

TATA CONSULTANCY SERVICES LIMITED
CONDENSED BALANCE SHEET

(₹ crores)

	Note	As at December 31, 2011	As at March 31, 2011
I. EQUITY AND LIABILITIES			
Shareholder's funds			
(a) Share Capital	2	295.72	295.72
(b) Reserves and Surplus	3	25053.36	19283.77
		25349.08	19579.49
Non - current liabilities			
(a) Long - term borrowings	4	33.49	36.33
(b) Deferred tax liabilities (net)	5	98.86	69.32
(c) Other long - term liabilities	6	223.63	129.91
(d) Long - term provisions	7	133.45	76.17
		489.43	311.73
Current liabilities			
(a) Short - term borrowings	8	14.60	-
(b) Trade payables		3126.60	2482.10
(c) Other current liabilities	9	1785.69	1255.55
(d) Short - term provisions	10	1493.80	2413.94
		6420.69	6151.59
TOTAL		32259.20	26042.81
II. ASSETS			
Non - current assets			
(a) Fixed assets	11		
(i) Tangible assets		3603.47	3363.78
(ii) Capital work-in-progress		1411.56	1072.86
(iii) Intangible assets		53.19	58.40
		5068.22	4495.04
(b) Non - current investments	12	5683.49	5457.91
(c) Deferred tax assets (net)	5	147.36	52.03
(d) Long term loans and advances	13	3691.88	2864.09
(e) Other non - current assets	14	1182.69	2603.26
		15773.64	15472.33
Current assets			
(a) Current investments	15	396.49	337.58
(b) Inventories	16	4.79	5.37
(c) Unbilled revenue	17	1408.39	836.37
(d) Trade receivables	18	9294.07	4806.67
(e) Cash and bank balances	19	3512.29	3120.52
(f) Short - term loans and advances	20	1452.28	1369.05
(g) Other current assets	21	417.25	94.92
		16485.56	10570.48
TOTAL		32259.20	26042.81

III. NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS 1-32

*As per our report attached
For Deloitte Haskins & Sells
Chartered Accountants*

For and on behalf of the Board

P. R. Ramesh
Partner

N. Chandrasekaran
CEO and Managing
Director

S. Mahalingam
Chief Financial Officer
and Executive Director

Suprakash Mukhopadhyay
Company Secretary

Mumbai, January 17, 2012

TATA CONSULTANCY SERVICES LIMITED
CONDENSED STATEMENT OF PROFIT AND LOSS

(₹ crores)

	Note	For the quarter ended December 31,		For the nine months ended December 31,	
		2011	2010	2011	2010
I. Revenue from operations	22	10544.03	7627.26	28486.83	21305.66
II. Exchange (loss) / gain (net)		(305.73)	21.95	(341.48)	(85.29)
III. Other income	23	1069.57	115.24	2783.20	362.13
Total Revenue		11307.87	7764.45	30928.55	21582.50
IV. Expenses:					
(a) Employee benefits expense	24	3644.81	2625.50	10272.39	7417.69
(b) Operation and other expenses	25	3648.17	2656.69	9868.94	7522.94
(c) Finance costs	26	3.14	2.60	13.97	18.81
(d) Depreciation and amortisation expense		172.82	139.23	503.95	380.00
Total expenses		7468.94	5424.02	20659.25	15339.44
V. Profit before tax		3838.93	2340.43	10269.30	6243.06
VI. Tax expenses:					
(a) Current tax	27	832.77	368.05	2232.59	1029.12
(b) Deferred tax		(47.90)	13.36	(65.79)	48.67
(c) MAT Credit entitlement		(114.04)	(92.73)	(315.14)	(255.54)
		670.83	288.68	1851.66	822.25
VII. Profit for the period		3168.10	2051.75	8417.64	5420.81
VIII. Earnings per equity share: - Basic and diluted (₹)		16.17	10.46	42.96	27.62
IX. Notes forming part of the Condensed Financial Statements	1-32				

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For Deloitte Haskins & Sells
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Company Secretary

Mumbai, January 17, 2012

TATA CONSULTANCY SERVICES LIMITED
CONDENSED CASH FLOW STATEMENT

(₹ crores)

	Note	For the nine months ended December 31, 2011	For the nine months ended December 31, 2010
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES		1303.97	4226.26
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(1239.27)	(1068.49)
Proceeds from sale of fixed assets		1.03	1.53
Adjustment of purchase consideration		-	27.33
Purchase of trade investments		(231.60)	(55.73)
Proceeds from sale / transfer of trade investments		9.05	-
Purchase of mutual fund and other investments		(8155.52)	(41534.49)
Sale of mutual funds and other investments		8104.90	43559.64
Advance towards investment in subsidiary		-	(1.89)
Loans repaid by subsidiaries		-	13.51
Inter-corporate deposits placed		(831.80)	(196.00)
Inter-corporate deposits refunded		706.80	140.00
Commercial Paper purchased		-	(146.02)
Commercial Paper matured		-	97.83
Fixed deposit placed with banks having original maturity over three months		(1019.00)	(3412.00)
Fixed deposit placed with banks matured having original maturity over three months		1850.00	2332.72
Dividends received from subsidiaries		2302.96	33.39
Dividends received from other investments		0.51	5.88
Interest received		171.78	185.82
Net cash provided by / (used in) investing activities		<u>1669.84</u>	<u>(16.97)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings (net)		14.60	25.90
Repayment of long term borrowing		(1.24)	(1.24)
Dividend paid, including dividend tax		(3197.39)	(4127.93)
Interest paid		(14.07)	(18.93)
Net cash used in financing activities		<u>(3198.10)</u>	<u>(4122.20)</u>
Net (decrease) / increase in cash and cash equivalents		(224.29)	87.09
Cash and cash equivalents at beginning of the period		577.18	293.28
Exchange difference on translation of foreign currency cash and cash equivalents		37.36	10.67
Cash and cash equivalents at end of the period as per Note 19		<u>390.25</u>	<u>391.04</u>
Earmarked balances with banks		8.04	7.18
Short term bank deposits		3114.00	2690.25
Cash and Bank balance at the end of the period as per Note 19		<u>3512.29</u>	<u>3088.47</u>

NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS

1-32

*As per our report attached
For Deloitte Haskins & Sells
Chartered Accountants*

For and on behalf of the Board

P. R. Ramesh
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Suprakash Mukhopadhyay
Company Secretary

Mumbai, January 17, 2012

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Financial Statements

1) Significant Accounting Policies

a) Basis of Preparation

These condensed financial statements 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 financial statements should be read in conjunction with the annual financial statements of the Company 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) 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 period. Example of such estimates include provisions for doubtful debts, employee benefits, provision for income taxes, accounting for contract costs expected to be incurred to complete the useful lives of depreciable fixed assets and provisions for impairment.

c) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation / amortisation. 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.

d) Depreciation / Amortisation

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

<u>Type of asset</u>	<u>Method</u>	<u>Rate/Period</u>
Leasehold Land and Buildings	Straight line	Lease period
Freehold Buildings	Written down value	5%
Factory Buildings	Straight line	10%
Leasehold Improvements	Straight line	Lease period
Plant and Machinery	Straight line	33.33%
Computer Equipment	Straight line	25%
Vehicles	Written down value	25.89%
Office Equipment	Written down value	13.91%
Electrical Installations	Written down value	13.91%
Furniture and Fixtures	Straight line	100%
Intellectual Property / Distribution Rights	Straight line	24 – 60 months
Rights under Licensing agreement	Straight line	License period

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

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Financial Statements

e) Leases

Assets leased by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such a lease is 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 vest with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the statement of profit and loss on a straight-line basis.

f) 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 asset 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 the risks specific to the asset.

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

g) Investments

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

h) 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 statement of profit and loss 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.

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Financial Statements

i) 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 licences 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.

j) 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 Company'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 depreciation rates set out in note 1(d).

k) 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 foreign 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 recognised 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 taxes paid and income tax provisions arising in the same tax jurisdiction and the Company intends to settle the asset and liability on a net basis.

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

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.

l) Foreign currency transactions

Income and expenses 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 statement of profit and loss 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 statement of profit and loss.

m) 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.

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 the statement of profit and loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the statement of profit and loss 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 statement of profit and loss for the period.

n) 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 Company are carried at lower of cost and net realisable value. Cost includes direct material and labour cost and a proportion of manufacturing overheads.

o) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company 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.

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Financial Statements

p) Cash and cash equivalents

The Company 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) SHARE CAPITAL

The Authorised, Issued, Subscribed and Fully paid-up share capital comprises of equity shares and cumulative redeemable preference shares having a par value of ₹ 1 each as follows:

	(₹ crores)	
	As at December 31, 2011	As at March 31, 2011
(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 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

144,34,51,698 equity shares *(March 31, 2011 : 144,34,04,398 equity shares)* and 100,00,00,000 redeemable preference shares *(March 31, 2011 : 100,00,00,000 redeemable preference shares)* are held by Tata Sons Limited, the holding company.

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

3) RESERVES AND SURPLUS

Reserves and surplus consist of the following reserves:

	(₹ crores)	
	As at December 31, 2011	As at March 31, 2011
(a) Securities Premium Account	1918.47	1918.47
	1918.47	1918.47
(b) Foreign currency translation reserve		
(i) Opening balance	101.61	94.98
(ii) Addition during the period (net)	79.56	6.63
	181.17	101.61
(c) Hedging reserve account		
(i) Opening balance	11.35	(76.82)
(ii) (Deductions) /Additions during the period (net)	(680.37)	88.17
	(669.02)	11.35
(d) General Reserve		
(i) Opening balance	3183.14	2426.14
(ii) Transferred from Profit and Loss Account	-	757.00
	3183.14	3183.14
(e) Balance in Profit and Loss Account		
(i) Opening balance	14069.20	10458.13
Add : Profit for the period	8417.64	7569.99
	22486.84	18028.12
Less : Appropriations		
(a) Interim dividends on equity shares	1761.49	1174.32
(b) Proposed final dividend on equity shares	-	1565.78
(c) Dividend on redeemable preference shares	-	11.00
(d) Tax on dividend	285.75	450.82
(e) General Reserve	-	757.00
	20439.60	14069.20
	25053.36	19283.77

The Board of Directors declared an interim dividend of ₹ 3 per equity share in the meeting held on January 17, 2012.

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

4) LONG - TERM BORROWINGS

Long term borrowings consist of the following:

	(₹ crores)	
	As at	As at
	December 31, 2011	March 31, 2011
(a) Secured Loans		
Long term maturities of obligations under finance lease	30.73	32.33
(b) Unsecured Loans		
Other loans and advances (from entities other than banks)	2.76	4.00
	33.49	36.33

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

5) DEFERRED TAX LIABILITIES (Net)

Major components of the deferred tax balances:

	(₹ crores)	
	As at	As at
	December 31, 2011	March 31, 2011
(a) Deferred tax liabilities (net)		
(i) Foreign branch profit tax	87.48	60.15
(ii) Depreciation and amortisation	11.62	1.32
(iii) Others	(0.24)	7.85
	98.86	69.32
(b) Deferred tax assets (net)		
(i) Depreciation and amortisation	(19.89)	(31.78)
(ii) Employee benefits	85.03	34.06
(iii) Provision for doubtful debts	42.47	31.25
(iv) Others	39.75	18.50
	147.36	52.03

6) OTHER LONG TERM LIABILITIES

Other long term liabilities consist of the following:

	(₹ crores)	
	As at	As at
	December 31, 2011	March 31, 2011
(a) Trade payables	136.22	88.11
(b) Other liabilities	87.41	41.80
	223.63	129.91

Other liabilities pertains to the fair values of foreign exchange forward and currency option contracts secured against book debts.

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

7) LONG TERM PROVISIONS

Long term provisions consist of the following:

	(₹ crores)	
	As at	As at
	December 31, 2011	March 31, 2011
Provision for employee benefits	133.45	76.17
	133.45	76.17
	133.45	76.17

Provision for employee benefits include provision for gratuity and other retirement benefits.

8) SHORT TERM BORROWINGS

Short term borrowings consist of the following:

	(₹ crores)	
	As at	As at
	December 31, 2011	March 31, 2011
Secured Loans		
<u>From Banks</u>		
Overdraft	14.60	-
	14.60	-
	14.60	-

Bank Overdrafts are secured against book debts.

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

9) OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	(₹ crores)	
	As at December 31, 2011	As at March 31, 2011
(a) Current maturities of long-term debt	1.25	1.25
(b) Current maturities of finance lease obligations	4.20	3.54
(c) Interest accrued but not due on borrowings	0.02	0.12
(d) Income received in advance	582.34	557.34
(e) Unpaid dividends	8.04	7.31
(f) Equity share application monies refundable	-	0.03
(g) Advance received from customers	15.47	116.37
(h) Other payables	1174.37	569.59
	<u>1785.69</u>	<u>1255.55</u>

Other payables pertains to :

(i) Fair values of foreign exchange forward and currency option contracts secured against book debts	664.87	12.89
(ii) Statutory liabilities	463.79	297.70
(iii) Capital creditors	33.61	39.89
(iv) Others	12.10	219.10

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

10) SHORT TERM PROVISIONS

Short term provisions consist of the following:

	(₹ crores)	
	As at December 31, 2011	As at March 31, 2011
(a) Provision for employee benefits	518.47	398.70
(b) Others		
(i) Proposed final dividend on equity shares	-	1565.78
(ii) Proposed dividend on redeemable preference shares	-	11.00
(iii) Interim dividend	587.17	-
(iv) Tax on dividend	95.25	255.79
(v) Current income taxes (net)	292.23	182.09
(vi) Provision for warranties	0.68	0.58
	<u>1493.80</u>	<u>2413.94</u>

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

11) FIXED ASSETS

Fixed assets consist of the following:

(₹ crores)

Description	Gross Block as at			Accumulated Depreciation / Amortisation as at			Accumulated Depreciation / Amortisation as at			Net book value as at	Net book value as at
	April 1, 2011	Additions	Deletions/ Adjustments	December 31, 2011	at April 1, 2011	the period	December 31, 2011	December 31, 2011	December 31, 2011	March 31, 2011	
(i) TANGIBLE FIXED ASSETS											
FREEHOLD LAND	315.95	-	-	315.95	-	-	-	-	315.95	315.95	
LEASEHOLD LAND	92.50	-	-	92.50	(11.02)	(1.25)	-	(12.27)	80.23	81.48	
FREEHOLD BUILDINGS	1610.57	142.18	-	1752.75	(282.22)	(54.85)	-	(337.07)	1415.68	1328.35	
FACTORY BUILDINGS	1.51	1.26	-	2.77	(0.83)	(0.15)	-	(0.98)	1.79	0.68	
LEASEHOLD BUILDINGS	9.81	0.00	-	9.81	(6.83)	(0.74)	-	(7.57)	2.24	2.98	
LEASEHOLD IMPROVEMENT	487.64	87.55	(0.24)	574.95	(253.23)	(46.91)	0.23	(299.91)	275.04	234.41	
PLANT AND MACHINERY	10.90	0.05	(0.37)	10.58	(10.87)	(0.03)	0.37	(10.53)	0.05	0.03	
FURNITURE AND FIXTURES	321.73	47.38	(4.01)	365.10	(284.80)	(51.48)	4.01	(332.27)	32.83	36.93	
VEHICLES	18.72	1.28	(0.81)	19.19	(10.83)	(1.73)	0.71	(11.85)	7.34	7.89	
OFFICE EQUIPMENT	647.71	107.00	(1.10)	753.61	(252.21)	(51.83)	0.70	(303.34)	450.27	395.50	
COMPUTER EQUIPMENT	1984.80	301.79	(68.00)	2218.59	(1302.61)	(251.59)	54.00	(1500.20)	718.39	682.19	
ELECTRICAL INSTALLATIONS	456.69	64.75	(1.78)	519.66	(179.30)	(38.18)	1.48	(216.00)	303.66	277.39	
Total	5958.53	753.24	(76.31)	6635.46	(2594.75)	(498.74)	61.50	(3031.99)	3603.47	3363.78	
Previous year	4858.50	1141.83	(41.80)	5958.53	(2097.98)	(535.33)	38.56	(2594.75)	3363.78		
									1411.56	1072.86	
(ii) CAPITAL WORK-IN-PROGRESS											
(iii) INTANGIBLE ASSETS											
INTELLECTUAL PROPERTY / DISTRIBUTION RIGHTS	12.63	-	-	12.63	(11.06)	(0.28)	-	(11.34)	1.29	1.57	
RIGHTS UNDER LICENSING AGREEMENT	59.00	-	-	59.00	(2.17)	(4.93)	-	(7.10)	51.90	56.83	
Total	71.63	-	-	71.63	(13.23)	(5.21)	-	(18.44)	53.19	58.40	
Previous year	12.71	60.89	(1.97)	71.63	(12.71)	(2.49)	1.97	(13.23)	58.40		

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. Leasehold improvements under finance lease have a net book value of ₹ 27.51 crores (March 31, 2011 : ₹ 30.70 crores). 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 Financial Statements

12) NON CURRENT INVESTMENTS

Non - current investments consist of the following:

	(₹ crores)	
	As at December 31, 2011	As at March 31, 2011
(A) TRADE INVESTMENTS (at cost)		
(i) <u>Subsidiary Companies</u>		
(a) <u>Fully Paid Equity Shares (Quoted)</u>		
CMC Limited	379.89	379.89
(b) <u>Fully Paid Equity Shares (Unquoted)</u>		
TCS Iberoamerica S.A.	165.23	165.23
APOnline Limited	-	-
Tata Consultancy Services Belgium S.A.	1.06	1.06
Tata Consultancy Services Netherlands B.V.	402.87	402.87
Tata Consultancy Services Sverige AB	18.89	18.89
Tata Consultancy Services Deutschland GmbH	1.72	1.72
Tata America International Corporation	452.92	452.92
Tata Consultancy Services Asia Pacific Pte Ltd.	18.69	18.69
WTI Advanced Technology Limited	38.52	38.52
TCS FNS Pty Limited	3.38	3.38
Diligenta Limited (2,40,000 shares subscribed during the period)	429.05	199.89
Tata Consultancy Services Canada Inc.	31.25	31.25
C-Edge Technologies Limited	5.10	5.10
MP Online Limited	0.89	0.89
Tata Consultancy Services Morocco SARL AU	8.17	8.17
Tata Consultancy Services (Africa) (PTY) Ltd.	4.92	4.92
TCS e-Serve Limited (Refer Note 29 (i))	2426.20	2426.20
Retail FullServe Limited	36.17	36.17
MahaOnline Limited	1.89	1.89
Tata Consultancy Services Qatar SPC.	2.44	-
(c) <u>Fully Paid Preference Shares (Unquoted)</u>		
Diligenta Limited 10% cumulative redeemable preference shares	363.04	363.04
Tata Consultancy Services Canada Inc. 16% cumulative redeemable preference shares (1,99,960 shares redeemed during the period)	-	6.02
APOnline Limited 6% redeemable preference shares	2.80	2.80

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

12) NON CURRENT INVESTMENTS (Continued)

	(₹ crores)	
	As at December 31, 2011	As at March 31, 2011
(ii) Others		
(a) Fully Paid Equity Shares (Unquoted)		
Yodlee, Inc.	-	-
National Power Exchange Limited	2.50	2.50
Taj Air Limited	19.00	19.00
ALMC HF	-	-
(b) Fully Paid Preference Shares (Unquoted)		
Tata AutoComp Systems Limited 8% cumulative redeemable preference shares	5.00	5.00
(B) OTHERS		
(i) Bonds (Quoted)		
10% Housing Urban Development Corporation Limited Bonds (2014)	1.50	1.50
8% IDBI Bonds (2013)	1.80	1.80
8% IDBI Bonds (2018)	0.10	0.10
(ii) Bonds (Unquoted)		
0 % ALMC HF (2014)	0.12	0.12
(iii) Debentures (Unquoted)		
Tata Sons Limited 4.50% non-convertible debentures (2014)	666.67	666.67
Panatone Finvest Limited 4.75% non-convertible debentures (2013)	200.00	200.00
	5691.78	5466.20
Provision for diminution in value of investment	(8.29)	(8.29)
	5683.49	5457.91
Book value of quoted investments	383.29	383.29
Book value of unquoted investments (net of provision)	5300.20	5074.62

Market value of quoted investments as classified above as at December 31, 2011 is ₹ 1232.78 crores
(March 31, 2011: ₹ 1615.47 crores)

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Financial Statements

12) NON CURRENT INVESTMENTS (Continued)

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. Equity investments in these companies are subject to these restrictions as per terms of individual contractual agreement.

Unquoted debentures include subscription to the privately placed unsecured, unlisted, redeemable, non – convertible debentures issued by Tata Sons Limited in January 2010 and its subsidiary Panatone Finvest Limited in March 2010 for a consideration of ₹ 1000 crores and ₹ 200 crores, respectively. The debentures issued by Tata Sons Limited would be redeemable at par in three equal installments at the end of second, third and fourth year, respectively from the date of allotment while the debentures issued by Panatone Finvest Limited would be redeemed at the end of the third year. The amount receivable on redemption within a period of one year from the date of the balance sheet is classified under Current investment and balance as Non current investment. The non - convertible debentures issued by Tata Sons Limited and its subsidiary Panatone Finvest Limited carry an effective interest rate of 8.50% and 8.75%, respectively.

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.

Tata Consultancy Services Morocco SARL AU, a wholly owned subsidiary, is in the process of being voluntarily liquidated.

On December 20, 2011, the Company has subscribed to 100% equity share capital of Tata Consultancy Services Qatar SPC.

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Financial Statements

13) LONG TERM LOANS AND ADVANCES

Long term loans and advances consist of the following:

	(₹ crores)	
	As at December 31, 2011	As at March 31, 2011
(a) Unsecured, considered good		
(i) Capital advances	367.02	226.71
(ii) Security deposits	419.45	370.10
(iii) Loans and advances to employees	9.50	10.90
(iv) Loans and advances to related parties	569.87	487.96
(v) Advance tax (including refunds receivable) (net)	650.63	513.89
(vi) MAT Credit entitlement	1319.71	1007.50
(vii) Other loans and advances	355.70	247.03
(b) Doubtful		
Loans and advances to related parties	6.20	5.19
Less : Provision for doubtful loans and advances	(6.20)	(5.19)
	3691.88	2864.09
Loans and advances to related parties pertain to:		
TCS FNS Pty Limited	206.04	175.47
TCS Iberoamerica SA	315.25	263.71
Tata Consultancy Services Morocco SARL AU	6.20	5.19
CMC Limited	0.22	0.81
Tata Realty and Infrastructure Limited	45.39	45.00
Tata Sons Limited	2.97	2.97
Other loans and advances pertain to:		
Indirect Tax Recoverable	52.30	52.30
Other amounts recoverable in cash or kind for value to be received	272.60	178.81
Others	30.80	15.92

14) OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

	(₹ crores)	
	As at December 31, 2011	As at March 31, 2011
(a) Interest receivable	107.69	119.26
(b) Long term bank deposits	1075.00	2484.00
	1182.69	2603.26

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

15) CURRENT INVESTMENTS

Current investments consist of the following:

	(₹ crores)	
	As at	As at
	December 31, 2011	March 31, 2011
(i) Bonds (Quoted)		
10% Housing Urban Development Corporation Limited Bonds (2012)	0.25	0.25
(ii) Investment in Mutual and other Funds (Unquoted)	62.91	4.00
(iii) Debentures (Unquoted)		
Tata Sons Limited 4.50% non-convertible debentures (2012)	333.33	333.33
	396.49	337.58
Book value of quoted investments	0.25	0.25
Book value of unquoted investments (net of provision)	396.24	337.33

Market value of quoted investments classified above as at December 31, 2011 is ₹ 0.25 crore
(March 31, 2011: ₹ 0.25 crore)

16) INVENTORIES

Inventories consist of the following:

	(₹ crores)	
	As at	As at
	December 31, 2011	March 31, 2011
(a) Raw materials, sub-assemblies and components	3.76	4.39
(b) Finished goods and Work-in-progress	0.55	0.80
(c) Goods-in-transit	0.48	0.18
	4.79	5.37

Inventories are carried at the lower of cost and net realisable value.

17) UNBILLED REVENUE

Unbilled revenue as at December 31, 2011 amounting to ₹ 1408.39 crores (March 31, 2011 : ₹ 836.37 crores) primarily comprises of the revenue recognised in relation to efforts incurred on turnkey contracts priced on a fixed time, fixed price basis of ₹ 1138.56 crores (March 31, 2011 : ₹ 780.11 crores).

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Financial Statements

18) TRADE RECEIVABLES (Unsecured)

Trade receivables consist of the following:

	(₹ crores)	
	As at	As at
	December 31, 2011	March 31, 2011
(a) Over six months		
(i) Considered good	1451.07	1029.10
(ii) Considered doubtful	148.36	151.18
(b) Others		
(i) Considered good	7843.00	3777.57
(ii) Considered doubtful	-	0.45
	9442.43	4958.30
Less: Provision for doubtful debts	(148.36)	(151.63)
	9294.07	4806.67

19) CASH AND BANK BALANCES

Cash and bank balances consist of the following:

	(₹ crores)	
	As at	As at
	December 31, 2011	March 31, 2011
(a) Cash and cash equivalents		
(i) Balances with banks		
In current accounts	227.47	162.85
In deposit accounts with original maturity less than 3 months	125.27	359.75
(ii) Cheques on hand	17.20	52.06
(iii) Cash on hand	0.66	0.76
(iv) Remittances in transit	19.65	1.76
(b) Other Bank balances		
(i) Earmarked balances with banks	8.04	7.34
(ii) Short term bank deposits	3114.00	2536.00
	3512.29	3120.52

Balances with banks in current accounts do not include fourteen bank accounts having a balance of ₹ Nil (March 31, 2011 : ₹ Nil) operated by the Company on behalf of a third party.

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Financial Statements

20) SHORT TERM LOANS AND ADVANCES

Short – term loans and advances consist of the following:

	(₹ crores)	
	As at	As at
	December 31, 2011	March 31, 2011
(a) Unsecured, considered good		
(i) Loans and advances to employees	141.03	130.68
(ii) Loans and advances to related parties	152.18	177.78
(iii) Other loans and advances	1159.07	1060.59
(b) Doubtful		
(i) Loans and advances to employees	30.98	26.29
(ii) Other loans and advances	5.79	6.09
Less : Provision for doubtful loans and advances	(36.77)	(32.38)
	1452.28	1369.05

Loans and advances to related parties pertain to:

TCS FNS Pty Limited	45.70	38.92
MahaOnline Limited	-	0.19
Tata Sky Limited	5.00	30.00
Tata Realty and Infrastructure Limited	100.00	100.00
WTI Advanced Technology Limited	0.05	0.26
CMC Limited	0.53	4.01
Tata Teleservices Limited	0.88	4.38
Tata Teleservices Limited (Maharashtra)	0.02	-
Tata AIG General Insurance Company Limited	-	0.01
Infiniti Retail Limited	-	0.01

Other loans and advances pertain to:

Security Deposit	53.16	42.58
Inter Corporate Deposits	250.00	100.00
Indirect Tax recoverable	77.40	113.92
Fair values of foreign exchange forward and currency option contracts secured against book debts	34.43	52.33
Advance to suppliers	33.87	35.67
Other amounts recoverable in cash or kind for value to be received	706.94	687.70
Others	9.06	34.48

21) OTHER CURRENT ASSETS

Other current assets consist of the following :

	₹ crores	
	As at	As at
	December 31, 2011	March 31, 2011
Interest Receivable	417.25	94.92
	417.25	94.92

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

22) REVENUE FROM OPERATIONS

Revenue from operations consist of revenues from:

	(₹ crores)			
	For the quarter ended December 31,		For the nine months ended December 31,	
	2011	2010	2011	2010
(a) Information technology and consultancy services	10110.70	7322.89	27444.02	20457.38
(b) Sale of equipment and software licences	433.39	304.43	1042.99	848.48
Less : Excise Duty	(0.06)	(0.06)	(0.18)	(0.20)
	<u>10544.03</u>	<u>7627.26</u>	<u>28486.83</u>	<u>21305.66</u>

23) OTHER INCOME

Other income consist of the following:

	(₹ crores)			
	For the quarter ended December 31,		For the nine months ended December 31,	
	2011	2010	2011	2010
(a) Interest	151.27	92.15	482.54	250.90
(b) Dividend income	910.06	1.13	2282.23	39.27
(c) Profit on redemption / sale of mutual funds and other current investments (net)	3.79	19.69	8.29	67.69
(d) Rent	0.64	0.46	0.98	1.36
(e) Profit / (loss) on sale of fixed assets (net)	0.12	0.13	0.19	(1.14)
(f) Miscellaneous income	3.69	1.68	8.97	4.05
	<u>1069.57</u>	<u>115.24</u>	<u>2783.20</u>	<u>362.13</u>

Dividend income includes:

Dividends from subsidiaries (trade investments)	910.06	-	2281.72	33.39
Dividends from mutual funds (other investments)	-	1.13	0.11	5.11
Dividends from other long-term investments (trade investments)	-	-	0.40	0.77

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

24) EMPLOYEE BENEFITS EXPENSE

Employee benefits expense consist of the following:

	(₹ crores)			
	For the quarter ended December 31,		For the nine months ended December 31,	
	2011	2010	2011	2010
(a) Salaries and incentives	3216.76	2284.53	9060.14	6460.04
(b) Contributions to -				
(i) Provident fund	91.87	72.91	263.70	208.03
(ii) Superannuation scheme	23.15	19.04	67.61	53.99
(iii) Gratuity fund contributions	25.37	28.74	81.46	79.62
(iv) Social security and other benefit plans for overseas employees	52.83	36.43	146.51	103.60
(c) Staff welfare expenses	234.83	183.85	652.97	512.41
	3644.81	2625.50	10272.39	7417.69

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Financial Statements

25) OPERATION AND OTHER EXPENSES

Operation and other expense consist of the following:

	(₹ crores)			
	For the quarter ended December 31,		For the nine months ended December 31,	
	2011	2010	2011	2010
(a) Overseas business expenses	1626.30	1258.86	4506.40	3648.26
(b) Services rendered by business associates and others	707.65	451.67	1856.02	1264.28
(c) Software, hardware and material costs	414.34	307.96	970.17	824.70
(d) Cost of software licenses	165.65	84.99	485.94	264.49
(e) Communication expenses	101.84	81.38	285.43	220.69
(f) Travelling and conveyance expenses	100.59	83.06	288.51	210.12
(g) Rent	164.07	134.35	472.54	337.02
(h) Legal and professional fees	46.66	31.49	124.84	88.17
(i) Repairs and maintenance	57.51	40.44	162.06	127.10
(j) Electricity expenses	71.20	62.15	217.53	182.03
(k) Bad debts written off	8.86	7.08	8.81	17.84
(l) Write off / (write back) of provision for doubtful debts	2.51	(44.71)	(3.27)	(92.59)
(m) Provision for doubtful advances	2.26	1.60	5.40	4.06
(n) Advances written-off	-	(0.02)	-	0.02
(o) Recruitment and training expenses	41.83	43.60	128.89	113.75
(p) Diminution in value of long-term investments	-	0.12	-	0.12
(p) Commission and brokerage	7.07	2.55	13.63	8.58
(q) Printing and stationery	4.12	4.28	14.81	13.88
(r) Insurance	4.35	4.11	12.30	11.74
(s) Rates and taxes	12.45	10.08	39.73	26.20
(t) Entertainment	6.27	3.88	15.62	10.54
(u) Other expenses	102.64	87.77	263.58	241.94
	<u>3648.17</u>	<u>2656.69</u>	<u>9868.94</u>	<u>7522.94</u>
(i) Overseas business expenses includes:				
Travel expenses	74.26	65.91	235.78	202.53
Employee allowances	1494.62	1147.43	4065.40	3330.51
(ii) Repairs and maintenance pertains to:				
Buildings	27.73	18.91	74.80	51.59
Office and computer equipment	29.78	21.53	87.26	75.51
(iii) Software, hardware and material costs includes:				
Material Costs				
(a) Raw Materials, sub-assemblies and components consumed	2.81	4.69	7.60	13.69
(b) Opening Stock:				
Finished goods and work-in-progress	0.77	2.37	0.80	1.67
(c) Less: Closing Stock:				
Finished goods and work-in-progress	0.55	1.24	0.55	1.24
	<u>0.22</u>	<u>1.13</u>	<u>0.25</u>	<u>0.43</u>
	<u>3.03</u>	<u>5.82</u>	<u>7.85</u>	<u>14.12</u>
(iv) Other expenses includes:				
Stores and spare parts consumed	-	0.01	0.02	0.04

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Financial Statements

26) Finance Costs

Finance costs consist of the following:

	(₹ crores)			
	For the quarter ended December 31,		For the nine months ended December 31,	
	2011	2010	2011	2010
Interest expense	3.14	2.60	13.97	18.81
	<u>3.14</u>	<u>2.60</u>	<u>13.97</u>	<u>18.81</u>

- 27) Current tax is net of the write-back of provisions (net) and refunds received of ₹ 41.03 crores for the quarter ended December 31, 2011 (*December 31, 2010: ₹ 4.92 crores*) and for the nine months ended December 31, 2011 of ₹ 29.17 crores (*December 31, 2010: Current tax is net of the effect of additional provision (net) of ₹ 32.09 crores*) in domestic and certain overseas jurisdictions relating to earlier years.

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Financial Statements

28) Segment Reporting

The Company 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 Company are Americas (including Canada and South American countries), Europe, India and Others.

Quarter ended December 31, 2011

(₹ crores)

Particulars	Business Segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom	Others	
Revenue	4155.46	838.73	1412.15	1393.92	2743.77	10544.03
	3046.69	585.37	903.66	1194.48	1897.06	7627.26
Segment result	1365.50	236.76	434.94	448.39	765.46	3251.05
	1032.87	144.42	242.70	442.21	482.99	2345.19
Unallocable expenses (net)						175.96
						141.95
Operating income						3075.09
						2203.24
Other income adjusted for exchange (loss) / gain						763.84
						137.19
Profit before taxes						3838.93
						2340.43
Tax expense						670.83
						288.68
Net profit for the period						3168.10
						2051.75

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

Nine months ended December 31, 2011 (₹ crores)

Particulars	Business Segments					
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom	Others	Total
Revenue	11315.42	2241.23	3744.98	3965.56	7219.64	28486.83
	<i>8545.02</i>	<i>1648.16</i>	<i>2549.90</i>	<i>3423.08</i>	<i>5139.50</i>	<i>21305.66</i>
Segment result	3583.33	587.36	1066.11	1215.32	1893.38	8345.50
	<i>2753.08</i>	<i>419.20</i>	<i>644.89</i>	<i>1253.78</i>	<i>1294.20</i>	<i>6365.15</i>
Unallocable expenses (net)						517.92
						<i>398.93</i>
Operating income						7827.58
						<i>5966.22</i>
Other income adjusted for exchange (loss) / gain						2441.72
						<i>276.84</i>
Profit before taxes						10269.30
						<i>6243.06</i>
Tax expense						1851.66
						<i>822.25</i>
Net profit for the period						8417.64
						<i>5420.81</i>

As at December 31, 2011

(₹ crores)

Particulars	Business Segments					
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom	Others	Total
Segment assets	3719.31	781.99	1060.22	1767.99	4013.91	11343.42
	<i>1815.33</i>	<i>327.37</i>	<i>380.99</i>	<i>1427.82</i>	<i>1995.37</i>	<i>5946.88</i>
Unallocable assets						20915.78
						<i>18499.31</i>
Total assets						32259.20
						<i>24446.19</i>
Segment liabilities	518.06	84.49	72.02	151.89	484.31	1310.77
	<i>520.06</i>	<i>31.51</i>	<i>69.69</i>	<i>201.91</i>	<i>340.17</i>	<i>1163.34</i>
Unallocable liabilities						5599.35
						<i>4023.71</i>
Total liabilities						6910.12
						<i>5187.05</i>

Previous periods' figures are in italics.

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

29) Contingent Liabilities

	(₹ crores)	
	As at December 31, 2011	As at March 31, 2011
Claims against the Company not acknowledged as debt	21.95	21.45
Income Tax demands (See (i) and (ii) below)	1381.84	602.65
Indirect Tax demands	57.80	62.61
Guarantees given by the Company on behalf of subsidiaries (See (iii) below)	2421.87	2120.91

- i) TCS e-Serve Limited has a contingent liability of ₹ 313.29 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 ₹ 249.90 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 monies received by TCS e-Serve Limited, on all such claims, as an adjustment to the purchase price consideration.
- ii) The amount includes ₹ 768.05 crores based on a disputed draft assessment order.
- iii) The Company has provided guarantees aggregating to ₹ 2116.88 crores (GBP 257.50 million) (*March 31, 2011 : ₹ 1978.41 crores*) (GBP 275.60 million) to third parties on behalf of its subsidiary Diligenta Limited. The Company does not expect any outflow of resources in respect of the above.

30) 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 at December 31, 2011:

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

Foreign Currency	No. of Contracts	December 31, 2011		March 31, 2011		
		Notional amount of Forward contract (million)	Fair Value (₹ crores)	No. of Contracts	Notional amount of Forward contract (million)	Fair Value (₹ crores)
Sterling Pound	3	48.00	(32.21)	-	-	-

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(ii) The following are outstanding currency option contracts, which have been designated as Cash Flow Hedges, as at:

Foreign Currency	December 31, 2011			March 31, 2011		
	No. of Contracts	Notional amount of Currency Options contracts (million)	Fair Value (₹ crores)	No. of Contracts	Notional amount of Currency Options contracts (million)	Fair Value (₹ crores)
U.S. Dollar	30	1035.00	(619.23)	6	145.00	(39.52)
Sterling Pound	6	66.00	(35.35)	9	54.00	8.64
Euro	9	84.00	(22.59)	21	149.00	1.06

Net loss on derivative instruments of ₹ 615.45 crores recognised in Hedging Reserve as of December 31, 2011, is expected to be reclassified to the statement of profit and loss by December 31, 2012.

The movement in Hedging Reserve during the period ended December 31, 2011, for derivatives designated as Cash Flow Hedges is as follows:

	(₹ crores)	
	Period ended December 31, 2011	Year ended March 31, 2011
Balance at the beginning of the year	11.35	(76.82)
Changes in the fair value of effective portion of discounted / matured Cash Flow Hedges during the period	(545.35)	(11.71)
Losses transferred to statement of profit and loss on occurrence of forecasted hedge transaction	538.33	94.06
Changes in the fair value of effective portion of outstanding Cash Flow Hedges	(673.35)	5.82
Balance at the end of the period	(669.02)	11.35

Loss on foreign exchange forward contracts and currency option contracts which have been designated as Cash Flow Hedges amounts to ₹ 387.13 crores (December 31, 2010 : ₹ 6.16 crores) and ₹ 539.13 crores (December 31, 2010 : ₹ 83.07 crores) for the quarter and nine months ended December 31, 2011.

In addition to the above Cash Flow Hedges, the Company has outstanding foreign exchange forward contracts and currency option contracts with notional amount aggregating ₹ 8475.05 crores (March 31, 2011 : ₹ 4432.67 crores) whose fair value showed a loss of ₹ 8.47 crores as on December 31, 2011 (March 31, 2011 : gain of ₹ 27.45 crores). 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 statement of profit and loss. Exchange loss of ₹ 330.07 crores (December 31, 2010 : exchange gain ₹ 66.64 crores) and exchange loss of ₹ 509.86 crores (December 31, 2010 : exchange gain of ₹ 5.25 crores) on foreign exchange forward contracts and currency option contracts for the quarter and nine months ended December 31, 2011 respectively, have been recognised in the statement of profit and loss.

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- 31)** Net change in payables for purchase of fixed assets amounting to ₹ 6.28 crores (*December 31, 2010 : ₹ 4.50 crores*) for the nine months ended December 31, 2011 have been adjusted in determining cash flows from investing activities.
- 32)** These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Previous periods' figures have been recast / restated.