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Tata Consultancy Services Limited
Unaudited Condensed Consolidated Statements of Financial Position
As of September 30, 2016 and March 31, 2016

	Note	As of September 30, 2016	As of March 31, 2016
(In millions of USD)			
ASSETS:			
Current assets:			
Cash and cash equivalents	3	431	950
Bank deposits		65	8
Trade receivables	4	3,761	3,634
Investments	5(a)	4,347	3,393
Unbilled revenue		707	603
Other current financial assets	6(a)	929	619
Current income tax assets		4	5
Other current assets	7(a)	289	331
Total current assets		10,533	9,543
Non-current assets:			
Bank deposits		1	63
Investments	5(b)	39	52
Other non-current financial assets	6(b)	151	510
Non-current income tax assets		738	674
Deferred income tax assets (net)		403	435
Property, plant and equipment	8	1,765	1,780
Intangible assets	9	13	20
Goodwill		570	575
Other non-current assets	7(b)	96	117
Total non-current assets		3,776	4,226
TOTAL ASSETS		14,309	13,769
LIABILITIES AND EQUITY:			
Liabilities:			
Current liabilities:			
Trade and other payables	10	958	1,138
Borrowings		6	25
Other current financial liabilities	11(a)	196	349
Unearned and deferred revenue		211	205
Employee benefit obligations		271	247
Other provisions		20	17
Current income tax liabilities		204	122
Other current liabilities	12(a)	275	247
Total current liabilities		2,141	2,350
Non-current liabilities:			
Borrowings		9	12
Other non-current financial liabilities	11(b)	71	74
Employee benefit obligations		40	36
Other provisions		3	6
Deferred income tax liabilities (net)		147	122
Other non-current liabilities	12(b)	65	67
Total non-current liabilities		335	317
TOTAL LIABILITIES		2,476	2,667
Equity:			
Share capital		44	44
Share premium		911	911
Retained earnings		13,230	12,499
Accumulated other comprehensive losses		(2,405)	(2,406)
Equity attributable to shareholders of the Company		11,780	11,048
Non-controlling interests		53	54
TOTAL EQUITY		11,833	11,102
TOTAL LIABILITIES AND EQUITY		14,309	13,769

See accompanying notes to consolidated financial statements

Tata Consultancy Services Limited
Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the three and six month periods ended September 30, 2016 and 2015

	Note	Three month period ended September 30, 2016	Three month period ended September 30, 2015	Six month period ended September 30, 2016	Six month period ended September 30, 2015
(In millions of USD, except shares and per share data)					
Revenue from information technology services		4,374	4,156	8,736	8,193
Cost of information technology services	13	2,470	2,318	4,971	4,593
Gross profit		1,904	1,838	3,765	3,600
Operating expenses:					
Selling, general and administrative expenses	13	766	713	1,534	1,413
Operating profit		1,138	1,125	2,231	2,187
Other income:					
Finance and other income	14	82	64	169	136
Finance costs	15	(1)	(1)	(3)	(2)
Other gains, (net)	16	76	40	134	90
Other income (net)		157	103	300	224
Profit before taxes		1,295	1,228	2,531	2,411
Income tax expense	17	309	296	605	571
Profit for the period		986	932	1,926	1,840
Other comprehensive income / (losses), net of taxes:					
Items that will be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements from functional currency to presentation currency		130	(278)	(72)	(405)
Net change in intrinsic value of derivatives designated as cash flow hedges		(7)	3	(3)	(14)
Net change in time value of derivatives designated as cash flow hedges		(4)	3	2	(5)
Net gains on financial assets other than equity shares carried at fair value through OCI		66	-	80	-
Items that will not be reclassified subsequently to profit or loss:					
Net losses on equity shares carried at fair value through OCI		-	-	(3)	-
Remeasurement of defined employee benefit plans		(5)	(4)	(9)	(6)
Total other comprehensive income / (losses), net of taxes		180	(276)	(5)	(430)
Total comprehensive income for the period, net of taxes		1,166	656	1,921	1,410
Profit for the period attributable to:					
Shareholders of the Company		984	926	1,924	1,824
Non-controlling interests		2	6	2	16
		986	932	1,926	1,840
Total comprehensive income attributable to:					
Shareholders of the Company		1,161	655	1,915	1,395
Non-controlling interests		5	1	6	15
		1,166	656	1,921	1,410
Weighted average number of shares used in computing basic and diluted earnings per share		1,970,427,941	1,964,577,960	1,970,427,941	1,961,652,970
Basic and diluted earnings per share in USD		0.50	0.47	0.98	0.93

See accompanying notes to consolidated financial statements

Tata Consultancy Services Limited
Unaudited Condensed Consolidated Statements of Changes in Equity
For the six month periods ended September 30, 2015 and 2016

(In millions of USD, except share data)

	Number of shares	Share capital	Share premium	Retained earnings	Foreign currency translation reserve	Cash flow hedging reserve		Investment revaluation reserve	Equity attributable to shareholders of the Company	Non- controlling interests	Total equity
						Intrinsic value	Time value				
Balance as of April 1, 2015	1,958,727,979	44	428	10,670	(1,963)	11	(5)	1	9,186	146	9,332
Profit for the period				1,824	-	-	-	-	1,824	16	1,840
Other comprehensive income				(6)	(404)	(14)	(5)	-	(429)	(1)	(430)
Total comprehensive income	-	-	-	1,818	(404)	(14)	(5)	-	1,395	15	1,410
Dividend (including tax on dividend of \$179 million)		-	-	(1,087)	-	-	-	-	(1,087)	(12)	(1,099)
Purchase of non-controlling interests	11,699,962	-	484	(377)	-	-	-	-	107	(107)	-
Balance as of September 30, 2015	1,970,427,941	44	912	11,024	(2,367)	(3)	(10)	1	9,601	42	9,643
Balance as of April 1, 2016	1,970,427,941	44	911	12,499	(2,407)	1	(8)	8	11,048	54	11,102
Profit for the period				1,924	-	-	-	-	1,924	2	1,926
Other comprehensive income				(10)	(75)	(3)	2	77	(9)	4	(5)
Total comprehensive income	-	-	-	1,914	(75)	(3)	2	77	1,915	6	1,921
Dividend (including tax on dividend of \$199 million)		-	-	(1,179)	-	-	-	-	(1,179)	(4)	(1,183)
Purchase of non-controlling interests		-	-	(4)	-	-	-	-	(4)	(3)	(7)
Balance as of September 30, 2016	1,970,427,941	44	911	13,230	(2,482)	(2)	(6)	85	11,780	53	11,833

See accompanying notes to consolidated financial statements

Tata Consultancy Services Limited
Unaudited Condensed Consolidated Statements of Cash Flows
For the six month periods ended September 30, 2016 and 2015

	Six month period ended September 30, 2016	Six month period ended September 30, 2015
	(In millions of USD)	
Cash flows from operating activities:		
Profit for the period	1,926	1,840
Adjustments to reconcile profit or loss to net cash provided by operating activities:		
Depreciation and amortisation	147	143
Gain on disposal of property, plant and equipment	(1)	-
Income tax expense	605	571
Gain on disposal of investments	(28)	(20)
Non-cash interest on put-call option liability	1	1
Bad debts, provision for trade receivables and advances (net)	9	12
Unrealised loss / (gain)	3	(7)
Operating profit before working capital changes	2,662	2,540
Net change in:		
Trade receivables	(155)	(254)
Unbilled revenue	(114)	(48)
Other financial assets	(26)	(80)
Other assets	47	70
Trade and other payables	(171)	(423)
Unearned and deferred revenue	7	2
Other financial liabilities	(13)	24
Other liabilities	64	60
Cash generated from operations	2,301	1,891
Taxes paid	(574)	(552)
Net cash provided by operating activities	1,727	1,339

Tata Consultancy Services Limited
Unaudited Condensed Consolidated Statements of Cash Flows
For the six month periods ended September 30, 2016 and 2015

	Six month period ended September 30, 2016	Six month period ended September 30, 2015
	(In millions of USD)	
Cash flows from investing activities:		
Bank deposits placed	-	(7)
Inter-corporate deposits placed	(323)	(20)
Purchase of investments carried at fair value through profit or loss*	(6,911)	(5,202)
Purchase of investments carried at fair value through OCI	(121)	-
Purchase of investments carried at amortised cost	-	(3)
Purchase of property, plant and equipment	(157)	(155)
Proceeds from bank deposits	5	215
Proceeds from inter-corporate deposits	336	141
Proceeds from disposal / redemption of investments carried at fair value through profit or loss*	5,960	4,831
Proceeds from disposal / redemption of investments carried at fair value through OCI	51	-
Proceeds from disposal / redemption of investments carried at amortised cost	74	-
Proceeds from disposal of property, plant and equipment	3	-
Proceeds from restricted cash	60	31
Net cash used in investing activities	(1,023)	(169)
Cash flows from financing activities:		
Short-term borrowings (net)	(17)	(28)
Dividend paid to non-controlling interests	(4)	(8)
Dividend paid including dividend tax	(1,179)	(1,087)
Purchase of non-controlling interests	(7)	-
Repayment of finance lease obligations	(5)	(6)
Net cash used in financing activities	(1,212)	(1,129)
Net change in cash and cash equivalents	(508)	41
Effect of foreign exchange on cash and cash equivalents	(11)	13
Cash and cash equivalents, beginning of the period	950	298
Cash and cash equivalents, end of the period	431	352
Supplementary cash flow information:		
Interest paid	2	1
Interest received	118	46
Dividend received	-	1
Supplementary disclosure of non-cash investing activities:		
Shares to be issued on merger of subsidiary	-	484

See accompanying notes to consolidated financial statements

* Purchase of investments carried at fair value through profit or loss include \$32 million and \$24 million as on September 30, 2016 and 2015, respectively, and Proceeds from disposal / redemption of investments carried at fair value through profit or loss include \$34 million and \$4 million as on September 30, 2016 and 2015, respectively, held by TCS Foundation, formed for conducting corporate social responsibility activities of the Group.

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

1. Background and operations

Tata Consultancy Services Limited (the “Company”) and its subsidiaries (collectively “TCS Limited” or the “Group”) provide consulting-led integrated portfolio of information technology (IT) and IT-enabled services delivered through a network of delivery centers around the globe. The Group’s full services portfolio consists of Assurance Services, Business Intelligence & Performance Management, Business Process Services, Consulting, Digital Enterprise, Eco-sustainability Services, Engineering and Industrial Services, Enterprise Security & Risk Management, Enterprise Solutions, iON Small and Medium Businesses, IT Infrastructure Services, IT Services and Platform Solutions.

The Company is a public limited company incorporated and domiciled in India. The address of its corporate office is TCS House, Raveline Street, Fort, Mumbai 400001. As of September 30, 2016, Tata Sons Limited owned 73.26% of the Company’s equity share capital and is the holding company.

2. Summary of significant accounting policies

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board (IASB).

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

c. Basis of consolidation

Tata Consultancy Services Limited consolidates all entities which are controlled by it.

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

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

All inter-company transactions, balances and income and expenses are eliminated in full on consolidation.

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

d. Business combinations

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

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

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

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

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

e. Use of estimates and judgments

The preparation of consolidated financial statements in conformity with the recognition and measurement principles of IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses for the periods presented.

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

Key source of estimation of uncertainty at the date of the consolidated financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of goodwill, useful lives of property, plant and equipment, valuation of deferred tax assets and contingent liabilities.

Provisions and contingent liabilities

A provision is recognised when the Group has a present obligation as a result of past event and it is probable than an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) 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 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.

f. Revenue recognition

TCS Limited earns revenue primarily from providing information technology and consultancy services, including services under contracts for software development, implementation and other related services, licensing and sale of its own software, business process services and maintenance of equipment.

TCS Limited recognises revenue as follows:

Revenue from bundled contracts that involve supplying computer equipment, licensing software and providing services is allocated separately for each element based on their fair values.

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

Revenue from software development contracts, which are generally time bound fixed price contracts, is recognised over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses on such contracts are recognised when probable. Revenue in excess of billings is recognised as unbilled revenue in the statement of financial position; to the extent billings are in excess of revenue recognised, the excess is reported as unearned and deferred revenue in the statement of financial position.

Revenue from Business Process Services contracts priced on the basis of time and material or unit of delivery is recognised as services are rendered or the related obligation is performed.

Revenue from the sale of internally developed and manufactured systems and third party products which do not require significant modification is recognised upon delivery, which is when the absolute right to use passes to the customer and TCS Limited does not have any material remaining service obligations.

Revenue from maintenance contracts is recognised on a pro-rata basis over the period of the contract.

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured.

Revenue is reported net of discounts, indirect and service taxes.

g. Leases

Finance lease

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.

Operating lease

Operating lease payments are recognised on a straight line basis over the lease term in the statement of comprehensive income.

h. Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their primary functions in the following categories

Cost of information technology services

These costs primarily include employee compensation of personnel engaged in providing services, travel expenses, employee allowances, payroll related taxes, fees to external consultants engaged in providing services, cost of equipment and software licences, depreciation and amortisation of production related equipment and software, facility expenses, communication costs and other project related expenses.

Selling, general and administrative expenses

Selling costs primarily include employee compensation for sales and marketing personnel, travel costs, advertising, business promotion expenses, allowances for delinquent receivables and other advances, facility expenses for sales and marketing offices and market research costs.

General and administrative costs primarily include employee compensation for administrative, supervisory, managerial and practice management personnel, depreciation and amortisation of non-production equipment and software, facility expenses for administrative offices, communication costs, fees to external consultants and other general expenses.

i. Foreign currency

The functional currency of Tata Consultancy Services Limited and its Indian subsidiaries is the Indian Rupee (₹) whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile. These consolidated financial statements are presented in US Dollars (\$) to facilitate the investors' ability to evaluate TCS Limited's performance and financial position in comparison to similar companies domiciled in different foreign jurisdictions.

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the dates of statements of financial position. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the profit or loss.

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the dates of statements of financial position. Statement of profit or

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

loss and other comprehensive income statement items have been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity.

j. Finance and other income

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

k. Income taxes

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

Current income taxes

The current income tax expense includes income taxes payable by Tata Consultancy Services Limited, its overseas branches and its subsidiaries in India and overseas. The current tax payable by Tata Consultancy Services Limited and its subsidiaries in India is Indian income tax payable for their worldwide income after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

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

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

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

Deferred income taxes

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

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

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

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

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

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

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Notes to Consolidated Financial Statements

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

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the statement of financial position when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Group recognises interest levied and penalties related to income tax assessments in income tax expenses.

1. Financial instruments

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

Cash and cash equivalents

TCS Limited 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. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

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

Financial assets at fair value through other comprehensive income

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

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

Financial assets at fair value through profit or loss

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

Financial liabilities

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

Equity instruments

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

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

Hedge accounting

TCS Limited designates certain foreign exchange forward, option and future contracts as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges.

TCS Limited uses hedging instruments that are governed by the policies of the Company and its subsidiaries which are approved by their respective Board of Directors, which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company and its subsidiaries.

The hedge instruments are designated and documented as hedges at the inception of the contract. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. The ineffective portion of designated hedges are recognised immediately in the profit or loss.

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

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and is recognised in profit or loss when the forecasted transaction ultimately affects the profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the profit or loss.

m. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives are as mentioned below:

<u>Type of asset</u>	<u>Method</u>	<u>Useful lives</u>
Buildings, including leasehold buildings	Straight line	Lower of lease period and 20 years
Computer equipments	Straight line	4 years
Furniture, fixtures, office equipments and other assets	Straight line	4-10 years

Leasehold improvements are amortised over the lease term. Assets held under finance leases are depreciated over the shorter of the lease term and their useful lives. Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

n. Goodwill and intangible assets

Goodwill represents the cost of acquired business as established at the date of acquisition of the business in excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any. Goodwill is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

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

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

Intangible assets consist of customer-related intangibles, acquired contract rights, technology-related rights and rights under licensing agreement and software licences. These are amortised on a straight line basis. Following table summarises the nature of intangibles and the estimated useful lives.

<u>Nature of intangible</u>	<u>Useful lives</u>
Customer-related intangibles	3 years
Acquired contract rights	3-12 years
Rights under licensing agreement and software licences	Lower of licence period and 2-5 year

o. Impairment

A. Financial assets (other than at fair value)

The Group assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. IFRS 9 (2014) requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

B. Non-financial assets

(i) Tangible and intangible assets

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

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

(ii) Goodwill

CGUs 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 a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

p. Employee benefits

Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the date of each statement of financial position. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

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

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Defined contribution plans

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

Compensated absences

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 obligation at the year end.

q. Earnings per share

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

3. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As of September 30, 2016	As of March 31, 2016
	(In millions of USD)	
Cash at banks and in hand	379	515
Bank deposits (original maturity less than three months)	52	435
Total	431	950
Held within India	32	613
Held outside India	399	337
Total	431	950

4. Trade receivables

Trade receivables consist of the following:

	As of September 30, 2016	As of March 31, 2016
	(In millions of USD)	
Trade receivables	3,853	3,721
Less: Allowance for doubtful trade receivables	(92)	(87)
Total	3,761	3,634

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5. Investments

Investments consist of the following:

(a) Investments – Current

	As of September 30, 2016	As of March 31, 2016
	(In millions of USD)	
Investments carried at fair value through profit or loss		
Mutual fund units	1,232	258
	1,232	258
Investments carried at fair value through OCI		
Government securities	3,111	3,057
	3,111	3,057
Investments carried at amortised cost		
Certificate of deposits	-	74
Corporate debentures and bonds	4	4
	4	78
Total investments – Current	4,347	3,393

Mutual fund units include \$42 million and \$43 million as on September 30, 2016 and March 31, 2016, respectively, held by TCS Foundation, formed for conducting corporate social responsibility activities of the Group.

(b) Investments – Non-current

	As of September 30, 2016	As of March 31, 2016
	(In millions of USD)	
Investments carried at fair value through profit or loss		
Mutual fund units	9	9
	9	9
Investments designated at fair value through OCI		
Equity shares	22	26
	22	26
Investments carried at amortised cost		
Corporate debentures and bonds	2	2
Government securities	6	15
	8	17
Total investments – Non-current	39	52

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6. Other financial assets

Other financial assets consist of the following:

(a) Other current financial assets

	As of September 30, 2016	As of March 31, 2016
	(In millions of USD)	
Accrued interest	87	31
Employee loans and advances	103	154
Foreign exchange derivative assets	86	81
Inter-corporate deposits	602	260
Premises deposits	19	21
Restricted cash	18	66
Others	14	6
Total	929	619

Others include an amount of \$11 million for receivable towards sale of Government securities as of September 30, 2016.

(b) Other non-current financial assets

	As of September 30, 2016	As of March 31, 2016
	(In millions of USD)	
Accrued interest	-	11
Employee loans and advances	1	1
Inter-corporate deposits	13	372
Premises deposits	114	98
Restricted cash	-	13
Others	23	15
Total	151	510

Restricted cash in current and non-current financial assets mainly includes margin money deposit for derivative contracts.

7. Other assets

Other assets consist of the following:

(a) Other current assets

	As of September 30, 2016	As of March 31, 2016
	(In millions of USD)	
Advances to suppliers	34	36
Indirect tax recoverable	55	51
Prepaid expenses	171	208
Others	29	36
Total	289	331

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(b) Other non-current assets

	As of September 30, 2016	As of March 31, 2016
	(In millions of USD)	
Prepaid expenses	47	68
Prepaid rent	34	36
Others	15	13
Total	96	117

8. Property, plant and equipment

Property, plant and equipment consist of the following:

	Freehold land	Buildings	Leasehold improve- ments	Computer equipment	Furniture, fixtures, office equipments and other assets	Total
	(In millions of USD)					
Cost as of April 1, 2016	53	924	277	845	816	2,915
Additions	-	68	8	69	34	179
Disposals	-	-	(4)	(7)	(4)	(15)
Translation exchange difference	-	(5)	1	(7)	(5)	(16)
Cost as of September 30, 2016	53	987	282	900	841	3,063
Accumulated depreciation as of April 1, 2016	-	(172)	(148)	(628)	(463)	(1,411)
Disposals	-	-	2	6	4	12
Depreciation for the period	-	(24)	(14)	(58)	(44)	(140)
Translation exchange difference	-	1	-	5	3	9
Accumulated depreciation as of September 30, 2016	-	(195)	(160)	(675)	(500)	(1,530)
Net carrying amount as of September 30, 2016	53	792	122	225	341	1,533
Capital work-in-progress						232
Total						1,765

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	Freehold land	Buildings	Leasehold improve- ments	Computer equipment	Furniture, fixtures, office equipments and other assets	Total
	(In millions of USD)					
Cost as of April 1, 2015	56	772	268	811	714	2,621
Additions	-	196	28	100	149	473
Disposals	-	-	(6)	(25)	(8)	(39)
Translation exchange difference	(3)	(44)	(13)	(41)	(39)	(140)
Cost as of March 31, 2016	53	924	277	845	816	2,915
Accumulated depreciation as of April 1, 2015	-	(137)	(128)	(566)	(409)	(1,240)
Disposals	-	-	4	25	7	36
Depreciation for the year	-	(43)	(31)	(117)	(82)	(273)
Translation exchange difference	-	8	7	30	21	66
Accumulated depreciation as of March 31, 2016	-	(172)	(148)	(628)	(463)	(1,411)
Net carrying amount as of March 31, 2016	53	752	129	217	353	1,504
Capital work-in-progress						276
Total						1,780

9. Intangible assets

Intangible assets consist of the following:

	Customer- related intangibles	Acquired contract rights	Rights under licensing agreement and software licences	Total
	(In millions of USD)			
Cost as of April 1, 2016	14	57	22	93
Additions	-	-	-	-
Translation exchange difference	-	(4)	-	(4)
Cost as of September 30, 2016	14	53	22	89
Accumulated amortisation as of April 1, 2016	(12)	(43)	(18)	(73)
Amortisation for the period	(1)	(5)	(1)	(7)
Translation exchange difference	-	4	-	4
Accumulated amortisation as of September 30, 2016	(13)	(44)	(19)	(76)
Net carrying amount as of September 30, 2016	1	9	3	13

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	Customer- related intangibles	Acquired contract rights	Rights under licensing agreement and software licences	Total
	(In millions of USD)			
Cost as of April 1, 2015	14	58	23	95
Additions	-	-	-	-
Translation exchange difference	-	(1)	(1)	(2)
Cost as of March 31, 2016	14	57	22	93
Accumulated amortisation as of April 1, 2015	(9)	(34)	(17)	(60)
Amortisation for the year	(3)	(10)	(2)	(15)
Translation exchange difference	-	1	1	2
Accumulated amortisation as of March 31, 2016	(12)	(43)	(18)	(73)
Net carrying amount as of March 31, 2016	2	14	4	20

10. Trade and other payables

Trade and other payables consist of the following:

	As of September 30, 2016	As of March 31, 2016
	(In millions of USD)	
Accrued payroll	197	304
Trade payables	754	831
Others	7	3
Total	958	1,138

11. Other financial liabilities

Other financial liabilities consist of the following:

(a) Other current financial liabilities

	As of September 30, 2016	As of March 31, 2016
	(In millions of USD)	
Capital creditors	38	50
Foreign exchange derivative liabilities	3	23
Liabilities for cost related to customer contracts	134	133
Liabilities for purchase of Government securities	-	121
Others	21	22
Total	196	349

(b) Other non-current financial liabilities

	As of September 30, 2016	As of March 31, 2016
	(In millions of USD)	
Capital creditors	1	9
Others	70	65
Total	71	74

Others includes advance taxes paid of \$34 million and \$35 million as of September 30, 2016 and March 31, 2016, respectively, by the seller of TCS e-Serve Limited which on refund by tax authorities, is payable to the seller.

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12. Other liabilities

Other liabilities consist of the following:

(a) Other current liabilities

	As of September 30, 2016	As of March 31, 2016
	(In millions of USD)	
Advances received from customers	27	25
Indirect tax payable and other statutory liabilities	232	208
Others	16	14
Total	275	247

(b) Other non-current liabilities

	As of September 30, 2016	As of March 31, 2016
	(In millions of USD)	
Operating lease liabilities	57	57
Others	8	10
Total	65	67

13. Expenses by nature

	Three month period ended September 30, 2016	Three month period ended September 30, 2015	Six month period ended September 30, 2016	Six month period ended September 30, 2015
	(In millions of USD)			
Employee cost	2,282	2,084	4,571	4,175
Fees to external consultants	336	330	678	620
Facility expenses	138	131	276	258
Depreciation and amortisation	74	72	147	143
Cost of equipment and software licences	73	86	174	189
Travel expenses	105	104	214	198
Communication	40	41	84	85
Bad debts, provision for trade receivable and advances (net)	2	5	9	12
Other expenses	186	178	352	326
Total	3,236	3,031	6,505	6,006

14. Finance and other income

	Three month period ended September 30, 2016	Three month period ended September 30, 2015	Six month period ended September 30, 2016	Six month period ended September 30, 2015
	(In millions of USD)			
Dividend received	-	1	-	1
Interest income on bank balances	3	56	11	115
Interest on financial assets carried at amortised cost	19	6	37	18
Interest on financial assets carried at fair value through OCI	59	-	120	-
Rental revenue	1	1	1	2
Total	82	64	169	136

15. Finance costs (at effective interest rate method)

	Three month period ended September 30, 2016	Three month period ended September 30, 2015	Six month period ended September 30, 2016	Six month period ended September 30, 2015
	(In millions of USD)			
Interest on bank overdrafts and loans	1	1	1	1
Other interest expenses	-	-	2	1
Total	1	1	3	2

16. Other gains, (net)

	Three month period ended September 30, 2016	Three month period ended September 30, 2015	Six month period ended September 30, 2016	Six month period ended September 30, 2015
	(In millions of USD)			
Net gains on disposal of property, plant and equipment	-	-	1	-
Net gains on investments carried at fair value through profit or loss	14	11	27	20
Net gains on disposal of investments carried at amortised cost	1	-	1	-
Net foreign exchange gains	59	31	101	62
Others	2	(2)	4	8
Total	76	40	134	90

17. Income taxes

	Three month period ended September 30, 2016	Three month period ended September 30, 2015	Six month period ended September 30, 2016	Six month period ended September 30, 2015
	(In millions of USD)			
Current tax expense	304	289	590	571
Deferred tax expense	5	7	15	-
Total	309	296	605	571

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18. Financial instruments

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as of September 30, 2016 is as follows:

	Fair value through profit or loss	Fair value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total carrying value
			(In millions of USD)			
Financial assets:						
Cash and cash equivalents	-	-	-	-	431	431
Bank deposits	-	-	-	-	66	66
Investments	1,241	3,133	-	-	12	4,386
Other financial assets	-	-	20	66	994	1,080
Total	1,241	3,133	20	66	1,503	5,963
Financial liabilities:						
Borrowings	-	-	-	-	15	15
Other financial liabilities	-	-	-	3	264	267
Total	-	-	-	3	279	282

The fair value of investments is \$4,387 million.

The carrying value of financial instruments by categories as of March 31, 2016 is as follows:

	Fair value through profit or loss	Fair value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total carrying value
			(In millions of USD)			
Financial assets:						
Cash and cash equivalents	-	-	-	-	950	950
Bank deposits	-	-	-	-	71	71
Investments	267	3,083	-	-	95	3,445
Other financial assets	-	-	17	64	1,048	1,129
Total	267	3,083	17	64	2,164	5,595
Financial liabilities:						
Borrowings	-	-	-	-	37	37
Other financial liabilities	-	-	2	21	400	423
Total	-	-	2	21	437	460

The fair value of investments is \$3,446 million.

Fair value hierarchy:

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

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

The investments included in Level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market. The investments included in Level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a range of possible fair value measurements and the cost represents estimate of fair value within that range.

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

As of September 30, 2016:	Level 1	Level 2	Level 3	Total
	(In millions of USD)			
Financial assets:				
Mutual fund units	1,241	-	-	1,241
Equity shares	-	-	22	22
Corporate debentures and bonds	-	6	-	6
Government securities	3,117	-	-	3,117
Derivative financial assets	-	86	-	86
Total	4,358	92	22	4,472
Financial liabilities:				
Derivative financial liabilities	-	3	-	3
Total	-	3	-	3
As of March 31, 2016:	Level 1	Level 2	Level 3	Total
	(In millions of USD)			
Financial assets:				
Mutual fund units	267	-	-	267
Equity shares	-	-	26	26
Corporate debentures and bonds	-	6	-	6
Government securities	3,072	-	-	3,072
Certificate of deposits	-	74	-	74
Derivative financial assets	-	81	-	81
Total	3,339	161	26	3,526
Financial liabilities:				
Derivative financial liabilities	-	23	-	23
Total	-	23	-	23

(b) Derivative financial instruments and hedging activity

TCS Limited's revenue is denominated in foreign currency predominantly US Dollar, Sterling Pound and Euro. In addition to these currencies, TCS Limited also does business in Australian Dollar, Singapore Dollar, Saudi Arabian Riyal, Danish Kroner and Brazilian Real. Given the nature of the business, a large portion of the costs are denominated in Indian Rupee. This exposes TCS Limited to currency fluctuations.

TCS Limited monitors and manages the financial risks relating to its operations by analysing its foreign exchange exposures by the level and extent of currency risks.

Tata Consultancy Services Limited and its subsidiaries use various derivative financial instruments governed by policies approved by the board of directors such as foreign exchange forward, option and future contracts to manage and mitigate its exposure to foreign exchange rates. The counterparty is generally a bank. Tata Consultancy Services Limited and its subsidiaries can enter into contracts for a period between one day and eight years.

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Tata Consultancy Services Limited and its subsidiaries report quarterly to its risk management committee, an independent body that monitors foreign exchange risks and policies implemented to manage its foreign exchange exposures.

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

September 30, 2016			
Foreign currency	No. of contracts	Notional amount of currency option contracts (In millions)	Fair value (In millions of USD)
Sterling Pound	33	495	14
Australian Dollar	9	90	1
Euro	21	351	5

March 31, 2016			
Foreign currency	No. of contracts	Notional amount of currency option contracts (In millions)	Fair value (In millions of USD)
US Dollar	9	225	6
Sterling Pound	8	160	8
Australian Dollar	21	228	(2)
Euro	24	285	3

The movement in accumulated other comprehensive income for six month period ended September 30, 2016 and year ended March 31, 2016 for derivatives designated as cash flow hedges is as follows:

	Period ended September 30, 2016		Year ended March 31, 2016	
	Intrinsic value	Time value	Intrinsic value	Time value
	(In millions of USD)			
Balance at the beginning of the period	1	(8)	11	(5)
(Gains) / Losses transferred to profit or loss on occurrence of forecasted hedge transaction	(49)	17	(49)	48
Deferred tax on (gains) / losses transferred to profit or loss on occurrence of forecasted hedge transaction	7	(2)	6	(6)
Change in the fair value of effective portion of cash flow hedges	45	(15)	38	(52)
Deferred tax on fair value of effective portion of cash flow hedges	(6)	2	(5)	7
Balance at the end of the period	(2)	(6)	1	(8)

In addition to the above cash flow hedges, TCS Limited has outstanding foreign exchange forwards, currency option and futures contracts with notional amounts aggregating \$3,112 million and \$3,343 million, whose fair value showed a net gain of \$63 million and \$43 million as of September 30, 2016 and March 31, 2016, respectively. Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting.

Exchange gain of \$71 million and \$10 million on foreign exchange forward exchange contracts and currency option and futures contracts have been recognised in earnings for three month periods ended September 30, 2016 and 2015, respectively.

Exchange gain of \$105 million and exchange loss of \$27 million on foreign exchange forward exchange contracts and currency option and futures contracts have been recognised in earnings for six month periods ended September 30, 2016 and 2015, respectively.

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19. Segment information

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

The Group has identified business segments (industry practice) as reportable segments. The business segments comprise: 1) Banking, Financial Services and Insurance, 2) Manufacturing, 3) Retail and Consumer Business, 4) Communication, Media and Technology and 5) Others such as Energy, Resources and Utilities, Life Science and healthcare, s-Governance, Products, etc. The Group has reclassified Hi-Tech segments to the Communication, Media and Technology (previous reported as Telecom, Media and Entertainment) reportable segment and Travel, Transportation and Hospitality to the Retail and Consumer Business (previously reported as Retail and Consumer Packaged Goods).

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reporting segment have been allocated on the basis of associated revenue of the segment 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. Property, plant and equipment that are used interchangeably among segments are not allocated to reportable segments.

Summarised segment information for three and six month periods ended September 30, 2016 and 2015 is as follows:

Three month period ended September 30, 2016						
(In millions of USD)						
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Business	Communication, Media and Technology	Others	Total
Revenue	1,766	468	760	731	649	4,374
Segment result	502	129	223	215	141	1,210
Depreciation						72
Total Unallocable expenses						72
Operating profit						1,138
Other income (net)						157
Profit before taxes						1,295
Income tax expense						309
Net profit						986

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Six month period ended September 30, 2016

(In millions of USD)

	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Business	Communication, Media and Technology	Others	Total
Revenue	3,528	922	1,541	1,457	1,288	8,736
Segment result	974	255	431	417	297	2,374
Depreciation						143
Total Unallocable expenses						143
Operating profit						2,231
Other income (net)						300
Profit before taxes						2,531
Income tax expense						605
Net profit						1,926
As of September 30, 2016						
Segment assets						
Allocable assets	1,965	490	803	815	1,035	5,108
Unallocable assets						9,201
Total assets						14,309
Segment liabilities						
Allocable liabilities	233	24	64	63	90	474
Unallocable liabilities						2,002
Total liabilities						2,476

Three month period ended September 30, 2015

(In millions of USD)

	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Business	Communication, Media and Technology	Others	Total
Revenue	1,683	406	735	684	648	4,156
Segment result	508	111	210	194	170	1,193
Depreciation						68
Total Unallocable expenses						68
Operating profit						1,125
Other income (net)						103
Profit before taxes						1,228
Income tax expense						296
Net profit						932

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Six month period ended September 30, 2015 (In millions of USD)						
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Business	Communication, Media and Technology	Others	Total
Revenue	3,320	805	1,436	1,366	1,266	8,193
Segment result	998	214	404	385	321	2,322
Depreciation						135
Total Unallocable expenses						135
Operating profit						2,187
Other income (net)						224
Profit before taxes						2,411
Income tax expense						571
Net profit						1,840
As of September 30, 2015						
Segment assets						
Allocable assets	1,950	397	689	732	943	4,711
Unallocable assets						7,261
Total assets						11,972
Segment liabilities						
Allocable liabilities	230	24	51	56	107	468
Unallocable liabilities						1,861
Total liabilities						2,329

20. Commitments and contingencies

Commitments and contingent liabilities are as follows:

Capital commitments

As of September 30, 2016, \$269 million was contractually committed for purchase of property, plant and equipment.

Contingencies

Direct tax matters

As of September 30, 2016, the Company and its subsidiaries in India have contingent liability in respect of demands from direct tax authorities in India, which are being contested by the Company and its subsidiaries in India on appeal amounting \$1,118 million. In respect of tax contingencies of \$48 million, not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited.

Indirect tax matters

Tata Consultancy Services Limited and its subsidiaries in India have ongoing disputes with Indian tax authorities mainly relating to treatment of characterisation and classification of certain items. As of September 30, 2016, Tata Consultancy Services Limited and its subsidiaries in India have demands on appeal amounting to \$38 million from various indirect tax authorities in Indian jurisdiction, which are being contested by the Company and its subsidiaries in India. In respect of indirect tax contingencies of \$1 million, not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited.

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Other claims

TCS Limited 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.

As of September 30, 2016, claims aggregating \$982 million against the Group (individually insignificant) have not been acknowledged as debts.

In October 2014, Epic Systems Corporation (referred to as Epic) filed a legal claim against the Company in the Court of Western District Madison, Wisconsin for alleged infringement of Epic's intellectual property. In April 2016, the Company received an unfavorable jury verdict awarding damages totalling \$940 million to Epic which the trial judge has indicated his intent to reduce. On the basis of legal opinion and legal precedence, the Company expects to defend itself against the claim and believes that the claim will not sustain.

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

21. Subsequent events

The Board of Directors at its meeting held on October 13, 2016 has recommended an interim dividend of \$0.10 (₹6.50) per equity share.