

**EXTRACTS FROM AUDITED CONSOLIDATED
FINANCIAL STATEMENTS UNDER INDIAN GAAP AS
ON 31st MARCH 2009**

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	As at March 31, 2009 Rupees in crores	As at March 31, 2008 Rupees in crores
SOURCES OF FUNDS:			
1	SHAREHOLDERS' FUNDS		
(a)	Share Capital	197.86	197.86
(b)	Reserves and Surplus	15502.15	12102.26
		15700.01	12300.12
2	MINORITY INTEREST	277.16	212.73
3	LOAN FUNDS		
(a)	Secured Loans	37.89	18.07
(b)	Unsecured Loans	525.32	436.95
		563.21	455.02
4	DEFERRED TAX LIABILITIES (NET)	196.05	140.59
5	TOTAL FUNDS EMPLOYED	16736.43	13108.46
APPLICATION OF FUNDS:			
6	FIXED ASSETS		
(a)	Gross Block	5843.86	4291.80
(b)	Less :- Accumulated Depreciation	2359.72	1622.20
(c)	Net Block	3484.14	2669.60
(d)	Capital Work-in-Progress	705.49	906.87
		4189.63	3576.47
7	GOODWILL (ON CONSOLIDATION)	3261.40	1264.95
8	INVESTMENTS	1614.41	2606.16
9	DEFERRED TAX ASSETS (NET)	127.54	107.56
10	CURRENT ASSETS, LOANS AND ADVANCES		
(a)	Interest Accrued on Investments	0.81	1.07
(b)	Inventories	36.60	42.43
(c)	Unbilled Revenues	1481.38	1352.50
(d)	Sundry Debtors	6022.88	5378.07
(e)	Cash and Bank Balances	2698.14	1223.40
(f)	Loans and Advances	3283.79	2033.03
		13523.60	10030.50
11	CURRENT LIABILITIES AND PROVISIONS		
(a)	Current Liabilities	4253.58	3190.57
(b)	Provisions	1726.57	1286.61
		5980.15	4477.18
12	NET CURRENT ASSETS [(10) less (11)]	7543.45	5553.32
13	TOTAL ASSETS (NET)	16736.43	13108.46
14	NOTES TO ACCOUNTS	Q	
As per our report attached		For and on behalf of the Board	
For Deloitte Haskins & Sells Chartered Accountants			
N. Venkatram Partner		Ratan N. Tata Chairman	
S. Ramadorai CEO and Managing Director		S. Mahalingam Chief Financial Officer and Executive Director	N Chandrasekaran Chief Operating Officer and Executive Director
Phiroz Vandrevalla Head Global Corporate Affairs and Executive Director		Aman Mehta Director	Naresh Chandra Director
Suprakash Mukhopadhyay Company Secretary		Laura M. Cha Director	Dr. Ron Sommer Director

Mumbai, April 20, 2009

STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
	Rupees in crores	Rupees in crores
1. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxes	6150.07	5845.95
Adjustments for:		
Depreciation	564.08	563.71
Provision for doubtful debts and advances	73.79	30.70
Provision for diminution in value of investment	4.54	-
Interest expense	28.66	30.01
(Gain) / Loss on sale of fixed assets (net)	(7.31)	1.45
Dividend income	(125.89)	(107.98)
Profit on sale of Subsidiary and associate (net)	-	(3.54)
Profit on sale of mutual fund and other current investments (net)	(50.41)	(15.70)
Interest income	(102.32)	(56.99)
Exchange difference on translation of foreign currency cash and cash equivalents	(53.38)	14.16
Unrealised exchange (gain) / loss	(12.17)	11.23
Operating profit before working capital changes	6469.66	6313.00
Inventories	5.83	(0.83)
Unbilled revenues	(64.73)	(569.00)
Sundry debtors	(513.61)	(1103.12)
Loans and advances	(222.49)	(137.78)
Current liabilities and provisions	402.17	557.70
Translation differences on working capital	525.33	(74.95)
Cash generated from operations	6602.16	4985.02
Taxes paid	(1211.92)	(1090.14)
Net cash provided by operating activities	5390.24	3894.88
2. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1108.81)	(1270.98)
Grant received	12.20	-
Proceeds from sale of fixed assets	49.50	9.03
Purchase of other investments (net of mutual funds dividend reinvested)	(29466.39)	(28481.79)
Inter-corporate deposits placed	(170.00)	(42.00)
Proceeds from sale of Investments in Associate	-	3.83
Proceeds from sale of other investments	30616.73	27234.61
Advance against investment in mutual funds	-	(0.60)
Acquisition of subsidiaries net of cash of Rs.91.46 crore (March 31, 2008 Rs. 0.02 crore) (including additional consideration)	(2445.29)	(156.84)
Sale of subsidiaries, net of cash of Rs.0.09 crore	2.15	1.94
Inter-corporate deposits refunded	90.00	22.00
Dividends received	17.07	20.40
Interest received	84.46	41.71
Fixed deposit with banks (net) having maturity over three months	(1114.53)	99.38
Net cash used in investing activities	(3432.91)	(2519.31)
3. CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of preference shares (net of issue expenses)	-	98.58
Borrowings (net)	(12.51)	(21.25)
Dividend paid, including dividend tax	(1606.07)	(1490.29)
Dividend paid to minority shareholders of a subsidiary	(8.11)	(5.90)
Proceeds from issue of shares to minority	3.93	3.28
Interest paid	(32.75)	(26.12)
Net cash used in financing activities	(1655.51)	(1441.70)
Net increase/ (decrease) in cash and cash equivalents	301.82	(66.13)
Cash and cash equivalents at beginning of the year	1067.47	1147.76
Exchange difference on translation of foreign currency cash and cash equivalents	53.38	(14.16)
Cash and cash equivalents at end of the year	1422.67	1067.47
Deposits with original maturity over three months	1270.06	152.28
Restricted Cash	5.41	3.65
Cash and Bank balance at the end of the year as per Schedule J	2698.14	1223.40

Note:

Effective date October 1, 2007, the Company sold its interest in Pentacrom S.A. and Pentacrom Servicios S.A. for a total consideration of Rs. 5.98 crores (USD 1.50 million), receivable in three installments of one-third of the price each.

As per our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

Ratan N. Tata
Chairman

N. Venkatram
Partner

S. Ramadorai
CEO and Managing Director

S. Mahalingam
Chief Financial Officer
and Executive Director

N. Chandrasekaran
Chief Operating Officer
and Executive Director

Phiroz Vandrevalla
Head Global Corporate Affairs
and Executive Director

Aman Mehta
Director

Naresh Chandra
Director

Suprakash Mukhopadhyay
Company Secretary

Laura M. Cha
Director

Dr. Ron Sommer
Director

Mumbai, April 20, 2009

Mumbai, April 20, 2009

TATA CONSULTANCY SERVICES LIMITED
Schedules forming part of Consolidated Balance Sheet

	As at March 31, 2009 Rupees in crores	As at March 31, 2008 Rupees in crores
SCHEDULE 'A'		
SHARE CAPITAL		
(a) Authorised		
(i) 120,00,00,000 equity shares of Re.1 each (March 31, 2008 : 120,00,00,000 equity shares of Re.1 each)	120.00	120.00
(ii) 100,00,00,000 redeemable preference shares of Re.1 each (March 31, 2008 : 100,00,00,000 redeemable preference shares of Re.1 each)	100.00	100.00
	220.00	220.00
(b) Issued, Subscribed and Paid up		
(i) 97,86,10,498 equity shares of Re.1 each (March 31, 2008 : 97,86,10,498 equity shares of Re.1 each)	97.86	97.86
(ii) 100,00,00,000 redeemable preference shares of Re.1 each (March 31, 2008 : 100,00,00,000 redeemable preference shares of Re.1 each)	100.00	100.00
	197.86	197.86
Note:		
1	Equity Shares of Rs.10 each have been sub-divided into ten equity shares of Re. 1 each pursuant to the resolution passed by the shareholders at the Annual General Meeting on May 5, 2004.	
2	The Company allotted 9,11,00,009 equity shares as fully paid up bonus shares by capitalisation of profits transferred from General Reserve, pursuant to a shareholders' resolution passed at the Annual General Meeting on May 5, 2004.	
3	The Authorised Share Capital was increased to 120,00,00,000 equity shares of Re.1 each pursuant to a shareholders' resolution passed at the Annual General Meeting on June 29, 2006.	
4	The Company allotted 48,93,05,249 equity shares as fully paid up bonus shares on July 31, 2006 by utilisation of Securities Premium Account.	
5	91,90,440 equity shares of Re. 1 each, had been allotted in 2005-06 as fully paid up to the Shareholders of erstwhile Tata Infotech Limited pursuant to the Scheme of Amalgamation.	
6	The Authorized Share Capital was increased to Rs. 220 crores by creation of 100,00,00,000 redeemable preference shares of face value of Re.1 each pursuant to a shareholders' resolution passed by postal ballot on March 17, 2008.	
7	Effective March 28, 2008, the Issued, Subscribed and Paid up capital increased to Rs.197.86 crores by allotment of 100,00,00,000 redeemable preference shares of face value of Re.1 each. These shares would be redeemable at par at the end of six years from the date of allotment but may be redeemed at any time after 3 years from the date of allotment at the option of shareholder. These shares would carry a fixed cumulative dividend of 1% per annum and a variable non-cumulative dividend of 1% of the difference between the rate of dividend declared during the year on the equity shares of the company and the average rate of dividend declared on the equity shares of the company for three years preceeding the year of issue of the redeemable preference shares.	
8	72,17,02,199 equity shares (March 31, 2008 : 73,41,04,023 equity shares) and 100,00,00,000 redeemable preference shares (March 31, 2008 : 100,00,00,000 redeemable preference shares) are held by Tata Sons Limited, the holding company.	

TATA CONSULTANCY SERVICES LIMITED
Schedules forming part of Consolidated Balance Sheet

	As at March 31, 2009 Rupees in crores	As at March 31, 2008 Rupees in crores
SCHEDULE 'B'		
RESERVES AND SURPLUS		
(a) Capital Reserve (on consolidation)	5.02	5.02
(b) Capital Redemption Reserve	0.40	0.40
(c) Securities Premium Account		
(i) Opening balance	2016.33	2017.75
(ii) Share issue expenses	-	(1.42)
	2016.33	2016.33
(d) General Reserve		
(i) Opening balance	1406.81	921.05
(ii) Adjustment for change in accounting policy	-	31.25
(iii) Transferred from Profit and Loss Account	496.56	454.51
	1903.37	1406.81
(e) Balance in Profit and Loss Account	11835.03	8688.21
(f) Foreign currency translation reserve		
(i) Opening balance	0.64	13.19
(ii) Additions during the year (net)	471.30	(12.55)
	471.94	0.64
(g) Hedging reserve account (Refer note 20)		
(i) Opening balance	(15.15)	73.71
(ii) Additions during the year (net)	(714.79)	(88.86)
	(729.94)	(15.15)
	15502.15	12102.26

TATA CONSULTANCY SERVICES LIMITED
Schedules forming part of Consolidated Balance Sheet

	As at March 31, 2009 Rupees in crores	As at March 31, 2008 Rupees in crores
SCHEDULE 'C'		
SECURED LOANS		
<u>From Banks</u>		
Overdrafts	1.45	9.27
<u>From Others</u>		
Obligations under finance lease	36.44	8.80
	<u>37.89</u>	<u>18.07</u>

Notes:

- 1 Bank overdrafts are secured against domestic book debts, hypothecation of inventories and other current assets.
- 2 Obligations under finance lease are secured against fixed assets obtained under finance lease arrangements.

	As at March 31, 2009 Rupees in crores	As at March 31, 2008 Rupees in crores
SCHEDULE 'D'		
UNSECURED LOANS		
From Banks	512.37	422.29
From Others	12.95	14.66
	<u>525.32</u>	<u>436.95</u>

Note:

Loans repayable within one year Rs. 513.63 crores
(March 31, 2008: Rs. 22.44 crore)

TATA CONSULTANCY SERVICES LIMITED
Schedules forming part of Consolidated Balance Sheet

	As at March 31, 2009 Rupees in crores	As at March 31, 2008 Rupees in crores
SCHEDULE 'E'		
DEFERRED TAX BALANCES		
a) Deferred Tax Liabilities (Net)		
(i) Foreign branch profit tax	108.86	104.70
(ii) Depreciation	61.77	10.16
(iii) Others	25.42	25.73
	<u>196.05</u>	<u>140.59</u>
b) Deferred Tax Assets (Net)		
(i) Foreign branch profit tax	0.53	3.08
(ii) Depreciation	(6.56)	10.15
(iii) Employee benefits	56.04	47.66
(iv) Provision for doubtful debts	32.07	17.73
(v) Others	45.46	28.94
	<u>127.54</u>	<u>107.56</u>

TATA CONSULTANCY SERVICES LIMITED
Schedules forming part of Consolidated Balance Sheet

SCHEDULE 'F'

FIXED ASSETS

Rupees in crores												
	Gross Block as at April 1, 2008	Additions	Deletions/ Adjustments	Translation Exchange Difference	Gross Block as at March 31, 2009	Accumulated Depreciation as at April 1, 2008	Depreciation for the year	Deletions/ Adjustments	Translation Exchange Difference	Accumulated Depreciation as at March 31, 2009	Net book value as at March 31, 2009	Net book value as at March 31, 2008
Description												
(a) TANGIBLE FIXED ASSETS												
FREEHOLD LANDS	274.45	41.56	15.41	-	331.42	-	-	-	-	-	331.42	274.45
LEASEHOLD LANDS	81.94	2.69	(18.82)	3.87	69.68	(6.96)	(1.44)	-	-	(8.40)	61.28	74.98
FREEHOLD BUILDINGS	893.83	400.47	9.23	(0.02)	1,303.51	(120.84)	(49.70)	7.94	-	(162.60)	1140.91	772.99
LEASEHOLD BUILDINGS	94.84	3.51	(79.32)	17.45	36.48	(13.61)	(5.93)	6.82	(1.74)	(14.46)	22.02	81.23
LEASEHOLD IMPROVEMENTS	217.94	192.24	16.29	0.52	426.99	(99.55)	(66.85)	(20.68)	(0.23)	(187.31)	239.68	118.39
PLANT AND MACHINERY	11.74	0.17	(0.17)	-	11.74	(9.10)	(1.71)	0.12	-	(10.69)	1.05	2.64
COMPUTER EQUIPMENT	1174.72	543.54	(26.69)	9.61	1701.18	(804.81)	(185.03)	(92.78)	(0.91)	(1083.53)	617.65	369.91
MOTOR CARS	38.18	11.86	(16.17)	0.14	34.01	(21.81)	(4.83)	8.96	(0.09)	(17.77)	16.24	16.37
OFFICE EQUIPMENT	370.06	189.18	(3.14)	3.58	559.68	(112.82)	(51.34)	(44.18)	(1.94)	(210.28)	349.40	257.24
ELECTRICAL INSTALLATIONS	350.18	130.25	(2.17)	0.24	478.50	(157.74)	(41.56)	(13.29)	0.06	(212.53)	265.97	192.44
FURNITURE AND FIXTURES	245.19	122.96	(11.74)	8.22	364.63	(153.71)	(89.52)	(15.91)	(2.74)	(261.88)	102.75	91.48
(b) INTANGIBLE ASSETS												
GOODWILL ON ACQUISITION	260.81	-	11.46	(22.48)	249.79	(43.90)	(31.52)	-	4.55	(70.87)	178.92	216.91
ACQUIRED CONTRACT RIGHTS	200.96	-	-	(17.32)	183.64	(33.86)	(16.54)	-	4.15	(46.25)	137.39	167.10
INTELLECTUAL PROPERTY / DISTRIBUTION RIGHTS	12.71	-	-	-	12.71	(12.71)	-	-	-	(12.71)	-	-
SOFTWARE LICENCES	64.25	21.20	-	(5.55)	79.90	(30.78)	(18.11)	(15.41)	3.86	(60.44)	19.46	33.47
Total	4291.80	1659.63	(105.83)	(1.74)	5843.86	(1622.20)	(564.08)	(178.41)	4.97	(2359.72)	3484.14	2669.60
Previous year	3197.71	1157.15	(37.86)	(25.20)	4291.80	(1079.16)	(563.71)	26.79	(6.12)	(1622.20)	2669.60	2118.55
Capital Work-in-Progress (including Capital Advance Rs. 181.57 crores (March 31, 2008: Rs.243.81 crores))											705.49	906.87
Grand Total											4189.63	3576.47

Notes:

- Freehold buildings include Rs. 2.67 crores (March 31, 2008 : Rs. 2.67 crores) being value of investment in shares of Co-operative Housing Societies and Limited Companies.
- Net book value of computer equipment of Rs. 3.61 crores (March 31, 2008 Rs. 5.20 crores), furnitures and fixtures of Rs. 3.83 crores (March 31, 2008 Rs. 4.44 crores) and leasehold improvements of Rs. 29.53 crores (March 31,2008 Rs. Nil) is under finance lease.
- Legal formalities relating to registration of certain assets(Net book value Rs 0.26 crores) are pending completion.
- Deletions/Adjustments to fixed assets include Rs. 12.20 crores of government grant received by an overseas subsidiary. Consequently depreciation for year ended March 2009 is lower by Rs. 0.20 crores.
- Additions include Rs 325.97 crores being value of fixed assets of TCS e-Serve Limited (formerly known as Citigroup Global Services Ltd.)
- Accumulated Depreciation for the year include depreciation of Rs. 241.33 crores on acquisition of TCS e-Serve Limited (formerly known as Citigroup Global Services Ltd.) during the period.

TATA CONSULTANCY SERVICES LIMITED
Schedules forming part of Consolidated Balance Sheet

SCHEDULE 'G'	As at March 31, 2009 Rupees in crores	As at March 31, 2008 Rupees in crores
LONG-TERM INVESTMENTS (at cost)		
(i) <u>Fully Paid Equity Shares (Unquoted)</u>		
(a) <u>Associates</u>		
Exegenix Research Inc.(49.9% voting interest)	0.56	0.93
National Power Exchange Limited	2.50	-
(b) <u>Other</u>		
Philippine Dealing System Holdings Corporation	4.57	3.61
Firstech Solutions Co. Ltd.	1.05	1.07
(ii) <u>Fully Paid Preference Shares (Unquoted)</u>		
Exegenix Research Inc. (Associate)	0.81	0.78
Rallis India Limited	3.50	3.50
Tata AutoComp Systems Limited	5.00	5.00
CURRENT INVESTMENTS		
(a) Investment in Bonds (Quoted)	11.99	43.14
(b) Investment in Debentures (Unquoted)	-	0.10
(c) Investment in Mutual Funds (Unquoted)	1584.43	2548.03
	<u>1614.41</u>	<u>2606.16</u>
Notes:		
Market value of quoted investments	11.99	42.66
Book value of quoted investments	11.99	43.14
Book value of unquoted investments (net of provisions)	1602.42	2563.02

TATA CONSULTANCY SERVICES LIMITED
Schedules forming part of Consolidated Balance Sheet

	As at March 31, 2009 Rupees in crores	As at March 31, 2008 Rupees in crores
SCHEDULE 'H'		
INVENTORIES		
(a) Stores and spares	4.28	6.26
(b) Raw Materials, sub-assemblies and components	15.22	14.22
(c) Goods-in-transit	3.79	2.66
(d) Finished goods and Work-in-progress	13.31	19.29
	<u>36.60</u>	<u>42.43</u>

	As at March 31, 2009 Rupees in crores	As at March 31, 2008 Rupees in crores
SCHEDULE 'I'		
SUNDRY DEBTORS (Unsecured)		
(a) Over six months		
(i) Considered good	659.44	617.29
(ii) Considered doubtful	148.42	101.80
(b) Others		
(i) Considered good	5362.21	4759.41
(ii) Considered doubtful	20.80	4.46
	<u>6190.87</u>	<u>5482.96</u>
Less: Provision for doubtful debts	<u>(169.22)</u>	<u>(106.26)</u>
	6021.65	5376.70
(c) Future finance lease receivables	2.39	3.23
Less: Unearned finance income	<u>(1.16)</u>	<u>(1.86)</u>
	1.23	1.37
	<u>6022.88</u>	<u>5378.07</u>

	As at March 31, 2009 Rupees in crores	As at March 31, 2008 Rupees in crores
SCHEDULE 'J'		
CASH AND BANK BALANCES		
(a) Cash on hand	3.15	8.00
(b) Cheques on hand	25.41	48.31
(c) Remittances in transit	5.10	1.19
(d) Bank Balances		
(i) with Scheduled Banks		
(1) In current accounts	83.51	33.24
(2) In cash credit accounts	27.07	12.12
(3) In deposit accounts	1351.83	137.03
(ii) with Foreign Banks		
(1) In current accounts	777.73	623.93
(2) In deposit accounts	424.34	359.58
	<u>2698.14</u>	<u>1223.40</u>

TATA CONSULTANCY SERVICES LIMITED
Schedules forming part of Consolidated Balance Sheet

	As at March 31, 2009 Rupees in crores	As at March 31, 2008 Rupees in crores
SCHEDULE 'K'		
LOANS AND ADVANCES (Unsecured)		
(a) Considered good		
(i) Loans and advances to employees	150.11	235.87
(ii) Advances recoverable in cash or kind or for value to be received	1662.94	1176.42
(iii) Advance tax (including refunds receivable) (net)	695.42	269.16
(iv) MAT credit entitlement	775.32	351.58
	<u>3,283.79</u>	<u>2033.03</u>
 (b) Considered doubtful		
(i) Loans and advances to employees	19.31	13.16
(ii) Advances recoverable in cash or kind or for value to be received	9.86	5.30
	<u>29.17</u>	<u>18.46</u>
 Less: Provision for doubtful loans and advances	(29.17)	(18.46)
	<u>3283.79</u>	<u>2033.03</u>

Notes :

1 Advances recoverable in cash or kind or for value to be received include fair values of foreign exchange forward and currency option contracts.	17.47	59.01
2 Advances recoverable in cash or kind or for value to be received include balances with Customs and Excise Authorities.	0.33	0.33
3 Advances recoverable in cash or kind or for value to be received include Intercompany deposits.	100.00	20.00

	As at March 31, 2009 Rupees in crores	As at March 31, 2008 Rupees in crores
SCHEDULE 'L'		
CURRENT LIABILITIES		
(a) Sundry Creditors		
(i) Dues of micro and small enterprises (Refer note no 19)	0.84	3.79
(ii) Dues of other creditors	2113.53	1884.15
(b) Advances from customers	184.62	74.64
(c) Advance billings and deferred revenues	714.48	656.03
(d) Equity share application monies refundable	0.05	0.05
(e) Investor Education and Protection Fund - Unpaid dividends (not due)	5.35	3.68
(f) Other liabilities	1234.12	563.75
(g) Interest accrued but not due	0.59	4.48
	<u>4253.58</u>	<u>3190.57</u>

Note:

Other liabilities include fair values of foreign exchange forward and currency option contracts.	691.27	191.08
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TATA CONSULTANCY SERVICES LIMITED
Schedules forming part of Consolidated Balance Sheet

	As at March 31, 2009 Rupees in crores	As at March 31, 2008 Rupees in crores
SCHEDULE 'M'		
PROVISIONS		
(a) Current income taxes (net)	591.80	311.28
(b) Fringe benefit tax	8.03	8.44
(c) Contingencies	1.02	3.85
(d) Employee benefits	540.95	387.51
(e) Proposed dividend	489.31	489.31
(f) Proposed dividend on redeemable preference shares	7.00	-
(g) Tax on dividend	88.21	85.99
(h) Provision for warranties	0.25	0.23
	<u>1726.57</u>	<u>1286.61</u>

TATA CONSULTANCY SERVICES LIMITED
Schedules forming part of Consolidated Profit and Loss Account

	2009 Rupees in crores	2008 Rupees in crores
SCHEDULE 'N'		
OTHER INCOME (NET)		
(a) Interest (Tax deducted at source Rs. 10.47 crores, <i>Previous year : Rs. 0.56 crores</i>)	102.32	56.99
(b) Dividend Income	125.89	107.98
(c) Profit / (loss) on sale of fixed assets (net)	7.31	(1.45)
(d) Profit on sale of mutual funds and other current investments (net)	50.41	15.70
(e) Rent	5.97	1.71
(f) Profit on sale of Subsidiary	-	3.54
(g) Exchange (loss) / gain (net)	(781.36)	500.49
(h) Miscellaneous income	62.47	43.33
	<u>(426.99)</u>	<u>728.29</u>

Note:

- 1 Dividend Income includes :

Dividends from other long-term investments	0.61	0.79
Dividend from other investments	125.28	107.20
- 2 Exchange (loss) / gain (net) includes Rs. (582.38) crores (March 31, 2008 : Rs. 243.87 crores gain) on foreign exchange forward contracts and currency option contracts which have been designated as Cash Flow Hedges.

	2009 Rupees in crores	2008 Rupees in crores
SCHEDULE 'O'		
EMPLOYEE COSTS		
(a) Salaries and Incentives	8645.53	6826.82
(b) Contributions to -		
(i) Provident Fund	232.06	202.51
(ii) Superannuation Scheme	97.66	70.22
(c) Gratuity Fund Contributions	68.34	74.09
(d) Social security and other benefit plans (overseas employees)	263.94	185.34
(e) Staff welfare expenses	594.05	518.73
	<u>9901.58</u>	<u>7877.71</u>

TATA CONSULTANCY SERVICES LIMITED
Schedules forming part of Consolidated Profit and Loss Account

	2009 Rupees in crores	2008 Rupees in crores
SCHEDULE 'P'		
OPERATION AND OTHER EXPENSES		
(a) Overseas business expenses	5032.35	3971.75
(b) Services rendered by business associates and others	1108.71	850.49
(c) Software, hardware and material costs	1031.22	1068.26
(d) Cost of software licenses	423.51	466.23
(e) Communication expenses	390.33	308.42
(f) Travelling and conveyance expenses	408.64	419.45
(g) Rent	595.89	423.85
(h) Legal and professional fees	256.63	198.33
(i) Repairs and maintenance	176.53	145.53
(j) Electricity expenses	196.23	158.22
(k) Bad Debts and advances written off	34.47	16.59
(l) Provision for doubtful debts	63.09	21.96
(m) Provision for doubtful advances	10.70	8.74
(n) Recruitment and training expenses	120.99	173.03
(o) Commission and brokerage	30.52	35.71
(p) Printing and stationery	54.39	47.17
(q) Insurance	50.60	45.79
(r) Rates and taxes	79.23	60.65
(s) Entertainment	15.24	17.92
(t) Other expenses	662.23	592.34
	10741.50	9030.43
Notes :		
1 Overseas business expenses includes:		
Travel expenses	303.87	274.10
Employee allowances	4,572.28	3533.33
2 Repairs and maintenance includes:		
Buildings	84.40	62.64
Office and computer equipment	77.89	74.31

SCHEDULE 'Q' - NOTES TO ACCOUNTS

1) Significant Accounting Policies

a) Basis of Preparation

The consolidated financial statements of Tata Consultancy Services Limited, its subsidiaries and associates ("the Group") are prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1956.

Comparative figures 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.

b) Principles of consolidation

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

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

- i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealised profits or losses have been fully eliminated.
- ii) Interest in a jointly controlled entity is reported using proportionate consolidation.
- iii) The consolidated financial statements include the share of profit / loss of associate companies, which are accounted under the 'Equity method' as per which the share of profit of the associate company has been added to the cost of investment. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.
- iv) The excess of cost to the Company of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
- v) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

c) Use of estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provision for doubtful debts, employee benefit plans, provision for income taxes, accounting for contract costs expected to be incurred to complete software development and the useful lives of fixed assets.

d) Fixed Assets

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

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

e) Depreciation

Depreciation other than on freehold land and capital work-in-progress is charged so as to write-off the cost of the assets on the following basis:

Freehold Buildings	Written down value	2.5% - 5%
Leasehold Land and Buildings	Straight-Line	Lease period
Leasehold Improvements	Straight-Line	Lease period
Plant and Machinery	Straight-Line	33.33%
Computer Equipment	Straight-Line	16% - 50%
Motor Cars	Written down value	25% - 40%
	Straight-Line	33.33%
Office Equipment	Written down value	13.91%
	Straight-Line	10%
Electrical Installations	Written down value	13% - 15%
Furniture and Fixtures	Straight-Line	10% - 100%
Goodwill	Straight-Line	5 - 12 years
Acquired Contract Rights	Straight-Line	12 years
Intellectual Property / Distribution Rights	Straight-Line	24 - 36 months
Software Licenses	Straight-Line	License Period
	Straight-Line	20%

Fixed assets purchased for specific projects are depreciated over the period of the project.

f) Leases

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

Assets leased by the Company in the capacity of the 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 created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

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

g) Impairment

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

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

For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units expected to benefit from the synergies of the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication

that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of 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. An impairment loss recognised for goodwill is not reversed in the subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

h) Investments

Long-term investments are stated at cost, less provision for other than temporary diminution in value. Current investments comprising investments in mutual funds are stated at the lower of cost and fair value, determined on a portfolio basis.

i) Employee benefits

i) Post-employment benefit plans

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

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

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

ii) Short-term employee benefits

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

iii) Long-term employee benefits

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 recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

j) Revenue recognition

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

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

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

Revenue from sale of software licences are recognised upon delivery where there is no customization required. In case of customization the same is recognised over the life of the contract using the proportionate completion method.

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

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

Dividends are recorded when the right to receive payment is established. Interest income is recognised on time proportion basis.

k) Research and Development

Research and Development expenditure is recognised in the profit and loss account when incurred. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the depreciation rates set out in paragraph 1(e).

l) Taxation

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

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

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

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

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

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

m) Foreign currency transactions

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

Premium or discount on forward exchange contracts are amortized and recognised in the profit and loss account over the period of the contract. Forward exchange contracts and currency option contracts outstanding at the balance sheet date, other than designated cash flow hedges, are stated at fair values and any gains or losses are recognised in the profit and loss account.

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

n) Derivative instruments and hedge accounting

The Company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 "Financial Instruments: Recognition and Measurement" (AS – 30).

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

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders' funds and the ineffective portion is recognised immediately in profit and loss account.

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholder's funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to profit and loss account for the period.

o) Inventories

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

p) Government Grants

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

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

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

q) Provisions, Contingent Liabilities and Contingent Assets

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

2) a) Particulars of subsidiaries, associates and joint ventures

Name of the Company	Country of Incorporation	Percentage of voting power as at March 31, 2009	Percentage of voting power as at March 31, 2008
Subsidiaries (held directly)			
APOnline Limited	India	89.00	89.00
C-Edge Technologies Limited	India	51.00	51.00
CMC Limited	India	51.12	51.12
Diligenta Limited	UK	76.00	76.00
MP Online Limited	India	89.00	89.00
Tata Consultancy Services Canada Inc. (formerly Exegenix Canada Inc.)	Canada	100.00	100.00
Tata America International Corporation	USA	100.00	100.00
Tata Consultancy Services Asia Pacific Pte Limited	Singapore	100.00	100.00
Tata Consultancy Services Belgium S.A.	Belgium	100.00	100.00
Tata Consultancy Services Deutschland GmbH	Germany	100.00	100.00
Tata Consultancy Services Netherlands B.V.	Netherlands	100.00	100.00
Tata Consultancy Services Sverige AB	Sweden	100.00	100.00
Tata Infotech (Singapore) Pte Limited	Singapore	100.00	100.00
Tata Infotech Deutschland GmbH (merged with Tata Consultancy Services Deutschland GmbH)	Germany	-	100.00
TCS FNS Pty Limited	Australia	100.00	100.00
TCS Iberoamerica S.A.	Uruguay	100.00	100.00
WTI Advanced Technology Limited	India	100.00	100.00
Tata Consultancy Services Morocco SARL AU	Morocco	100.00	100.00
Tata Consultancy Services (Africa) (PTY) Ltd.	South Africa	60.00	60.00
TCS e-Serve Limited (w.e.f. 31.12.2008)	India	96.26	-
Subsidiaries (held indirectly)			
CMC Americas Inc.	USA	100.00	100.00
Financial Network Services Beijing Co. Ltd.	China	100.00	100.00
Tata Information Technology (Shanghai) Company Limited	China	100.00	100.00
Tata Consultancy Services (China) Co., Ltd.	China	70.87	72.22
TCS Solution Center S.A.	Uruguay	100.00	100.00
TCS Argentina S.A.	Argentina	99.00	99.00
Tata Consultancy Services Do Brasil Ltda.	Brazil	100.00	100.00
Tata Consultancy Services De Mexico S.A. De C.V.	Mexico	100.00	100.00
Tata Consultancy Services De Espana S.A.	Spain	100.00	100.00
TCS Italia SRL	Italy	100.00	100.00
Tata Consultancy Services Japan Limited	Japan	100.00	100.00
Tata Consultancy Services Malaysia Sdn Bhd	Malaysia	100.00	100.00

Name of the Company	Country of Incorporation	Percentage of voting power as at March 31, 2009	Percentage of voting power as at March 31, 2008
Financial Network Services Malaysia Sdn Bhd	Malaysia	100.00	100.00
Tata Consultancy Services Luxembourg S.A.	Capellen (G.D. de Luxembourg)	100.00	100.00
Tata Consultancy Services Portugal Unipessoal Limitada	Portugal	100.00	100.00
Tata Consultancy Services Chile S.A.	Chile	100.00	100.00
TCS Inversiones Chile Limitada	Chile	99.99	99.99
Tata Consultancy Services BPO Chile S.A.	Chile	100.00	100.00
Syscrom S.A.	Chile	100.00	100.00
Custodia De Documentos Intres Limitada	Chile	100.00	100.00
Tatasolution Center S.A.	Ecuador	100.00	100.00
TCS Financial Solutions Australia Holdings Pty Limited	Australia	100.00	100.00
TCS Financial Solutions Australia Pty Limited	Australia	100.00	100.00
TCS Management Pty Ltd.	Australia	100.00	100.00
Financial Network Services (Europe) Plc	UK	-	100.00
PT Financial Network Services	Indonesia	100.00	100.00
PT Tata Consultancy Services Indonesia	Indonesia	100.00	100.00
Financial Network Services (Africa) (Pty) Ltd.	South Africa	100.00	100.00
Financial Network Services (H.K.) Limited	Hong Kong	100.00	100.00
Tata Consultancy Services Switzerland Ltd.	Switzerland	100.00	100.00
Tata Consultancy Services France SAS.	France	100.00	100.00
Tata Consultancy Services (South Africa) (PTY) Ltd	South Africa	75.00	100.00
TCS Financial Management LLC	USA	100.00	100.00
Tata Consultancy Services (Thailand) Ltd. (w.e.f. 12.05.2008)	Thailand	100.00	-
Tata Consultancy Services (Philippines) Inc. (w.e.f. 31.12.2008)	Philippines	100.00	-
TCS e-Serve International Limited (w.e.f. 19.09.2008)	India	100.00	-
TCS e-Serve America, Inc. (w.e.f. 10.02.2009)	USA	100.00	-
Associates			
Exegenix Research Inc.	Canada	49.90	49.90
Firstech Solution Co. Ltd. (Upto 12.01.2009)	Thailand	15.38	20.00
National Power Exchange Limited (w.e.f. 11.12.2008)	India	50.00	-

- b) The contribution of the subsidiaries formed or acquired during the year is as under:

(Rs. in crores)			
Name of Subsidiary	Revenue (post acquisition)	Net Profit/(Loss) (post acquisition)	Net Assets
Tata Consultancy Services (Thailand) Ltd.	-	(0.28)	0.86
Tata Consultancy Services (Philippines) Inc.	-	0.08	0.99
TCS e-Serve Limited	324.47	117.48	621.15
TCS e-Serve International Limited	17.06	(25.46)	(17.18)
TCS e-Serve America, Inc.	-	-	-

3) Acquisitions / Divestment

- a) On May 12, 2008, the Company, through its wholly owned subsidiary, Tata Consultancy Services Asia Pacific Pte Limited, subscribed to 100 percent share capital of Tata Consultancy Services (Thailand) Ltd.
 - b) On September 19, 2008, the Company, through its wholly owned subsidiary, Tata Consultancy Services Asia Pacific Pte Limited, subscribed to 100 percent share capital of Tata Consultancy Services (Philippines) Inc.
 - c) On October 22, 2008, Tata Infotech Deutschland GmbH has merged with Tata Consultancy Services, Deutschland GmbH. The merged entity is a wholly owned subsidiary of Tata Consultancy Services Limited.
 - d) On December 2, 2008, Financial Network Services (Europe) Plc (subsidiary of TCS FNS Pty Limited) has been voluntarily liquidated.
 - e) On December 16, 2008 the Company subscribed to 50 percent share capital of National Power Exchange Limited, established to promote trading of electrical power in India.
 - f) On December 31, 2008 the Company acquired 96.26 percent equity interest in TCS e-Serve Limited (formerly known as Citigroup Global Services Limited (CGSL)), a business process outsourcing provider in the Banking and Financial Services sector, for a total consideration of Rs. 2449.48 crores (USD 504.51 million) The Company is entitled to an indemnification of certain specified contingent claims on CGSL from the seller and is liable to pay amounts equal to amounts refunded to CGSL on those claims.
 - g) On February 10, 2009, the Company, through its Indian subsidiary, TCS e-Serve International Limited, subscribed to 100 percent share capital of TCS e-Serve America, Inc.
- 4) The Company has given undertakings to (a) Bank of China Co. Limited, not to transfer its controlling interest in Financial Network Services Pty Ltd., (b) The Government of Madhya Pradesh not to divest its shareholding in MP Online Limited except to an affiliate. In addition the Company's wholly owned subsidiary Tata Consultancy Services Asia Pacific Pte Limited has given undertakings to Beijing Zhongguancun Software Park Development Co. Limited, Tianjin Huayuan Software Area Construction and Development Co. Limited and Uniware Co. Limited not to divest its shareholding in Tata Consultancy Services (China) Co., Limited.
- 5) Consequent to the Guidance on implementing Accounting Standard 15 "Employee Benefits" (AS-15) which clarifies the applicability of the Accounting Standard, the Company has considered certain entitlements to earned leave which can be carried forward to future periods as a long-term employee benefit. The resultant reduction of Rs. Nil (*March 31, 2008: Rs. 31.25 crores - net of deferred tax*) in the net liability in respect of employee benefit arising on April 1, 2006, the date of adoption has been adjusted to General Reserves

6) Retirement benefit plans

a) Defined contribution plans

The Company and its subsidiaries make Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company and its subsidiaries are required to contribute a specified percentage of the payroll costs to fund the benefits. The Provident Fund scheme additionally requires the Company and its subsidiaries to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall has been provided for as at the Balance Sheet date.

The Company contributed to Rs. 232.06 crores (Previous year: Rs. 202.51 crores) for provident fund contributions and Rs. 97.66 crores (Previous year: Rs. 70.22 crores) for superannuation contributions in the profit and loss account. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b) Defined benefit plans

In accordance with Indian law, the Company and its subsidiaries in India provide for gratuity, post retirement medical benefit and pension plan, a defined benefit retirement plan covering eligible employees in India. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment in an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The measurement date used for determining retirement benefits for gratuity is March 31. Certain overseas subsidiaries of the Company also provide for retirement benefit plans in accordance with the local laws.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date.

The following table set out the funded status of the retirement benefit plans and the amounts recognised in the financial statements:

Retirement benefits	Indian As at March 31, 2009 (Rs. in crores)	Foreign As at March 31, 2009 (Rs. in crores)	Consolidated As at March 31, 2009 (Rs. in crores)
i) Change in benefit obligations:			
Project benefit obligation, beginning of the Year (April 1, 2008)	332.21	119.21	451.42
	256.81	108.48	365.29
Service cost	62.13	15.64	77.77
	50.03	18.88	68.91
Interest cost	29.27	5.04	34.31
	23.41	3.81	27.22
Acquisitions	20.53	-	20.53
	-	-	-
Actuarial (gain) / loss	7.09	14.75	21.84
	25.48	(14.39)	11.09
Plan Participant's contributions	-	5.73	5.73
	-	6.38	6.38
Exchange loss	-	6.93	6.93
	-	10.49	10.49
Benefit paid	(25.85)	(7.59)	(33.44)
	(23.52)	(14.44)	(37.96)
Projected benefit obligation, end of the year	425.38	159.71	585.09
	332.21	119.21	451.42
ii) Change in plan assets:			
Fair value of plan assets, beginning of the year (April 1, 2008)	266.56	124.31	390.87
	244.17	100.87	345.04
Expected return on plan assets	25.03	6.79	31.82
	20.44	5.56	26.00
Plan Participant's contributions	-	5.73	5.73
	-	6.38	6.38
Employer's contributions	82.88	24.60	107.48
	21.56	21.94	43.50
Acquisitions	5.89	-	5.89
	-	-	-

Retirement benefits	Indian As at March 31, 2009	Foreign As at March 31, 2009	Consolidated As at March 31, 2009
	(Rs. in crores)	(Rs. in crores)	(Rs. in crores)
Exchange gain	-	5.27	5.27
	-	9.26	9.26
Benefit paid	(25.85)	(7.59)	(33.44)
	(23.52)	(14.44)	(37.96)
Actuarial (gain) / loss	5.12	(21.49)	(16.37)
	3.91	(5.26)	(1.35)
Fair value of plan assets, end of the 12 months period (March 31, 2009)	359.63	137.62	497.25
	266.56	124.31	390.87
Excess / (shortfall) of plan assets over obligation	(65.75)	(22.09)	(87.84)
	(65.65)	5.10	(60.55)
iii) Prepaid benefit / (Accrued liability)	(65.75)	(22.09)	(87.84)
	(65.65)	5.10	(60.55)
iv) Net gratuity and other cost for the year ended March 31, 2009			
Service cost	62.13	15.64	77.77
	50.03	18.88	68.91
Interest on Defined Benefit Obligation	29.27	5.04	34.31
	23.41	3.81	27.22
Expected return on plan assets	(25.03)	(6.79)	(31.82)
	(20.44)	(5.56)	(26.00)
Net Actuarial (gains) / losses recognised in the year	1.97	36.24	38.21
	21.52	(9.13)	12.39
Net gratuity and other cost	68.34	50.13	118.47
	74.52	8.00	82.52
Actual return on Plan Assets	30.15	(14.70)	15.45
	24.35	0.30	24.65
v) Category of Assets as at March 31, 2009			
Corporate Bonds	-	59.99	59.99
	-	17.01	17.01
Equity Shares	-	19.23	19.23
	-	45.24	45.24
Special Deposit Scheme	1.76	-	1.76
	1.74	15.05	16.79
Index linked gilt	-	22.59	22.59
	-	18.93	18.93
Insurer Managed Funds	357.85	-	357.85
	264.32	-	264.32
Cash and Bank Balances	-	1.50	1.50
	-	8.12	8.12
Funds	-	-	-
	-	19.76	19.76
Others	0.02	34.31	34.33
	0.50	0.20	0.70
Total	359.63	137.62	497.25
	266.56	124.31	390.87

vi) Assumptions used in accounting for the gratuity plan:

	Indian	Foreign
Discount rate	7.5% - 8.00% 8.00 %	3.50%- 6.30% 3.50% - 6.85%
Salary escalation rate	4.00 – 12.00% 4.00% - 6.00%	1.50%- 3.25% 1.50% - 3.40%
Expected rate of return on plan assets	8.00% - 9.00% 8.00 %	4.75%- 5.56% 4.50% - 5.69%

The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

Unfunded Post retirement medical benefits

	As at March 31, 2009 (Rs. in crores)
i) Change in benefit obligations:	
Project benefit obligation, beginning of the Year (April 1, 2008)	5.13
	5.66
Service cost	0.03
	0.42
Interest cost	0.41
	0.47
Acquisitions	-
	-
Actuarial (gain) / loss	(0.72)
	(1.34)
Plan Participant's contributions	-
	-
Exchange loss	-
	-
Benefit paid	(0.39)
	(0.08)
Projected benefit obligation, end of the year	4.46
	5.13
Fair value of plan assets, end of the 12 months period (March 31, 2009)	-
	-
Excess / (shortfall) of plan assets over obligation	(4.46)
	(5.13)
iii) Prepaid benefit / (Accrued liability)	(4.46)
	(5.13)
iv) Net medical and other cost for the year ended March 31, 2009	
Service cost	0.03
	0.42
Interest on Defined Benefit Obligation	0.41
	0.47
Expected return on plan assets	-
	-
Net Actuarial (gains) / losses recognised in the year	(0.72)
	(1.34)
Net medical and other cost	(0.28)
	(0.45)
Actual return on Plan Assets	-
	-

v) Assumptions used in accounting for the medical plan:

	Rate
Discount rate	7.50%
	8.00 %

- 7) Unbilled revenue as at March 31, 2009, amounting to Rs. 1481.38 crores (*March 31, 2008:Rs. 1352.50 crores*) primarily comprises of the revenue recognised in relation to efforts incurred on turnkey contracts priced on a fixed time, fixed price basis.
- 8) A provision of Rs. Nil (GBP Nil) as at March 31, 2009 (*March 31, 2008: Rs.3.82 crores (GBP 0.48 million)*) has been made to recognise the Company's legal obligation to undertake dilapidations, that existed on the date of inception of the lease. This amount is recoverable from the lessor and a corresponding receivable has been recognised

9) Finance Lease

a) Company as lessor

Particulars	As at March 31, 2009 (Rs. in crores)	As at March 31, 2008 (Rs. in crores)
a) Total gross investment for the period	2.39	3.23
• Not later than one year	0.84	0.84
• Later than one year but not later than five years	1.55	2.39
• Later than five years	-	-
b) Present value of Minimum Lease Payments receivable	1.22	1.37
• Not later than one year	0.25	0.15
• Later than one year but not later than five years	0.97	1.22
• Later than five years	-	-
c) Unearned Finance Income	1.16	1.86

b) Company as lessee

Particulars	As at March 31, 2009 (Rs. in crores)	As at March 31, 2008 (Rs. in crores)
Minimum Lease payments:		
Less than one year	12.09	3.61
One to five years	30.08	5.12
Later than five years	21.33	-
	63.50	8.73
Present Value of minimum lease payments:		
Less than one year	6.49	3.61
One to five years	13.73	4.26
Later than five years	16.76	-
	36.99	7.87

The finance lease arrangement is renewable at the option of the lessee.

10) Obligation under non-cancellable operating lease

Particulars	As at March 31, 2009 (Rs. in crores)	As at March 31, 2008 (Rs. in crores)
Not later than one year	346.37	264.07
Later than one year but not later than five years	885.03	677.57
Later than five years	430.15	352.62
Total	1661.54	1294.26

The total charge to the Profit and Loss Account for the year ended March 31, 2009 is Rs. 300.96 crores (*Previous year : Rs. 237.86 crores*).

- 11) Research and development expenditure aggregating Rs. 48.95 crores (*Previous year : Rs. 51.71 crores*) was incurred during the year.
- 12) Sale of Equipment is net of excise duty Rs. 2.08 crores (*March 31, 2008: Rs. 2.83 crores*).
- 13) The useful life of computer equipment has been reviewed by the management and the original estimate of the useful life of these assets has been revised to four years. The unamortised depreciable amount is charged over the revised remaining useful life of these assets. Consequently, depreciation for year ended March 31, 2009 is lower by Rs. 181.96 crores respectively and the profit for the year is higher by the corresponding amount.
- 14) Current tax is net of the write-back of provisions (net) and refunds received of Rs. 103.11 crores for year ended March 31, 2009 (*March 31, 2008 : Rs. 37.52 crores*) in domestic and certain overseas jurisdictions relating to earlier years.

15) Segment Reporting

The Company has identified geographic segments as its primary segment and industry segments as its secondary segment.

Geographic segments of the Company are Americas, Europe, India and Others.

Secondary segments of the Company are Banking, Financial Services and Insurance (BFSI), which are considered as single segment, Manufacturing, Retail and Distribution, Telecom and Others. Others comprise Transportation, Life Sciences and Healthcare, Energy and Utilities, s-Governance, Media and Entertainment, Travel & Hospitality services and sale of products.

Revenue and expense directly attributable to segments are reported under each reportable segment. Expenses incurred in India on behalf of other segments and not directly identifiable to each reportable segment have been allocated to each 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 expenses.

Assets and liabilities that are directly attributable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets have not been allocated between segments as these are used interchangeably between segments.

Year ended March 31, 2009

Particulars	Geographic Segment				(Rs. in crores)
	Americas	Europe	India	Others	Total
Revenue	15600.21 12394.05	8212.22 6603.02	2182.12 2045.62	1818.33 1576.83	27812.88 22619.52
Identified operating expenses	8786.90 6910.03	5018.75 3848.65	1630.58 1494.69	1118.88 994.38	16555.11 13247.75
Allocated expenses	1780.59 1710.84	706.47 760.59	292.71 225.23	308.64 209.90	3088.41 2906.56
Segment result	5032.72 3773.18	2487.00 1993.78	258.83 325.70	390.81 372.55	8169.36 6465.21
Unallocable expenses (net)					1592.30 1347.55
Operating income					6577.06 5117.66
Other income					(426.99) 728.29
Profit before taxes					6150.07 5845.95
Tax expense					838.95 786.31
Profit before Minority Interest and share of profit of associate					5311.12 5059.64
Minority Interest					54.00 34.42
Share of profit of associate					0.70 (0.80)
Net profit for the year					5256.42 5026.02
<u>As at March 31, 2009</u>					
Segment Assets	5288.36 3392.68	3234.49 2937.34	2833.27 1921.68	1767.66 1249.79	13123.78 9501.49
Unallocable assets					9592.80 8084.15
Total Assets					22716.58 17585.64
Segment Liabilities	1559.26 1462.56	951.75 812.06	983.55 562.28	192.81 343.71	3687.38 3180.61
Unallocable Liabilities					3052.03 1892.18
Total Liabilities					6739.41 5072.79

16) Contingent Liabilities

Particulars	As at March 31, 2009 (Rs. in crores)	As at March 31, 2008 (Rs. in crores)
Claims against the Group not acknowledged as debts (See note (i) below)	65.17	117.42
Income Taxes	490.14	5.63
Indirect Taxes	40.42	25.87
Guarantees given by the Group (See note (ii) below)	2019.71	2091.86
Unexpired Letters of Credit	54.63	29.28
Other Contingencies	8.88	2.96

Notes:

- i) Claims against the Group not acknowledged as debt includes Rs. 100.47 crores (*March 31, 2008: Rs. 93.37 crores*) 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 Rs. 67.58 crores (*March 31, 2008: Rs. 11.83 crores*) has been accrued under other liabilities
- ii) Income tax matters includes Rs. 220.72 crores in respect of TCS e-Serve Limited (formerly known as Citigroup Global Services Limited (CGSL)), a business process outsourcing services provider in the Banking and Financial Services sector in which the Company acquired 96.25 percent stake during the year. CGSL has also paid advance taxes aggregating Rs. 162.27 crores against the disputed amounts for the relevant assessment years. The Group is entitled to an indemnification of the above referred contingent claims on CGSL from the seller and is liable to pay amounts equal to amounts refunded to CGSL on those claims as an adjustment to the purchase price consideration.
- iii) The Company has provided guarantees aggregating to Rs. 1833.80 crores (GBP 252.50 million) (*March 31, 2008: Rs. 2006.93 crores, GBP 252.50 million*) to third parties on behalf of its subsidiary Diligenta Limited.
- iv) The Group has examined the social security and tax aspects of contracts with legal entities which provide services to an overseas subsidiary and, based on legal opinion, concludes that the subsidiary is in compliance with the related statutory requirements.

17) Commitments

- i) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs. 664.59 crores (*March 31, 2008: Rs. 515.88 crores*).
- ii) Pearl Group Services Limited ("Pearl") has an equity holding of 24 percent in Diligenta Limited. Under the shareholders agreement dated March 23, 2006, the Company has a call option to purchase all the shares held by Pearl at fixed price of Rs. 219.62 crores (GBP 30.24 million) at the end of fourth year and Pearl has a put option to sell the shares to the Company at the same price at the end of the fifth year.
- iii) The share purchase agreement for acquisition of Comicrom S.A. provides for additional consideration, contingent upon certain conditions being met, including achieving specified earning levels in the acquired business in future years. The additional contingent consideration payable to the seller is subject to maximum amount of Rs. 273.47 crores (USD 53.90 million). A sum of Rs. 77.66 crores (USD 19.57 million) has been paid or accrued to the previous owners of Comicron S.A. upto March 31, 2009 and has been capitalized to goodwill. The balance contingent consideration would be recorded as and when the contingency is resolved and the consideration is paid or becomes payable.

18) Micro and Small Enterprises

(Rs. in crores)

Particulars	Year ended March 31, 2009		Year ended March 31, 2008	
	Principal	Interest	Principal	Interest
Amount due to vendor	0.84	-	3.62	0.09
Principal amount paid (includes unpaid) beyond the appointed date	24.24	0.01	23.73	-
Interest accrued and remaining unpaid (includes interest disallowable)	-	0.22	-	0.17

19) 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 March 31, 2009:

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

Foreign Currency	No. of Contracts	March 31, 2009		No. of Contracts	March 31, 2008	
		Notional amount of Forward contracts (million)	Fair Value Liability (Rs. in crores)		Notional amount of Forward contracts (million)	Fair Value Liability (Rs. in crores)
		Gain / (Loss)			Gain / (Loss)	
U.S.Dollar – INR	14	153.50	(92.00)	14	290.00	(25.21)
Sterling Pound – INR	-	-	-	3	15.00	(3.91)
Euro - INR	-	-	-	3	19.00	(11.78)

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

Foreign Currency	No. of Contracts	March 31, 2009		No. of Contracts	March 31, 2008	
		Notional amount of Option contracts (million)	Fair Value Liability (Rs. in crores)		Notional amount of Option contracts (million)	Fair Value Liability (Rs. in crores)
		Gain / (Loss)			Gain / (Loss)	
U.S.Dollar – INR	56	1081.70	(578.94)	67	3871.50	(88.70)
Sterling Pound – INR	1	4.00	(0.85)	7	55.65	(2.23)
Euro - INR	1	5.00	(5.59)	12	99.25	(38.75)

Net loss on derivative instruments of Rs. 470.72 crores recognised in Hedging Reserve as of March 31, 2009, is expected to be reclassified to the profit and loss account by March 31, 2010.

The movement in Hedging Reserve during the year ended March 31, 2009, for derivatives designated as Cash Flow Hedges is as follows:

	Year ended March 31, 2009	Year ended March 31, 2008
	(Rs. in crores)	(Rs. in crores)
Balance at the beginning of the year	(15.15)	73.71
Gains/(losses) transferred to income statement on occurrence of forecasted hedge transaction	21.83	(64.91)
Changes in the fair value of effective portion of outstanding		

cash flow derivatives	(638.79)	(174.78)
Net derivative gain / (losses) related to a discontinued cash flow hedge	(97.81)	150.83
Balance at the end of the year	(729.92)	(15.15)

In addition to the above cash flow hedges, the Company has outstanding foreign exchange forward contracts and currency option contracts aggregating Rs. 4222.69 crores (*March 31, 2008: Rs. 2167.95 crores*) whose fair value showed a gain of Rs. 7.70 crores (*March 31, 2008: loss of Rs. 4.46 crores*) as on March 31, 2009, 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 in the profit and loss account.

Exchange loss of Rs. 989.05 crores (*March 31, 2008: Exchange gain of Rs. 527.63 crores*) on foreign exchange forward and currency option contracts for year ended March 31, 2009, have been recognised in the profit and loss account.

20) Earning per share :

	Year ended March 31, 2009 (Rs. in crores)	<i>Year ended March 31, 2008 (Rs. in crores)</i>
Net profit for the year	5256.42	5026.02
Less: Preference Share dividend including tax on dividend	8.19	0.08
Amount available for Equity shareholder	5248.23	5025.94
Weighted Average No. of Shares	97,86,10,498	97,86,10,498
Earning per share basic and diluted (Rs)	53.63	51.36
Face value per Equity share (Rs)	1	1

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

22) Previous year's figures have been recast / restated wherever necessary.

23) *Previous year's figures are in italics.*