TATA CONSULTANCY SERVICES LIMITED

CONDENSED CONSOLIDATED 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	44176.97	48998.89
			44372.84	49194.76
	Minority interest		711.63	707.99
	Non-current liabilities			
	(a) Long-term borrowings	5	120.89	127.26
	(b) Deferred tax liabilities (net)	6 (a)	326.91	308.80
	(c) Other long-term liabilities	7	745.06	743.07
	(d) Long-term provisions	8	425.65	385.59
			1618.51	1564.72
	Current liabilities			
	(a) Short-term borrowings	9	37.40	127.09
	(b) Trade payables		5606.92	5536.02
	(c) Other current liabilities	10	8432.79	3621.24
	(d) Short-term provisions	11	12685.89	6385.96
			26763.00	15670.31
	TOTAL		**73465.98**	**67137.78**
II.	**ASSETS**			
	Non-current assets			
	(a) Fixed assets	12		
	(i) Tangible assets		7825.75	7034.81
	(ii) Intangible assets		229.55	240.74
	(iii) Capital work-in-progress		3210.12	3168.48
			11265.42	10444.03
	(b) Non-current investments	13	1966.31	2275.27
	(c) Deferred tax assets (net)	6 (b)	444.10	420.06
	(d) Long-term loans and advances	14	6440.48	7286.62
	(e) Other non-current assets	15	458.24	1545.33
	(f) Goodwill (on consolidation)		2272.16	2268.78
			22846.71	24240.09
	Current assets			
	(a) Current investments	16	6631.09	1158.47
	(b) Inventories	17	22.29	15.21
	(c) Unbilled revenue	18	4296.08	4005.61
	(d) Trade receivables	19	19137.17	18230.40
	(e) Cash and bank balances	20	14304.37	14441.84
	(f) Short-term loans and advances	21	5225.38	4310.80
	(g) Other current assets	22	1002.89	735.36
			50619.27	42897.69
	TOTAL		**73465.98**	**67137.78**

III. NOTES FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 1-37

As per our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

P. R. Ramesh
Partner

Mumbai, July 17, 2014

For and on behalf of the Board

N. Chandrasekaran
CEO and Managing Director

Rajesh Gopinathan
Chief Financial Officer

Suprakash Mukhopadhyay
Company Secretary

Mumbai, July 17, 2014

TATA CONSULTANCY SERVICES LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

		Note	For the quarter ended June 30, 2014	For the quarter ended June 30, 2013
			(₹ crores)	
I.	Revenue from operations (Net of excise duty of ₹ 1.32 crores (June 30, 2013 ₹ 0.68 crores)	23	22111.03	17987.07
II.	Other income (net) (Refer note 35)	24	787.15	258.49
	TOTAL REVENUE		**22898.18**	**18245.56**
III.	Expenses:			
	(a) Employee benefit expenses	25	8532.11	6965.25
	(b) Operation and other expenses	26	7226.37	5877.70
	(c) Finance costs	27	8.67	6.75
	(d) Depreciation and amortisation expense (Refer note 34)	12	417.49	297.15
	TOTAL EXPENSES		**16184.64**	**13146.85**
IV.	**PROFIT BEFORE EXCEPTIONAL ITEM AND TAX**		**6713.54**	**5098.71**
V.	Exceptional item	34	489.75	-
VI.	**PROFIT BEFORE TAX**		**7203.29**	**5098.71**
VII.	Tax expense:			
	(a) Current tax	28	1604.38	1224.86
	(b) Deferred tax		(4.82)	21.35
	(c) Fringe benefit tax		0.11	0.05
	(d) MAT credit entitlement	28	(1.02)	(20.41)
			1598.65	**1225.85**
VIII.	**PROFIT FOR THE PERIOD BEFORE MINORITY INTEREST**		**5604.64**	**3872.86**
IX.	Minority interest		36.96	33.36
X.	**PROFIT FOR THE PERIOD**		**5567.68**	**3839.50**
XI.	**Earnings per equity share :- Basic and diluted (₹)**		28.42	19.57
	Weighted average number of equity shares (face value of ₹ 1 each)		1,95,87,27,979	1,95,87,27,979

XII. **NOTES FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 1-37**

As per our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

P. R. Ramesh
Partner

Mumbai, July 17, 2014

For and on behalf of the Board

N. Chandrasekaran
CEO and Managing Director

Rajesh Gopinathan
Chief Financial Officer

Suprakash Mukhopadhyay
Company Secretary

Mumbai, July 17, 2014

TATA CONSULTANCY SERVICES LIMITED

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(₹ crores)

		Note	For the quarter ended June 30, 2014	For the quarter ended June 30, 2013
I	**NET CASH PROVIDED BY OPERATING ACTIVITIES**		**4513.74**	**1842.87**
II	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Purchase of fixed assets		(808.10)	(782.72)
	Proceeds from sale of fixed assets		1.04	6.71
	Acquisition of subsidiaries net of cash of ₹ Nil (June 30, 2013: ₹ 57.85 crores)		-	(446.16)
	Purchase of mutual funds and other investments		(14615.99)	(13583.99)
	Redemption of mutual funds and sale of other investments		9551.13	12199.67
	Inter-corporate deposits placed		(10.00)	(20.00)
	Inter-corporate deposits matured		50.00	288.40
	Fixed deposit placed with banks having original maturity over three months		(110.07)	(1560.64)
	Fixed deposit with banks matured having original maturity over three months		1936.69	1944.53
	Dividends received		3.26	2.13
	Interest received		244.59	323.13
	Net cash used in investing activities		**(3757.45)**	**(1628.94)**
III	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Repayment of long-term borrowings		(0.47)	-
	Short-term borrowings (net)		(123.04)	(77.13)
	Proceeds from other borrowings		-	117.67
	Repayment of other borrowings		-	(23.23)
	Dividend paid to minority shareholders of subsidiaries and dividend tax on dividend paid by subsidiaries		(33.52)	(39.05)
	Interest paid		(7.68)	(6.90)
	Net cash used in financing activities		**(164.71)**	**(28.64)**
	Net increase in cash and cash equivalents		591.58	185.29
	Cash and cash equivalents at the beginning of the year		1467.86	1841.36
	Exchange difference on translation of foreign currency cash and cash equivalents		13.20	122.58
	Cash and cash equivalents at the end of the period	20	**2072.64**	**2149.23**
	Earmarked balances with banks		27.92	43.73
	Short-term bank deposits		12203.81	4618.94
	Cash and Bank balances at the end of the period	20	**14304.37**	**6811.90**
	Supplementary disclosure of cash flow non-cash investing activities:			
	Decrease in payables and finance lease obligation in respect of purchase of fixed assets		99.48	99.57
	Investment in shares at cost received in settlement of trade receivables		58.87	-

IV **NOTES FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 1-37**

As per our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

P. R. Ramesh
Partner

Mumbai, July 17, 2014

For and on behalf of the Board

N. Chandrasekaran
CEO and Managing Director

Rajesh Gopinathan
Chief Financial Officer

Suprakash Mukhopadhyay
Company Secretary

Mumbai, July 17, 2014

1) CORPORATE INFORMATION

Tata Consultancy Services Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") provide consulting-led integrated portfolio of information technology (IT) and IT-enabled services delivered through a network of multiple locations around the globe. The Group'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 consolidated 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 13 September 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 consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group 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 consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements. The results of interim periods are not necessarily indicative of the results that may be expected for any interim period or for the full year.

b) Principles of consolidation

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company.

The consolidated financial statements have been prepared on the following basis:

i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealised profits or losses have been fully eliminated.

ii) The consolidated financial statements include the share of profit / loss of associate companies, which are accounted under the 'Equity method' as per which the share of profit / loss of the associate company has been adjusted to the cost of investment. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.

iii) The excess of the cost to the parent of its investments in a subsidiary over the parent's portion of equity at the date on which investment in the subsidiary is made, is recognised as 'Goodwill (on consolidation)'. When the cost to the parent of its investment in a subsidiary is less than the parent's portion of equity of the subsidiary at the date on which investment in the subsidiary is made, the difference is treated as 'Capital Reserve (on consolidation)' in the consolidated financial statements.

iv) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments in the subsidiary companies are made and further movements in their share in the equity, subsequent to the dates of investments.

v) On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

c) Use of estimates

The preparation of financial statements requires the management of the Group 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 year. Example of such estimates include provision 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 provision 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.

d) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation/amortisation. Costs include all expenses incurred to bring the assets 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.

e) 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.

Type of asset	Period
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
Goodwill	12 years
Acquired contract rights	12 years
Intellectual property / distribution rights	5 Years
Software licenses	License period
	2-5 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.

f) Leases

Where the Group, as a lessor, leases assets under finance lease, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is based on a constant rate of return on the outstanding net investment.

Assets taken on lease by the Group in its capacity as lessee, where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are 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 vests with the lessor, are recognised as operating lease. Lease rentals under operating lease are recognised in the statement of profit and loss on a straight-line basis.

g) 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 assets 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 risks specific to the asset.

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

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is indication for impairment. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of 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.

h) 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, are stated at the lower of cost and fair value.

i) Employee benefits

i) <u>Post-employment benefit plans</u>

Contributions to defined contribution retirement benefit schemes are recognised as 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.

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) <u>Other employee benefits</u>

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.

j) Revenue recognition

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

Revenue 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.

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

Revenue from sale of software licenses are recognised upon delivery.

Revenue from maintenance contracts are recognised on pro-rata basis 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 using the proportionate completion method with contract cost determining the degree of completion.

Revenue is reported net of discounts.

Dividend is 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.

k) 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 and its Indian subsidiaries 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.

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 for relevant tax paying units and where the Group is able to and intends to settle the asset and liability on a net basis.

The Group 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.

l) Foreign currency transactions

Income and expense 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 the exchange gains or 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 currency forward, option and futures contracts are amortised and recognised in the statement of profit and loss over the period of the contract. Foreign exchange forward, currency option 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.

For the purpose of consolidation, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. The net impact of such change is accumulated under foreign currency translation reserve.

m) Derivative instruments and hedge accounting

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

The use of hedging instruments is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Group'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 Group separates the intrinsic value and time value of an option and designates as hedging instruments, only the fair value change in the intrinsic value of the derivative instruments. The change in fair value of the time value of derivative instruments, which was previously recognised immediately in statement of profit and loss, is now accumulated in hedging reserve, a component of shareholders' funds and is classified to statement of profit and 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.

n) 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 the lower of cost and net realisable value. Finished goods produced or purchased by the Group are carried at the lower of cost and net realisable value. Cost includes direct material and labour cost and a proportion of manufacturing overheads.

o) Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic and rational basis.

p) Provisions, Contingent liabilities and Contingent assets

A provision is recognised when the Group 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.

q) Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts 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		
	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 are held by Tata Sons Limited, the holding company.

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 reserve (on consolidation)	24.50	24.50
(b) Capital redemption reserve		
(i) Opening balance	157.52	0.40
(ii) Transferred from surplus in statement of profit and loss	255.57	157.12
	413.09	157.52
(c) Securities premium reserve		
(i) Opening Balance	1918.87	1918.47
(ii) Transferred on amalgamation	-	0.40
	1918.87	1918.87
(d) Foreign currency translation reserve		
(i) Opening balance	1547.78	972.11
(ii) Additions during the period (net)	31.66	575.67
	1579.44	1547.78
(e) Hedging reserve (Refer note 33)		
(i) Opening balance	29.64	46.11
(ii) Deductions during the period (net)	(106.17)	(16.47)
	(76.53)	29.64
(f) General reserve		
(i) Opening balance	5742.39	5841.80
(ii) Adjustments on amalgamation	-	(1982.82)
(iii) Transferred from surplus in statement of profit and loss	-	1883.41
	5742.39	5742.39
(g) Statutory reserve		
(i) Opening balance	73.68	16.65
(ii) Transferred from surplus in statement of profit and loss	-	57.03
	73.68	73.68
(h) Surplus in statement of profit and loss		
(i) Opening balance	39504.51	29529.97
(ii) Add : Profit for the period	5567.68	19163.87
	45072.19	48693.84
(iii) 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	1521.78	795.68
(e) Write back of tax on dividend	(20.97)	-
(f) Capital Redemption Reserve	255.57	157.12
(g) General reserve	-	1883.41
(h) Statutory reserve	-	57.03
	34501.53	39504.51
	44176.97	48998.89

The Board of Directors at its meeting held on July 17, 2014 has recommended 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	119.84	126.21
(b) Unsecured loans		
Other borrowings (from entities other than banks)	1.05	1.05
	120.89	127.26

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

6) DEFERRED TAX BALANCES

Major components of 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	12.84	16.40
(iii) Employee benefits	(0.95)	(0.95)
(iv) Provision for doubtful receivables, loans and advances	(0.11)	(0.11)
(v) Others	85.67	75.58
	326.91	308.80
(b) Deferred tax assets (net)		
(i) Depreciation and amortisation	16.29	(57.98)
(ii) Employee benefits	201.99	211.20
(iii) Operating lease liabilities	71.37	72.19
(iv) Provision for doubtful receivables, loans and advances	107.22	112.70
(v) Others	47.23	81.95
	444.10	420.06

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	296.60	292.71
(c) Other liabilities	356.25	358.09
	745.06	743.07

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		
Gratuity	191.47	158.78
Foreign defined benefit plans	76.01	74.17
Other post retirement benefits	37.36	41.96
(b) Provision for other payables	120.81	110.68
	425.65	385.59

9) SHORT-TERM BORROWINGS

Short-term borrowings consist of the following:

(₹ crores)

	As at June 30, 2014	As at March 31, 2014
(a) Secured loans		
From other parties	-	33.58
(b) Unsecured loans		
Loans repayable on demand from banks	37.40	93.51
	37.40	127.09

Secured loans from banks and other parties are secured against trade receivables.

10) OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

(₹ crores)

		As at June 30, 2014	As at March 31, 2014
(a)	Current maturities of long-term debt	-	0.47
(b)	Current maturities of obligations under finance lease	43.96	42.05
(c)	Interest accrued but not due on borrowings	2.26	1.27
(d)	Income received in advance	994.89	1050.73
(e)	Unpaid dividends	13.51	13.82
(f)	Advance received from customers	79.09	62.81
(g)	Operating lease liabilities	45.54	37.09
(h)	Final dividend on equity shares	3917.46	-
(i)	Final dividend on redeemable preference shares	28.76	-
(j)	Tax on dividend	649.69	-
(k)	Other payables	2657.63	2413.00
		8432.79	3621.24
	Other payables include :		
	Fair values of foreign currency forward, option and future contracts secured against trade receivables	104.76	22.95
	Statutory liabilities	1436.85	1179.52
	Capital creditors	393.53	487.53

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

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	1143.64	1046.90
(b)	Others		
	(i) Proposed final dividend on equity shares	-	3917.46
	(ii) Proposed dividend on redeemable preference share	-	28.76
	(iii) Interim Dividend	8814.28	-
	(iv) Tax on dividend	1522.34	683.13
	(v) Current income taxes (net)	1175.15	672.10
	(vi) Provision for other payables	30.48	37.61
		12685.89	6385.96

Provision for employee benefits includes provision for compensated absences and other short-term employee benefits.

12) FIXED ASSETS

(i) Tangible assets

(₹ crores)

Description	Freehold land	Leasehold land	Freehold buildings	Factory buildings	Leasehold buildings	Leasehold Improvements	Plant and machinery	Computer equipment	Vehicles	Office equipment	Electrical installations	Furniture and fixtures	Total
Gross block as at April 1, 2014	346.13	216.58	3508.02	2.77	14.62	1289.89	10.29	4166.29	27.80	1513.11	1050.35	1016.55	13162.40
	343.59	201.07	2889.61	2.77	14.59	1052.17	10.67	3547.79	26.79	1248.20	900.06	759.03	10996.34
Additions	-	-	269.15	-	-	34.40	19.56	230.25	0.90	41.35	50.19	52.91	698.71
	0.64	15.51	612.44	-	0.03	273.53	-	681.54	3.31	265.53	166.17	255.54	2274.24
Deletions/Adjustments	-	-	-	-	-	4.42	-	(5.78)	(0.63)	(6.13)	(0.12)	4.03	(4.21)
	-	-	(0.08)	-	-	(51.12)	(0.38)	(112.62)	(2.39)	(8.46)	(13.88)	(8.29)	(197.22)
Translation exchange difference	-	-	-	-	-	2.08	-	6.24	-	0.31	0.78	1.03	10.44
	1.90	-	6.05	-	-	15.31	-	49.58	0.09	7.84	(2.00)	10.27	89.04
Gross block as at June 30, 2014	346.13	216.58	3777.17	2.77	14.62	1330.79	29.85	4397.00	28.07	1548.64	1101.20	1074.52	13867.34
	346.13	216.58	3508.02	2.77	14.62	1289.89	10.29	4166.29	27.80	1513.11	1050.35	1016.55	13162.40
Accumulated depreciation as at April 1, 2014	-	(16.28)	(602.45)	(1.43)	(12.63)	(634.31)	(10.27)	(2894.92)	(17.78)	(672.31)	(484.14)	(781.07)	(6127.59)
	-	(13.30)	(469.53)	(1.23)	(11.44)	(544.99)	(10.60)	(2411.87)	(16.36)	(545.32)	(407.83)	(572.16)	(5004.63)
Depreciation for the period*	-	(0.76)	297.71	(0.02)	(0.10)	(37.26)	(0.23)	(176.01)	(1.81)	(70.42)	110.53	(33.33)	88.30
	-	(2.98)	(132.20)	(0.20)	(1.21)	(131.97)	(0.05)	(566.28)	(3.16)	(136.52)	(96.81)	(212.60)	(1283.98)
Deletions/Adjustments	-	-	-	-	-	(2.11)	-	3.46	0.63	2.80	0.12	(1.51)	3.39
	-	-	0.05	-	0.02	50.10	0.38	108.19	1.83	12.72	17.89	7.45	198.63
Translation exchange difference	-	-	-	-	-	(1.16)	-	(3.53)	-	(0.10)	(0.36)	(0.54)	(5.69)
	-	-	(0.77)	-	-	(7.45)	-	(24.96)	(0.09)	(3.19)	2.61	(3.76)	(37.61)
Accumulated depreciation as at June 30, 2014	-	(17.04)	(304.74)	(1.45)	(12.73)	(674.84)	(10.50)	(3071.00)	(18.96)	(740.03)	(373.85)	(816.45)	(6041.59)
	-	(16.28)	(602.45)	(1.43)	(12.63)	(634.31)	(10.27)	(2894.92)	(17.78)	(672.31)	(484.14)	(781.07)	(6127.59)
Net book value as at June 30, 2014	346.13	199.54	3472.43	1.32	1.89	655.95	19.35	1326.00	9.11	808.61	727.35	258.07	7825.75
	346.13	200.30	2905.57	1.34	1.99	655.58	0.02	1271.37	10.02	840.80	566.21	235.48	7034.81

* Refer Note 34

(ii) Intangible assets

(₹ crores)

Description	Goodwill on acquisition	Acquired contract rights	Intellectual property / distribution	Software licenses	Rights under licensing agreement	Total
Gross block as at April 1, 2014	**327.64**	**252.46**	**13.51**	**16.89**	**124.51**	**735.01**
	270.10	*208.12*	*12.93*	*72.29*	*63.21*	*626.65*
Additions	**-**	**-**	**-**	**0.38**	**-**	**0.38**
	-	*-*	*0.58*	*6.23*	*3.02*	*9.83*
Deletions/Adjustments	**-**	**-**	**-**	**-**	**-**	**-**
	-	*-*	*-*	*(61.50)*	*58.28*	*(3.22)*
Translation exchange difference	**7.82**	**6.03**	**-**	**0.66**	**-**	**14.51**
	57.54	*44.34*	*-*	*(0.13)*	*-*	*101.75*
Gross block as at June 30, 2014	**335.46**	**258.49**	**13.51**	**17.93**	**124.51**	**749.90**
	327.64	*252.46*	*13.51*	*16.89*	*124.51*	*735.01*
Accumulated amortisation as at April 1, 2014	**(218.97)**	**(168.76)**	**(12.43)**	**(10.92)**	**(83.19)**	**(494.27)**
	(158.01)	*(121.78)*	*(11.82)*	*(61.02)*	*(19.22)*	*(371.85)*
Amortisation for the period	**(6.87)**	**(5.30)**	**(0.17)**	**(0.73)**	**(2.97)**	**(16.04)**
	(26.51)	*(20.43)*	*(0.61)*	*(2.98)*	*(14.64)*	*(65.17)*
Deletions/Adjustments	**-**	**-**	**-**	**-**	**-**	**-**
	-	*-*	*-*	*52.75*	*(49.33)*	*3.42*
Translation exchange difference	**(5.32)**	**(4.10)**	**-**	**(0.62)**	**-**	**(10.04)**
	(34.45)	*(26.55)*	*-*	*0.33*	*-*	*(60.67)*
Accumulated amortisation as at June 30, 2014	**(231.16)**	**(178.16)**	**(12.60)**	**(12.27)**	**(86.16)**	**(520.35)**
	(218.97)	*(168.76)*	*(12.43)*	*(10.92)*	*(83.19)*	*(494.27)*
Net book value as at June 30, 2014	**104.30**	**80.33**	**0.91**	**5.66**	**38.35**	**229.55**
	108.67	*83.70*	*1.08*	*5.97*	*41.32*	*240.74*
(iii) Capital work-in-progress						**3210.12**
						3168.48

Previous year's figures are in italics.

Notes

(i) 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.

(ii) Legal formalities relating to conveyance of freehold building having net book value ₹ 17.91 crores (March 31, 2014: ₹ 9.81 crores) are pending completion.

(iii) Net book value of computer equipment of ₹ 79.40 crores (March 31, 2014: ₹ 86.01 crores) and lease hold improvements of ₹ 64.52 crores (March 31, 2013: ₹ 67.13 crores) are under finance lease.

(iv) Previous year's additions include ₹ 10.94 crores being value of fixed assets acquired on acquisition of Alti S.A.

(v) Previous year's deletions/adjustments include ₹ 10.89 crores arising on realignment of depreciation policies of TCS e-Serve Limited and TCS e-Serve International Limited's SEZ undertaking consequent to the amalgamation with the Company, primarily including adjustment to office equipment for ₹ 6.46 crore and electrical installations ₹ 6.22 crores.

13) NON-CURRENT INVESTMENTS

Non-current investments consist of the following:

(₹ crores)

	As at June 30, 2014	As at March 31, 2014
(a) TRADE INVESTMENTS (at cost)		
Fully paid equity shares (unquoted)		
National Power Exchange Limited	1.40	1.40
Philippine Dealing System Holdings Corporation	5.41	5.41
Taj Air Limited	19.00	19.00
Yodlee, Inc.	-	-
ALMC HF*	-	-
KOOH Sports Private Limited	3.00	3.00
RuralShores Business Services Private Limited*	-	-
FCM LLC	45.05	-
Fully paid preference shares (unquoted)		
RuralShores Business Services Private Limited	25.00	25.00
Mozido LLC	60.07	-
(b) OTHER INVESTMENTS		
Debentures and bonds (unquoted)	1776.14	2190.22
Government securities (unquoted)	25.00	25.00
Mutual funds and other funds (unquoted)	6.36	6.36
	1966.43	2275.39
Less: Provision for diminution in value of investments	(0.12)	(0.12)
	1966.31	2275.27

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

14) LONG-TERM LOANS AND ADVANCES

Long-term loans and advances consist of the following:

	As at June 30, 2014 (₹ crores)	As at March 31, 2014 (₹ crores)
(a) Secured, considered good		
Loans and advances to employees	0.22	0.22
(b) Unsecured, considered good		
(i) Capital advances	324.91	356.97
(ii) Security deposits	618.45	615.66
(iii) Loans and advances to employees	6.40	7.06
(iv) Loans and advances to related parties	128.13	128.13
(v) Advance tax (including refunds receivable) (net)	3118.31	3067.16
(vi) MAT credit entitlement	1886.65	1885.46
(vii) Other loans and advances	357.41	1225.96
(c) Unsecured, considered doubtful		
Security deposits	0.31	0.31
Less : Provision for doubtful security deposits	(0.31)	(0.31)
	6440.48	7286.62
Loans and advances to related parties pertain to:		
Tata Sons Limited	2.74	2.74
Tata Realty And Infrastructure Limited	45.39	45.39
Tata Capital Financial Services Limited	80.00	80.00
Other loans and advances considered good include:		
Inter-corporate deposits	-	858.00
Indirect tax recoverable	45.46	54.76
Prepaid expenses	218.00	217.66

15) OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

	As at June 30, 2014 (₹ crores)	As at March 31, 2014 (₹ crores)
(a) Interest receivable	18.95	34.55
(b) Long-term bank deposits	405.35	1477.25
(c) Earmarked balances with banks	25.06	25.06
(d) Other non-current assets	8.88	8.47
	458.24	1545.33

Other non-current assets pertain to discount on bonds and debentures receivable on maturity.

16) CURRENT INVESTMENTS

Current investments consist of the following:

		(₹ crores)
	As at June 30, 2014	As at March 31, 2014
(a) Investment in mutual funds (unquoted)	5519.32	423.63
(b) Investment in bonds (quoted)	5.66	6.97
(c) Investment in debentures and bonds (unquoted)	1106.11	727.87
	6631.09	1158.47
(i) Market value of quoted investments	6.29	7.58
(ii) Book value of quoted investments	5.66	6.97
(iii) Book value of unquoted investments	6625.43	1151.50

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	13.25	7.59
(b) Finished goods and Work-in-progress	5.27	5.63
(c) Stores and spares	3.77	1.99
	22.29	15.21

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

18) UNBILLED REVENUE

Unbilled revenue as at June 30, 2014, amounting to ₹ 4296.08 crores (March 31, 2014 : ₹ 4005.61 crores) primarily comprises of the revenue recognised in relation to efforts incurred on turnkey contracts priced on a fixed time, fixed price basis.

19) TRADE RECEIVABLES (Unsecured)

Trade receivables 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	1429.10	1460.46
(ii) Considered doubtful	330.73	298.20
(b) Others		
(i) Considered good	17708.07	16769.94
(ii) Considered doubtful	1.32	-
	19469.22	18528.60
Less: Provision for doubtful receivables	(332.05)	(298.20)
	19137.17	18230.40

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	1759.11	880.91
In deposit accounts with original maturity less than 3 months	300.57	537.34
(ii) Cheques on hand	7.29	16.59
(iii) Cash on hand	1.80	2.55
(iv) Remittances in transit	3.87	30.47
	2072.64	1467.86
(b) Other bank balances		
(i) Earmarked balances with banks	27.92	25.59
(ii) Short-term bank deposits	12203.81	12948.39
	14304.37	14441.84

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.

21) SHORT-TERM LOANS AND ADVANCES

Short-term loans and advances consist of the following:

(₹ crores)

	As at June 30, 2014	As at March 31, 2014
(a) Secured, considered good		
Loans and advances to employees	0.20	1.50
(b) Unsecured, considered good		
(i) Loans and advances to employees	344.27	309.74
(ii) Loans and advances to related parties	255.06	305.06
(iii) Advance tax (including refunds receivable) (net)	24.66	33.83
(iv) MAT credit entitlement	10.33	10.50
(v) Other loans and advances	4590.86	3650.17
(c) Unsecured, considered doubtful		
(i) Loans and advances to employees	45.73	44.57
(ii) Other loans and advances	14.87	15.27
Less : Provision for doubtful loans and advances	(60.60)	(59.84)
	5225.38	4310.80
Loans and advances to related parties pertain to:		
Tata Sons Limited	0.04	-
Tata Realty And Infrastructure Limited	-	50.00
Tata AIG General Insurance Company Limited	0.01	0.02
Tata Housing Development Company Limited	55.00	55.00
Tata Capital Financial Services Limited	200.00	200.00
Infiniti Retail Limited	0.01	0.04
Other loans and advances considered good include:		
Fair values of foreign currency forward, option and future contracts	141.42	352.19
Security deposits	93.00	87.11
Inter-corporate deposits	2435.00	1567.00
Prepaid expenses	1286.27	1122.53

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	989.82	727.41
(b) Other current assets	13.07	7.95
	1002.89	735.36

Other current assets include discount on bonds and debentures receivable on maturity of ₹ 10.26 crores (March 31, 2014: ₹ 5.16 crores).

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	21792.84	17551.78
(b) Sale of equipment and software licences	318.19	435.29
	22111.03	17987.07

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	496.89	326.73
(b) Dividend from current investments (mutual funds)	3.26	2.13
(c) Profit on redemption of mutual funds and sale of other current investments (net)	33.77	19.52
(d) Rent	4.67	3.86
(e) Profit on sale of fixed assets (net)	0.22	1.48
(f) Exchange gain/ (loss) (net) (Refer note 35)	239.71	(104.41)
(g) Miscellaneous income	8.63	9.18
	787.15	258.49
Interest income pertains to :		
Interest on bank deposits	350.13	202.97
Interest on inter-corporate deposits	69.81	90.33
Interest on long-term bonds and debentures	75.64	31.66
Other interest	1.31	1.77
Exchange gain/ (loss) (net) includes:		
Loss on foreign exchange forward and currency option contracts which have been designated as Cash Flow Hedges (Refer note 33)	(20.13)	(197.12)

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	7478.36	6130.05
(b) Contributions to-		
(i) Provident fund and pension fund	149.10	142.92
(ii) Superannuation scheme	56.22	49.49
(iii) Gratuity fund	60.96	49.89
(iv) Social security and other plans for overseas employees	322.12	214.13
(c) Staff welfare expenses	465.35	378.77
	8532.11	6965.25

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	3282.73	2498.22
(b) Services rendered by business associates and others	1331.80	1062.26
(c) Software, hardware and material costs	767.17	761.49
(d) Communication expenses	237.24	214.77
(e) Travelling and conveyance expenses	297.21	225.41
(f) Rent	352.04	328.20
(g) Legal and professional fees	146.18	140.58
(h) Repairs and maintenance	129.86	109.22
(i) Electricity expenses	144.60	136.85
(j) Bad debts written-off (net)	3.52	1.71
(k) Advances recovered(net)	(0.01)	(0.68)
(l) Provision for doubtful receivables (net)	33.16	18.94
(m) Provision for doubtful advances (net)	0.73	0.59
(n) Recruitment and training expenses	76.48	59.27
(o) Commission and brokerage	13.58	12.67
(p) Printing and stationery	29.34	18.21
(q) Insurance	18.85	13.71
(r) Rates and taxes	28.85	25.98
(s) Entertainment	16.76	11.84
(t) Other expenses	316.28	238.46
	7226.37	5877.70
(i) Overseas business expenses includes:		
Travel expenses	315.03	230.99
Employee allowances	2967.64	2266.85
(ii) Repairs and maintenance includes:		
Buildings	69.48	54.63
Office and computer equipment	59.11	54.40

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	8.67	6.75
	8.67	6.75

28) Current tax for the quarter ended June 30, 2014 is adjusted for the effect of write back of provision (net) of ₹ 17.81 crores (June 30, 2013: additional provision of ₹ 72.33 crores) in domestic and certain overseas jurisdictions relating to earlier years of which the impact on MAT entitlement of earlier period is ₹ Nil (June 30, 2013: ₹ 97.28 crores).

29) Amalgamation/Divestments

a) 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.

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

30) a) 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 the contractual agreement. The restriction is valid as at June 30, 2014.

b) 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 at June 30, 2014.

c) 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 Ltd., (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.

31) Segment Reporting

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

Business segments are primarily financial services comprising of 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.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to a 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 revenue are allocated based on the location of the customer. Geographic segments of the Group are Americas (including Canada and South American countries), Europe, India and Others.

Quarter ended June 30, 2014 (₹ crores)

Particulars	Business segments					
	Banking, Financial Services and Insurance	**Manufacturing**	**Retail and Consumer Packaged Goods**	**Telecom, Media and Entertainment**	**Others**	**Total**
Revenue	**9217.83**	**1896.07**	**3042.61**	**2686.96**	**5267.56**	**22111.03**
	7727.98	*1519.84*	*2534.19*	*2102.43*	*4102.63*	*17987.07*
Segment result	**2772.57**	**543.89**	**908.61**	**701.97**	**1386.43**	**6313.47**
	2349.82	*432.01*	*725.70*	*520.41*	*1087.03*	*5114.97*
Unallocable expenses (net)						**387.08**
						274.75
Operating income						**5926.39**
						4840.22
Other income (net)						**787.15**
						258.49
Profit before Exceptional item and tax						**6713.54**
						5098.71
Exceptional item						**489.75**
						-
Profit before tax						**7203.29**
						5098.71
Tax expense						**1598.65**
						1225.85
Profit before minority interest						**5604.64**
						3872.86
Minority interest						**36.96**
						33.36
Profit for the period						**5567.68**
						3839.50

As at June 30, 2014 (₹ crores)

Particulars	Business segments					
	Banking, Financial Services and Insurance	**Manufacturing**	**Retail and Consumer Packaged Goods**	**Telecom, Media and Entertainment**	**Others**	**Total**
Segment assets	**9893.85**	**2269.29**	**3227.02**	**3399.79**	**8337.09**	**27127.04**
	9139.64	*1834.66*	*2714.11*	*2781.27*	*7656.37*	*24126.05*
Unallocable assets						**46338.94**
						31732.41
Total assets						**73465.98**
						55858.46
Segment liabilities	**1491.47**	**136.52**	**141.63**	**184.10**	**1008.13**	**2961.85**
	1264.92	*141.00*	*137.32*	*163.49*	*631.83*	*2338.56*
Unallocable liabilities						**25419.66**
						13088.08
Total liabilities						**28381.51**
						15426.64

Previous period's figures are in italics.

32) Contingent liabilities

(₹ crores)

Particulars	As at June 30, 2014	As at March 31, 2014
Claims against the Group not acknowledged as debt	166.44	167.64
Income tax demands (See (a) below)	3892.57	3898.43
Indirect tax demands (See (b) below)	139.71	132.31
Guarantees given by the Group (See (c) below)	398.68	477.75
Other contingencies	0.09	0.56

a) 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 w.e.f. April 1, 2013.

b) 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 w.e.f. April 1, 2013.

c) The Group has provided guarantees aggregating ₹ 398.68 crores (GBP 39.00 million) (March 31, 2014: 477.75 crores) (GBP 47.85 million) to third parties on behalf of its subsidiary Diligenta Limited. The Group does not expect any outflow of resources in respect of the above.

d) The Group has examined the social security and tax aspects of contracts with legal entities which provide services to an overseas subsidiary and, based on legal opinion, concludes that the subsidiary is in compliance with the related statutory requirements.

33) Derivative financial instruments

The Company and its subsidiaries, in accordance with its risk management policies and procedures, enter into foreign currency forward, option and futures 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 Group has following outstanding derivative instruments as at June 30, 2014:

The following are 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 option contracts (million)	Fair value (₹ crores)	No. of contracts	Notional amount of currency option 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 quarter ended June 30, 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 year	24.88	4.76	46.11	-
Changes in the fair value of effective portion of cash flow hedges	69.26	(195.56)	(620.09)	(140.11)
(Gain)/losses transferred to statement of profit and loss on occurrence of forecasted hedge transactions	(85.66)	105.79	599.22	144.87
Amount transferred from minority interest during the period	-	-	(0.36)	-
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 Group has outstanding foreign currency forward, option and futures contracts with notional amount aggregating ₹ 18682.99 crores (March 31, 2014: ₹ 15883.01 crores) whose fair value showed a loss of ₹ 74.18 crores as at June 30, 2014 (March 31, 2014 : gain of ₹ 267.07 crores).

Exchange gain of ₹ 175.34 crores (June 30, 2013 : exchange loss of ₹ 482.56 crores) on foreign currency forward, option and futures contracts for the quarter ended June 30, 2014, have been recognised in the statement of profit and loss.

34) The Group 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 for some assets and straight line basis for 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 ₹ 60.63 crores and the effect relating to the period prior to April 1, 2014 is net credit of ₹ 489.75 crores (excluding deferred tax of ₹ 118.90 crores) which has been shown as an 'Exceptional Item' in the statement of profit and loss.

35) 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 shareholders' 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.

36) Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Group financial statements.

37) Previous period/year's figures have been recast / restated to conform to the classification of the current period.