

## INDEX TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
<b>Unaudited Condensed Consolidated Financial Statements of Tata Consultancy Services Limited in Millions of USD</b>	
Unaudited Condensed Consolidated Balance Sheets as of March 31, 2009 and December 31, 2009	F-2
Unaudited Condensed Consolidated Statements of Income for the three- month and nine-month periods ended December 31, 2008 and 2009	F-3
Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity for the nine-month periods ended December 31, 2008 and 2009	F-4
Unaudited Condensed Consolidated Statements of Cash Flows for the nine-month periods ended December 31, 2008 and 2009	F-5
Notes to Unaudited Condensed Consolidated Financial Statements	F-6

**Unaudited Condensed Consolidated Balance Sheets**  
**As of March 31, 2009 and December 31, 2009**

	<b>As of March 31, 2009</b>	<b>As of December 31, 2009</b>
	<b>(In millions of USD, except shares and per share data)</b>	
<b>ASSETS:</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$292.5	\$244.6
Accounts receivable (net of allowances of \$34.2 million and \$63.6 million, respectively)	1,212.9	1,299.9
Unbilled revenues	291.9	254.5
Inventories	7.1	4.7
Prepaid expenses and other current assets (net of allowances of \$5.9 million and \$6.6 million, respectively)	620.7	899.7
<b>Total current assets</b>	<b>2,425.1</b>	<b>2,703.4</b>
Investments	340.1	859.3
Equity method investment in affiliates	0.3	-
Property, plant and equipment, net	738.9	856.1
Intangible assets, net	163.2	162.1
Goodwill	510.6	560.7
Other non-current assets	331.2	485.8
<b>Total assets</b>	<b>\$4,509.4</b>	<b>\$5,627.4</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>		
<b>Liabilities:</b>		
<b>Current liabilities:</b>		
Accrued expenses and other current liabilities	\$978.0	\$1,024.5
Unearned and deferred revenues	153.0	172.4
Short-term debt	101.6	0.3
<b>Total current liabilities</b>	<b>1,232.6</b>	<b>1,197.2</b>
Long-term debt	34.7	41.9
Mandatorily redeemable preference shares with Tata Sons Limited	19.7	21.5
Other non-current liabilities	75.3	81.3
<b>Total liabilities</b>	<b>1,362.3</b>	<b>1,341.9</b>
<b>Minority interests</b>	<b>61.5</b>	<b>80.1</b>
<b>Commitments and contingencies (see note 17)</b>	<b>-</b>	<b>-</b>
<b>Shareholders' equity:</b>		
Equity shares: par value \$0.02 (Re.1) per share; authorised 1,200,000,000 and 2,250,000,000 equity shares; issued and fully paid-up 978,610,498 and 1,957,220,996 equity shares	21.5	41.8
Additional paid-in-capital	546.7	526.4
Accumulated other comprehensive loss	(556.5)	(156.0)
Retained earnings	3,073.9	3,793.2
<b>Total shareholders' equity</b>	<b>3,085.6</b>	<b>4,205.4</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$4,509.4</b>	<b>\$5,627.4</b>

See accompanying notes to consolidated financial statements

Tata Consultancy Services Limited

**Unaudited Condensed Consolidated Statements of Income**  
**For the three-month and nine-month periods ended December 31, 2008 and 2009**

	Three-month period ended December 31, 2008	Three-month period ended December 31, 2009	Nine-month period ended December 31, 2008	Nine-month period ended December 31, 2009
(In millions of USD, except shares and per share data)				
<b>Revenues:</b>				
Information technology and consultancy services	\$1,439.3	\$1,587.9	\$4,399.6	\$4,506.9
Sale of equipment and software licenses	43.7	47.4	182.8	146.8
<b>Total revenues</b>	<b>1,483.0</b>	<b>1,635.3</b>	<b>4,582.4</b>	<b>4,653.7</b>
<b>Cost of revenues:</b>				
Cost of information technology and consultancy services	782.0	836.6	2,400.0	2,383.7
Cost of equipment and software licenses	39.4	38.9	159.9	131.7
<b>Total cost of revenues</b>	<b>821.4</b>	<b>875.5</b>	<b>2,559.9</b>	<b>2,515.4</b>
<b>Gross profit</b>	<b>661.6</b>	<b>759.8</b>	<b>2,022.5</b>	<b>2,138.3</b>
<b>Operating expenses:</b>				
Selling, general and administrative expenses	292.2	311.4	929.9	914.1
Research and development expenses	2.2	1.9	7.5	6.2
<b>Total operating expenses</b>	<b>294.4</b>	<b>313.3</b>	<b>937.4</b>	<b>920.3</b>
<b>Operating income</b>	<b>367.2</b>	<b>446.5</b>	<b>1,085.1</b>	<b>1,218.0</b>
<b>Other income/ (expense) :</b>				
Interest income	5.8	10.3	15.2	26.6
Interest expense	(3.0)	(1.8)	(8.2)	(5.2)
Other non-operating income/(expense), net	(40.5)	3.6	(77.2)	(8.2)
<b>Other income, net</b>	<b>(37.7)</b>	<b>12.1</b>	<b>(70.2)</b>	<b>13.2</b>
<b>Income before income taxes and minority interests</b>	<b>329.5</b>	<b>458.6</b>	<b>1,014.9</b>	<b>1,231.2</b>
Income tax expense	49.9	70.1	145.4	186.1
<b>Income before minority interests</b>	<b>279.6</b>	<b>388.5</b>	<b>869.5</b>	<b>1,045.1</b>
Minority interests	(3.4)	(5.2)	(9.1)	(14.8)
Equity in net earnings of affiliates	-	-	(0.2)	-
<b>Net income</b>	<b>\$276.2</b>	<b>\$383.3</b>	<b>\$860.2</b>	<b>\$1,030.3</b>
Weighted average number of shares used in computing basic and diluted earnings per share :	1,957,220,996	1,957,220,996	1,957,220,996	1,957,220,996
Basic and diluted earnings per share:	\$0.14	\$0.20	\$0.44	\$0.53

See accompanying notes to consolidated financial statements

**Tata Consultancy Services Limited**

**Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity  
For the nine-month periods ended December 31, 2008 and 2009**

	Share Capital			Comprehensive income	Accumulated other comprehensive income loss	Retained earnings	Total Share- holders' equity
	Number of shares	Equity share capital	Additional paid-in- capital				
	(In millions of USD, except shares and per share data)						
<b>Balance as of March 31, 2008</b>	<b>978,610,498</b>	<b>\$21.5</b>	<b>\$546.7</b>		<b>\$223.3</b>	<b>\$2,295.8</b>	<b>\$3,087.3</b>
Net income				\$860.2		860.2	860.2
Unrealised loss on available-for-sale securities, net of realized earnings and taxes				(4.0)	(4.0)		(4.0)
Foreign currency translation adjustment				(526.2)	(526.2)		(526.2)
Effective portion of loss on derivative instruments				(151.4)	(151.4)		(151.4)
Employee benefit plans, net of tax				0.5	0.5		0.5
<b>Comprehensive income</b>				<b>\$179.1</b>			
Dividends paid, including tax on dividends						(277.0)	(277.0)
<b>Balance as of December 31, 2008</b>	<b>978,610,498</b>	<b>\$21.5</b>	<b>\$546.7</b>		<b>\$(457.8)</b>	<b>\$2,879.0</b>	<b>\$2,989.4</b>
<b>Balance as of March 31, 2009</b>	<b>978,610,498</b>	<b>\$21.5</b>	<b>\$546.7</b>		<b>\$(556.5)</b>	<b>\$3,073.9</b>	<b>\$3,085.6</b>
Net income				\$1,030.3		1,030.3	1,030.3
Unrealised loss on available-for-sale securities, net of realized earnings and taxes				(2.9)	(2.9)		(2.9)
Foreign currency translation adjustment				271.9	271.9		271.9
Effective portion of gain on derivative instruments				132.1	132.1		132.1
Employee benefit plans, net of tax				(0.6)	(0.6)		(0.6)
<b>Comprehensive income</b>				<b>\$1,430.8</b>			
Dividends paid, including tax on dividends						(311.0)	(311.0)
Issue of stock dividend (See note 13)	978,610,498	20.3	(20.3)				-
<b>Balance as of December 31, 2009</b>	<b>1,957,220,996</b>	<b>\$41.8</b>	<b>\$526.4</b>		<b>\$(156.0)</b>	<b>\$3,793.2</b>	<b>\$4,205.4</b>

See accompanying notes to consolidated financial statements

**Tata Consultancy Services Limited**

**Unaudited Condensed Consolidated Statements of Cash Flows  
For the nine-month periods ended December 31, 2008 and 2009**

	<b>Nine-month period ended December 31, 2008</b>	<b>Nine-month period ended December 31, 2009</b>
	<b>(In millions of USD)</b>	
<b>Net cash provided by operating activities</b>	<b>\$640.9</b>	<b>\$1,177.5</b>
<b>Cash flows from investing activities:</b>		
Purchase of available-for-sale investments	(5,060.3)	(7,901.8)
Purchase of property, plant and equipment	(163.3)	(139.5)
Government grant received	2.5	-
Adjustment of purchase consideration	-	9.5
Purchase of subsidiaries and business, net of cash acquired	(501.1)	(2.6)
Acquisition of intangible assets	-	(0.9)
Proceeds from sale of subsidiary	-	0.5
Proceeds from sale of available-for-sale investments	5,490.1	7,447.6
Proceeds from sale of property, plant and equipment	4.2	3.0
Long term bank deposits (net)	(3.1)	(93.5)
Short term bank deposits (net)	(1.3)	(114.0)
Inter-corporate deposits (net)	(30.7)	(39.8)
<b>Net cash used in investing activities</b>	<b>(263.0)</b>	<b>(831.5)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of long-term debt	0.7	0.3
Repayment of long-term debt	(0.3)	(0.3)
Net change in short-term debt	(10.7)	(101.4)
Dividends paid, including taxes on dividend	(277.0)	(311.0)
Dividends paid to minority shareholders of a subsidiary	(2.4)	(2.7)
Proceeds from issue of shares to minority shareholders by subsidiaries	0.6	1.1
<b>Net cash used in financing activities</b>	<b>(289.1)</b>	<b>(414.0)</b>
Net change in cash	88.8	(68.0)
Effect of foreign exchange on cash flows	(41.9)	20.1
Cash and cash equivalents, beginning of the year	258.1	292.5
<b>Cash and cash equivalents, end of the year</b>	<b>\$305.0</b>	<b>\$244.6</b>
<b>Supplementary cash flow information:</b>		
Interest paid	\$4.7	\$2.5
Income taxes paid	\$205.5	\$279.0
<b>Supplementary disclosure of cash flow non-cash investing activities:</b>		
Property, plant and equipment accrued	\$5.1	\$9.2

See accompanying notes to consolidated financial statements

**Tata Consultancy Services Limited**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**1. Summary of Significant Accounting Policies**

**a. Basis of presentation**

These unaudited condensed consolidated financial statements of Tata Consultancy Services Limited and its subsidiaries (collectively “TCS Limited” or the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) and reflect normal and recurring adjustments which are, in the opinion of the management, necessary for a fair presentation of the financial position and results of operations for the periods presented.

The results of the interim periods are not necessarily indicative of the results that may be expected for any other interim periods or the full fiscal year. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in the consolidated financial statements for the fiscal year ended March 31, 2009.

Additionally, these unaudited condensed consolidated financial statements include certain inter-period allocations based on estimation of amounts applicable for the full fiscal year.

Certain prior-period amounts have been reclassified to conform to current period presentation. Comparative figures of the income statement and the cash flow statement do not include the figures of TCS e-Serve Limited (formerly known as Citigroup Global Services Limited), which became a subsidiary effective December 31, 2008.

Foreign exchange gains/losses on derivative instruments designated as cash flow hedges were classified under revenues till fiscal 2008. Consequent to the change in the reporting currency to US dollars from Indian Rupees effective from April 1, 2008 all foreign exchange gains/losses on derivative instruments have been retrospectively reclassified under ‘Other non-operating income/(expense), net’.

**b. Use of estimates**

The preparation of financial statements in conformity with US GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results could differ from these estimates. Material estimates in these financial statements that are susceptible to change as more information becomes available include costs to complete for fixed price contracts, allowances for uncollectible accounts receivable, useful lives of intangible and tangible assets, impairment assessments of goodwill and long-lived assets, retirement benefits and income taxes.

**c. 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 in their countries of incorporation.

Foreign currency transactions are translated into the functional currency at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated into the functional currency using exchange rates prevailing on the balance sheet dates. Gains and losses arising on conversion of foreign currency denominated monetary assets and liabilities are included in net income.

Assets and liabilities of entities whose functional currencies are different from the reporting currency of the Company have been translated to the reporting currency using exchange rates prevailing on the balance sheet date. Income statement items have been translated using the quarterly weighted average exchange rates. Translation adjustments have been reported as a component of other comprehensive income in the statement of changes in shareholders’ equity.

The consolidated financial statements have been presented in US Dollars as the reporting currency. Effective April 1, 2008, TCS Limited changed its reporting currency to US Dollars from Indian Rupees. The consolidated financial statements for fiscal 2008 have been retrospectively revised to reflect US Dollars as the reporting currency. The reporting currency was changed to facilitate the investors’ ability to evaluate

**Tata Consultancy Services Limited**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

TCS Limited's performance and financial position in comparison to similar companies domiciled in different foreign jurisdictions.

**d. Income taxes**

The income tax expense for the interim periods within a fiscal year is allocated to those periods based on the management's best estimate of the effective income tax rate expected to be applicable for the full fiscal year.

The tax provision for the three-months and for the nine-months ended December 31, 2009 includes net provision of \$3.1 million and \$5.6 million resulting from additional liability for prior periods.

**e. Newly issued accounting pronouncements**

In April 2009, the FASB issued FSP No. FAS 141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies* (SFAS No. 141(R)). FSP FAS 141(R)-1 amends the provisions in Statement 141R for the initial recognition and measurement, subsequent measurement and accounting and disclosures for assets and liabilities arising from contingencies in business combinations. The FSP is effective for contingent assets or contingent liabilities acquired in business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The requirements of this FSP and its impact on TCS Limited's financial statements are being evaluated.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events*. SFAS 165 sets forth the period after the balance sheet date during which the management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements. This statement also clarifies the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and the disclosures that an entity should make about such events or transactions. This statement is effective for fiscal years and interim periods within those fiscal years ending after June 15, 2009. The requirements of this FSP and its impact on TCS Limited's financial statements are being evaluated.

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140*. SFAS No. 166 removes the concept of a qualifying special-purpose entity from Statement 140 and removes the exception from applying FASB Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities*, to qualifying special-purpose entities. This statement also requires that a transferor recognize and initially measure at fair value all assets obtained (including a transferor's beneficial interest) and liabilities incurred as a result of a transfer of financial assets accounted for as a sale. This statement must be applied as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. The requirements of SFAS No. 166 and its impact on TCS Limited's financial statements are being evaluated.

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46 (R)*. SFAS No. 167 amends Interpretation 46(R) to require an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. This statement must be applied as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. The requirements of SFAS No. 167 are not expected to have any impact on TCS Limited's financial statements.

On July 1, 2009, the FASB issued the FASB Accounting Standards Codification. The codification is the single source of nongovernmental authoritative U.S. GAAP. The codification is a reorganization of current GAAP into a topical format that eliminates the current GAAP hierarchy and establishes instead two levels of guidance—authoritative and non authoritative. The codification is effective for interim and annual periods ending after September 15, 2009 and is not expected to have any impact on TCS Limited's financial statements.

In September 2009, the FASB issued five ASUs containing amendments and technical corrections to certain SEC references in the codification. These are not expected to have any impact on TCS Limited's financial statements.

In October 2009, the FASB issued ASU 2009-13 on *Multiple-deliverable Revenue Arrangements*. The ASU amends the guidance in ASC 605-25 on multiple-element revenue arrangements. It addresses the unit of

## Tata Consultancy Services Limited

### Notes to Unaudited Condensed Consolidated Financial Statements

accounting for arrangements involving multiple deliverables. It also addresses how arrangement consideration should be allocated to the separate units of accounting, when applicable. Although the ASU retains the criteria from Issue 00-21 for when delivered items in a multiple-deliverable arrangement should be considered separate units of accounting, it removes the previous separation criterion under Issue 00-21 that objective and reliable evidence of the fair value of any undelivered items must exist for the delivered items to be considered a separate unit or separate units of accounting. The ASU is effective for fiscal years beginning on or after June 15, 2010. The requirements of this ASU and its impact on TCS Limited's financial statements are being evaluated.

In October 2009, the FASB issued ASU 2009-14 on Software Revenue Recognition. It amends ASC 985-605 and ASC 985-605-15-3 (Issue 03-5) to exclude from their scope all tangible products containing both software and non software components that function together to deliver the product's essential functionality. The ASU is effective for fiscal years beginning on or after June 15, 2010. The requirements of this ASU and its impact on TCS Limited's financial statements are being evaluated.

In December 2009, the FASB issued a proposed ASU on the effect of a loan modification when a loan is part of a pool accounted for as a single asset. The proposed ASU would amend ASC 310-30, which allows an entity to group two or more acquired loans (other than debt securities) with common risk characteristics into a pool and account for the pool as a single asset. The proposed ASU would be effective for the first interim or annual reporting period beginning after issuance, and would be applied prospectively. Comments on the proposed ASU are due by February 12, 2010. The proposed ASU is not expected to have any impact on TCS Limited's financial statements.

#### 2. Inventories

Inventories consist of the following:

	<u>As of March 31,</u> <u>2009</u>	<u>As of December 31,</u> <u>2009</u>
	(In millions of USD)	
Stores and spares	\$0.3	\$0.3
Raw materials	2.7	1.5
Goods in transit	0.7	-
Computer and equipment held for resale	3.2	2.8
Work in progress	0.2	0.1
<b>Total</b>	<u><b>\$7.1</b></u>	<u><b>\$4.7</b></u>

#### 3. Prepaid expenses and other current assets

Prepaid expenses and other current assets consist of the following:

	<u>As of March 31,</u> <u>2009</u>	<u>As of December 31,</u> <u>2009</u>
	(In millions of USD)	
Prepaid expenses	\$95.8	\$112.9
Advance to suppliers	8.5	31.4
Employee loans and advances (net of allowances of \$3.8 million and \$4.6 million, respectively)	25.2	28.0
Short-term bank deposits	222.7	356.8
Income taxes paid in advance	128.0	153.2
Deferred income taxes	26.1	46.7
Foreign currency derivative assets	3.5	12.7
Other current assets (net of allowances of \$2.1 million and \$2.0 million, respectively)	110.9	158.0
<b>Total</b>	<u><b>\$620.7</b></u>	<u><b>\$899.7</b></u>

**Tata Consultancy Services Limited**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**4. Investments**

Investments consist of the following:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2009</u>
	(In millions of USD)	
Investments available-for-sale, at fair value	\$320.2	\$838.5
Investments held-to-maturity, at amortised cost	18.3	19.2
Investments available-for-sale at cost, net	1.6	1.6
<b>Total</b>	<b>\$340.1</b>	<b>\$859.3</b>

Information on unrealised gains and losses on available-for-sale investments at March 31, 2009 and December 31, 2009 is as follows:

	<u>Cost</u>	<u>Gross unrealised gains</u>	<u>Gross unrealised losses</u>	<u>Fair value</u>
	(In millions of USD)			
<b>Available-for-sale securities:</b>				
<b>As of March 31, 2009:</b>				
Investments in mutual funds	\$313.0	\$6.5	\$(0.9)	\$318.6
Investments in debt securities	1.6	-	-	1.6
<b>Total available-for-sale securities</b>	<b>\$314.6</b>	<b>\$6.5</b>	<b>\$(0.9)</b>	<b>\$320.2</b>
<b>As of December 31, 2009:</b>				
Investments in mutual funds	\$835.2	\$1.5	\$-	\$836.7
Investments in debt securities	1.8	-	-	1.8
<b>Total available-for-sale securities</b>	<b>\$837.0</b>	<b>\$1.5</b>	<b>\$-</b>	<b>\$838.5</b>

**5. Property, plant and equipment**

Property, plant and equipment by asset category are as follows:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2009</u>
	(In millions of USD)	
Land	\$61.1	\$66.1
Buildings	360.6	436.1
Computer equipment	269.2	329.2
Automobiles	9.3	6.3
Plant and machinery	26.3	32.6
Furniture, fixtures and office equipment	262.7	318.6
Property, plant and equipment, at cost	989.2	1,188.9
Less: Accumulated depreciation	(375.4)	(499.0)
	613.8	689.9
Capital work-in-progress	125.1	166.2
<b>Property, plant and equipment, net</b>	<b>\$738.9</b>	<b>\$856.1</b>

Depreciation expense was \$26.4 million and \$76.7 million and \$32.5 million and \$92.6 million for the three-month and nine-month periods ended December 30, 2008 and 2009, respectively.

**Tata Consultancy Services Limited**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**6. Intangible assets**

Intangible assets	Gross cost	Additions / (Deductions)	Foreign currency exchange gain/(loss)	Accumulated amortisation	Net carrying value
(In millions of USD)					
<b>As of March 31, 2009:</b>					
Customer-related intangibles	\$23.0	\$-	\$1.0	\$(14.2)	\$9.8
Technology-related intangibles	24.4	-	0.7	(11.0)	14.1
Acquired contract rights	48.3	113.7	(9.1)	(18.0)	134.9
Software licenses	11.1	1.2	0.2	(9.3)	3.2
Others	4.7	-	(0.3)	(3.2)	1.2
<b>Total</b>	<b>\$111.5</b>	<b>\$114.9</b>	<b>\$(7.5)</b>	<b>\$(55.7)</b>	<b>\$163.2</b>
<b>As of December 31, 2009:</b>					
Customer-related intangibles	\$23.0	\$-	\$2.4	\$(16.0)	\$9.4
Technology-related intangibles	24.4	-	4.0	(13.1)	15.3
Acquired contract rights	162.0	-	3.8	(30.6)	135.2
Software licenses	12.4	0.9	0.5	(12.1)	1.7
Others	4.7	-	(0.2)	(4.0)	0.5
<b>Total</b>	<b>\$226.5</b>	<b>\$0.9</b>	<b>\$10.5</b>	<b>\$(75.8)</b>	<b>\$162.1</b>

Amortisation expense was \$3.3 million and \$11.5 million and \$6.8 million and \$20.0 million for the three-month and nine-month periods ended December 31, 2008 and 2009, respectively.

**7. Other non-current assets**

Other non-current assets consist of the following:

	As of March 31, 2009	As of December 31, 2009
(In millions of USD)		
Non-current portion of employee loans	\$8.1	\$4.2
Prepaid rent	25.2	27.9
Rent deposits	67.5	75.9
Deferred income taxes	161.2	222.4
Restricted cash	1.1	9.2
Long-term bank deposits	17.5	112.6
Others	50.6	33.6
<b>Total</b>	<b>\$331.2</b>	<b>\$485.8</b>

**Tata Consultancy Services Limited**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**8. Accrued expenses and other current liabilities**

Accrued expenses and other current liabilities consist of the following:

	<b>As of March 31, 2009</b>	<b>As of December 31, 2009</b>
	<b>(In millions of USD)</b>	
Accounts payable, including retentions	\$251.0	\$247.2
Accrued expenses	191.3	245.9
Accrued payroll	126.5	192.8
Income taxes payable	115.3	110.5
Indirect Taxes and Other Statutory Liabilities	66.8	77.8
Deferred income taxes	48.1	45.6
Foreign currency derivative liabilities	136.2	41.3
Other current liabilities	42.8	63.4
<b>Total</b>	<b>\$978.0</b>	<b>\$1,024.5</b>

**9. Short-term debt**

Short-term debt consists of the following:

	<b>As of March 31, 2009</b>	<b>As of December 31, 2009</b>
	<b>(In millions of USD)</b>	
Foreign currency bank loans	\$101.0	\$0.0
Cash credits and overdrafts	0.3	-
Current portion of long-term debt	0.2	0.3
Other short-term debt	0.1	0.0
<b>Total</b>	<b>\$101.6</b>	<b>\$0.3</b>

The Foreign currency bank loan taken by one of the subsidiaries of Tata Consultancy Services Limited has been repaid in full.

Cash credits and overdrafts are secured against accounts receivable and inventories. All other debts are unsecured.

**10. Long-term debt**

Long-term debt consists of the following:

	<b>As of March 31, 2009</b>	<b>As of December 31, 2009</b>
	<b>(In millions of USD)</b>	
Foreign currency debt	\$1.0	\$1.3
Put-call option liability	32.4	39.4
Unsecured debt	1.5	1.5
Less: Current portion	(0.2)	(0.3)
<b>Total</b>	<b>\$34.7</b>	<b>\$41.9</b>

**Tata Consultancy Services Limited**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**11. Mandatorily redeemable preference shares with Tata Sons Limited**

During the fiscal 2008, Tata Consultancy Services Limited arranged an unsecured long-term debt of \$24.9 million (Rs.1,000.0 million) by issuance and allotment of 1,000,000,000 Redeemable Preference Shares of face value of \$0.02 (Re.1) each to Tata Sons Limited. This debt would be redeemable at par at the end of six years from the date of allotment but may be repayable at any time after 3 years from the date of allotment at the option of the debt holder. This debt would carry a fixed cumulative dividend liability of 1% per annum and a variable non-cumulative dividend liability of 1% of the difference between the rate of dividend declared during the year on the par value of equity shares of Tata Consultancy Services Limited and the average rate of dividend declared on the par value of equity shares of Tata Consultancy Services Limited for three years preceding the year of issue of the above debt.

**12. Other non-current liabilities**

Other non-current liabilities consist of the following:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2009</u>
	(In millions of USD)	
Deferred income taxes	\$58.8	\$57.4
Others	16.5	23.9
<b>Total</b>	<b><u>\$75.3</u></b>	<b><u>\$81.3</u></b>

**13. Shareholders' equity**

**Authorised and issued share capital**

*Stock-split*

On June 12, 2009, the shareholders approved a bonus issue of 978,610,498 equity shares. The bonus issue is in the nature of a stock split effected in the form of a stock dividend with one additional share issued for every share held. In accordance with Indian law, \$20.3 million has been capitalised from additional paid-in capital as share capital on allotment of bonus shares.

The number of shares and earnings per share amount has been adjusted retrospectively for all the periods presented.

**14. Other non-operating income, net**

	<u>Three-month period ended December 31, 2008</u>	<u>Three-month period ended December 31, 2009</u>	<u>Nine-month period ended December 31, 2008</u>	<u>Nine-month period ended December 31, 2009</u>
	(In millions of USD)			
Foreign exchange loss on derivative instruments designated as cash flow hedges	\$(12.0)	\$(4.4)	\$(74.3)	\$(41.7)
Foreign exchange gain/ (loss) on other derivative instruments	(11.9)	14.2	(94.6)	(4.3)
Foreign exchange (loss)/gain, others	(27.2)	(17.4)	40.9	(2.3)
Dividend income	9.1	0.5	26.6	2.3
Others, net	1.5	10.7	24.2	37.8
<b>Total</b>	<b><u>\$(40.5)</u></b>	<b><u>\$3.6</u></b>	<b><u>\$(77.2)</u></b>	<b><u>\$(8.2)</u></b>

**Tata Consultancy Services Limited**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**15. Derivative financial instruments**

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

The Company has following outstanding derivative instruments as on December 31, 2009:

The following are outstanding foreign exchange forward contracts, which have been designated as cash flow hedges:

Foreign Currency	As of March 31, 2009			As of December 31, 2009		
	Number of Contracts	Notional amount of Forward contracts	Fair Value Gain / (Loss)	Number of Contracts	Notional amount of Forward contracts	Fair Value Gain / (Loss)
		(In millions)	(In millions of USD)		(In millions)	(In millions of USD)
US Dollar	14	153.5	\$(18.1)	12	83.9	\$1.1

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

Foreign Currency	As of March 31, 2009			As of December 31, 2009		
	Number of Contracts	Notional amount of Option contracts	Fair Value Gain / (Loss)	Number of Contracts	Notional amount of Option contracts	Fair Value Gain / (Loss)
		(In millions)	(In millions of USD)		(In millions)	(In millions of USD)
US Dollar	56	1,081.7	\$(117.3)	66	858.6	\$(34.0)
Euro	1	5.0	(1.1)	-	-	-
Sterling Pound	1	4.0	(0.2)	3	4.0	0.1

Net loss on derivative instruments of \$19.8 million recognised in accumulated other comprehensive income as of December 31, 2009, is expected to be reclassified into earnings by December 31, 2010.

The movement in accumulated other comprehensive income during the period ended December 31, 2009, for derivatives designated as cash flow hedges is as follows:

	Period ended March 31, 2009	Period ended December 31, 2009
	(In millions of USD)	
<b>Balance at the beginning of the year</b>	<b>\$(3.8)</b>	<b>\$(143.9)</b>
Gains transferred to income statement on occurrence of forecasted hedge transaction	4.3	89.4
Changes in the fair value of effective portion of outstanding cash flow derivatives.	(125.9)	42.5
Net derivative gain/(loss) related to a discontinued cash flow hedge	(19.3)	0.2
Foreign currency translation adjustment	0.8	(12.9)
<b>Balance at the end of the year</b>	<b>\$(143.9)</b>	<b>\$(24.7)</b>

## Tata Consultancy Services Limited

### Notes to Unaudited Condensed Consolidated Financial Statements

In addition to the above cash flow hedges, TCS Limited has outstanding foreign exchange forward contracts and currency option contracts aggregating \$832.2 million and \$936.9 million, whose fair value showed gain of \$1.5 million and \$1.8 million as on March 31, 2009 and December 31, 2009 respectively. Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting and accordingly these are accounted as derivatives instruments at fair value with changes in fair value recorded into earnings. Exchange loss of \$11.9 million and exchange gain of \$14.3 million on foreign currency forward exchange contracts and currency option contracts have been recognized in earnings during the three months periods ended December 31, 2008 and 2009 respectively. Exchange loss of \$94.5 million and \$4.2 million on foreign currency forward exchange contracts and currency option contracts have been recognized in earnings during the nine months periods ended December 31, 2008 and 2009 respectively.

#### 16. 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.

Consequent to the reorganization of its global operations with the objective of making industry practice its focal point for performance evaluation and internal financial reporting and decision making, the Company has reviewed and revised the manner in which it views the business risks and returns and monitors its operations. Accordingly TCS Limited has changed its segment information reporting to four business segments providing products and services based on industry practice of its customers. These segments are: banking, financial services and insurance, Manufacturing, Retail and distribution, Telecom. All other operating segments fall below the quantitative thresholds for reporting purposes.

Income and direct expenses directly attributable to segments are reported under each reporting segment, while common expenses which are not directly identifiable to each reporting segment have been allocated to each reporting segment on the basis of associated revenues of each segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable.

Substantially all of TCS Limited's long-lived assets are located in India.

Summarised segment information for the three-month and nine-month periods ended December 31, 2008 and 2009 is as follows:

Segment Income Statement:	Three-month period ended December 31, 2008 (In millions of USD)					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Distribution	Telecom	Others	
Revenues	\$628.9	\$146.9	\$146.0	\$236.9	\$324.3	\$1483.0
Identified operating expenses	346.8	76.6	88.0	119.6	186.2	817.2
Allocated expenses	87.8	23.1	21.6	36.7	57.2	226.4
<b>Segment result</b>	<b>\$194.3</b>	<b>\$47.2</b>	<b>\$36.4</b>	<b>\$80.6</b>	<b>\$80.9</b>	<b>\$439.4</b>
Unallocable expenses						72.2
Operating income						367.2
Other income / (expense), net						(37.7)
Income before income taxes and minority interest						329.5
Income tax expense						49.9
Minority interest						(3.4)
Equity in net earnings of affiliates						-
<b>Net income</b>						<b>\$276.2</b>

**Tata Consultancy Services Limited**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**Three-month period ended December 31, 2009**  
(In millions of USD)

<b>Segment Income Statement:</b>	<b>Banking, Financial Services and Insurance</b>	<b>Manufacturing</b>	<b>Retail and Distribution</b>	<b>Telecom</b>	<b>Others</b>	<b>Total</b>
Revenues	\$735.6	\$126.7	\$171.2	\$238.0	\$363.8	\$1,635.3
Identified operating expenses	394.9	66.9	93.7	111.4	200.5	867.4
Allocated expenses	109.2	22.3	29.6	38.9	63.2	263.2
<b>Segment result</b>	<b>\$231.5</b>	<b>\$37.5</b>	<b>\$47.9</b>	<b>\$87.7</b>	<b>\$100.1</b>	<b>\$504.7</b>
Unallocable expenses						58.2
Operating income						446.5
Other income / (expense), net						12.1
Income before income taxes and minority interest						458.6
Income tax expense						70.1
Minority interest						(5.2)
Equity in net earnings of affiliates						-
<b>Net income</b>						<b>\$383.3</b>

**Nine-month period ended December 31, 2008**  
(In millions of USD)

<b>Segment Income Statement:</b>	<b>Banking, Financial Services and Insurance</b>	<b>Manufacturing</b>	<b>Retail and Distribution</b>	<b>Telecom</b>	<b>Others</b>	<b>Total</b>
Revenues	\$1,955.0	\$456.5	\$379.8	\$758.6	\$1,032.5	\$4,582.4
Identified operating expenses	1,097.9	235.4	222.3	380.0	604.7	2,540.3
Allocated expenses	293.4	77.6	60.9	126.0	181.6	739.5
<b>Segment result</b>	<b>\$563.7</b>	<b>\$143.5</b>	<b>\$96.6</b>	<b>\$252.6</b>	<b>\$246.2</b>	<b>\$1,302.6</b>
Unallocable expenses						217.5
Operating income						1,085.1
Other income / (expense), net						(70.2)
Income before income taxes and minority interest						1,014.9
Income tax expense						145.4
Minority interest						(9.1)
Equity in net earnings of affiliates						(0.2)
<b>Net income</b>						<b>\$860.2</b>

**Nine-month period ended December 31, 2009**  
(In millions of USD)

<b>Segment Income Statement:</b>	<b>Banking, Financial Services and Insurance</b>	<b>Manufacturing</b>	<b>Retail and Distribution</b>	<b>Telecom</b>	<b>Others</b>	<b>Total</b>
Revenues	\$2,079.5	\$381.6	\$488.8	\$684.5	\$1,019.3	\$4,653.7
Identified operating expenses	1,130.9	196.7	268.6	347.7	561.3	2,505.2
Allocated expenses	292.1	66.0	82.2	108.8	176.7	725.8
<b>Segment result</b>	<b>\$656.5</b>	<b>\$118.9</b>	<b>\$138.0</b>	<b>\$228.0</b>	<b>\$281.3</b>	<b>\$1,422.7</b>
Unallocable expenses						204.7
Operating income						1,218.0
Other income / (expense), net						13.2
Income before income taxes and minority interest						1,231.2
Income tax expense						186.1
Minority interest						(14.8)
Equity in net earnings of affiliates						-
<b>Net income</b>						<b>\$1,030.3</b>
<b>Segment assets:</b>						
Segment total assets	\$1,389.4	\$141.4	\$177.9	\$303.0	\$583.8	\$2,595.5
Unallocable assets						3,031.9
<b>Total assets</b>						<b>\$5,627.4</b>

**Tata Consultancy Services Limited**  
**Notes to Unaudited Condensed Consolidated Financial Statements**  
**17. Commitments and contingencies**

Commitments and contingent liabilities are as follows:

**Capital commitments**

As of December 31, 2009, \$208.5 million was contractually committed by TCS Limited for purchase of property and equipment and \$1.9 million for purchase of investments.

**Contingencies**

*Property matters*

Lessors of certain properties leased under tenancy agreements have claimed additional rent and other expenses aggregating to \$38.2 million. These claims are being contested in the courts by TCS Limited. Pending resolution of the matter, an amount of \$28.7 million has been accrued based on management's estimate. Interest and penalty, if any, has not been determined. The Company is entitled to an indemnification up to \$9.9 million against one of the above referred claim.

*Income tax matters*

As of December 31, 2009, TCS Limited has demands from direct tax authorities in Indian jurisdiction, which are being contested by TCS Limited on appeal amounting to \$113.0 million. Demands from direct tax authorities include \$55.2 million in respect of TCS e-Serve Limited. TCS e-Serve Limited has also paid advance taxes aggregating \$34.9 million against the disputed amounts for the relevant assessment years. TCS Limited is entitled to an indemnification of the above referred contingent claims on TCS e-Serve Limited from Citigroup Inc. and would be required to pay amounts equal to amounts refunded to TCS e-Serve Limited on those claims.

**18. Subsequent event**

On January 15, 2010, the Board of Directors has declared an interim dividend of \$0.04 (Rs.2/-) per equity share.