, 2014 have been recognised in the statement of profit and loss in respect of these hedges.

- 32)** The Company has revised its policy of providing depreciation on fixed assets effective April 1, 2014. Depreciation is now provided on a straight line basis for all assets as against the policy of providing on written down value basis on some assets and straight line basis on others. Further the remaining useful life has also been revised wherever appropriate based on an evaluation. The carrying amount as on April 1, 2014 is depreciated over the revised remaining useful life. As a result of these changes, the depreciation charge for the quarter ended June 30, 2014 is higher by ₹ 51.15 crores and the effect relating to the period prior to April 1, 2014 is a net credit of ₹ 527.76 crores (excluding deferred tax of ₹ 129.62 crores) which has been shown as an 'Exceptional Item' in the statement of profit and loss.

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- 33)** The accounting for change in fair value of the time value of options and forwards, which were previously recognised immediately in the statement of profit and loss, was revised in the quarter ended March 31, 2014 retrospectively with effect from April 1, 2013 to be accumulated in hedging reserve, a component of shareholder's funds and is reclassified to statement of profit and loss when the forecast transaction occurs. Had this change in accounting been given effect to in the quarter ended June 30, 2013, Other Income for that quarter would have been higher by ₹ 182.58 crores.
- 34)** At their respective meetings held on July 17, 2014, the Boards of the Company and of its wholly owned subsidiary, WTI Advanced Technology Limited (WTI) have approved a Scheme of Amalgamation of WTI with the Company. The appointed date for the proposed Scheme is April 1, 2014. The Scheme is subject to sanction of the Hon'ble High Courts and all other statutory approvals as may be required under law. Pending sanction of the Hon'ble High Courts and other approvals, no effect has been given in the financial results for the quarter ended June 30, 2014 in respect of the proposed amalgamation of WTI with the Company.
- 35)** Previous period figures have been recast / restated.