

TATA CONSULTANCY SERVICES LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET

	NOTE	As at September 30, 2011 ₹ in crores	As at March 31, 2011 ₹ in crores
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	A	295.72	295.72
(b) Reserves and surplus	B	27342.88	24209.09
		27638.60	24504.81
(2) MINORITY INTEREST			
		494.71	458.17
(3) Non-current liabilities			
(a) Long-term borrowings	C	39.12	37.70
(b) Deferred tax liabilities (net)	D	152.68	109.49
(c) Other long term liabilities	E	285.21	187.41
(d) Long-term provisions	F	162.39	139.23
		639.40	473.83
(4) Current liabilities			
(a) Short-term borrowings	G	679.76	31.57
(b) Trade payables		3185.77	2934.71
(c) Other current liabilities	H	2291.39	1559.02
(d) Short-term provisions	I	1913.06	2718.93
		8069.98	7244.23
TOTAL		36842.69	32681.04
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	J		
(i) Tangible assets		5591.01	5129.22
(ii) Intangible assets		301.95	311.76
		5892.96	5440.98
(b) Non-current investments	K	1110.92	1078.68
(c) Deferred tax assets (net)	D	227.39	160.18
(d) Long-term loans and advances	L	3486.54	2899.56
(e) Other non-current assets	M	497.97	2780.18
(f) Goodwill (on Consolidation)		3505.93	3232.00
		14721.71	15591.58
(2) Current Assets			
(a) Current investments	N	618.90	683.99
(b) Inventories	O	18.32	22.82
(c) Unbilled revenue		1966.59	1348.85
(d) Trade receivables	P	10218.42	8194.97
(e) Cash and bank balances	Q	6649.09	4700.01
(f) Short-term loans and advances	R	2244.11	2020.52
(g) Other current assets	S	405.55	118.30
		22120.98	17089.46
TOTAL		36842.69	32681.04

III. NOTES TO CONDENSED FINANCIAL STATEMENTS A to Y

Mumbai, October 17, 2011

TATA CONSULTANCY SERVICES LIMITED
CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	NOTE	For the quarter ended September 30, 2011 ₹ in crores	For the quarter ended September 30, 2010 ₹ in crores	For the six months ended September 30, 2011 ₹ in crores	For the six months ended September 30, 2010 ₹ in crores
I. Revenue:					
Revenue from operations	T	11633.49	9286.39	22430.51	17503.67
Other income, (net)	U	122.69	70.75	416.83	166.21
Total Revenue		11756.18	9357.14	22847.34	17669.88
II. Expenses:					
Employee benefit expenses	V	4484.26	3411.19	8693.10	6450.24
Operation and other expenses	W	3765.12	3099.03	7320.44	5867.76
Finance costs	X	9.64	15.28	14.36	17.96
Depreciation and amortization expense		231.77	172.46	439.70	333.99
Total Expenses		8490.79	6697.96	16467.60	12669.95
III Profit before taxes		3265.39	2659.18	6379.74	4999.93
IV TAX EXPENSES					
(a) Current tax (excluding (e) below) (Refer item 6 to Note Y)		863.53	587.72	1631.22	1016.42
(b) Deferred tax (benefit) / expense		(15.85)	15.54	(22.89)	17.02
(c) Fringe benefit tax		9.64	(0.14)	0.05	(0.06)
(d) MAT credit entitlement		(123.88)	(142.98)	(210.70)	(170.44)
		723.83	460.14	1397.68	862.94
(e) Current tax (on dividend from foreign subsidiaries which has been eliminated on consolidation)		213.90	-	213.90	-
		937.73	460.14	1611.58	862.94
V PROFIT FOR THE PERIOD BEFORE MINORITY INTEREST AND SHARE OF LOSS OF ASSOCIATE		2327.66	2199.04	4768.16	4136.99
VI Minority interest		26.66	29.83	52.38	61.41
VII Share of loss of associate		-	-	-	0.30
VIII NET PROFIT FOR THE PERIOD		2301.00	2169.21	4715.78	4075.28
IX Earnings per share - Basic and diluted (₹)					
Weighted average number of shares		11.74 195,72,20,996	11.06 195,72,20,996	24.06 195,72,20,996	20.77 195,72,20,996
NET PROFIT FOR THE PERIOD BEFORE EFFECT OF TAX ON DIVIDEND FROM FOREIGN SUBSIDIARIES					
		2514.90	2169.21	4929.68	4075.28
Earnings per share before effect of Tax on Dividend from Foreign subsidiaries - Basic and diluted (₹)					
		12.83	11.06	25.15	20.77

X NOTES TO CONDENSED FINANCIAL STATEMENTS A to Y

Mumbai, October 17, 2011

TATA CONSULTANCY SERVICES LIMITED

STATEMENT OF CONDENSED CONSOLIDATED CASH FLOWS

NOTE	For the six months ended September 30, 2011 ₹ in crores	For the six months ended September 30, 2010 ₹ in crores
I. NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	2924.18	2746.52
II. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(880.17)	(638.00)
Proceeds from sale of fixed assets	5.03	7.67
Purchase of mutual fund and other investments	(5729.30)	(32141.20)
Sale of mutual funds and other investments	5777.50	32573.75
Inter-corporate deposits placed	(1168.80)	(200.00)
Inter-corporate deposits refunded	706.80	145.00
Commercial papers purchased	-	(146.02)
Adjustment of purchase consideration	-	27.33
Acquisition of subsidiaries net of cash (including additional consideration)	(229.16)	43.47
Dividends received	2.92	9.74
Interest received	97.81	148.00
Fixed deposit with banks having original maturity over three months placed	(528.03)	(892.43)
Fixed deposit with banks having original maturity over three months matured	958.45	2297.44
Net cash (used in) / provided by investing activities	(986.95)	1234.75
III. CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings (net)	648.03	(8.17)
Repayment of Long term borrowings	(0.47)	-
Dividend paid, including dividend tax	(2514.99)	(3679.80)
Dividend tax on dividend paid by subsidiary	(11.22)	-
Dividend paid to minority shareholders of a subsidiary	(16.30)	(15.94)
Interest paid	(12.90)	(17.97)
Net cash used in financing activities	(1907.85)	(3721.88)
Net increase in cash and cash equivalents	29.38	259.39
Cash and cash equivalents at beginning of the year	1548.59	1024.36
Exchange difference on translation of foreign currency cash and cash equivalents	63.78	17.29
Cash and cash equivalents at end of the period	1641.75	1301.04
Short term bank deposits	4991.92	2073.10
Earmarked balances with banks	15.42	43.91
Cash and bank balances at the end of the period as per Note Q	6649.09	3418.05

IV NOTES TO CONDENSED FINANCIAL STATEMENTS

A to Y

Mumbai, October 17, 2011

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	As at September 30, 2011 ₹ in crores	As at March 31, 2011 ₹ in crores
NOTE 'A'		
SHARE CAPITAL		
(a) Authorised		
(i) 225,00,00,000 equity shares of ₹ 1 each <i>(March 31, 2011 : 225,00,00,000 equity shares of ₹ 1 each)</i>	225.00	225.00
(ii) 100,00,00,000 redeemable preference shares of ₹ 1 each <i>(March 31, 2011 : 100,00,00,000 redeemable preference shares of ₹ 1 each)</i>	100.00	100.00
	325.00	325.00
(b) Issued, Subscribed and Fully Paid up		
(i) 195,72,20,996 equity shares of ₹ 1 each <i>(March 31, 2011 : 195,72,20,996 equity shares of ₹ 1 each)</i>	195.72	195.72
(ii) 100,00,00,000 redeemable preference shares of ₹ 1 each <i>(March 31, 2011 : 100,00,00,000 redeemable preference shares of ₹ 1 each)</i>	100.00	100.00
	295.72	295.72

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	As at September 30, 2011 ₹ in crores	As at March 31, 2011 ₹ in crores
NOTE 'B'		
RESERVES AND SURPLUS		
(a) Capital Reserve (on consolidation)	24.50	24.50
(b) Capital Redemption Reserve	0.40	0.40
(c) Securities Premium Account	1918.47	1918.47
(d) General Reserve		
(i) Opening balance	3367.17	2539.59
(ii) Transferred from Profit and Loss Account	0.52	827.58
	3367.69	3367.17
(e) Foreign currency translation reserve		
(i) Opening balance	200.77	108.75
(ii) Additions during the period (net)	313.45	92.02
	514.22	200.77
(f) Balance in Profit and Loss Account		
(i) Opening balance	18635.05	13604.84
Add : Profit for the period	4715.78	9068.04
	23350.83	22672.88
Less : Appropriations		
(i) Interim dividends on equity shares	1174.32	1174.32
(ii) Proposed final dividend on equity shares	-	1565.78
(iii) Dividend on redeemable preference shares	-	11.00
(iv) Tax on dividend	190.74	459.15
(v) General Reserve	0.52	827.58
	21985.25	18635.05
(g) Hedging reserve account (Refer note 8 to Note Y)		
(i) Opening balance	62.73	(6.07)
(ii) (Deductions) / Additions during the period (net)	(530.38)	68.80
	(467.65)	62.73
	27342.88	24209.09

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	As at September 30, 2011	As at March 31, 2011
	₹ in crores	₹ in crores
NOTE 'C'		
LONG-TERM BORROWINGS		
(a) Secured Loans		
Long term maturities of finance lease obligation	35.58	33.70
(b) Unsecured Loans		
Other loans and advances	3.54	4.00
	<u>39.12</u>	<u>37.70</u>

Note :

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

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	As at September 30, 2011 ₹ in crores	As at March 31, 2011 ₹ in crores
NOTE 'D'		
DEFERRED TAX BALANCES		
(a) Deferred tax liabilities (net)		
(i) Foreign branch profit tax	102.05	60.15
(ii) Depreciation and amortization	1.84	1.38
(iii) Employee benefits	1.57	-
(iv) Others	47.22	47.96
	<u>152.68</u>	<u>109.49</u>
(b) Deferred tax assets (net)		
(i) Depreciation and amortization	(10.87)	(22.45)
(ii) Employee benefits	99.51	70.40
(iii) Provision for doubtful debts	55.62	49.34
(iv) Others	83.13	62.89
	<u>227.39</u>	<u>160.18</u>

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	As at September 30, 2011 ₹ in crores	As at March 31, 2011 ₹ in crores
NOTE 'E'		
OTHER LONG TERM LIABILITIES		
(a) Trade payables	205.73	144.47
(b) Other liabilities	79.48	42.94
	<u>285.21</u>	<u>187.41</u>

Note:

Other liabilities include fair values of foreign exchange forward and currency option contracts secured against book debts

79.48

42.94

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	As at September 30, 2011 ₹ in crores	As at March 31, 2011 ₹ in crores
NOTE 'F'		
LONG-TERM PROVISIONS		
Provision for employee benefits	162.39	139.23
	<u>162.39</u>	<u>139.23</u>
	<u>162.39</u>	<u>139.23</u>

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	As at September 30, 2011 ₹ in crores	As at March 31, 2011 ₹ in crores
NOTE 'G'		
SHORT-TERM BORROWINGS		
(a) Secured Loans		
Loans repayable on demand		
- From banks	193.86	0.46
(b) Unsecured Loans		
Loans repayable on demand		
- From banks	485.90	31.11
	<u>679.76</u>	<u>31.57</u>

Note:

Secured loans from banks are secured against book debts.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	As at September 30, 2011 ₹ in crores	As at March 31, 2011 ₹ in crores
NOTE 'H'		
OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term debt	1.25	1.25
(b) Current maturities of finance lease obligations	5.01	4.28
(c) Interest accrued but not due on borrowings	1.65	0.19
(d) Income received in advance	778.52	771.94
(e) Unpaid dividends	9.34	8.41
(f) Equity share application monies refundable	0.03	0.03
(g) Advance received from customers	39.83	40.61
(h) Other payables	1455.76	732.31
	2291.39	1559.02

Notes:

Other payables includes :

1 Fair values of foreign exchange forward and currency option contracts secured against book debts	797.62	14.77
2 Statutory Liabilities	627.75	489.43

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	As at September 30, 2011 ₹ in crores	As at March 31, 2011 ₹ in crores
NOTE 'I'		
SHORT-TERM PROVISIONS		
(a) Employee benefits	624.98	527.35
(b) Others		
(i) Proposed final dividend on equity shares	-	1565.78
(ii) Proposed dividend on redeemable preference shares	-	11.00
(iii) Interim Dividend	587.15	-
(iv) Tax on dividend	95.25	266.74
(v) Current income taxes (net)	598.08	339.53
(vi) Provision for warranties	0.66	0.58
(vii) Contingencies	6.94	7.95
	1913.06	2718.93

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

NOTE 'J'

FIXED ASSETS

₹ in crores

Description					Accumulated		Depreciation /		Translation		Accumulated		Net book value as at September 30, 2011	Net book value as at March 31, 2011
	Gross Block as at April 1, 2011	Additions	Deletions/ Adjustments	Translation Exchange Difference	Gross Block as at September 30, 2011	Amortization as at April 1, 2011	Amortization for the period	Deletions/ Adjustments	Exchange Difference	Amortization as at September 30, 2011				
(a) TANGIBLE FIXED ASSETS														
FREEHOLD LANDS	329.55	-	-	1.32	330.87	-	-	-	-	-	-	330.87	329.55	
LEASEHOLD LANDS	97.72	-	-	-	97.72	(11.55)	(0.87)	-	-	(12.42)	-	85.30	86.17	
FREEHOLD BUILDINGS	1721.38	210.59	-	4.30	1936.27	(290.79)	(37.46)	0.83	(0.38)	(327.80)	-	1608.47	1430.59	
FACTORY BUILDINGS	1.51	1.26	-	-	2.77	(0.83)	(0.10)	(0.83)	-	(1.76)	-	1.01	0.68	
LEASEHOLD BUILDINGS	91.08	5.23	(75.54)	0.69	21.46	(41.50)	(1.75)	30.68	(0.31)	(12.88)	-	8.58	49.58	
LEASEHOLD IMPROVEMENTS	610.50	63.19	67.15	8.00	748.84	(304.02)	(43.69)	(22.36)	(2.46)	(372.53)	-	376.31	306.48	
PLANT AND MACHINERY	32.24	0.06	(0.37)	1.43	33.36	(27.37)	(0.03)	0.37	(1.10)	(28.13)	-	5.23	4.87	
COMPUTER EQUIPMENT	2440.95	259.39	(32.64)	16.34	2684.04	(1592.64)	(204.60)	30.00	(7.90)	(1775.14)	-	908.90	848.31	
VEHICLES	28.06	1.27	(0.79)	0.08	28.62	(15.64)	(1.98)	0.57	(0.04)	(17.09)	-	11.53	12.42	
OFFICE EQUIPMENT	777.19	128.75	16.18	4.68	926.80	(337.51)	(45.26)	(6.29)	(2.32)	(391.38)	-	535.42	439.68	
ELECTRICAL INSTALLATIONS	584.53	68.11	(1.10)	4.11	655.65	(263.82)	(31.49)	0.99	(2.69)	(297.01)	-	358.64	320.71	
FURNITURE AND FIXTURES	484.04	51.33	(21.57)	6.01	519.81	(377.75)	(45.23)	9.41	(2.95)	(416.52)	-	103.29	106.29	
TOTAL	7198.75	789.18	(48.68)	46.96	7986.21	(3263.42)	(412.46)	43.37	(20.15)	(3652.66)	-	4333.55	3935.33	
Previous year	5928.50	1418.78	(171.31)	22.78	7198.75	(2675.11)	(686.21)	112.30	(14.40)	(3263.42)	-	3935.33		
Capital Work-in-Progress												1257.46	1193.89	
												5591.01	5129.22	
(b) INTANGIBLE ASSETS														
GOODWILL ON ACQUISITION	235.56	-	-	15.72	251.28	(98.54)	(10.09)	-	(6.99)	(115.62)	-	135.66	137.02	
ACQUIRED CONTRACT RIGHTS	181.51	-	-	12.11	193.62	(75.96)	(7.78)	-	(5.39)	(89.13)	-	104.49	105.55	
INTELLECTUAL PROPERTY / DISTRIBUTION RIGHTS	12.92	-	-	(0.33)	12.59	(11.06)	(0.19)	-	-	(11.25)	-	1.34	1.86	
SOFTWARE LICENSES	104.50	1.73	(0.03)	4.40	110.60	(94.00)	(5.90)	-	(3.79)	(103.69)	-	6.91	10.50	
RIGHTS UNDER LICENSING AGREEMENT	59.00	-	-	-	59.00	(2.17)	(3.28)	-	-	(5.45)	-	53.55	56.83	
TOTAL	593.49	1.73	(0.03)	31.90	627.09	(281.73)	(27.24)	-	(16.17)	(325.14)	-	301.95	311.76	
Previous year	491.01	75.01	3.33	24.14	593.49	(222.36)	(49.05)	(1.35)	(8.97)	(281.73)	-	311.76		

Notes:

- (i) Freehold buildings include ₹ 2.67 crores (March 31, 2011: ₹ 2.67 crores) being value of investment in shares of Co-operative Housing Societies and Limited Companies.
(ii) Legal formalities relating to conveyance of freehold building having net book value ₹ 0.23 crore (March 31, 2011: ₹ 0.23 crore) are pending completion.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	As at September 30, 2011 ₹ in crores	As at March 31, 2011 ₹ in crores
NOTE 'K'		
NON- CURRENT INVESTMENTS		
(a) Fully Paid Equity Shares (Unquoted)		
National Power Exchange Limited	1.40	1.40
Philippine Dealing System Holdings Corporation	4.41	4.01
Firstech Solutions Co. Limited	1.01	0.92
Taj Air Limited	19.00	19.00
Yodlee, Inc.	-	-
ALMC HF (formerly Straumur - Burdaras Investment Bank hf.)	-	-
(b) Fully Paid Preference Shares (Unquoted)		
8% cumulative redeemable preference shares of Tata AutoComp Systems Limited	5.00	5.00
(c) Others		
Investment in Bonds (Quoted)	3.40	3.40
Investment in Bonds (Unquoted)	0.12	0.12
Investment in Debentures (Unquoted)	1052.71	1045.87
Investment in Government securities (Unquoted)	25.00	-
	1112.05	1079.72
Less: Provision for diminution in value of investments	(1.13)	(1.04)
	1110.92	1078.68

Notes:

1 Market value of quoted investments	3.63	3.35
2 Book value of quoted investments	3.40	3.40
3 Book value of unquoted investments (net of provision)	1107.52	1075.28

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	As at September 30, 2011 ₹ in crores	As at March 31, 2011 ₹ in crores
NOTE 'L'		
LONG-TERM LOANS AND ADVANCES		
(a) Secured, Considered good		
Loans and advances to employee	0.32	-
(b) Unsecured, Considered good		
(i) Capital Advances	239.61	229.49
(ii) Security Deposits	479.39	457.26
(iii) Loans and advances to employee	11.18	12.20
(iv) Loans and advances to related parties	77.98	48.78
(v) Advance tax (including refunds receivable) (net)	1008.93	844.66
(vi) MAT Credit Entitlement	1221.48	1010.77
(vii) Fringe Benefit Tax	2.52	2.52
(viii) Other loans and advances	445.13	293.88
(c) Considered doubtful		
Other loans and advances	0.35	0.02
Less : Provision for doubtful loans and advances	(0.35)	(0.02)
	3,486.54	2899.56

Notes:

Other Loans and advances includes:

1 Fair values of foreign exchange forward and currency option contracts.	0.22	14.53
2 Inter-corporate deposits	209.00	20.00
3 Indirect tax recoverable	52.30	52.30
4 Prepaid expenses	156.66	189.35

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	As at September 30, 2011 ₹ in crores	As at March 31, 2011 ₹ in crores
NOTE 'M'		
OTHER NON-CURRENT ASSETS		
(a) Future finance lease receivables	1.65	2.34
Less: Unearned finance income	(0.09)	(0.18)
	1.56	2.16
(b) Interest receivable	102.76	99.94
(c) Other non current assets	393.65	2678.08
	497.97	2780.18
Note:		
Other non current assets includes long term bank deposits	387.70	2678.08

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	As at September 30, 2011 ₹ in crores	As at March 31, 2011 ₹ in crores
NOTE 'N'		
CURRENT INVESTMENTS		
(a) Investment in Mutual Funds (Unquoted)	278.09	343.24
(b) Investment in Bonds (Quoted)	7.48	7.42
(c) Investment in Debentures (Unquoted)	333.33	333.33
	<u>618.90</u>	<u>683.99</u>

Notes:

1 Market value of quoted investments	8.15	7.74
2 Book value of quoted investments	7.48	7.42
3 Book value of unquoted investments	611.42	676.57

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	As at September 30, 2011 ₹ in crores	As at March 31, 2011 ₹ in crores
NOTE 'O'		
INVENTORIES		
(at lower of cost and net realisable value)		
(a) Raw Materials, sub-assemblies and components	12.40	4.86
(b) Finished goods and Work-in-progress	2.25	13.07
(c) Stores and spares	3.51	4.60
(d) Goods-in-transit	0.16	0.29
	<u>18.32</u>	<u>22.82</u>

	As at September 30, 2011 ₹ in crores	As at March 31, 2011 ₹ in crores
NOTE 'P'		
TRADE RECEIVABLES (Unsecured)		
(a) Over six months		
(i) Considered good	1083.95	787.61
(ii) Considered doubtful	207.96	230.01
(b) Others		
(i) Considered good	9134.47	7407.36
(ii) Considered doubtful	4.94	3.69
	<u>10431.32</u>	<u>8428.67</u>
Less: Provision for doubtful debts	(212.90)	(233.70)
	<u>10218.42</u>	<u>8194.97</u>

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	As at September 30, 2011 ₹ in crores	As at March 31, 2011 ₹ in crores
NOTE 'Q'		
CASH AND BANK BALANCES		
(a) Cash and cash equivalents		
(i) Balances with banks		
In current accounts	804.19	672.48
In cash credit accounts	11.39	26.32
In deposit accounts with original maturity less than 3 months	601.59	785.62
(ii) Cheques on hand	16.48	54.33
(iii) Cash on hand	5.68	2.40
(iv) Remittances in transit	202.42	7.44
(b) Other Bank balances		
(i) Earmarked balances with banks	15.42	26.12
(ii) Short term bank deposits	4991.92	3125.30
	6649.09	4700.01

The above does not include fourteen bank accounts having balance of ₹ 0.01 (*March 31, 2011* : ₹ Nil) operated by the Company on behalf of a third party.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	As at September 30, 2011 ₹ in crores	As at March 31, 2011 ₹ in crores
NOTE 'R'		
SHORT-TERM LOANS AND ADVANCES		
(a) Secured, considered good		
Loans and advances to employee	0.29	-
(b) Unsecured, Considered good		
(i) Loans and advances to employee	151.20	187.49
(ii) Loans and advances to related parties	144.39	158.68
(iii) Advance tax (including refunds receivable) (net)	104.93	336.70
(iv) MAT Credit Entitlement	14.30	20.94
(v) Other loans and advances	1829.00	1316.71
(c) Doubtful		
(i) Loans and advances to employee	30.77	27.54
(ii) Other loans and advances	10.50	10.96
Less : Provision for doubtful loans and advances	(41.27)	(38.50)
	2244.11	2020.52

Notes:

Other loans and advances includes:

1 Fair values of foreign exchange forward and currency option contracts.	58.85	99.66
2 Security Deposit	88.71	54.20
3 Inter Corporate Deposits	333.00	80.00
4 Prepaid expenses	875.15	819.26

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	As at September 30, 2011 ₹ in crores	As at March 31, 2011 ₹ in crores
NOTE 'S'		
OTHER CURRENT ASSETS		
(a) Interest receivable	397.26	116.59
(b) Future finance lease receivables	1.66	2.09
Less: Unearned finance income	(0.22)	(0.38)
	<u>1.44</u>	<u>1.71</u>
(c) Other Current Assets	6.85	-
	<u>405.55</u>	<u>118.30</u>

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	For the quarter ended September 30, 2011 ₹ in crores	For the quarter ended September 30, 2010 ₹ in crores	For the six months ended September 30, 2011 ₹ in crores	For the six months ended September 30, 2010 ₹ in crores
NOTE 'T'				
REVENUE FROM OPERATIONS				
(a) Information technology and consultancy services	11289.82	8899.78	21734.03	16866.84
(b) Sale of equipment and software licences	343.75	386.67	696.60	636.97
Less : Excise Duty	(0.08)	(0.06)	(0.12)	(0.14)
	11633.49	9286.39	22430.51	17503.67

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	For the quarter ended September 30, 2011 ₹ in crores	For the quarter ended September 30, 2010 ₹ in crores	For the six months ended September 30, 2011 ₹ in crores	For the six months ended September 30, 2010 ₹ in crores
NOTE 'U'				
OTHER INCOME (NET)				
(a) Interest	186.66	83.35	381.30	173.41
(b) Dividend income	1.14	4.62	2.92	9.74
(c) Profit on redemption / sale of mutual funds and other current investments (net)	7.23	17.43	13.83	52.13
(d) Rent	3.06	1.77	10.23	3.78
(e) (Loss)/Profit on sale of of tangible/ intangible assets (net)	(0.33)	0.23	(0.31)	(0.90)
(f) Exchange loss (net)	(79.90)	(41.77)	(0.34)	(88.95)
(g) Miscellaneous income	4.83	5.12	9.20	17.00
	122.69	70.75	416.83	166.21

Notes:

1. Dividend income pertains to:				
Dividends from other investments	0.40	-	0.40	0.77
Dividend from mutual funds / investments	0.74	4.62	2.52	8.97
2. Exchange loss (net)				
Loss on foreign exchange forward contracts and currency option contracts which have been designated as Cash Flow Hedges (Refer note 8 to Note Y).	(165.67)	(47.14)	(116.97)	(60.33)

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	For the quarter ended September 30, 2011 ₹ in crores	For the quarter ended September 30, 2010 ₹ in crores	For the six months ended September 30, 2011 ₹ in crores	For the six months ended September 30, 2010 ₹ in crores
NOTE 'V'				
EMPLOYEE BENEFIT EXPENSES				
(a) Salaries and incentives	3950.96	2987.13	7647.77	5641.99
(b) Contributions to -				
(i) Provident fund	109.44	77.21	210.98	151.14
(ii) Superannuation scheme	21.42	25.13	45.73	46.00
(iii) Gratuity fund contributions	28.10	27.92	51.31	57.17
(iv) Social security and other benefit plans for overseas employees	93.41	67.96	198.38	124.07
(c) Staff welfare expenses	280.93	225.84	538.93	429.87
	<u>4484.26</u>	<u>3411.19</u>	<u>8693.10</u>	<u>6450.24</u>

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	For the quarter ended September 30, 2011 ₹ in crores	For the quarter ended September 30, 2010 ₹ in crores	For the six months ended September 30, 2011 ₹ in crores	For the six months ended September 30, 2010 ₹ in crores
NOTE 'W'				
OPERATION AND OTHER EXPENSES				
(a) Overseas business expenses	1672.85	1390.40	3220.26	2644.14
(b) Services rendered by business associates and others	561.08	492.71	1068.75	892.08
(c) Software, hardware and material costs	255.72	341.20	568.28	563.59
(d) Cost of software licenses	224.39	132.60	402.41	212.98
(e) Communication expenses	159.32	128.39	319.69	254.21
(f) Travelling and conveyance expenses	162.58	110.43	297.55	210.38
(g) Rent	241.54	115.28	468.75	310.08
(h) Legal and professional fees	67.74	53.70	130.26	99.62
(i) Repairs and maintenance	76.99	59.99	152.96	118.74
(j) Electricity expenses	90.54	79.76	181.11	151.44
(k) Bad debts and advances written off	2.71	3.89	6.10	13.37
(l) Write back of provision for doubtful debts	(7.23)	(31.70)	(4.29)	(51.67)
(m) Provision for doubtful advances	1.56	1.65	2.79	2.03
(n) Recruitment and training expenses	59.55	46.72	116.29	93.09
(o) Diminution in value of long-term investments	-	0.96	-	0.96
(p) Commission and brokerage	6.88	4.44	14.92	9.64
(q) Printing and stationery	10.68	10.43	26.01	21.73
(r) Insurance	7.40	6.94	15.04	13.89
(s) Rates and taxes	24.23	16.16	49.37	31.48
(t) Entertainment	8.59	6.49	15.25	11.39
(u) Other expenses	138.00	128.59	268.94	264.59
	3765.12	3099.03	7320.44	5867.76

Notes :

1. Overseas business expenses includes:				
Travel expenses	93.17	83.37	183.89	162.33
Employee allowances	1485.50	1250.73	2861.10	2392.24
2. Repairs and maintenance includes:				
Buildings	36.03	27.55	74.01	53.55
Office and computer equipment	41.01	29.82	75.95	59.89

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

	For the quarter ended September 30, 2011 ₹ in crores	For the quarter ended September 30, 2010 ₹ in crores	For the six months ended September 30, 2011 ₹ in crores	For the six months ended September 30, 2010 ₹ in crores
NOTE 'X'				
FINANCE COSTS				
Interest expenses	9.64	15.28	14.36	17.96
	<u>9.64</u>	<u>15.28</u>	<u>14.36</u>	<u>17.96</u>

NOTE 'Y'

1) Significant Accounting Policies

a) Basis of Preparation

These condensed consolidated financial statements of Tata Consultancy Services Limited ("the Company") and its subsidiaries ("the Group") have been prepared in accordance with Accounting Standard 25 "Interim Financial Reporting" (AS - 25) issued pursuant to the Companies (Accounting Standards) Rules, 2006. These condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended and as at March 31, 2011. In the opinion of the management, all adjustments which are necessary for a fair presentation have been included. The accounting policies followed in preparation of the condensed financial statements are consistent with those followed in the preparation of the annual financial statements. The results of interim periods are not necessarily indicative of the results that may be expected for any interim period or for the full year.

b) Principles of consolidation

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

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

- i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealised profits or losses have been fully eliminated.
- ii) 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 Group 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 Group, 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 Group in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.
- vi) 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.

c) Use of estimates

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

d) Fixed Assets

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

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

e) Depreciation / Amortization

Depreciation / amortization 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:

Leasehold Land and Buildings	Straight-Line	Lease period
Freehold Buildings	Written down value	5%
	Straight-Line	1.63% - 2.5%
Factory Buildings	Straight-Line	10%
Leasehold Improvements	Straight-Line	Lease period
Plant and Machinery	Straight-Line	33.33%
Computer Equipment	Straight-Line	16% - 50%
Vehicles	Written down value	25.89% - 29.89%
	Straight-Line	19.80% - 33.33%
Office Equipment	Written down value	13.91%
	Straight-Line	10% - 20%
Electrical Installations	Written down value	13.91%
	Straight-Line	18% - 20%
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 - 60 months
Software Licenses	Straight-Line	License Period
	Straight-Line	20% - 50%
Rights under Licensing Agreement	Straight-Line	License Period

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

f) Leases

Where the Group, 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 Group in its capacity as lessee, where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is 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 its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment 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 Group'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. Reversal of impairment loss on goodwill because of a change in estimates is not permitted.

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 an 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 amortised on a straight-line basis over the average period until the benefits become vested.

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

ii) Other 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.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

j) Revenue recognition

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.

Revenues from sale of software licenses are recognised upon delivery where there is no customisation required. In case of customisation 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 and 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 taking into account the amount outstanding and the rate applicable.

k) Research and Development

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred. Development costs of marketable computer software are capitalised when a product's technological feasibility has been established until the time the product is available for general release to customers. In most instances, the Group's products are released soon after technological feasibility has been established. Therefore, costs incurred subsequent to achievement of technological feasibility are usually not significant, and generally most software development costs have been expensed.

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 Group will pay normal income tax after the tax holiday period. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Group 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 offsetting advance tax paid and income tax provision arising in the same tax jurisdiction and the Group intends to settle the asset and liability on a net basis.

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

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 and currency option contracts are amortised 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 accumulated under foreign currency translation reserve.

n) Derivative instruments and hedge accounting

The Group 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 Group designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Indian Accounting Standard 39 "Financial Instruments: Recognition and Measurement" (Ind AS 39).

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

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

o) Inventories

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

p) Government Grants

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

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

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

q) Provisions, Contingent Liabilities and Contingent Assets

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

r) Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

2) **Acquisitions / Divestments**

In terms of the shareholders agreement dated March 23, 2006, Phoenix Group Services Limited (formerly known as Pearl Group Services Limited) , exercised their put option and sold equity holding of 24% in Diligenta Limited to the Company at a fixed price of ₹ 228.00 crores (GBP 30.24 million) in September 2011. Thereby Diligenta Limited becomes a wholly owned subsidiary of the Company. Legal formalities relating to the transfer of shares are in the process of being completed.

3) The Company has given undertakings to (a) Bank of China Co. Limited, not to transfer its controlling interest in TCS Financial Solutions Australia Pty Limited, a wholly owned subsidiary of TCS FNS Pty Limited and (b) the Government of Maharashtra not to divest its shareholding in MahaOnline Limited except to an affiliate.

4) Unbilled revenue as at September 30, 2011, amounting to ₹ 1966.59 crores (*March 31, 2011 .₹ 1348.85 crores*) primarily comprises of the revenue recognised in relation to efforts incurred on turnkey contracts priced on a fixed time, fixed price basis.

5) Segment Reporting

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

Business segments are primarily financial services comprising customers providing banking, finance and insurance services, manufacturing companies, companies in retail and consumer packaged goods industries, companies in telecommunication, media and entertainment and others such as energy, resources and utilities, Hi-Tech industry practice, life science and healthcare, s-Governance, travel, transportation and hospitality, products, etc.

Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reporting segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably among segments are not allocated to primary and secondary segments.

Geographical revenues are allocated based on the location of the customer. Geographic segments of the Group are Americas (including Canada and South American countries), Europe, India and Others.

Quarter ended September 30, 2011

Particulars	Business Segments					Total	(₹ in crores)
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom	Others		
Revenue	5077.25	903.07	1410.82	1482.17	2760.18	11633.49	
	4081.18	683.48	1012.70	1369.62	2139.41	9286.39	
Segment result	1567.36	230.98	408.39	424.47	719.84	3351.04	
	1274.39	182.98	261.07	526.36	496.92	2741.72	
Unallocable expenses (net)						208.34	
						153.29	
Operating income						3142.70	
						2588.43	
Other income (net)						122.69	
						70.75	
Profit before taxes						3265.39	
						2659.18	
Tax expense						937.73	
						460.14	
Minority Interest and share of loss of associate						2327.66	
						2199.04	
Minority Interest						26.66	
						29.83	
Share of loss of associate						-	
						-	
Net profit for the period						2301.00	
						2169.21	

- 6) Current tax is net of the effect of additional provision (net) of ₹ 15.19 crores for the quarter ended September 30, 2011 (*September 30, 2010: ₹ 87.13 crores*) and ₹ 19.41 crores for the six months ended September 30, 2011 (*September 30, 2010: ₹ 67.15 crores*) in domestic and certain overseas jurisdictions relating to earlier years.

7) **Contingent Liabilities**

Particulars	(₹ crores)	
	As at September 30, 2011	As at March 31, 2011
Claims against the Group not acknowledged as debt	82.90	82.83
Income Taxes (See note (i) below)	856.18	842.04
Indirect Taxes	136.95	144.68
Guarantees given by the Group (See note (ii) below)	2035.41	2259.48
Unexpired Letters of Credit	17.32	1.57
Other Contingencies	0.37	0.94

Notes:

- i) TCS e-Serve Limited has a contingent liability of ₹ 236.41 crores (*March 31, 2011 : ₹ 236.41 crores*) in respect of Income Tax matters in dispute. TCS e-Serve Limited has net advance taxes aggregating to ₹ 218.97 crores against disputed amounts for the various assessment years. The Company is entitled to an indemnification from the seller, of the above referred contingent claims on TCS e-Serve Limited, and would be required to refund to the seller, amounts equal to the monies received by TCS e-Serve Limited, on all such claims, as an adjustment to the purchase price consideration.
- ii) The Group has provided guarantees aggregating to ₹ 1971.89 crores (*GBP 275.60 million*) (*March 31, 2011 : ₹ 1978.41 crores*) (*GBP 275.60 million*) to third parties on behalf of its subsidiary Diligenta Limited. The Group does not expect any outflow of resources in respect of the above.
- iii) 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.

8) **Derivative Financial Instruments**

The Company and its subsidiaries, in accordance with its risk management policies and procedures, enter 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 Group has following outstanding derivative instruments as at September 30, 2011:

- i) The following are outstanding foreign exchange forward contracts, which have been designated as Cash Flow Hedges, as at:

Foreign Currency	September 30, 2011			March 31, 2011		
	No. of Contracts	Notional amount of Forward contracts (million)	Fair Value (₹ crores)	No. of Contracts	Notional amount of Forward contracts (million)	Fair Value (₹ crores)
U.S.Dollar	56	296.94	(39.64)	52	207.82	34.70
Sterling Pound	41	65.58	(8.71)	38	27.70	1.71
Australian Dollar	62	21.01	(2.19)	19	9.50	(2.27)

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

Foreign Currency	September 30, 2011			March 31, 2011		
	No. of Contracts	Notional amount of Currency Option contracts (million)	Fair Value (₹ crores)	No. of Contracts	Notional amount of Currency Option contracts (million)	Fair Value (₹ crores)
U.S.Dollar	90	2076.26	(519.99)	58	349.38	(16.79)
Sterling Pound	18	174.00	(24.94)	9	54.00	8.64
Euro	18	164.00	(20.00)	21	149.00	1.06

Net loss on derivative instruments of ₹ 435.73 crores recognised in Hedging Reserve as of September 30, 2011, is expected to be reclassified to the profit and loss account by September 30, 2012.

The movement in Hedging Reserve during the period ended September 30, 2011, for derivatives designated as Cash Flow Hedges is as follows:

	(₹ crores)	
	Period ended September 30, 2011	Period ended March 31, 2011
Balance at the beginning of the year	62.73	(6.07)
Gains / (losses) transferred to income statement on occurrence of forecasted hedge transaction	12.51	(57.38)
Changes in the fair value of effective portion of outstanding cash flow derivatives	(488.23)	125.61
Net derivative (losses) / gains related to a discontinued cash flow hedge	(58.80)	0.12
Amount transferred to minority interests during the period	4.14	0.45
Balance at the end of the period	(467.65)	62.73

In addition to the above Cash Flow Hedges, the Group has outstanding foreign exchange forward contracts and currency option contracts with notional amount aggregating ₹ 7964.25 crores (*March 31, 2011: ₹ 4649.67 crores*) whose fair value showed a loss of ₹ 199.12 crores (*March 31, 2011 : gain of ₹ 29.44 crores*) as at September 30, 2011. Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting and accordingly these are accounted as derivative instruments at fair value with changes in fair value recorded in the profit and loss account. Exchange loss of ₹ 238.96 crores (*September 30, 2010 : exchange gain of ₹ 4.10 crores*) and loss of ₹ 197.55 crores (*September 30,2010 : exchange loss ₹ 60.76 crores*) on foreign exchange forward contracts and currency option contracts for the three-months period ended September 30, 2011 and six months ended September 30,2011 have been recognised in the profit and loss account.

- 9) Increase in payables in respect of purchase of fixed assets amounting to ₹ 39.72 crores for the period ended September 30, 2011 (September 30, 2010 : ₹ 56.06 crores) have been considered as non cash transactions
- 10) The Board of Directors declared an interim dividend of ₹ 3.00 per equity share in their meeting held on October 17, 2011.
- 11) Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Group financial statements.
- 12) These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act 1956. Previous period figures have been recast / restated to confirm to the classification of the current period.
- 13) *Previous periods' figures are in italics.*