

EXTRACT FROM AUDITED ACCOUNTS OF
TATA CONSULTANCY SERVICES LIMITED
AS AT MARCH 31, 2012

TATA CONSULTANCY SERVICES LIMITED
BALANCE SHEET AS AT MARCH 31,2012

(₹ crores)

	Note	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
Shareholder's funds			
(a) Share Capital	3	295.72	295.72
(b) Reserves and Surplus	4	24560.91	19283.77
		24856.63	19579.49
Non - current liabilities			
(a) Long - term borrowings	5	96.23	36.33
(b) Deferred tax liabilities (net)	6	118.10	69.32
(c) Other long - term liabilities	7	197.59	129.91
(d) Long - term provisions	8	154.78	76.17
		566.70	311.73
Current liabilities			
(a) Trade payables		2847.18	2153.38
(b) Other current liabilities	9	1598.56	1584.27
(c) Short - term provisions	10	4389.74	2413.94
		8835.48	6151.59
TOTAL		34258.81	26042.81
II. ASSETS			
Non - current assets			
(a) Fixed assets	11		
(i) Tangible assets		4012.16	3363.78
(ii) Capital work-in-progress		1399.82	1072.86
(iii) Intangible assets		51.46	58.40
		5463.44	4495.04
(b) Non - current investments	12	5150.15	5457.91
(c) Deferred tax assets (net)	6	139.74	52.03
(d) Long - term loans and advances	13	4332.81	2864.09
(e) Other non - current assets	14	2636.88	2603.26
		17723.02	15472.33
Current assets			
(a) Current investments	15	538.24	337.58
(b) Inventories	16	4.14	5.37
(c) Unbilled revenues	17	1567.47	836.37
(d) Trade receivables	18	9107.72	4806.67
(e) Cash and bank balances	19	3280.07	3120.52
(f) Short - term loans and advances	20	1648.72	1369.05
(g) Other current assets	21	389.43	94.92
		16535.79	10570.48
TOTAL		34258.81	26042.81

III. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-44

As per our report attached

*For Deloitte Haskins & Sells
Chartered Accountants*

For and on behalf of the Board

P. R. Ramesh
Partner

Ratan N. Tata
Chairman

S. Ramadorai
Vice Chairman

N. Chandrasekaran
CEO and Managing Director

S. Mahalingam
*Chief Financial Officer
and Executive Director*

Phiroz Vandrevalla
Director

Prof. Clayton M.Christensen
Director

Aman Mehta
Director

V. Thyagarajan
Director

Ishaat Hussain
Director

Cyrus Mistry
Director

Dr. Ron Sommer
Director

Dr.Vijay Kelkar
Director

O.P.Bhatt
Director

Laura M. Cha
Director

Suprakash Mukhopadhyay
Company Secretary

Mumbai, April 23, 2012

Mumbai, April 23, 2012

TATA CONSULTANCY SERVICES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

(₹ crores)

	Note	2012	2011
I. Revenue from operations	22	38858.54	29275.41
II. Other income (net)	23	2685.18	494.73
Total Revenue		41543.72	29770.14
III. Expenses:			
(a) Employee benefits expense	24	14100.41	10221.85
(b) Operation and other expenses	25	13372.41	10290.03
(c) Finance costs	26	16.40	20.01
(d) Depreciation and amortisation expense	11	688.17	537.82
Total expenses		28177.39	21069.71
IV. Profit before tax		13366.33	8700.43
V. Tax expense:			
(a) Current tax	27	2865.38	1335.73
(b) Deferred tax		(38.93)	30.32
(c) MAT Credit entitlement		(436.10)	(235.61)
		2390.35	1130.44
VI. Profit for the year		10975.98	7569.99
VII. Earnings per equity share: - Basic and diluted (₹)	32	55.95	38.61
Weighted average number of shares (face value of ₹ 1 each)		195,72,20,996	195,72,20,996
VIII. NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-44		

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Mumbai, April 23, 2012

Mumbai, April 23, 2012

TATA CONSULTANCY SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	Note	2012	2011
(₹ crores)			
I CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxes		13366.33	8700.43
Adjustments for:			
Depreciation and amortisation		688.17	537.82
Provision for doubtful advances		7.16	10.45
Provision for doubtful debts		(23.85)	(106.41)
Provision for diminution in value of long-term investments		-	8.29
Interest expense		16.40	20.01
(Profit) / Loss on sale of fixed assets (net)		(0.33)	1.26
Unrealised exchange gain		149.56	(31.78)
Exchange difference on translation of foreign currency cash and cash equivalents		(31.02)	(11.39)
Realised exchange gain on redemption of preference shares		(3.03)	-
Dividend income (including exchange gain)		(2448.07)	(39.27)
Interest income		(658.57)	(427.95)
Profit on redemption of mutual funds (net)		(12.48)	(73.61)
Operating Profit before working capital changes		<u>11050.27</u>	<u>8587.85</u>
Inventories		1.23	1.41
Unbilled revenues		(717.13)	(189.41)
Trade receivables		(4277.20)	(1368.08)
Loans and advances and other assets		(405.54)	(438.95)
Trade payables, other liabilities and provisions		817.91	607.40
Cash generated from operations		<u>6469.54</u>	<u>7200.22</u>
Taxes paid		(3294.92)	(1480.34)
Net cash provided by operating activities		<u>3174.62</u>	<u>5719.88</u>
II CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(1754.90)	(1571.28)
Proceeds from sale of fixed assets		1.42	1.98
Adjustment of purchase consideration		-	27.33
Purchase of trade investments		(231.60)	(57.06)
Proceeds from sale / transfer of trade investments		342.38	-
Commercial papers purchased		-	(146.02)
Commercial papers matured		-	150.00
Purchase of mutual funds and other investments		(13565.83)	(45598.56)
Sale of mutual funds and other investments		13577.65	47791.63
Advance towards investment		(0.20)	-
Loans repaid by subsidiaries		-	31.94
Inter-corporate deposits placed		(1289.20)	(201.00)
Inter-corporate deposits refunded		927.80	256.00
Fixed deposit placed with banks having original maturity over three months		(2979.13)	(5095.00)
Fixed deposit placed with banks matured having original maturity over three months		2536.00	3172.97
Dividends received from subsidiaries (including exchange gain)		2447.47	33.39
Dividends received from other investments		0.60	5.88
Interest received		356.57	349.42
Net cash provided by / (used in) investing activities		<u>369.03</u>	<u>(848.38)</u>

TATA CONSULTANCY SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(Continued)	Note	(₹ crores)	
		2012	2011
III CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of borrowings		68.18	9.60
Repayment of borrowings		(5.09)	(4.22)
Dividend paid, including dividend tax		(3879.81)	(4584.38)
Interest paid		(16.16)	(19.99)
Net cash used in financing activities		<u>(3832.88)</u>	<u>(4598.99)</u>
Net (decrease) / increase in cash and cash equivalents		(289.23)	272.51
Cash and cash equivalents at beginning of the year		577.18	293.28
Exchange difference on translation of foreign currency cash and cash equivalents		31.02	11.39
Cash and cash equivalents at end of the year		<u>318.97</u>	<u>577.18</u>
Earmarked balances with banks		8.10	7.34
Short - term bank deposits		2953.00	2536.00
Cash and Bank balances at the end of the year	19	<u>3280.07</u>	<u>3120.52</u>
IV NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-44		

*As per our report attached
For **Deloitte Haskins & Sells**
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TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

1) Corporate Information

Tata Consultancy Services Limited and its subsidiaries (collectively referred to a “TCS Limited” or the “Company”) provide a wide range of information technology and consultancy services including systems, hardware and software, communications and networking, hardware sizing and capacity planning, software management solutions, technology education services and business process outsourcing. The Company’s full services portfolio consists of Application Development and Maintenance, Business Intelligence, Enterprise Solutions, Assurance, Engineering and Industrial Services, IT Infrastructure services, Business Process Outsourcing, Consulting and Asset Leveraged solutions.

As of March 31, 2012, Tata Sons owned 73.75% of the Company’s equity share capital and has the ability to control its operating and financial policies. The Company’s registered office is in Mumbai and it has 58 subsidiaries in 20 countries.

2) Significant Accounting Policies

a) Basis of Preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for certain financial instruments which are measured at fair value. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended], and the other relevant provisions of the Companies Act, 1956 and the Guidelines issued by the Securities and Exchange Board of India (SEBI).

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 year. 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 asset 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.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

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.

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 recognised 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.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

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.

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.

Revenues are reported net of discounts.

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.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

j) 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 where the Company intends to settle the asset and liability on a net basis.

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

k) 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 and exchange gain and loss are recognised in the statement of profit and loss. 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.

l) Derivative instruments and hedge accounting

The Company uses foreign currency forward contracts and 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.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

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.

m) 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.

n) 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.

o) 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.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

3) 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 March 31, 2012	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

a) Reconciliation of number of shares

	As at March 31, 2012		As at March 31, 2011	
	Number of shares	Amount (₹ crores)	Number of shares	Amount (₹ crores)
Equity Shares				
Opening Balance	195,72,20,996	195.72	195,72,20,996	195.72
Changes during the year	-	-	-	-
Closing Balance	195,72,20,996	195.72	195,72,20,996	195.72
Preference Shares				
Opening Balance	100,00,00,000	100.00	100,00,00,000	100.00
Changes during the year	-	-	-	-

b) Rights, preferences and restrictions attached to shares

Equity Shares

The company has one class of equity shares having a par value of ₹ 1 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

Preference Shares

Preference shares would be redeemable at par at the end of six years from the date of allotment i.e. March 28, 2008, but may be redeemed at any time after 3 years from the date of allotment at the option of shareholder. These shares would carry a fixed cumulative dividend of 1% per annum and a variable non-cumulative dividend of 1% of the difference between the rate of dividend declared during the year on the equity shares of the Company and the average rate of dividend declared on the equity shares of the Company for three years preceding the year of issue of the redeemable preference shares.

c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2012	As at March 31, 2011
Equity Shares		
Tata Sons Limited, the Holding Company	144,34,51,698	144,34,04,398
	73.75%	73.75%
Preference Shares		
Tata Sons Limited, the Holding Company	100,00,00,000	100,00,00,000
	100%	100%

d) Shares allotted as fully paid up by way of bonus shares (during 5 years preceding March 31, 2012)

97,86,10,498 equity shares allotted as fully paid up bonus shares by utilisation of Securities Premium Account on June 18, 2009 pursuant to a shareholder's resolution passed by postal ballot on June 12, 2009.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

4) RESERVES AND SURPLUS

Reserves and surplus consist of the following reserves:

	(₹ crores)	
	As at March 31, 2012	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 year (net)	50.85	6.63
	152.46	101.61
(c) Hedging reserve account (Refer Note 35)		
(i) Opening balance	11.35	(76.82)
(ii) (Deductions) / Additions during the year (net)	(37.31)	88.17
	(25.96)	11.35
(d) General Reserve		
(i) Opening balance	3183.14	2426.14
(ii) Transferred from Statement of Profit and Loss	1097.60	757.00
	4280.74	3183.14
(e) Surplus in Statement of Profit and Loss		
(i) Opening balance	14069.20	10458.13
(ii) Add : Profit for the year	10975.98	7569.99
	25045.18	18028.12
Less : Appropriations		
(a) Interim dividends on equity shares	1761.49	1174.32
(b) Proposed final dividend on equity shares	3131.55	1565.78
(c) Dividend on redeemable preference shares	22.00	11.00
(d) Tax on dividend	797.34	450.82
(e) General Reserve	1097.60	757.00
	18235.20	14069.20
	24560.91	19283.77

The Board of Directors at its meeting held on April 23, 2012 has recommended a final dividend of ₹ 16 per equity share (including a special dividend of ₹ 8 per equity share).

5) LONG - TERM BORROWINGS

Long term borrowings consist of the following:

	(₹ crores)	
	As at March 31, 2012	As at March 31, 2011
(a) Secured Loans		
Long term maturities of obligations under finance lease	93.47	32.33
(b) Unsecured Loans		
Other loans and advances (from entities other than banks)	2.76	4.00
	96.23	36.33

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

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

6) DEFERRED TAX LIABILITIES (Net)

Major components of the deferred tax balances:

	(₹ crores)	
	As at	As at
	March 31, 2012	March 31, 2011
(a) Deferred tax liabilities (net)		
(i) Foreign branch profit tax	102.84	60.15
(ii) Depreciation and amortisation	9.83	1.32
(iii) Others	5.43	7.85
	<u>118.10</u>	<u>69.32</u>
(b) Deferred tax assets (net)		
(i) Depreciation and amortisation	(33.31)	(31.78)
(ii) Employee benefits	90.98	34.06
(iii) Provision for doubtful debts	38.92	31.25
(iv) Others	43.15	18.50
	<u>139.74</u>	<u>52.03</u>

7) OTHER LONG - TERM LIABILITIES

Other long - term liabilities consist of the following:

	(₹ crores)	
	As at	As at
	March 31, 2012	March 31, 2011
(a) Trade payables	10.63	-
(b) Other liabilities	186.96	129.91
	<u>197.59</u>	<u>129.91</u>
Other liabilities comprises of :		
(i) Capital Creditors	31.63	24.87
(ii) Fair value of foreign exchange forward and currency option contracts (secured against book debts)	41.37	41.80
(iii) Others	113.96	63.24

8) LONG - TERM PROVISIONS

Long - term provisions consist of the following:

	(₹ crores)	
	As at	As at
	March 31, 2012	March 31, 2011
Provision for employee benefits	154.78	76.17
	<u>154.78</u>	<u>76.17</u>

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

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

9) OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	(₹ crores)	
	As at March 31, 2012	As at March 31, 2011
(a) Current maturities of long-term debt	1.25	1.25
(b) Current maturities of finance lease obligations	6.73	3.54
(c) Interest accrued but not due on borrowings	0.05	0.12
(d) Income received in advance	561.18	557.34
(e) Unpaid dividends	8.10	7.31
(f) Equity share application monies refundable	-	0.03
(g) Advance received from customers	12.47	116.37
(h) Other payables	1008.78	898.31
	1598.56	1584.27

Other payables comprises of :

(i) Fair values of foreign exchange forward and option contracts (secured against book debts)	137.01	12.89
(ii) Statutory liabilities	337.74	297.70
(iii) Capital creditors	153.74	143.83
(iv) Others	380.29	443.89

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 March 31, 2012	As at March 31, 2011
(a) Provision for employee benefits	506.63	398.70
(b) Others		
(i) Proposed final dividend on equity shares	3131.55	1565.78
(ii) Proposed dividend on redeemable preference shares	22.00	11.00
(iii) Tax on dividend	511.59	255.79
(iv) Current income taxes	217.24	182.09
(v) Provision for warranties	0.73	0.58
	4389.74	2413.94

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

11) FIXED ASSETS

Fixed assets consist of the following:

(₹ crores)

Description	Gross Block	Additions	Deletions/ Adjustments	Gross Block	Accumulated	Depreciation /	Deletions/ Adjustments	Accumulated	Net book value as at March 31, 2012	Net book value as at March 31, 2011
	as at April 1, 2011			as at March 31, 2012	Depreciation / Amortisation as at April 1, 2011	Depreciation / Amortisation for the year		Depreciation / Amortisation as at March 31, 2012		
(i) TANGIBLE FIXED ASSETS										
FREEHOLD LAND	315.95	-	-	315.95	-	-	-	-	315.95	315.95
LEASEHOLD LAND	92.50	0.10	-	92.60	(11.02)	(1.66)	-	(12.68)	79.92	81.48
FREEHOLD BUILDINGS	1610.57	324.61	-	1935.18	(282.22)	(73.93)	-	(356.15)	1579.03	1328.35
FACTORY BUILDINGS	1.51	1.26	-	2.77	(0.83)	(0.20)	-	(1.03)	1.74	0.68
LEASEHOLD BUILDINGS	9.81	0.00	-	9.81	(6.83)	(0.98)	-	(7.81)	2.00	2.98
LEASEHOLD IMPROVEMENTS	487.64	204.59	(1.95)	690.28	(253.23)	(66.39)	1.94	(317.68)	372.60	234.41
PLANT AND MACHINERY	10.90	0.12	(0.36)	10.66	(10.87)	(0.05)	0.37	(10.55)	0.11	0.03
FURNITURE AND FIXTURES	321.73	90.18	(4.73)	407.18	(284.80)	(67.53)	4.72	(347.61)	59.57	36.93
VEHICLES	18.72	1.41	(1.05)	19.08	(10.83)	(2.32)	0.92	(12.23)	6.85	7.89
OFFICE EQUIPMENT	647.71	181.36	(1.24)	827.83	(252.21)	(72.94)	0.80	(324.35)	503.48	395.50
COMPUTER EQUIPMENT	1984.80	413.33	(81.00)	2317.13	(1302.61)	(342.47)	67.00	(1578.08)	739.05	682.19
ELECTRICAL INSTALLATIONS	456.69	127.71	(2.48)	581.92	(179.30)	(52.76)	2.00	(230.06)	351.86	277.39
Total	5958.53	1344.67	(92.81)	7210.39	(2594.75)	(681.23)	77.75	(3198.23)	4012.16	3363.78
Previous year	4858.50	1141.83	(41.80)	5958.53	(2097.98)	(535.33)	38.56	(2594.75)	3363.78	
(ii) CAPITAL WORK-IN-PROGRESS									1399.82	1072.86
(iii) INTANGIBLE ASSETS										
INTELLECTUAL PROPERTY / DISTRIBUTION RIGHTS	12.63	-	-	12.63	(11.06)	(0.38)	-	(11.44)	1.19	1.57
RIGHTS UNDER LICENSING AGREEMENT	59.00	-	-	59.00	(2.17)	(6.56)	-	(8.73)	50.27	56.83
Total	71.63	-	-	71.63	(13.23)	(6.94)	-	(20.17)	51.46	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 ₹ 91.77 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 Financial Statements

12) NON - CURRENT INVESTMENTS

Non - current investments consist of the following:

				(₹ crores)	
In Numbers	Currency	Face value per share	Description	As at March 31, 2012	As at March 31, 2011
(A) TRADE INVESTMENTS (at cost)					
(i) <u>Subsidiary Companies</u>					
(a) <u>Fully Paid Equity Shares (Quoted)</u>					
154,89,922	INR	10	CMC Limited	379.89	379.89
(b) <u>Fully Paid Equity Shares (Unquoted)</u>					
88,41,33,400	Peso	1	TCS Iberoamerica S.A.	165.23	165.23
15,75,300	INR	10	APOnline Limited	-	-
1,300	EUR	325	Tata Consultancy Services Belgium S.A.	1.06	1.06
66,000	EUR	1000	Tata Consultancy Services Netherlands B.V.	402.87	402.87
1,000	SEK	100	Tata Consultancy Services Sverige AB	18.89	18.89
1	EUR	-	Tata Consultancy Services Deutschland GmbH	1.72	1.72
20,000	USD	10	Tata America International Corporation	452.92	452.92
75,82,820	SGD	1	Tata Consultancy Services Asia Pacific Pte Ltd.	18.69	18.69
10,48,500	INR	10	WTI Advanced Technology Limited	38.52	38.52
10,00,000	AUD	1	TCS FNS Pty Limited	3.38	3.38
10,00,001	GBP	1	Diligenta Limited (2,40,000 shares purchased during the year)	429.05	199.89
1,100	USD	0.25	Tata Consultancy Services Canada Inc.	31.25	31.25
51,00,000	INR	10	C-Edge Technologies Limited	5.10	5.10
8,90,000	INR	10	MP Online Limited	0.89	0.89
14,76,000	Dirhams	10	Tata Consultancy Services Morocco SARL AU	8.17	8.17
84,00,000	RAND	1	Tata Consultancy Services (Africa) (PTY) Ltd.	4.92	4.92
119,36,313	INR	10	TCS e-Serve Limited (Refer Note 33(i))	2426.20	2426.20
50,000	INR	10	Retail FullServe Limited	36.17	36.17
18,89,000	INR	10	MahaOnline Limited	1.89	1.89
-	QAR	-	Tata Consultancy Services Qatar SPC.	2.44	-
(c) <u>Fully Paid Preference Shares (Unquoted)</u>					
4,20,00,000	GBP	1	Diligenta Limited 10% cumulative redeemable preference shares	363.04	363.04
1,99,960	USD	6.25	Tata Consultancy Services Canada Inc. 16% cumulative redeemable preference shares (1,99,960 shares redeemed during the year)	-	6.02
28,00,000	INR	10	APOnline Limited 6% redeemable preference shares	2.80	2.80

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Financial Statements

12) NON - CURRENT INVESTMENTS (Continued)

				(₹ crores)	
In Numbers	Currency	Face value per share	Description	As at March 31, 2012	As at March 31, 2011
(ii) Others					
(a) Fully Paid Equity Shares (Unquoted)					
4,63,865	USD	0.001	Yodlee, Inc.	-	-
25,00,000	INR	10	National Power Exchange Limited	2.50	2.50
190,00,000	INR	10	Taj Air Limited	19.00	19.00
69	EUR	297	ALMC HF (formerly Straumur-Burdaras Investment Bank hf.)	-	-
(b) Fully Paid Preference Shares (Unquoted)					
50,00,000	INR	10	Tata AutoComp Systems Limited 8% cumulative redeemable preference shares	5.00	5.00
(B) OTHERS					
(i) Bonds (Unquoted)					
15	INR	1000000	10% Housing Urban Development Corporation Limited Bonds (2014)	1.50	1.50
180	INR	100000	8% IDBI Bonds (2013)	1.80	1.80
10	INR	100000	8% IDBI Bonds (2018)	0.10	0.10
69	EUR	297	0 % ALMC HF (2014) (formerly Straumur- Burdaras Investment Bank hf.)	0.12	0.12
(ii) Debentures (Unquoted)					
10,000	INR	333333.3	Tata Sons Limited 4.50% non-convertible debentures (2014)	333.33	666.67
-	INR	-	Panatone Finvest Limited 4.75% non-convertible debentures (2013)	-	200.00
				5158.44	5466.20
Provision for diminution in value of investments				(8.29)	(8.29)
				5150.15	5457.91
Book value of quoted investments				379.89	379.89
Book value of unquoted investments (net of provision)				4770.26	5078.02

Market value of quoted investments as classified above as at March 31, 2012 is ₹ 1540.94 crores
(March 31, 2011: ₹ 1612.11 crores)

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

12) NON - CURRENT INVESTMENTS (Continued)

The Company has given undertakings to the Government of Maharashtra not to divest its shareholding in MahaOnline Limited except to an affiliate. Equity investment in this company is subject to the restriction as per terms of individual contractual agreement. The restriction is valid as on March 31, 2012.

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. The first installment was received on January 21, 2012. 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 percent equity share capital of Tata Consultancy Services Qatar SPC.

On January 24, 2012, the Company through its wholly owned subsidiary, Tata Consultancy Services Japan Limited has subscribed to 60 percent share capital of Nippon TCS Solution Center Limited.

On March 9, 2012, the Company through its wholly owned subsidiary, Tata Consultancy Services Netherlands BV subscribed to 100 percent share capital of Tata Consultancy Services Osterreich GmbH.

On March 26, 2012, the Company through its wholly owned subsidiary, Tata Consultancy Services Netherlands BV subscribed to 100 percent share capital of Tata Consultancy Services Danmark ApS.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

13) LONG - TERM LOANS AND ADVANCES

Long - term loans and advances consist of the following:

	(₹ crores)	
	As at	As at
	March 31, 2012	March 31, 2011
(a) Unsecured, considered good		
(i) Capital advances	327.06	226.71
(ii) Security deposits	387.26	370.10
(iii) Loans and advances to employees	9.05	10.90
(iv) Loans and advances to related parties	541.23	487.96
(v) Advance tax (including refunds receivable (net))	978.58	513.89
(vi) MAT Credit entitlement	1443.60	1007.50
(vii) Other loans and advances	646.03	247.03
(b) Doubtful		
Loans and advances to related parties	5.93	5.19
Less : Provision for doubtful loans and advances	(5.93)	(5.19)
	4332.81	2864.09
	4332.81	2864.09

14) OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

	(₹ crores)	
	As at	As at
	March 31, 2012	March 31, 2011
(a) Interest receivable	126.75	119.26
(b) Long - term bank deposits	2510.13	2484.00
	2636.88	2603.26
	2636.88	2603.26

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

15) CURRENT INVESTMENTS

Current investments consist of the following:

					(₹ crores)	
In Numbers	Currency	Face value per share	Description	As at March 31, 2012	As at March 31, 2011	
(i) Bonds (Unquoted)						
5	INR	500000	10% Housing Urban Development Corporation Limited Bonds (2012)	-	0.25	
(ii) Investment in Mutual and other Funds (Unquoted)						
3,002,000	INR	10	HDFC Debt Fund for Cancer Cure - 50% Dividend Donation Option	3.00	3.00	
1,000	INR	19036.15	India Innovation Fund	1.91	1.00	
(iii) Debentures (Unquoted)						
10,000	INR	333333.33	Tata Sons Limited 4.50% non-convertible debentures (2012)	333.33	333.33	
2,000	INR	1000000	Panatone Finvest Limited 4.75% non-convertible debentures (2013)	200.00	-	
				538.24	337.58	

16) INVENTORIES

Inventories consist of the following:

			(₹ crores)	
			As at	As at
			March 31, 2012	March 31, 2011
(a)	Raw materials, sub-assemblies and components		3.30	4.39
(b)	Finished goods and Work-in-progress		0.54	0.80
(c)	Goods-in-transit		0.30	0.18
			4.14	5.37

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

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

17) UNBILLED REVENUES

Unbilled revenues as at March 31, 2012 amounting to ₹ 1567.47 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 ₹ 1208.10 crores (*March 31, 2011: ₹ 780.11 crores*).

18) TRADE RECEIVABLES (Unsecured)

Trade receivables consist of the following:

	(₹ crores)	
	As at	As at
	March 31, 2012	March 31, 2011
(a) Over six months from the date they were due for payment		
(i) Considered good	1283.77	834.02
(ii) Considered doubtful	127.78	150.76
(b) Others		
(i) Considered good	7823.95	3972.65
(ii) Considered doubtful	-	0.87
	9235.50	4958.30
Less: Provision for doubtful receivable	(127.78)	(151.63)
	9107.72	4806.67

19) CASH AND BANK BALANCES

Cash and bank balances consist of the following:

	(₹ crores)	
	As at	As at
	March 31, 2012	March 31, 2011
(a) Cash and cash equivalents		
(i) Balances with banks		
In current accounts	176.99	162.85
In deposit accounts with original maturity less than 3 months	123.89	359.75
(ii) Cheques on hand	16.37	52.06
(iii) Cash on hand	0.70	0.76
(iv) Remittances in transit	1.02	1.76
	318.97	577.18
(b) Other Bank balances		
(i) Earmarked balances with banks	8.10	7.34
(ii) Short - term bank deposits	2953.00	2536.00
	3280.07	3120.52

Balances with banks in current accounts do not include fourteen bank accounts having a balance of ₹ 0.31 crore (*March 31, 2011: ₹ Nil*) operated by the Company on behalf of a third party.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

20) SHORT - TERM LOANS AND ADVANCES

Short – term loans and advances consist of the following:

	(₹ crores)	
	As at	As at
	March 31, 2012	March 31, 2011
(a) Unsecured, considered good		
(i) Loans and advances to employees	140.09	130.68
(ii) Loans and advances to related parties	147.44	177.78
(iii) Other loans and advances	1361.19	1060.59
(b) Doubtful		
(i) Loans and advances to employees	32.15	26.29
(ii) Other loans and advances	6.65	6.09
Less : Provision for doubtful loans and advances	(38.80)	(32.38)
	1648.72	1369.05
	1648.72	1369.05

21) OTHER CURRENT ASSETS

Other current assets consist of the following:

	(₹ crores)	
	As at	As at
	March 31, 2012	March 31, 2011
Interest Receivable	389.43	94.92
	389.43	94.92
	389.43	94.92

22) REVENUE FROM OPERATIONS

Revenue from operations consist of revenues from:

	(₹ crores)	
	2012	2011
(a) Information technology and consultancy services	37453.57	28171.26
(b) Sale of equipment and software licences	1405.22	1104.42
Less : Excise Duty	(0.25)	(0.27)
	38858.54	29275.41
	38858.54	29275.41

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

23) OTHER INCOME (NET)

Other income (net) consist of the following:

	(₹ crores)	
	2012	2011
(a) Interest income	658.57	427.95
(b) Dividend income	2428.00	39.27
(c) Profit on redemption / sale of mutual funds and other current investments (net)	12.48	73.61
(d) Rent	1.63	1.34
(e) Profit / (loss) on sale of fixed assets (net)	0.33	(1.26)
(f) Exchange loss (net) (Refer Note 35)	(432.82)	(53.04)
(g) Miscellaneous income	16.99	6.86
	2685.18	494.73

Interest income comprises of:

(i) Interest on bank deposits	474.59	232.81
(ii) Interest on inter - corporate deposits	53.29	27.76
(iii) Interest on bonds and debentures	97.74	102.83
(iv) Interest on loan given to subsidiary	23.68	23.53
(v) Interest on commercial paper	-	3.98
(vi) Other interest	9.27	37.04

Dividend income comprises of:

(i) Dividends from subsidiaries (trade investments)	2427.40	33.39
(ii) Dividends from mutual funds (other investments)	0.20	5.11
(iii) Dividends from other long-term investments (trade investments)	0.40	0.77

24) EMPLOYEE BENEFITS EXPENSES

Employee benefits expenses consist of the following:

	(₹ crores)	
	2012	2011
(a) Salaries and incentives	12440.11	8915.60
(b) Contributions to -		
(i) Provident fund	359.36	285.78
(ii) Superannuation scheme	91.19	73.74
(iii) Gratuity fund contributions	110.78	91.11
(iv) Social security and other benefit plans for overseas employees	203.39	145.39
(c) Staff welfare expenses	895.58	710.23
	14100.41	10221.85

TATA CONSULTANCY SERVICES LIMITED
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25) OPERATION AND OTHER EXPENSES

Operation and other expenses consist of the following:

	(₹ crores)	
	2012	2011
(a) Overseas business expenses	6046.63	4948.40
(b) Services rendered by business associates and others	2607.69	1735.72
(c) Software, hardware and material costs	1274.34	1043.17
(d) Cost of software licenses	659.21	395.32
(e) Communication expenses	375.60	302.57
(f) Travelling and conveyance expenses	398.81	295.75
(g) Rent	635.41	477.64
(h) Legal and professional fees	166.99	122.10
(i) Repairs and maintenance	219.67	180.47
(j) Electricity expenses	292.10	240.00
(k) Bad debts written off	34.31	19.04
(l) Provision for doubtful debts	(23.85)	(106.41)
(m) Provision for doubtful advances	7.16	10.45
(n) Advances (written back) / written-off	(1.05)	0.02
(o) Recruitment and training expenses	170.76	165.84
(p) Diminution in value of long-term investments	-	8.29
(q) Commission and brokerage	20.08	15.73
(r) Printing and stationery	19.51	18.00
(s) Insurance	15.54	15.81
(t) Rates and taxes	59.96	42.75
(u) Entertainment	20.23	14.93
(v) Other expenses	373.31	344.44
	<u>13372.41</u>	<u>10290.03</u>
(i) Overseas business expenses includes:		
Travel expenses	519.11	391.91
Employee allowances	5465.84	4501.76
(ii) Repairs and maintenance comprises of:		
Buildings	101.83	74.84
Office and computer equipment	117.84	105.63
(iii) Software, hardware and material costs includes:		
Material Costs		
(a) Raw Materials, sub-assemblies and components consumed	11.78	17.71
(b) Opening Stock:		
Finished goods and work-in-progress	0.80	1.67
(c) Less: Closing Stock:		
Finished goods and work-in-progress	0.54	0.80
	<u>0.26</u>	<u>0.87</u>
	<u>12.04</u>	<u>18.58</u>
(iv) Other expenses includes:		
Stores and spare parts consumed	0.02	0.04

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

26) FINANCE COSTS

Finance costs consist of the following:

	(₹ crores)	
	2012	2011
Interest expense	16.40	20.01
	16.40	20.01

- 27)** Current tax includes write back of provision (net) of ₹ 34.99 crores (*Previous year: Current tax include additional provision (net) ₹ 94.50 crores*) in domestic and certain overseas jurisdictions relating to earlier years. The impact on MAT entitlement of earlier periods is ₹ 2.93 crores (*Previous year : ₹ 267.14 crores*)

28) Retirement benefits plans

a) Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a trust by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year it is incurred.

The Company recognised ₹ 359.36 crores (*March 31, 2011: ₹ 285.78 crores*) for provident fund contributions and ₹ 91.19 crores (*March 31, 2011: ₹ 73.74 crores*) for superannuation contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

The Company has contributed ₹ 89.55 crores (*March 31, 2011: ₹ 61.39 crores*) towards foreign defined contribution plans.

b) Defined benefit plan

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for service less than 15 years, three-fourth month's salary for service of 15 years to 19 years and one month salary for service of 20 years and more, payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

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

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

The following tables sets out the funded status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2012.

	(₹ crores)	
	As at	As at
	March 31, 2012	March 31, 2011
i) Change in benefit obligations:		
Project benefit obligation, beginning of the year	552.80	452.49
Service cost	93.56	81.39
Interest cost	50.36	37.07
Actuarial loss	14.48	14.46
Benefits paid	(31.95)	(32.61)
Projected benefit obligation, end of the year	679.25	552.80

	(₹ crores)	
	As at	As at
	March 31, 2012	March 31, 2011
ii) Change in plan assets:		
Fair value of plan assets, beginning of the year	494.42	420.14
Expected return on plan assets	40.99	36.15
Employers' contributions	31.95	65.08
Benefits paid	(31.95)	(32.61)
Actuarial gain	6.63	5.66
Fair value of plan assets, end of the year	542.04	494.42
Excess of (obligation over plan assets)	(137.21)	(58.38)
Accrued liability	(137.21)	(58.38)

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

	(₹ crores)	
	2012	2011
iii) Net gratuity and other cost:		
Service cost	93.56	81.39
Interest on defined benefit obligation	50.36	37.07
Expected return on plan assets	(40.99)	(36.15)
Net Actuarial losses recognised in the year	7.85	8.80
Net gratuity and other cost	110.78	91.11
Actual return on Plan Assets	47.62	41.82

	(₹ crores)	
	As at March 31, 2012	As at March 31, 2011
iv) Category of assets:		
Insurer Managed Funds	541.96	494.36
Others	0.08	0.06
Total	542.04	494.42

	As at March 31, 2012	As at March 31, 2011
v) Assumption used in accounting for gratuity plan:		
	%	%
Discount rate	8.50	8.00
Salary escalation rate	6.00	6.00
Expected rate of return on plan assets	8.00	8.00

The estimate of future salary increase considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

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

	2012	2011	2010	2009	2008
Experience adjustment					
On plan liabilities	43.75	35.00	4.93	(16.54)	(26.62)
On plan assets	6.63	5.67	3.91	6.12	4.13
Present value of benefit obligation	679.25	552.80	452.49	385.23	315.26
Fair value of plan assets	542.04	494.42	420.14	344.16	264.87
Excess of (obligation over plan assets)	(137.21)	(58.38)	(32.35)	(41.07)	(50.39)

The expected contribution is based on the same assumptions used to measure the Company's gratuity obligations as of March 31, 2012. The Company is expected to contribute ₹ 64.17 crores to gratuity funds for the year ended March 31, 2012.

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Notes forming part of the Financial Statements

29) 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.

<u>Year ended March 31, 2012</u>							(₹ crores)
<u>Particulars</u>	<u>Business Segments</u>						
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	Total	
Revenue	15275.61	3081.59	5180.21	5353.50	9967.63	38858.54	
	11719.88	2257.38	3533.18	4578.05	7186.92	29275.41	
Segment result	4781.54	804.99	1501.74	1630.36	2667.09	11385.72	
	3797.37	567.62	894.22	1626.90	1885.71	8771.82	
Unallocable expenses (net)						704.57	
						566.12	
Operating income						10681.15	
						8205.70	
Other income (net)						2685.18	
						494.73	
Profit before tax						13366.33	
						8700.43	
Tax expenses						2390.35	
						1130.44	
Net profit for the year						10975.98	
						<u>7569.99</u>	

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

As at March 31, 2012

(₹ crores)

Particulars	Business Segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Segment assets	3645.13	698.94	1083.82	1682.96	4284.27	11395.12
	1797.98	320.46	474.36	1415.21	2162.05	6170.06
Unallocable assets						22863.69
						19872.75
Total assets						34258.81
						26042.81
Segment liabilities	469.45	85.10	76.54	142.20	518.83	1292.12
	436.40	39.34	87.35	202.46	447.24	1212.79
Unallocable liabilities						8110.06
						5250.53
Total liabilities						9402.18
						6463.32
Other Information						
Capital Expenditure (unallocable)						1671.63
						1554.59
Depreciation and amortisation (unallocable)						688.17
						537.82
Other significant non cash expense (allocable)	(3.81)	(5.34)	2.34	(4.07)	(5.81)	(16.69)
	12.80	1.15	(0.38)	(110.48)	0.95	(95.96)
Other significant non cash expense (net) (unallocable)						-
						8.29

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

30) Obligations towards operating leases

	(₹ crores)	
	As at	As at
	March 31, 2012	March 31, 2011
Non-cancellable operating lease obligation		
Not later than one year	365.91	307.94
Later than one year but not later than five years	1038.92	872.00
Later than five years	898.52	760.87
Total	2303.35	1940.81

Rent expenses of ₹ 359.35 crores (*Previous year: ₹ 263.46 crores*) in respect of obligation under non-cancellable operating leases have been charged to the statement of profit and loss. Further a sum of ₹ 276.06 crores (*Previous year : ₹ 214.18 crores*) has been charged to the statement of profit and loss in respect of cancellable operating leases.

31) Obligations towards finance leases

	(₹ crores)	
	As at	As at
	March 31, 2012	March 31, 2011
Assets acquired under finance lease		
i) Minimum lease payments:		
Not later than one year	20.25	9.38
Later than one year but not later than five years	85.19	37.52
Later than five years	80.40	10.92
Total	185.84	57.82
ii) Present value of minimum lease payments:		
Not later than one year	6.73	3.54
Later than one year but not later than five years	41.20	22.23
Later than five years	52.27	10.10
	100.20	35.87
Add : Amount representing interest expense	85.64	21.95
Total	185.84	57.82

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

32) Earnings per share (EPS)

	2012	2011
Net profit for the year	10975.98	7569.99
Less : Preference share dividend (including tax)	25.57	12.78
Amount available for equity shareholders	10950.41	7557.21
Weighted average number of shares	195,72,20,996	195,72,20,996
Earning per share basic and diluted (₹)	55.95	38.61
Face value per Equity share (₹)	1	1

33) Contingent Liabilities

	(₹ crores)	
	As at March 31, 2012	As at March 31, 2011
Claims against the Company not acknowledged as debts	21.49	20.32
Income Tax demands	1381.97	602.65
Indirect Tax demands	61.44	62.61
Guarantees given by the Company on behalf of subsidiaries (See (ii) below)	3640.35	2120.91

- i) TCS e-Serve Limited has a contingent liability of ₹ 330.07 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 ₹ 321.85 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 Company has provided guarantees aggregating to ₹ 3319.00 crores (GBP 407.50 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.

34) Capital and other commitments

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 1682.98 crores (*March 31, 2011: ₹ 1132.27 crores*).
- b) The Company has undertaken to provide continued financial support to its subsidiary APOne Limited, TCS FNS Pty Limited.
- c) The Company has a purchase commitment towards India Innovation Fund for the uncalled amount of balance ₹ 80963.86 per unit of 1000 units aggregating to ₹ 8.10 crores (*March 31, 2011: ₹ 9.00 crores*).

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

35) 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 outstanding currency option contracts, which have been designated as Cash Flow Hedges, as at:

	March 31, 2012			March 31, 2011		
		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	81	2185.00	29.56	6	145.00	(39.52)
Sterling Pound	33	217.50	14.66	9	54.00	8.64
Euro	21	210.00	18.64	21	149.00	1.06
Australian dollar	6	30.00	3.34	-	-	-

Net loss on derivative instruments of ₹ 16.87 crores recognised in Hedging Reserve as of March 31, 2012, is expected to be reclassified to the statement of profit and loss by March 31, 2013.

The movement in Hedging Reserve during the period ended March 31, 2012, for derivatives designated as Cash Flow Hedges is as follows:

	(₹ crores)	
	Year ended March 31, 2012	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 discontinued / matured Cash Flow Hedges during the year	(723.22)	(11.71)
Losses transferred to statement of profit and loss on occurrence of forecasted hedge transaction	716.20	94.06
Changes in the fair value of effective portion of outstanding Cash Flow Hedges	(30.29)	5.82
Balance at the end of the year	(25.96)	11.35

Loss on foreign exchange forward contracts and currency option contracts which have been designated as Cash Flow Hedges amounts to ₹ 746.01 crores (Previous year: ₹ 93.92 crores).

In addition to the above Cash Flow Hedges, the Company has outstanding foreign exchange forward contracts and currency option contracts with notional amount aggregating ₹ 8222.75 crores (March 31, 2011: ₹ 4432.67 crores) whose fair value showed a loss of ₹ 92.81 crores as on March 31, 2012 (March 31, 2011: gain of ₹ 27.45 crores). Exchange loss of ₹ 192.83 crores (Previous year: ₹ 8.88 crores) on foreign exchange forward contracts and currency option contracts, have been recognised in the statement of profit and loss, respectively.

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

36) Micro and Small Enterprises

	(₹ crores)			
	As at March 31, 2012		As at March 31, 2011	
	Principal	Interest	Principal	Interest
Amount due to vendor	0.42	-	6.99	-
Principal amount paid (includes unpaid) beyond the appointed date	51.30	-	60.38	-
Interest accrued and remaining unpaid (includes interest disallowable)	-	0.70	-	0.39

37) Income in Foreign Currency

	(₹ crores)	
	2012	2011
(a) Consultancy services	35545.82	26535.18
(b) FOB value of exports of equipment and licenses	144.46	114.08
(c) Interest income	29.60	16.57
(d) Dividend Income	2374.60	-
(e) Other income (net)	4.38	-

38) Expenditure in Foreign Currency

	(₹ crores)	
	2012	2011
(a) Royalty	2.53	2.48
(b) Legal and Professional fees	114.27	91.92
(c) Interest	0.76	0.22
(d) Services rendered by business associates and others	2188.97	1375.92
(e) Communication expenses	183.14	142.80
(f) Foreign taxes	773.81	296.46
(g) Overseas business expenses	5671.04	4682.89
(h) Overseas employee costs	2133.9	1395.76
(i) Travelling and conveyance expenses	128.52	88.28
(j) Software, hardware and material cost	510.61	357.70
(k) Other expenses	555.47	456.21

39) Value of imports calculated on CIF basis

	(₹ crores)	
	2012	2011
Raw materials, sub-assemblies and components	8.19	14.04
Capital goods	227.49	361.82
Stores and spare parts	0.01	0.01

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

40) Value of imported and indigenous raw materials, sub- assemblies and components, stores and spare parts consumed

	2012		2011	
	(₹ crores)	%	(₹ crores)	%
Raw materials, sub-assemblies and components				
Imported:	9.24	78.44	14.23	80.36
Indigenous:	2.54	21.56	3.48	19.64
	11.78	100.00	17.71	100.00
Stores and Spare Parts				
Imported:	0.01	33.96	0.01	26.91
Indigenous:	0.02	66.04	0.03	73.09
	0.03	100.00	0.04	100.00

Consumption figures shown above are after adjusting excess and shortages ascertained on physical count, unserviceable items, etc.

41) Remittance in foreign currencies for dividend

The Company has remitted ₹ Nil (March 31, 2011: ₹ Nil) in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittance, if any, in foreign currencies on account of dividends have been made by / on behalf of non-resident shareholders. The particulars of dividends declared and paid to non-resident shareholders for the year 2010-11 and interim dividends for the year 2011-12, are as under:

	Number of Non-Resident Shareholders	Number of Equity Shares Held	Gross Amount of dividend	
			(₹ crores)	
			2012	2011
Final dividend for 2009-10 declared in June 2010	9980	23,88,02,924	-	334.32
Interim dividend declared in July 2010	9950	23,95,09,865	-	47.90
Interim dividend declared in October 2010	9435	25,18,31,069	-	50.37
Interim dividend declared in January 2011	9626	25,55,13,132	-	51.10
Final dividend for 2010-11 declared in June 2011	10171	25,24,86,198	201.99	-
Interim dividend declared in July 2011	10276	25,21,66,593	75.65	-
Interim dividend declared in October 2011	10750	25,82,70,198	77.48	-
Interim dividend declared in January 2012	10722	26,50,25,825	79.51	-

TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Financial Statements

42) Disclosure under Clause 32 of the Listing Agreement

Amount of loans and advances in nature of loans outstanding from subsidiaries as at March 31, 2012:

Subsidiary Company	(₹ crores)	
	Outstanding as at March 31, 2012	Maximum amount outstanding during the year
TCS FNS Pty Limited *	246.20 214.39	251.74 235.62
TCS Iberoamerica SA **	47.88 263.71	315.25 278.37
Tata Consultancy Services Morocco SARL AU	5.93 5.19	6.20 5.48
MahaOnline Limited	- 0.19	- 2.08

	<u>No. of Shares</u>
* TCS FNS Pty Limited has made the following investments in its subsidiaries:	
(a) TCS Financial Solutions Australia Holdings Pty Limited	65,58,424
(b) TCS Management Pty Ltd.	4,91,712

** TCS Iberoamerica SA has made the following investments in its subsidiaries:	
(a) TCS Solution Centre S.A.	15,50,00,000
(b) Tata Consultancy Services Argentina S.A.	1,59,37,457
(c) Tata Consultancy Services Do Brasil Ltda	8,67,31,803
(d) Tata Consultancy Services De Mexico S.A., De C.V.	49,500
(e) Tata Consultancy Services De Espana S.A.	59,598
(f) TCS Inversiones Chile Limitada	3,10,10,000
(g) Tata Consultancy Services Chile S.A.	1
(h) TCS Uruguay S.A.	5,40,000

43) Research and development expenditure aggregating to ₹ 127.16 crores (Previous year: ₹ 97.20 crores) was incurred during the year.

44) 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.