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Unaudited Condensed Consolidated Balance Sheets
As of March 31, 2008 and June 30, 2008

	As of March 31, 2008	As of June 30, 2008
	(In millions of USD, except shares and per share data)	
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 258.1	\$ 292.7
Accounts receivable (net of allowances of \$ 28 million and \$ 27.0 million, respectively)	1,343.9	1,390.7
Unbilled revenues	337.2	354.5
Inventories	10.6	8.7
Prepaid expenses and other current assets (net of allowances of \$ 4.9 million and \$ 5.5 million, respectively)	373.1	369.9
Total current assets	2,322.9	2,416.5
Investments	660.1	730.1
Equity method investment in affiliates	0.7	0.7
Property, plant and equipment, net	753.3	774.6
Intangible assets, net	90.6	87.5
Goodwill	276.9	268.4
Other non-current assets	259.3	305.4
Total assets	\$ 4,363.8	\$ 4,583.2
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Liabilities:		
Current liabilities:		
Accrued expenses and other current liabilities	\$ 846.4	\$ 1,013.7
Unearned and deferred revenues	177.0	201.3
Short-term debt	9.3	5.5
Total current liabilities	1,032.7	1,220.5
Long-term debt	142.8	145.4
Mandatorily redeemable preference shares with Tata Sons Limited	24.9	23.2
Other non-current liabilities	18.8	21.0
Total liabilities	1,219.2	1,410.1
Commitments and contingencies (see note 16)	-	-
Minority interests	57.3	54.0
Shareholders' equity:		
Equity shares: par value \$ 0.02 (Re.1) per share; authorized 1,200,000,000 equity shares; issued and fully paid-up 978,610,498 equity shares	\$ 21.4	\$ 21.4
Additional paid-in-capital	545.9	545.9
Accumulated other comprehensive income (loss)	223.1	(41.0)
Retained earnings	2,296.9	2,592.8
Total shareholders' equity	3,087.3	3,119.1
Total liabilities and shareholders' equity	\$ 4,363.8	\$ 4,583.2

See accompanying notes to unaudited condensed consolidated financial statements

Unaudited Condensed Consolidated Statements of Income
For three-month periods ended June 30, 2007 and 2008

	Three-month period ended June 30, 2007	Three-month period ended June 30, 2008
	(In millions of USD, except shares and per share data)	
Revenues:		
Information technology and consultancy services	\$ 1,194.1	\$ 1,450.9
Sale of equipment and software licenses	67.5	74.3
Total revenues	1,261.6	1,525.2
Cost of revenues:		
Cost of information technology and consultancy services	658.2	818.2
Cost of equipment and software licenses	53.1	65.6
Total cost of revenues	711.3	883.8
Gross profit	550.3	641.4
Operating expenses:		
Selling, general and administrative expenses	265.2	302.1
Research and development	2.7	2.8
Total operating expenses	267.9	304.9
Operating income	282.4	336.5
Other income (expense):		
Interest income	3.1	4.7
Interest expense	(2.6)	(2.8)
Other non-operating income, net	47.7	6.0
Other income, net	48.2	7.9
Income before income taxes and minority interests	330.6	344.4
Income tax expense	37.3	46.3
Income before minority interests	293.3	298.1
Minority interests	(3.4)	(2.2)
Equity in net earnings of affiliates	0.1	-
Net income	\$ 290.0	\$ 295.9
Weighted average number of shares used in computing basic earnings per share:		
	978,610,498	978,610,498
Basic and diluted earnings per share:	\$ 0.30	\$ 0.30

See accompanying notes to unaudited condensed consolidated financial statements

Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity
For the three-month periods ended June 30, 2007 and 2008

	Share Capital			Comprehensive income	Accumulated other comprehensive income (loss)	Retained earnings	Total Shareholders' equity
	Number of shares	Equity share capital	Additional paid-in- capital				
	(In millions of USD, except number of shares)						
Balance at April 1, 2007	978,610,498	\$ 21.4	\$ 545.9		\$ 76.5	\$ 1,416.9	\$ 2,060.7
Net income				290.0		290.0	290.0
Unrealized (loss) / gain on available-for-sale securities, net of realized earnings and taxes				1.1	1.1		1.1
Foreign currency translation adjustment				112.4	112.4		112.4
Effective portion of loss on derivative instruments				50.5	50.5		50.5
SFAS No. 158 adjustment, net of tax				(0.6)	(0.6)		(0.6)
Comprehensive income				453.4			
Dividends paid, including tax on dividend						(112.0)	(112.0)
Issue of stock dividend							
Balance at June 30, 2007	978,610,498	\$ 21.4	\$ 545.9		\$ 239.9	\$ 1,594.9	\$ 2,402.1
Balance at April 1, 2008	978,610,498	\$ 21.4	\$ 545.9		\$ 223.1	\$ 2,296.9	\$ 3,087.3
Net income				295.9		295.9	295.9
Unrealized (loss) / gain on available-for-sale securities, net of realized earnings and taxes				(3.6)	(3.6)		(3.6)
Foreign currency translation adjustment				(171.2)	(171.2)		(171.2)
Effective portion of gain on derivative instruments				(91.5)	(91.5)		(91.5)
SFAS No. 158 adjustment, net of tax				2.2	2.2		2.2
Comprehensive income				31.8			
Balance at June 30, 2008	978,610,498	\$ 21.4	\$ 545.9		\$ (41.0)	\$ 2,592.8	\$ 3,119.1

See accompanying notes to unaudited condensed consolidated financial statements

Tata Consultancy Services Limited

**Unaudited Condensed Consolidated Statements of Cash Flows
For the three-month periods ended June 30, 2007 and 2008**

	Three-month period ended June 30, 2007	Three -month period ended June 30, 2008
	(In millions of USD)	
Net cash provided by operating activities	\$ 261.1	\$ 252.0
Cash flows from investing activities:		
Purchase of subsidiary, net of cash acquired (including additional consideration)	(38.6)	-
Purchase of property and equipment	(62.8)	(93.3)
Purchase of available-for-sale investments	(1,716.7)	(1,961.7)
Proceeds from sale of available-for-sale investments	1,487.1	1,850.8
Proceeds from sale of property and equipment	0.5	0.5
Inter-corporate deposits (net)	-	(18.6)
Net cash used in investing activities	\$ (330.5)	\$ (222.3)
Cash flows from financing activities:		
Net change in short-term borrowings	(10.0)	(3.6)
Net change in long-term borrowings	-	1.4
Dividends paid to minority shareholders of a subsidiary	(1.7)	(2.2)
Net cash used in financing activities	\$ (11.7)	\$ (4.4)
Net change in cash	(81.1)	25.3
Effect of foreign exchange on cash flows	(4.6)	9.3
Cash and cash equivalents, beginning of the period	282.8	258.1
Cash and cash equivalents, end of the period	\$ 197.1	\$ 292.7
Supplementary cash flow information:		
Interest paid	\$ 1.8	\$ 1.5
Income taxes paid	\$ 34.4	\$ 55.3

See accompanying 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 (“TCS Limited” or the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States of America (or US GAAP) and reflect normal and recurring adjustments which are, in the opinion of 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, 2008.

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.

b. Use of Estimates

The preparation of financial statements in conformity with US GAAP requires 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, purchase price allocations on acquisition of business, retirement benefits and deferred 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.

The accompanying financial statements are reported in US dollars. The change in the reporting currency, effective April 1, 2008, has been necessitated so that the results of operations obviates the effect of exchange fluctuation with the functional currency, as the Company’s majority of operations are transacted in US dollars.

The functional currencies translation to dollars is performed for share capital using the exchange rate prevailing on the balance sheet date. Any subsequent movement in share capital has been converted at the respective transaction rates. For other balance sheet items translation is performed using the exchange rate prevailing on the balance sheet date and income statement items using the average exchange rates prevailing during the period. Any unrealized gains or losses arising on the translation of the financial statements of the subsidiaries have been reported in other comprehensive income, a separate component of shareholders’ equity.

d. Income taxes

The income tax expense for the interim periods within a fiscal year is allocated to those periods based on 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 ended June 30, 2008 includes a net benefit of \$ 7.6 million resulting from refunds received and a reduction in liability for taxes that are no longer payable in various jurisdictions.

Pursuant to changes in the Indian Income Tax Act, the company has calculated its tax liability after considering Minimum Alternate Tax (MAT). The payment made to satisfy the MAT liability can be used in the future to set-off future tax liabilities. Accordingly, \$ 24.4 million has been recognized as deferred tax asset in the Balance Sheet as of June 30, 2008.

In June 2006, the Financial Accounting Standards Board (“FASB”) issued Interpretation No. 48, “*Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement 109*” (“FIN 48”). This statement clarifies the criteria that an individual tax position must satisfy for some or all of the tax benefits of that

position to be recognized in a company's financial statements. FIN 48 prescribes a recognition threshold of more-likely-than-not, and a measurement attribute for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the financial statements. TCS Limited adopted FIN 48 on April 1, 2007 and accordingly, TCS Limited has recognized all its tax positions based on the recognition threshold and measurement attribute prescribed by FIN 48.

TCS Limited reports interest and penalty related to income taxes as a component of other income, net.

e. Newly issued accounting pronouncements

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements, ("SFAS No. 157"). SFAS No. 157 establishes a framework for measuring fair value and expands disclosures about fair value measurements. The changes to current practice resulting from the application of this Statement relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. The Statement is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. In February 2008, the FASB issued Staff Position No. SFAS 157-2 which defers the effective date of SFAS 157 for all non-financial assets and non-financial liabilities to fiscal years beginning after November 15, 2008 and interim periods within those fiscal years. The adoption of SFAS No. 157 is not expected to have a material impact on the financial position or results of operations of TCS Limited.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, an amendment of FASB Statement No. 115. This Statement permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS 159 is effective from the fiscal year starting after November 15, 2007. Upon initial adoption of SFAS No. 159, TCS Limited has not made any fair value elections.

In December 2007, the FASB issued SFAS No. 160, Non controlling Interests in Consolidated Financial Statements—an amendment of Accounting Research Bulletin No. 51 ("SFAS No. 160"). SFAS No. 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the non controlling interest, changes in a parent's ownership interest, and the valuation of retained non controlling equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the non controlling owners. This statement is effective for the fiscal year and interim periods within those fiscal years on or after December 15, 2008. The requirements of SFAS No. 160 and its impact on TCS Limited's financial statements are being evaluated.

In December 2007, the FASB issued SFAS No. 141(Revised 2007), Business Combinations (SFAS 141R) which replaces SFAS No. 141, Business Combinations. SFAS 141R requires that the assets acquired, the liabilities assumed and non-controlling interests be measured at the fair value at the acquisition date. The Statement also requires the entity to recognize contingent consideration at the fair value at the acquisition date. This statement is effective for the fiscal year on or after December 15, 2008. The requirements of SFAS No. 141R and its impact on TCS Limited's financial statements are being evaluated.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities – an amendment to FASB Statement No. 133. SFAS 161 requires additional disclosures on derivative and hedging activities by describing the need and objectives to be disclosed in terms of risks and the effects of such instruments on the financial statements. This statement is effective for the fiscal year on or after November 15, 2008. The requirements of SFAS No. 161 and its impact on TCS Limited's financial statements are being evaluated.

2. Inventories

Inventories consist of the following:

	As of March 31, 2008	As of June 30, 2008
	(In millions of USD)	
Stores and spares	\$ 0.7	\$ 0.7
Raw materials	3.1	3.3
Goods in transit	0.7	0.3
Computer equipment held for resale	6.0	4.2
Work-in-progress	0.1	0.2
Total	\$ 10.6	\$ 8.7

3. Prepaid expenses and other current assets

Prepaid expenses and other current assets consist of the following:

	As of March 31, 2008	As of June 30, 2008
	(In millions of USD)	
Prepaid expenses	\$ 113.4	\$ 128.2
Advance to suppliers	13.8	16.9
Employee loans and advances (net of allowances of \$ 3.3 million and \$ 3.9 million, respectively)	41.8	28.1
Deposits	24.2	43.2
Income taxes paid in advance	71.3	81.0
Deferred income taxes	30.7	26.1
Foreign currency derivative assets	15.5	12.7
Other current assets (net of allowances of \$ 1.6 million and \$ 1.6 million, respectively)	62.4	33.7
Total	\$ 373.1	\$ 369.9

4. Investments

Investments consist of the following:

	As of March 31, 2008	As of June 30, 2008
	(In millions of USD)	
Investments available-for-sale, at fair value	\$ 656.0	\$ 726.5
Investments held to maturity, at amortized cost	3.0	2.8
Investments at cost, net	1.1	0.8
Total	\$ 660.1	\$ 730.1

Information on unrealized gains and losses on available-for-sale investments at March 31, 2008 and June 30, 2008 is as follows:

Available-for-sale securities:	Amortized Cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(In millions of USD)			
As of March 31, 2008:				
Investments in mutual funds	\$ 635.3	\$ 11.4	\$ (0.3)	\$ 646.4
Investments in debt securities	9.6	-	-	9.6
Total available-for-sale-securities	\$ 644.9	\$ 11.4	\$ (0.3)	\$ 656.0

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Notes to Unaudited Condensed Consolidated Financial Statements

As of June 30, 2008:

Investments in mutual funds	\$ 719.0	\$ 5.6	\$ (0.4)	\$ 724.2
Investments in debt securities	2.3	-	-	2.3
Total available-for-sale-securities	\$ 721.3	\$ 5.6	\$ (0.4)	\$ 726.5

5. Property and equipment

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

	As of March 31, 2008	As of June 30, 2008
	(In millions of USD)	
Land and buildings	\$ 389.0	\$ 386.7
Computer equipment	236.5	249.3
Automobiles	14.9	13.6
Plant and machinery	34.2	30.8
Furniture, fixtures and office equipment	239.5	235.2
Property and equipment, at cost	914.1	915.6
Less: Accumulated depreciation	(366.5)	(364.9)
	547.6	550.7
Capital work-in-progress	205.7	223.9
Property and equipment, net	\$ 753.3	\$ 774.6

Depreciation expense was \$ 26.9 million and \$ 23.1 million for the three-month periods ended June 30, 2007 and 2008, respectively.

6. Intangible assets

Intangible assets	Gross cost	Additions / (Deductions)	Foreign currency exchange gain/(loss)	Accumulated amortization	Net carrying value
	(In millions of USD)				
As of March 31, 2008:					
Customer-related intangibles	\$ 19.9	\$ 2.5	\$ 3.9	\$ 9.8	\$ 16.5
Technology-related intangibles	22.4	-	4.6	5.9	21.1
Acquired contract rights	44.4	2.2	7.7	10.6	43.7
Software Licenses	12.0	-	0.6	6.2	6.4
Others	4.4	-	0.5	2.0	2.9
Total	\$ 103.1	\$ 4.7	\$ 17.3	\$ 34.5	\$ 90.6
As of June 30, 2008:					
Customer-related intangibles	\$ 25.7	-	\$ 0.9	\$ 11.2	\$ 15.4
Technology-related intangibles	25.7	-	2.4	6.8	21.3
Acquired contract rights	53.5	-	1.3	12.0	42.8
Software Licenses	13.8	-	(1.0)	7.2	5.6
Others	0.5	-	4.3	2.4	2.4
Total	\$ 119.2	-	\$ 7.9	\$ 39.6	\$ 87.5

Amortization expense was \$ 4.2 million and \$ 5.1 million for the three-month periods ended June 30, 2007 and 2008 respectively.

7. Other non-current assets

Other non-current assets consist of the following:

	As of March 31, 2008	As of June 30, 2008
	(In millions of USD)	
Non-current portion of employee loans	\$ 8.8	\$ 8.2
Prepaid rent	37.9	36.7
Rent deposits	52.1	53.4
Deferred income taxes	95.7	116.9
Restricted cash	0.9	0.8
Long term bank deposits	33.4	31.1
Others	30.5	58.3
Total	\$ 259.3	\$ 305.4

8. Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consist of the following:

	As of March 31, 2008	As of June 30, 2008
	(In millions of USD)	
Accounts payable, including retentions	\$ 184.4	\$ 246.3
Accrued expenses	252.5	80.6
Accrued payroll	120.4	130.1
Income taxes payable	81.9	103.0
Indirect taxes payable	86.5	81.7
Deferred income taxes	44.3	48.5
Foreign currency derivative liabilities	47.9	125.1
Other current liabilities	28.5	198.4
Total	\$ 846.4	\$ 1,013.7

9. Unearned and deferred revenues

Unearned and deferred revenues consist of the following:

	As of March 31, 2008	As of June 30, 2008
	(In millions of USD)	
Advance billings and customer advances	\$ 160.3	\$ 171.7
Deferred maintenance revenues	16.7	29.6
Total	\$ 177.0	\$ 201.3

10. Short-term debt

Short-term debt consists of the following:

	As of March 31, 2008	As of June 30, 2008
	(In millions of USD)	
Foreign currency bank loans	\$ 0.0	\$ 3.8
Cash credits and overdrafts	7.6	-
Current portion of long-term debt	0.3	1.4
Other short-term debt	1.4	0.3
Total	\$ 9.3	\$ 5.5

Tata Consultancy Services Limited
Notes to Unaudited Condensed Consolidated Financial Statements

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

11. Long-term debt

Long-term debt consists of the following:

	<u>As of March 31, 2008</u>	<u>As of June 30, 2008</u>
	(In millions of USD)	
Foreign currency debt	\$ 75.1	\$ 76.7
Put-call option liability	40.8	42.1
Others	27.2	(23.1)
Less: Current portion	(0.3)	49.7
Total	\$ 142.8	\$ 145.4

12. Mandatorily redeemable preference shares with Tata Sons Limited

During the year ended March 31, 2008, Tata Consultancy Services Limited arranged an unsecured long-term debt of \$ 24.9 (Rs.1,000.0) million by issuance and allotment of 1,000,000,000 Redeemable Preference Shares of face value of 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.

13. Other non-current liabilities

Other non-current liabilities consist of the following:

	<u>As of March 31, 2008</u>	<u>As of June 30, 2008</u>
	(In millions of USD)	
Deferred income taxes	\$ 10.5	\$ 10.4
Others	8.3	10.6
Total	\$ 18.8	\$ 21.0

14. Other non-operating income, net

	<u>Three-month period ended June 30, 2007</u>	<u>Three-month period ended June 30, 2008</u>
	(In millions of USD)	
Foreign exchange gain / (loss), net	\$ 37.4	\$ (17.9)
Dividend income	5.2	9.4
Others, net	5.1	14.5
Total	\$ 47.7	\$ 6.0

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

TCS Limited, in accordance with its risk management policies and procedures, enters into foreign currency forward 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.

During the three-month period ended June 30, 2008, TCS Limited has re-evaluated its risk management program and hedging strategies in respect of forecasted transactions. Effective 2005 upon completion of the formal documentation and testing for effectiveness, TCS Limited has designated certain foreign currency options in respect of forecasted transactions, which meet the hedging criteria, as Cash Flow Hedges.

TCS Limited has following outstanding derivative instruments as on June 30, 2008:

The following are outstanding Foreign Exchange Forward contracts, which have been designated as Cash Flow Hedges:

Foreign Currency	No. of Contracts	As of March 31, 2008		No. of Contracts	As of June 30, 2008	
		Notional amount of Forward contract	Fair Value		Notional amount of Forward contract	Fair Value
In millions of USD				In millions of USD		
Euro	3	19.0	\$ (2.7)	2	15.00	\$ (3.2)
Sterling Pound	3	15.0	(0.9)	2	12.00	(2.5)
U.S.Dollar	14	290.0	(5.9)	10	215.00	(23.8)

The following are outstanding Currency Option contracts, which have been designated as Cash Flow Hedges:

Foreign Currency	No. of Contracts	As of March 31, 2008		No. of Contracts	As of June 30, 2008	
		Notional amount of Forward contract	Fair Value		Notional amount of Forward contract	Fair Value
In millions of USD				In millions of USD		
Euro	12	99.3	\$ (9.0)	5	43.75	\$ (11.0)
Sterling Pound	7	55.7	(0.5)	4	20.15	1.0
U.S.Dollar	67	3,871.5	(20.6)	52	2,489.49	(76.3)

Net loss on derivative instruments of \$ 53.2 million recognized in accumulated other comprehensive income as of June 30, 2008, is expected to be reclassified into earnings by June 30, 2009.

The movement in accumulated other comprehensive income during period ended June 2008, for derivatives designated as Cash Flow Hedges is as follows:

	Period ended March 31, 2008	Period ended June 30, 2008
(In millions of USD)		
Balance at the beginning of the year	\$ 18.4	\$ (3.8)
Gains / (losses) transferred to income statement on occurrence of forecasted hedge transaction	(16.2)	2.5
Changes in the fair value of effective portion of outstanding cash flow derivatives.	(43.6)	(85.1)
Net derivative gain / (losses) related to a discontinued cash flow hedge	37.6	(8.9)
Balance at the end of the year	\$ (3.8)	\$ (95.3)

Tata Consultancy Services Limited
Notes to Unaudited Condensed Consolidated Financial Statements

In addition to the above cash flow hedges, the Company has outstanding foreign exchange forward contracts and currency option contracts aggregating \$ 540.5 million and \$ 593.3 million, whose fair value showed a loss of \$ 1.1 million and loss of \$ 1.2 million as on March 31, 2008 and June 30, 2008 respectively, to hedge the future cash flows. 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 gain of \$ 46.4 million and an exchange loss of \$ 67.4 million on foreign currency forward exchange contracts have been recognized during the period ended June 30, 2007 and 2008 respectively.

16. Commitments and contingencies

Commitments and contingent liabilities are as follows:

Capital commitments

As of June 30 2008, \$ 109.3 million was contractually committed for purchase of property, plant and equipment.

Contingencies

Particulars	Period ended March 31, 2008	Period ended June 30, 2008
(In millions of USD)		
Claims against the Company not acknowledged as debts (See note (i) below)	\$ 37.1	\$ 30.8
Guarantees given by the Group (See note (ii) below)	521.5	528.4
Unexpired Letters of Credit	7.3	11.0
Other Contingencies	0.7	5.0

Notes:

- i) Claims against the Company not acknowledged as debt includes:

\$ 22.1 million (March 31, 2008: \$ 23.3 million) in respect of claims made by lessors for properties leased under tenancy agreements. These claims are being contested in the courts by the Company. The management does not expect these claims to succeed. An amount of \$ 2.8 million (March 31, 2008: \$ 2.9 million) has been accrued under other liabilities.
- ii) The Company has provided guarantees aggregating to \$ 502.9 million (GBP 252.50 million) ((March 31, 2008: \$ 500.4 million (GBP 252.50 million)) to third parties on behalf of its subsidiary Diligenta Limited.
- iii) The Company 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.

17. Subsequent event

On July 16, 2008, the Board of Directors has declared an interim dividend of \$ 0.07 (Rs.3) per equity share.