TATA CONSULTANCY SERVICES

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Financial Statements prepared in accordance with International Financial Reporting Standards-Fiscal 2012

TATA CONSULTANCY SERVICES LIMITED

REPORT FOR THE YEAR ENDED MARCH 31, 2012

Contents

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Board of Directors

(As of April 2, 2012)

R N Tata *(Chairman)*

S Ramadorai *(Vice Chairman)*

N Chandrasekaran (*CEO & Managing Director*)

Aman Mehta

V Thyagarajan

Prof. Clayton M Christensen

Dr. Ron Sommer

Laura M Cha

S Mahalingam (*CFO & Executive Director)*

Phiroz Vandrevala

Dr. Vijay Kelkar

Ishaat Hussain

O. P. Bhatt

Cyrus Mistry

Company Secretary

Suprakash Mukhopadhyay

Statutory Auditors

Deloitte Haskins & Sells

IFRS Auditors

Deloitte Haskins & Sells

Registered Office

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Nariman Point, Mumbai 400 021
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Fax : 91 22 6778 9660
Website : www.tcs.com

Corporate Office

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Mumbai 400 001
Tel : 91 22 6778 9999
Fax : 91 22 6778 9000
E-mail: investor.relations@tcs.com

Registrars & Transfer Agents

TSR Darashaw Limited
6-10, Haji Moosa Patrawala Industrial Estate
20, Dr. E. Moses Road, Mahalaxmi
Mumbai 400 011
Tel : 91 22 6656 8484
Fax : 91 22 6656 8494
E-mail: csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com

Management Team

Function	Name
Corporate	
CEO	N Chandrasekaran
CFO	S Mahalingam
Global Human Resources	Ajoyendra Mukherjee
Geography Heads	
North America, UK and Europe	Surya Kant
Latin America	Henry Manzano
India, APAC, Middle-East & Africa	Ravi Viswanathan Srinivasa G Raghavan Girija Pande Vish Iyer Qi Qi Dong Masahiko Kaji Varun Kapur
Functions	
Marketing	John Lenzen
Corporate Communication	Pradipta Bagchi
R&D	K Ananth Krishnan
Human Resources	Ritu Anand Ashok Mukherjee K Ganesan Thomas Simon S Narasimhan
Legal	Satya Hegde
Finance	B Sanyal V Ramakrishnan Pauroos Karkaria Rajesh Gopinathan Dharmesh Gandhi G S Lakshminarayanan
Company Secretary	Suprakash Mukhopadhyay
Chief Compliance Officer	Ravindra J Shah
Security	R K Raghavan

Management Team

Function	Name
Industry Service Units	
Banking & Financial Services	K Krithivasan
	Ramanamurthy Magapu
	Susheel Vasudevan
Insurance and Healthcare	Suresh Muthuswami
	Vijaya Deepti
	Syama Sundar
Life Sciences, Energy, Resources & Utilities and Manufacturing	Debashis Ghosh
	Hasit Kaji
	Milind Lakkad
	Sudheer Warrier
Telecom, Media and Hi-T ech	A S Lakshminarayanan
	Kamal Bhadada
	Nagaraj Ijari
	N Sivasamban
Retail & CPG and Travel & Hospitality	Pratik Pal
	S Sukanya
Government	Tanmoy Chakrabarty
Strategic Growth Units	
TCS Financial Services, iON, Small and Medium Business and Platform BPO	N G Subramaniam
	Venguswamy Ramaswamy
	Raj Agrawal
Service Units	
Global Consulting Practice	J Rajagopal
Engineering & Industrial Services	Regu Ayyaswamy
Infrastructure Services	P R Krishnan
BPO	Abid Ali Neemuchwala
Assurance Services	Siva Ganesan
Enterprise Solutions	Krishnan Ramanujam
Alliances	K Jayaramakrishnan
Internal IT	Alok Kumar

Management Discussion and Analysis

The following management discussion and analysis should be read together with the audited consolidated financial statements of Tata Consultancy Services Limited (hereinafter referred to as TCS Limited, TCS or the Company) for the financial years ended March 31, 2012 and 2011. These are the Company's first consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and therefore, IFRS 1 (First-time Adoption of International Financial Reporting Standards) has been applied.

The Company's financial year ends on March 31. All references to a particular financial year are to the twelve-month period ended March 31 of that year.

Highlights

Revenue aggregated $10,170.8 million in fiscal 2012 ($8,186.8 million in fiscal 2011) representing a growth of 24.23% over fiscal 2011. TCS Limited had the distinction of being the first Indian Information Technology (IT) company to cross the $10 billion revenue milestone in fiscal 2012.

Operating income was $2,806.1 million in fiscal 2012 ($2,298.8 million in fiscal 2011) representing a growth of 22.07% over fiscal 2011.

Net income was $2,238.8 million in fiscal 2012 ($1,941.1 million in fiscal 2011) registering a growth of 15.34% over fiscal 2011.

The employee strength was 238,583 as of March 31, 2012 (198,614 as of March 31, 2011) representing a growth of 20.12%. Gross addition of employees in fiscal 2012 aggregated 70,400 of which 9,345 associates were added in overseas locations.

The Company's earnings per share (EPS) increased to $1.13 in fiscal 2012 from $0.98 in fiscal 2011.

For the first three quarters of fiscal 2012, the Company paid a total interim dividend of $0.2 (₹9) per equity share. On April 23, 2012, the board of directors recommended, for approval of shareholders, a final dividend of $0.3 (₹16) per equity share, 50% of which is proposed to be paid as special dividend. If approved, the total dividend for fiscal 2012 would aggregate $0.5 (₹25) per equity share, including the three interim quarterly dividends.

Significant accounting policies

Note 2 of 'Notes to Consolidated Financial Statements' gives the summary of significant accounting policies used for the preparation and presentation of the consolidated financial statements.

The functional currency of Tata Consultancy Services Limited and its Indian subsidiaries is the Indian rupee (₹), whereas the functional currency of foreign subsidiaries is the currency in their respective countries of incorporation. The accompanying consolidated financial statements are presented in US dollars.

Estimates and assumptions used in the preparation of the IFRS financial statements

The preparation of consolidated financial statements in conformity with the recognition and measurement principles of IFRS requires management to make estimates and assumptions that affect (a) the reported amounts of assets and liabilities, (b) disclosures of contingent liabilities at the date of these consolidated financial statements and (c) the reported amounts of revenue and expenses for the years presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Areas in which significant judgments and estimates are used include, but are not limited to (a) estimated costs for completion of fixed price contracts, (b) impairment assessment of goodwill and other intangible assets, (c) retirement benefits, (d) useful lives of tangible and intangible assets, (e) allowances for uncollectable accounts receivables and (f) income tax. Actual results could differ from these estimates.

Overview of financial results

(In millions of USD)

	Fiscal 2012	**% of total revenue**	Fiscal 2011	% of total revenue	**% growth**
Revenue:					
Information technology and consultancy services	**9,852.1**	**96.87**	7,906.7	96.58	**24.60**
Sale of equipment and software licenses	**318.7**	**3.13**	280.1	3.42	**13.78**
Total revenue	**10,170.8**	**100.00**	8,186.8	100.00	**24.23**
Cost of revenue:					
Cost of information technology and consultancy services	**5,231.4**	**51.44**	4,245.8	51.86	**23.21**
Cost of equipment and software licenses	**278.0**	**2.73**	234.7	2.87	**18.45**
Total cost of revenue	**5,509.4**	**54.17**	4,480.5	54.73	**22.96**
Gross profit	**4,661.4**	**45.83**	3,706.3	45.27	**25.77**
Operating Expenses:					
Selling, general and administrative expenses	**1,855.3**	**18.24**	1,407.5	17.19	**31.82**
Operating income	**2,806.1**	**27.59**	2,298.8	28.08	**22.07**
Other income/(expense):					
Finance and other income	**171.9**	**1.69**	109.7	1.34	**56.70**
Finance costs	**(10.0)**	**(0.10)**	(17.3)	(0.21)	**(42.20)**
Other (losses)/gains, net	**(72.3)**	**(0.71)**	25.1	0.31	**(388.05)**
Other income, net	**89.6**	**0.88**	117.5	1.44	**(23.74)**
Income before income taxes	**2,895.7**	**28.47**	2,416.3	29.51	**19.84**
Income tax expense	**656.9**	**6.46**	475.2	5.80	**38.24**
Net income	**2,238.8**	**22.01**	1,941.1	23.71	**15.34**
Other comprehensive (losses)/income, net of taxes	**(679.9)**	**(6.68)**	83.6	1.02	**(913.28)**
Total comprehensive income for the period, net of taxes	**1,558.9**	**15.33**	2,024.7	24.73	**(23.01)**

Revenue

The Company is in the business of providing information technology services, consulting and business solutions. Its full services portfolio consists of application development and maintenance, business intelligence, enterprise solutions, assurance services, engineering and industrial services, IT infrastructure services, business process outsourcing, consulting and asset leveraged solutions. In addition, the Company has launched several new service offerings around mobility, social computing, big data and the cloud.

The Company has built strong domain capabilities in a range of industry verticals, positioning itself as a strategic partner capable of reliably delivering innovative technology-led solutions to business problems. Key industry verticals serviced by the Company are banking, financial services and insurance, retail and consumer packaged goods, telecom, media and entertainment, hi-tech, manufacturing, life sciences and healthcare, energy, resources and utilities and travel, transportation and hospitality.

The Company has also been steadily expanding its geographic footprint. In addition to the traditional markets for its services – namely, North America, United Kingdom and Continental Europe, the Company has been expanding its presence in emerging markets like Asia-Pacific, India, Latin America and Middle East & Africa. In North America, the Company has strengthened its local presence by investing in Cincinnati, Ohio, and recruiting local talent to support North American operations. TCS also opened a state of art office facility in Santa Clara, CA, which will serve as customer collaboration center and headquarters for mobility solutions unit and other upcoming technologies.

As at March 31, 2012, TCS had 183 offices in 43 countries and 117 delivery centers in 21 countries.

The revenue of the Company is affected by (a) global economic conditions, (b) financial position of the industries serviced by the Company, (c) pace of technological changes, (d) client spending on IT and IT related services and (e) exchange rate fluctuations including those arising from cross currency movements.

The revenue of the Company also depends on (a) the ability of the Company to secure business from existing and new clients, (b) delivery of products and services that meet the changing IT needs of clients and (c) the proportion of work performed at overseas locations vis-à-vis the work performed at its offshore locations.

The Company's engagement for providing services to clients is executed either on fixed-price-fixed-time basis or time and material basis. When bidding for turnkey engagements, the Company endeavours to accurately estimate the costs and timing of completion of the projects, primarily based on the processes it plans to use, the employees it plans to deploy and past project experience. For such turnkey contracts, the Company bears the risk of cost and time overruns, including delays caused by factors beyond its control.

Revenue composition

(In millions of USD)

	Fiscal, 2012	Fiscal, 2011	**% growth**
Information technology and consultancy services	**9,852.1**	7,906.7	**24.60**
Information technology and consultancy services as a percentage of total revenue	**96.87**	96.58	
Sale of equipment and software licenses	**318.7**	280.1	**13.78**
Sale of equipment and software licenses as a percentage of total revenue	**3.13**	3.42	
Total	**10,170.8**	8,186.8	**24.23**

In fiscal 2012, total revenue aggregated \$10.2 billion (\$8.2 billion in fiscal 2011) - a growth of 24.23%. Revenue from information technology and consultancy services was \$9.9 billion in fiscal 2012 (\$7.9 billion in fiscal 2011) - a growth of 24.60%.

Revenue composition by currency

The Company earns its revenue in multiple currencies. The table below shows the currency wise revenue earned in the last two years.

	% of revenue in fiscal 2012	% of revenue in fiscal 2011
USD	**59.29**	59.40
GBP	**12.43**	12.46
EUR	**7.55**	7.09
AUD	**4.33**	4.00
CAD	**2.41**	1.96
INR	**8.38**	9.37
Others	**5.61**	5.72
Total	**100.00**	100.00

The Company earned 81.68% of its revenue in fiscal 2012 in USD, CAD, GBP and Euro (80.91% in fiscal 2011). The percentage of revenue earned in AUD has increased to 4.33% in fiscal 2012 from 4.00% in fiscal 2011.

Revenue by segments

Analysis of revenue by industry segment

(In millions of USD)

	Fiscal 2012	% of revenue	Fiscal 2011	% of revenue	% growth
Banking, financial services and insurance	**4,382.9**	**43.09**	3,625.1	44.28	**20.90**
Telecom, media and entertainment	**1,294.0**	**12.72**	1,160.4	14.17	**11.51**
Retail and consumer packaged goods	**1,237.1**	**12.16**	900.5	11.00	**37.38**
Manufacturing	**790.0**	**7.77**	603.6	7.37	**30.88**
Others	**2,466.8**	**24.26**	1,897.2	23.18	**30.02**
Total	**10,170.8**	**100.00**	8,186.8	100.00	**24.23**

All major industry verticals recorded double digit growth over fiscal 2011. Retail and consumer packaged goods and manufacturing were star performers. Also, life sciences and healthcare, energy, resources and utilities, travel, transportation and hospitality and hi-tech combined in “others” industry vertical had impressive growth. Details are discussed in segment results section.

Revenue composition by geography

	Fiscal 2012			Fiscal 2011		
	$ million	**% of revenue**	**% growth**	$ million	% of revenue	% growth
Americas	**5,421.1**	**53.30**	**22.92**	4,410.1	53.87	31.72
UK	**1,551.1**	**15.25**	**22.52**	1,266.0	15.46	23.50
Europe	**1,024.6**	**10.07**	**34.20**	763.5	9.33	14.92
India	**875.5**	**8.61**	**16.24**	753.2	9.20	37.34
Asia Pacific	**768.4**	**7.55**	**42.64**	538.7	6.58	62.00
Ibero Americas	**313.1**	**3.08**	**5.85**	295.8	3.61	(1.13)
Middle East and Africa	**217.0**	**2.14**	**36.05**	159.5	1.95	31.05
Total	**10,170.8**	**100.00**	**24.23**	8,186.8	100.00	29.14

The Company generates most of its revenue from the developed markets. Inspite of economic uncertainty, Europe registered double digit growth.

Revenue composition by service practice

(In millions of USD)

	Fiscal 2012	% of revenue	Fiscal 2011	% of revenue	% growth
Application development and maintenance	**4,555.2**	**44.79**	3,803.2	46.46	**19.77**
Business process outsourcing (BPO)	**1,122.0**	**11.03**	922.7	11.27	**21.60**
Enterprise solutions	**1,128.8**	**11.10**	830.3	10.14	**35.95**
IT infrastructure services(IT IS)	**1,020.8**	**10.04**	771.2	9.42	**32.37**
Assurance services	**757.7**	**7.45**	555.1	6.78	**36.50**
Engineering and industrial services	**470.1**	**4.62**	393.0	4.80	**19.62**
Business intelligence	**464.4**	**4.57**	434.6	5.31	**6.86**
Asset leverage solutions	**390.9**	**3.84**	298.9	3.65	**30.78**
Consulting	**260.9**	**2.56**	177.8	2.17	**46.74**
Total	**10,170.8**	**100.00**	8,186.8	100.00	**24.23**

Most of the service lines recorded impressive growth. Application development and maintenance business grew by $752.0 million. Each of the three service lines viz. BPO, enterprise solutions and IT infrastructure services crossed $1 billion milestone in fiscal 2012. BPO, IT IS, enterprise solutions and assurance services grew by $199.3 million, $249.6 million, $298.5 million and $202.6 million respectively in fiscal 2012.

Revenue composition by service location

(% of revenue)

	Fiscal 2012	Fiscal 2011
Offshore revenue India	**50.57**	50.96
Offsite revenue global development centers (GDC)	**4.42**	5.02
Onsite revenue	**45.01**	44.02
Total	**100.00**	100.00

On-site revenue is for those services which are performed at client locations. Off-site revenue relates to services which are performed at delivery centers located at global delivery centers (GDC) in various countries. Offshore revenue relates to services performed at the delivery centres in India. Revenue from on-site, offshore and off-site are aligned with customer requirements.

Revenue composition by nature of contract

(% of revenue)

	Fiscal 2012	Fiscal 2011
Time and material basis	**52.62**	50.65
Fixed price, fixed time	**47.38**	49.35
Total	**100.00**	100.00

The mix of revenue from time and material contracts and fixed price, fixed time contracts has remained steady with the former going up marginally in fiscal 2012.

Analysis of expenses

Cost of revenue (COR)

(In millions of USD)

	Fiscal 2012	**% of revenue**	Fiscal 2011	% of revenue	**% growth**
Employee costs	**3,920.7**	**38.55**	3,184.5	38.90	**23.12**
Fees to external consultants	**454.2**	**4.47**	309.1	3.77	**46.94**
Depreciation	**121.4**	**1.19**	107.7	1.32	**12.72**
Travel	**145.5**	**1.43**	126.3	1.54	**15.20**
Communication	**97.4**	**0.96**	90.1	1.10	**8.10**
Facility expenses	**247.4**	**2.43**	208.8	2.55	**18.49**
Other expenses	**244.8**	**2.41**	219.3	2.68	**11.63**
Cost of equipment and software licenses	**278.0**	**2.73**	234.7	2.87	**18.45**
Total	**5,509.4**	**54.17**	4,480.5	54.73	**22.96**

Cost of revenue (COR) include expenses directly attributable to execution of projects such as compensation of employees, travel expenses, employee allowances, payroll related taxes, fees to external consultants, depreciation and amortisation of production related equipment, software, facility expenses and communication costs. Employee costs had grown 23.12% in fiscal 2012, however, in relation to revenue, the same decreased by 0.35%. The Company had been increasingly hiring local employees in many of the overseas locations. The Company also had to use the services of external consultants to supplement requirement of specialised technical and domain skills to meet client requirements. Fees for external consultants included in COR increased by 46.94% to $454.2 million in fiscal 2012. Other items of expenses in COR have remained steady.

Selling, general and administrative (SG&A) expenses

The Company's SG&A expenses primarily comprise compensation for employees in sales, administration and other functions not directly engaged in the IT services delivery process. SG&A also includes depreciation and amortisation of intangibles and software for internal use, facility expenses, business promotion expenses, allowances for uncollectible receivables, travel expenses, legal and professional fees, marketing expenses and other general expenses not directly attributable to execution of projects.

(In millions of USD)

	Fiscal 2012	**% of revenue**	Fiscal 2011	% of revenue	**% growth**
Employee costs	**1,226.5**	**12.06**	943.2	11.52	**30.04**
Fees to external consultants	**52.7**	**0.52**	40.4	0.49	**30.45**
Bad debts, provision for trade receivables and advances, net	**5.3**	**0.05**	(15.9)	(0.19)	**(133.33)**
Depreciation	**66.9**	**0.66**	50.0	0.61	**33.80**
Facility expenses	**160.4**	**1.58**	131.7	1.61	**21.79**
Travel and conveyance	**107.9**	**1.06**	76.5	0.93	**41.05**
Communication	**38.3**	**0.38**	31.2	0.38	**22.76**
Education, recruitment and training	**46.3**	**0.45**	45.0	0.55	**2.89**
Marketing and sales promotion	**46.8**	**0.46**	38.3	0.47	**22.19**
Other expenses	**104.2**	**1.02**	67.1	0.82	**55.29**
Total	**1,855.3**	**18.24**	1,407.5	17.19	**31.82**
SG&A expenses other than employee costs	**628.8**	**6.18**	464.3	5.67	**35.43**

Employee costs have increased (0.54% of revenue) mainly due to decrease in utilisation (including trainees) from 76.20% in fiscal 2011 to 74.40% in fiscal 2012. Expenses other than employee costs have increased (0.51% of revenue) mainly due to increase in net provision for bad and doubtful debts (0.24% of revenue) and increase in travel and conveyance (0.13% of revenue). Other items of SG&A expenses have remained steady.

Operating income

Operating income had grown by 22.07%. As percentage of revenue it decreased by 0.49%, mainly due to increase in SG&A expenses by 1.05%, offset by decrease in COR by 0.56%.

Other income/(expense)

Other income/(expense) includes interest and dividend income, foreign currency exchange gains and losses, profit/loss on sale of investments, income from rent, miscellaneous income and interest expense on bank overdraft and debt.

(In millions of USD)

	Fiscal 2012	**% of revenue**	Fiscal 2011	% of revenue
Interest income	**167.0**	**1.64**	104.6	1.28
Interest expense	**10.0**	**0.10**	17.3	0.21
Net interest income/(expense)	**157.0**	**1.54**	87.3	1.07
Net foreign exchange losses	**(85.9)**	**(0.84)**	(8.5)	(0.10)
Dividend received	**1.3**	**0.01**	3.6	0.04
Rental income	**3.6**	**0.04**	1.5	0.02
Others, net	**13.6**	**0.13**	33.6	0.41
Total	**89.6**	**0.88**	117.5	1.44

Other income/(expense) decreased by 0.56% of revenue in fiscal 2012, mainly due to increase in net foreign exchange losses (0.74% of revenue), partly offset by increase in interest income (0.36% of revenue). During the year, the Company strengthend its processes for continuous monitoring of investments, which is reflected in the significant increase in interest income.

Income tax

Income tax expense comprises current and deferred tax expense.

The Company benefited from certain tax incentives under the Indian Income Tax Act 1961, for export of IT services that it provided from specially designated Software Technology Parks in India (STPs). The benefits applicable to STPs expired on March 31, 2011.

The Company continues to benefit from the tax exemption available for units set up under the Special Economic Zone Act, 2005 (SEZ). These tax holidays are available for a period of fifteen fiscal years from the date of commencement of operations. Under the SEZ scheme, the unit which begins providing services on or after April 1, 2005 will be eligible for deductions of 100% of profits or gains derived from export of services for the first five years, 50% of such profit or gains for a further period of five years and 50% of such profit or gains for the balance period of five years subject to fulfillment of certain conditions. From April 1, 2011 units set up under SEZ scheme are subject to minimum alternate tax (MAT).

Under the Indian Income Tax Act, 1961, Tata Consultancy Services Limited and its subsidiaries in India are liable to pay MAT in the tax holiday period. MAT paid can be carried forward for a period of 10 years and can be set off against the future tax liabilities.

(In millions of USD)

	Fiscal 2012	Fiscal 2011	**% growth**
Income before income tax	**2,895.7**	2,416.3	**19.84**
Total income tax expense	**656.9**	475.2	**38.24**
Income tax expense as a percentage of revenue	**6.46**	5.80	
Income tax expense as a percentage of profit before tax (effective tax rate)	**22.69**	19.67	

The Indian statutory tax rate was 32.45% in fiscal 2012 as compared to 33.22% in fiscal 2011. The increase in the effective tax rate from 19.67% in fiscal 2011 to 22.69% for fiscal 2012 was mainly due to the expiry of STP tax holiday scheme.

Net income

(In millions of USD)

	Fiscal 2012	**% of revenue**	Fiscal 2011	% of revenue	**% growth**
Revenue	**10,170.8**	**100.00**	8,186.8	100.00	**24.23**
Operating income	**2,806.1**	**27.59**	2,298.8	28.08	**22.07**
Other income, net	**89.6**	**0.88**	117.5	1.44	**(23.74)**
Income before income taxes	**2,895.7**	**28.47**	2,416.3	29.51	**19.84**
Income tax expense	**656.9**	**6.46**	475.2	5.80	**38.24**
Net income	**2,238.8**	**22.01**	1,941.1	23.71	**15.34**

The Company's net income has gone up by 15.34%. As percentage of revenue, net income has gone down by 1.70%, mainly due to decrease in operating income by 0.49%, decrease in other income by 0.56% and increase in tax 0.64%.

Other comprehensive (losses) / income, net of taxes

(In millions of USD)

	Fiscal 2012	Fiscal 2011	**increase/ (decrease)**
Exchange differences on translation of foreign operations	**(644.2)**	65.3	**(709.5)**
Net (losses) / gains on cash flow hedges	**(38.5)**	16.1	**(54.6)**
Net gains on available-for-sale investments	**0.2**	0.6	**(0.4)**
Actuarial gains on employee benefit plans	**2.6**	1.6	**1.0**
Total	**(679.9)**	83.6	**(763.5)**

Total other comprehensive losses were $679.9 million in fiscal 2012 as against total other comprehensive income of $83.6 million in fiscal 2011. The losses are primarily on account of substantial depreciation of rupee vis-a-vis USD during the year and its resultant effect on translation of net assets from functional currency (INR) to presentation currency (USD).

Segment performance

The Company considers industry verticals as its primary business segment and geographies as its secondary business segment. Reportable primary segments are (1) banking, finance and insurance services, (2) telecommunication, media and entertainment, (3) retail and consumer packaged goods, (4) manufacturing and (5) other industries clubbed under 'others' such as energy, resources and utilities, hi-tech, life science and healthcare, travel, transportation and hospitality, products etc.

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to reporting segments have been allocated on the basis of associated revenue of the segment and in certain cases, direct efforts. Expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Depreciation in respect of certain assets which are not used for specific segments or which cannot be attributed to specific segments have been considered as unallocable expenses for the purpose of segment analysis.

Segment Summary

	Segment revenue				**Segment result**			
	Fiscal 2012	Fiscal 2011	**Fiscal 2012**	Fiscal 2011	**Fiscal 2012**	Fiscal 2011	**Fiscal 2012**	Fiscal 2011
	$ million		**% of revenue**		**$ million**		**% of segment result**	
Banking, financial services and insurance	**4,382.9**	3,625.1	**43.10**	44.29	**1,346.1**	1,141.0	**45.35**	46.89
Telecom, media and entertainment	**1,294.0**	1,160.4	**12.72**	14.17	**393.3**	404.2	**13.25**	16.61
Retail and consumer packaged goods	**1,237.1**	900.5	**12.16**	11.00	**360.6**	235.3	**12.15**	9.67
Manufacturing	**790.0**	603.6	**7.77**	7.37	**204.4**	154.5	**6.89**	6.35
Others	**2,466.8**	1,897.2	**24.25**	23.17	**663.7**	498.3	**22.36**	20.48
Total	**10,170.8**	8,186.8	**100.00**	100.00	**2,968.1**	2,433.3	**100.00**	100.00
Unallocable expenses					**162.0**	134.5		
Operating income					**2,806.1**	2,298.8		
Other income / (expense), net					**89.6**	117.5		
Income before taxes					**2,895.7**	2,416.3		

Banking, financial services and insurance

	Fiscal 2012		Fiscal 2011		
	$ million	% of segment revenue	$ million	% of segment revenue	% growth
Segment revenue	**4,382.9**	**-**	3,625.1	-	**20.90**
Segment result	**1,346.1**	**30.71**	1,141.0	31.47	**17.98**

The industry environment continued to be characterised by margin compression, higher volatility and expectations of far-reaching regulatory changes. The Company's customers in this segment, though cautious in their outlays, have continued spending on optimisation projects and new technologies like 'mobility' and 'big data' to create new revenue streams.

In fiscal 2012, BFSI revenue contributed 43.09% of Company's total revenue (44.28% in fiscal 2011). The segment result constituted 45.35% of total segment result (46.89% in fiscal 2011) with a margin of 30.71% in fiscal 2012 (31.47% in fiscal 2011).

Telecom, media and entertainment

	Fiscal 2012		Fiscal 2011		
	$ million	% of segment revenue	$ million	% of segment revenue	% growth
Segment revenue	**1,294.0**	**-**	1,160.4	-	**11.51**
Segment result	**393.3**	**30.39**	404.2	34.83	**(2.70)**

Telecom companies are investing in network up-gradation and building new service offerings driven by increasing demand for 'wireless data' and emerging competition from 'over-the-top' players. TCS remains focused on helping its customers with increased investment in analytics, exploitation of channels, next generation networks and platforms while having sustained focus on strengthening 'outsourcing and managed services'.

The media and entertainment industry is undergoing digital transformation. TCS has built industry-specific solutions to enable the industry's digital transformation. It is enabling publishers to create and distribute digital products across multiple channels and also enabling them to make their content production processes more effective, efficient and agile. TCS is helping broadcasters to manage and monetise their digital assets by digitising their 'rights and royalties management' systems.

In fiscal 2012, telecom, media and entertainment segment revenue contributed 12.72% of the Company's total revenue (14.17% in fiscal 2011). The segment result constituted 13.25% of total segment result (16.61% in fiscal 2011) with a margin of 30.39% in fiscal 2012 (34.83% in fiscal 2011).

Retail and consumer packaged goods (CPG)

	Fiscal 2012		Fiscal 2011		
	$ million	% of segment revenue	$ million	% of segment revenue	% growth
Segment revenue	**1,237.1**	**-**	900.5	-	**37.38**
Segment result	**360.6**	**29.15**	235.3	26.13	**53.25**

Harnessing strategic partnerships with existing clients and an increasing client base, retail and CPG industry vertical demonstrated exemplary growth across consulting, IT infrastructure services, BPO, assurance services and enterprise solutions.

During fiscal 2012, retail and CPG has (1) won several transformational deals using the Company's deep domain capabilities (2) offered non-linear solutions using the Company's domain driven 'full services offerings' for certain mission critical programmes and (3) used the Company's rich repository of intellectual properties to bring best practices to its customers.

In fiscal 2012, retail and CPG segment revenue contributed 12.16% of the Company's total revenue (11.00% in fiscal 2011). The segment result constituted 12.15% of total segment result (9.67% in fiscal 2011) with a margin of 29.15% in fiscal 2012 (26.13% in fiscal 2011).

Manufacturing

	Fiscal 2012		Fiscal 2011		
	$ million	**% of segment revenue**	$ million	% of segment revenue	**% growth**
Segment revenue	**790.0**	**-**	603.6	-	**30.88**
Segment result	**204.4**	**25.87**	154.5	25.60	**32.30**

The manufacturing industry vertical has shown relatively more buoyancy in client spending in fiscal 2012 as compared to fiscal 2011. Customers initiated multiple transformation programmes across the value chain with a focus on analytics, mobility, social media and eco-sustainability, along with special emphasis on the current market needs through new product introduction, customer experience management and operational excellence.

In fiscal 2012, manufacturing segment revenue contributed 7.77% of the Company's total revenue (7.37% in fiscal 2011). The segment result constituted 6.89% of total segment result (6.35% in fiscal 2011) with a margin of 25.87% in fiscal 2012 (25.60% in fiscal 2011).

Other segments

	Fiscal 2012		Fiscal 2011		
	$ million	**% of segment revenue**	$ million	% of segment revenue	**% growth**
Segment revenue	**2,466.8**	**-**	1,897.2	-	**30.02**
Segment result	**663.7**	**26.91**	498.3	26.27	**33.19**

Segments combined in 'others' comprised (1) life sciences and healthcare (2) energy, resources and utilities (3) travel, transportation and hospitality (4) hi-tech and (5) others. All the sub-segments in 'others' industry segment showed good revenue growth over the prior year, reflecting the Company's growing domain expertise in these industries.

In fiscal 2012, other segments revenue contributed 24.25% of the Company's total revenue (23.17% in fiscal 2011). The segment result constituted 22.36% of total segment result (20.48% in fiscal 2011) with a margin of 26.91% in fiscal 2012 (26.27% in fiscal 2011).Trends of some of the significant industry verticals within the category 'others' are discussed below.

Life sciences and healthcare

Strong domain knowledge, process outsourcing and technology expertise enabled the Company to effectively serve its life sciences customers in drug discovery, drug development, manufacturing and sales & distribution initiatives globally, with projects in North America, Europe, Latin America and Asia Pacific. In fiscal 2012 the Company added several new pharmaceutical and medical devices customers.

Far reaching regulatory changes in the healthcare industry especially in the USA have led to increased focus on the adoption of technology by companies in this industry to counter increasing healthcare costs and realignment of their business for the emerging healthcare landscape. For 'Providers', the move away from fee-for-service dominance and the introduction of risk continued to be a major driver in fiscal 2012. The traditional business-to-business orientation of major 'Payors' continued to migrate to more consumer-centric approaches and capabilities. TCS partnered with clients in both segments, helping them drive down costs and adapt to the evolving patient-centric future of the industry. The Company works with several of the largest healthcare players globally.

Hi-tech

The Company's hi-tech industry solutions unit provides optimal, customised and comprehensive solutions across varied high technology industry segments, namely, computer platform and services companies, software firms, electronics and semiconductor companies, and professional services firms (legal, HR, tax & accounting and consulting & advisory/ analyst firms). Building on its vast experience in engineering and industrial services, business process transformation, innovations in IT solutions, the Company offers a comprehensive portfolio of end-to-end solutions and services that maximise growth, increase operational excellence, manage risk, reduce costs and improve profitability for customers.

Energy, resources and utilities (ERU)

The Company's ERU unit is positioned as a strategic partner to many of its key customers across the oil and gas, alternative energy, oil field services, metals, mining and construction sectors in the energy and resources industry. The key challenges in this industry are centered on predictability and reliability of assets and operations.

The Company has leveraged its unique position in IT and EIS to offer petro-technical data integration, plant integration, and product to production lifecycle and supply chain solutions. In fiscal 2012, the continued customer focus into newer markets has enabled the Company to acquire marquee customers. TCS has been delivering projects in the international markets in the areas of capital investment planning, metering services, and billing settlement for both retail and wholesale client requirements.

Travel, transportation and hospitality (TTH)

The TTH unit has been one of the high growth industry verticals for the Company in the last two years. Besides the traditional services such as application development and support services, BPO and infrastructure services, the unit has focused on getting closer to the customer by emphasising more on innovation and developing offerings in emerging areas such as mobility and social media. This approach has been validated by the fact that this segment works with leaders in almost every sub-vertical within TTH.

Financial position

Overview

As at March 31, 2012, the Company's balance sheet and liquidity position remains strong and it is well positioned to support its strategy and growth plans. Cash, cash equivalents and bank deposits was $1,686.2 million as at March 31, 2012 ($1,667.8 million as at March 31, 2011), an increase of $18.4 million from the prior year-end position. The Company funds most of its cash requirements from internally generated funds.

As at March 31, 2012 the Company's trade receivables stood at $2,258.0 million (1,837.8 million as at March 31, 2011). Additions to property, plant and equipment in fiscal 2012 were at $358.9 million ($295.7 million in fiscal 2011). Capital work in progress aggregated $337.7 million as at March 31, 2012 ($209.8 million as at March 31, 2011).

The total equity has increased to $6492.2 million in fiscal 2012 from $5772.7 million in fiscal 2011 representing a 12.46% rise.

During fiscal 2012, the Company generated $1,539.8 million in cash from operations ($1,520.3 million in fiscal 2011).

Liquidity and capital resources

The company has consistently generated strong cash flow from operations. The company ensures additional liquidity for the conduct of its business operations by ensuring adequate credit facilities for all its units. As at March 31, 2012, the Company had available lines of credit with multiple banks aggregating $821.4 million interchangeable between fund-based and non fund-based limits ($471.9 million as at March 31, 2011).

Working capital

As at March 31, 2012, the Company had $3,214.3 million in working capital ($2,526.9 million as at March 31, 2011 and $2,429.8 million as at April 1, 2010).

Analysis of working capital

(In millions of USD)

	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
Current assets	**4,572.4**	3,827.1	3,540.5
Current liabilities	**1,358.1**	1,300.2	1,110.7
Working capital	**3,214.3**	2,526.9	2,429.8
Current ratio	**3.37**	2.94	3.19
Capital employed (total equity + non-current liabilities)	**6,730.9**	6,017.8	4,947.5
Working capital as a percentage of capital employed	**47.75**	41.99	49.11
Total assets	**8,089.0**	7,318.0	6,058.2
Working capital as a percentage of total assets	**39.74**	34.53	40.11

The improvement in current ratio and working capital as a percentage of capital employed is commensurate with business needs.

Cash flows summary

(In millions of USD)

	Fiscal 2012	Fiscal 2011
Cash and cash equivalents at the beginning of the year	**348.5**	228.2
Net cash provided by operating activities	**1,539.8**	1,520.3
Net cash used in investing activities	**(598.7)**	(405.1)
Net cash used in financing activities	**(894.3)**	(1,001.1)
Net increase in cash and cash equivalents	**46.8**	114.1
Effect of foreign exchange on cash	**(3.9)**	6.2
Cash and cash equivalents at the end of the year	**391.4**	348.5

Cash flows from operating activities

(In millions of USD)

	Fiscal 2012	Fiscal 2011
Net income	**2,238.8**	1,941.1
Adjustments:		
Depreciation and amortisation	**188.4**	157.8
Others	**650.4**	425.1
Adjusted operating income before working capital changes	**3,077.6**	2,524.0
Effect of working capital changes	**(689.0)**	(506.0)
Cash generated from operations	**2,388.6**	2,018.0

The increase in cash generated from operations to $2,388.6 million in fiscal 2012 from $2,018.0 million in fiscal 2011 was attributable to an increase in cash operating income, offset by the effect of working capital changes.

Cash flows from investing activities

(In millions of USD)

	Fiscal 2012	Fiscal 2011
Net purchase / sale of investments	**90.7**	454.5
Net purchase / sale of property, plant and equipment	**(412.0)**	(370.2)
Purchase of subsidiaries and business, net of cash acquired (including additional consideration and purchase price adjustments)	**-**	13.4
Net inter-corporate deposits	**(144.6)**	9.3
Net bank deposits	**(130.4)**	(497.2)
Purchase of intangible assets	**(2.4)**	(16.6)
Net purchase / sale of commercial paper	**-**	1.7
Net cash used in investing activities	**(598.7)**	(405.1)

Increase in cash outflows on account of investing activities was primarily attributable to higher investment in inter corporate deposits and acquisition of property, plant and equipment.

Cash flows from financing activities

(In millions of USD))

	Fiscal 2012	Fiscal 2011
Long-term debt (repayment) / proceeds, net	**(0.3)**	1.4
Dividend paid including dividend tax	**(836.7)**	(990.3)
Repayment of put-call option liability to non-controlling interests	**(47.9)**	-
Dividend paid to non-controlling interests	**(4.4)**	(4.0)
Short-term borrowings, net	**(6.8)**	(6.8)
Issue of shares to / (purchase) of shares from non-controlling interests , net	**1.8**	(1.4)
Net cash used in financing activities	**(894.3)**	(1001.1)

In fiscal 2012 dividend paid including dividend tax was $836.7 million ($990.3 million in fiscal 2011). Under IFRS, dividend payable is recorded as liability in the period in which these are declared and approved by shareholders. Therefore, the amount of dividend paid in fiscal 2012 as shown in the table above, includes final dividend for fiscal 2011, but does not include the final dividend and special dividend for fiscal 2012, put up before the shareholders for approval.

The repayment of put-call option liability to non-controlling interests for the acquisition of 24% remaining equity in Diligenta Limited by the Company resulted in cash outflow of $47.9 million in fiscal 2012.

Short-term and long-term borrowings

(In millions of USD)

	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
	Current			Non-current			Total		
Borrowings	**2.2**	8.2	14.2	**22.7**	8.5	8.8	**24.9**	16.7	23.0
Mandatorily redeemable preference shares	**19.6**	22.4	22.3	**-**	-	-	**19.6**	22.4	22.3
Total	**21.8**	30.6	36.5	**22.7**	8.5	8.8	**44.5**	39.1	45.3

Short-term borrowings were primarily on account of cash credits and overdraft. Long-term borrowings were primarily on account of finance lease obligations. There have not been any significant changes in the position of short term or long term borrowings.

Shareholders' equity

(In millions of USD)

	As at March 31, 2012	As at March 31, 2011	Increase / (decrease) in fiscal 2012	As at April 1, 2010	Increase / (decrease) in fiscal 2011
Share capital	**43.6**	43.6	**-**	43.6	-
Share premium	**427.4**	427.4	**-**	427.4	-
Retained earnings	**6,515.1**	5,155.4	**1,359.7**	4,229.4	926.0
Accumulated other comprehensive (losses) / income	**(597.4)**	75.7	**(673.1)**	(5.8)	81.5
Equity attributable to TCS Limited	**6,388.7**	5,702.1	**686.6**	4,694.6	1,007.5
Non-controlling interests	**103.5**	70.6	**32.9**	49.1	21.5
Total	**6,492.2**	5,772.7	**719.5**	4,743.7	1,029.0

The change in total equity is primarily attributable to the increase in retained earnings offset by increase in accumulated other comprehensive losses.

Overview of cash, bank and investments

(In millions of USD)

	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010	As at March 31, 2012	As at March 31, 2011	As at April 1, 2010
	Current			Non-current			Total funds invested		
Investments	**157.2**	154.6	570.1	**133.0**	257.8	271.9	**290.2**	412.4	842.0
Cash and bank balances	**233.3**	172.5	135.3	**-**	-	-	**233.3**	172.5	135.3
Deposits with banks	**947.4**	889.4	906.0	**505.5**	605.9	1.0	**1,452.9**	1,495.3	907.0
Inter-corporate deposits	**128.0**	56.1	64.6	**55.2**	-	-	**183.2**	56.1	64.6
Total	**1,465.9**	1,272.6	1,676.0	**693.7**	863.7	272.9	**2,159.6**	2,136.3	1,948.9

The Company has consistently maintained a strong fund position as depicted in the above table.

Property, plant and equipment (PPE)

(In millions of USD)

	Asset additions fiscal 2012	Asset additions fiscal 2011	Increase / (decrease)	PPE as at March 31, 2012	PPE as at March 31, 2011	Increase / (decrease)
Freehold land	**-**	-	**-**	**65.1**	73.9	**(8.8)**
Buildings	**92.5**	55.3	**37.2**	**354.1**	321.8	**32.3**
Leasehold improvements	**46.4**	37.0	**9.4**	**100.5**	84.6	**15.9**
Computer equipments	**115.0**	127.3	**(12.3)**	**189.5**	190.2	**(0.7)**
Automobiles	**0.4**	0.8	**(0.4)**	**2.0**	2.8	**(0.8)**
Furniture, fixtures and office equipments	**104.6**	75.3	**29.3**	**218.2**	189.9	**28.3**
Total	**358.9**	295.7	**63.2**	**929.4**	863.2	**66.2**
Capital work-in-progress				**337.7**	302.9	**34.8**
Total PPE				**1,267.1**	1166.1	**101.0**

The Company has embarked on a large scale infrastructure development across various locations in India to meet its growing business needs. The Company has successfully put in place state-of-the-art facilities at Mumbai, Ahmedabad, Chennai, Bengaluru, Hyderabad and Pune for significant capacities. Number of seats available in the delivery centers in India as at March 31, 2012 was 153,334 (128,572 seats as at March 31, 2011)

The Company has also initiated construction of large delivery centres across 14 locations in India, which are presently at different stages of completion. As of March 31, 2012, $351.9 million was contractually committed for purchase of property, plant and equipment.

Goodwill

(In millions of USD)

	As at March 31, 2012	As at March 31, 2011
Opening balance	**722.3**	704.6
Change attributable to goodwill due to impairment	**(4.2)**	(0.2)
Change attributable to goodwill foreign currency exchange (loss) / gain	**(65.6)**	17.9
Closing balance	**652.5**	722.3

The Company follows a policy of annual impairment test for goodwill. The most significant amount of goodwill is attributable to the acquisition of TCS e-serve limited ($416.0 million as at March 31, 2012). Detailed note on goodwill is available in note 12 of the Notes to Consolidated Financial Statements.

Risks

The Company faces certain key strategic and business risks such as (1) Uncertainties in global economy, (2) Protectionism in major markets, (3) Commoditisation of offerings / value proposition, (4) Business model redundancy, (5)Supply-side risks, (6) Integration risks in M&A, (7) Financial risks. Details of financial risks such as currency, liquidity and credit risk are set out in Note 26 to the consolidated financial statements.

Appropriate processes for tracking these risks and taking mitigation action have been put in place.

Research & development (R&D)

TCS conducts its R&D initiatives within the broad framework of innovation initiatives. TCS believes innovation can be broadly defined as an idea that makes a material difference to an organisation's current capabilities or creates a future capability. TCS organises its innovation initiatives into the following three categories:

1. Derivative or sustaining innovation that continually provides improvements on current services and solutions.
2. Transformational improvement or platform innovation that facilitates a swift move to 'visible adjacencies' in terms of emerging technologies as well as markets
3. Disruptive or breakthrough innovation that enables customers to access potentially game-changing and/or new market business models.

Derivative or sustaining innovation

TCS R&D continuously invests in derivative innovation (research that improves current offerings). TCS tools that improve productivity and quality in the software lifecycle are now categorised into platforms that align with the Company's service lines. These tools offer an integrated framework for end-to-end solutions for a given service line. Several risk, compliance, privacy and security solutions are being piloted. Other derivative innovation initiatives undertaken are given below.

a) Systematic conversion of the domain knowledge garnered through the Company's extensive experience in select industries, into packaged software products and solutions. TCS has been very successful in this endeavour in the BFSI space, where the BαNCS suite of products has been rated as among the best in the field by leading industry analysts globally.

b) Investment in creating similar intellectual property in other key vertical industries like retail and CPG.

c) Co-innovation Network (COIN™) of TCS has been scanning the emerging technology landscape and funneling new ideas that can be taken to customers; some new offerings have been accepted by the customers. The research scholarship programme introduced last year to support PhDs who are working in the Company's areas of interest, continued to gain momentum. The Company is currently supporting more than 80 PhDs from over 25 institutions.

d) Over 600 research papers were published in reputed journals or were presented in national or international academic conferences by the Company's researchers.

Transformational improvement or platform innovation initiatives

As part of platform innovations (that enrich value in the near term), TCS enhanced its information fusion platform. Enterprises accumulate enormous amount of data and trigger creation of data outside the enterprise. Gathering and analysing data from diverse sources and formats, understanding patterns from the distributed data and providing actionable insights in a predictive way is a challenge for any business. TCS Enterprise Information Platform promises to do this for customers. TCS also continues to invest in developing transactional platforms that could radically change the overall cost structures and business delivery models in target industries. Currently, TCS is investing in such platforms in industry verticals like BFSI and Telecom. TCS has also developed a suite of platform products that are targeted at changing the technology delivery model for small and medium enterprises – the platform is marketed under the brand name of iON.

TCS expanded its green energy research. Apart from augmenting facility monitoring systems and green datacenter tool, the Company has worked on renewable energy integration. TCS tools can now enable consumers to choose the ideal power purchase plan from various energy sources power suppliers to make more accurate predictions of wind and solar outputs and also know how to size hybrid power plants optimally. Smart water research is looking at improving legacy water systems and enabling arsenic removal at low cost.

The Company's social media research teams have been working on creating a comprehensive brand awareness tool. They also cracked problems in enabling the workforce in global organisations to bring their own devices (such as smart phones and tablets) to work without compromising on organisational security.

Disruptive innovation initiatives

As part of its disruptive innovation initiatives, TCS is working with partners in diverse domains such as Participatory Sensing, Sensor Informatics, Ultrasound, Large Data Handling, Context-aware Multimodal Human Machine Interface (HMI), Privacy and Trust to create several breakthroughs in developing an intelligent infrastructure platform. This platform will sense data from multiple systems ranging from sensors to social networks, extract information as well as sentiment, analyse this data and help stakeholders make informed decisions. This will make transportation systems, public utilities, tourism and public safety smarter and enable better services to the community. TCS believes that this intelligent infrastructure platform will enable the Company's customers in different industries as well as city infrastructures to create new business models.

Health, pharma and related industries are increasingly reliant on software applications that crunch huge volume of data. TCS research invested in several tools that will aid these sectors and improve health. In the realm of Human Genome, TCS invested in tools for understanding genetic basis of disease and identification of genetic markers for disease, diagnostics and prognostics. In metagenomics, TCS worked on a software platform for analysis of metagenomes, identification of pathogens and design of probiotics. TCS is enabling bibliomes with cloud based solutions for integration of structured and unstructured information.

R&D and innovation outcomes

TCS increased its Intellectual Property Rights (IPR) significantly in fiscal 2012. 460 patents were filed in several countries in fiscal 2012. Until now, cumulatively, TCS has filed 855 patent applications of which 72 have been granted. In fiscal 2012, four patents have been granted.

R&D organisations in TCS continue to engage actively with customers across all geographies and businesses, to identify potential opportunities to apply TCS IPR and capability to enhance and deepen the relationship and provide benefit to clients. About ninety "innovation days" were held, where TCS researchers met senior customer executives and scientists in order to solve customer specific problems. TCS Innovation Forum held in Silicon Valley, drew a good response from academia, partners and customers. The intellectual assets created by the R&D organisations are deployed and monetised in different business units and internal functions, resulting in substantial savings. Over 850 person-years of productivity savings were measured in different engagements.

TCS R&D has received several national and international awards, for example, the Infoworld Green15 Award, Information Week 500 Award, IEI Industry Excellence Award and Business World ICT Infocom Award. Internally, the Company has rewarded distinguished scientists, patent owners, and authors of papers. To nurture the culture of innovation, TCS R&D has built platforms for ideas and interaction among new recruits and campus hires.

Future plan of action for R&D

In the coming years, the R&D organisations will invest in several identified softwares, systems and application research projects. Supply chain frameworks, integrated computational materials engineering and human centered systems are some examples of investments planned and currently underway. TCS is also integrating various enterprise applications on new age devices (like 3G enabled mobile devices and iPADs), to keep the employees' work environment vibrant and agile.

Expenditure on R&D

R&D centers have been set up at various locations all over the world. Out of these, the R&D centers at Pune, Chennai, Bengaluru, Delhi- NCR, Hyderabad, Kolkata and Mumbai have been recognised by the Department of Scientific & Industrial Research (DSIR).

In addition to the R&D centers, the Company has set up innovation labs, product engineering groups and groups engaged in path breaking technologies at multiple locations all over the world.

Expenditure incurred in the R&D centers and innovation centers of TCS during fiscal 2012 and 2011 are given below.

(In millions of USD)

Expenditure	**Fiscal 2012**	Fiscal 2011
Capital	**0.5**	0.3
Recurring	**27.5**	23.4
Total R&D expenditure	**28.0**	23.7
Other innovation expenditure	**56.7**	38.1
Total R&D and innovation expenditure	**84.7**	61.8
R&D and Innovation expenditure as percentage of total turnover	**0.83%**	0.75%

Cautionary Statement

Certain statements made in the management discussion and analysis report relating to the Company's objectives, projections, outlook, expectations, estimates, etc. may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections, etc., whether express or implied. Several factors could make significant difference to the Company's operations. These include economic conditions affecting demand and supply, government regulations and taxation, natural calamities, etc. over which the Company does not have any direct control.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Tata Consultancy Services Limited
Mumbai, India

We have audited the accompanying consolidated statements of financial position of Tata Consultancy Services Limited and its subsidiaries (collectively referred to as "TCS Limited" or the "Company") as of March 31, 2012, March 31, 2011 and April 1, 2010 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended March 31, 2012 and March 31, 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of TCS Limited as of March 31, 2012, March 31, 2011 and April 1, 2010, and the results of its operations and its cash flows for the years ended March 31, 2012 and March 31, 2011, in conformity with the International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB").

/s/ Deloitte Haskins & Sells
CHARTERED ACCOUNTANTS

Mumbai, India

Date: June 25, 2012

Consolidated Statements of Financial Position
As of March 31, 2012, March 31, 2011 and April 1, 2010

	Note	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010
			(In millions of USD)	
ASSETS:				
Current assets:				
Cash and cash equivalents	5	**$391.4**	$348.5	$228.2
Bank deposits		**789.3**	713.4	813.1
Trade receivables	6	**2,258.0**	1,837.8	1,306.4
Investments	7(a)	**157.2**	154.6	570.1
Other current financial assets	8(a)	**301.9**	164.0	155.2
Unbilled revenue		**441.3**	302.5	267.4
Current income tax assets		**-**	50.8	0.3
Other current assets	9(a)	**233.3**	255.5	199.8
Total current assets		**4,572.4**	3,827.1	3,540.5
Non-current assets:				
Bank deposits		**505.5**	605.9	1.0
Investments	7(b)	**133.0**	257.8	271.9
Other non-current financial assets	8(b)	**168.5**	128.6	108.9
Non-current income tax assets		**288.4**	201.6	145.6
Deferred income tax assets	16	**346.4**	264.7	295.7
Property, plant and equipment	10	**1,267.1**	1,166.1	921.1
Intangible assets	11	**34.1**	42.7	26.7
Goodwill	12	**652.5**	722.3	704.6
Other non-current assets	9(b)	**121.1**	101.2	42.2
Total non-current assets		**3,516.6**	3,490.9	2,517.7
TOTAL ASSETS		**$8,089.0**	$7,318.0	$6,058.2
LIABILITIES AND EQUITY:				
Liabilities:				
Current liabilities:				
Trade and other payables	13	**$637.7**	$579.0	$483.3
Borrowings		**2.2**	8.2	14.2
Mandatorily redeemable preference shares	17	**19.6**	22.4	22.3
Other current financial liabilities	14(a)	**171.9**	185.7	119.2
Unearned and deferred revenue		**161.6**	173.1	156.5
Employee benefit obligations	20	**125.9**	118.3	112.8
Current income tax liabilities		**92.1**	89.3	90.3
Other current liabilities	15	**147.1**	124.2	112.1
Total current liabilities		**1,358.1**	1,300.2	1,110.7
Non-current liabilities:				
Borrowings		**22.7**	8.5	8.8
Other non-current financial liabilities	14(b)	**52.1**	53.4	94.5
Employee benefit obligations	20	**42.7**	31.2	22.1
Deferred income tax liabilities	16	**85.0**	126.7	66.7
Other non-current liabilities		**36.2**	25.3	11.7
Total non-current liabilities		**238.7**	245.1	203.8
TOTAL LIABILITIES		**1,596.8**	1,545.3	1,314.5
Equity:				
Share capital	18	**43.6**	43.6	43.6
Share premium		**427.4**	427.4	427.4
Retained earnings		**6,515.1**	5,155.4	4,229.4
Accumulated other comprehensive (losses) / income		**(597.4)**	75.7	(5.8)
Equity attributable to TCS Limited		**6,388.7**	5,702.1	4,694.6
Non-controlling interests		**103.5**	70.6	49.1
TOTAL EQUITY		**6,492.2**	5,772.7	4,743.7
TOTAL LIABILITIES AND EQUITY		**$8,089.0**	$7,318.0	$6,058.2

See accompanying notes to consolidated financial statements

Consolidated Statements of Comprehensive Income
For the years ended March 31, 2012 and 2011

	Note	Year ended March 31, 2012	Year ended March 31, 2011
		(In millions of USD, except share and per share data)	
Revenue:			
Information technology and consultancy services		**$9,852.1**	$7,906.7
Sale of equipment and software licenses		**318.7**	280.1
Total revenue		**10,170.8**	8,186.8
Cost of revenue:			
Cost of information technology and consultancy services	21	**5,231.4**	4,245.8
Cost of equipment and software licenses	21	**278.0**	234.7
Total cost of revenue		**5,509.4**	4,480.5
Gross profit		**4,661.4**	3,706.3
Operating Expenses:			
Selling, general and administrative expenses	21	**1,855.3**	1,407.5
Operating income		**2,806.1**	2,298.8
Other income / (expense):			
Finance and other income	22	**171.9**	109.7
Finance costs	24	**(10.0)**	(17.3)
Other (losses) /gains, net	23	**(72.3)**	25.1
Other income, net		**89.6**	117.5
Income before income taxes		**2,895.7**	2,416.3
Income tax expense	16	**656.9**	475.2
Net income		**2,238.8**	1,941.1
Other comprehensive (losses) / income, net of taxes			
Exchange differences on translation		**(644.2)**	65.3
Net gains on available-for-sale financial assets		**0.2**	0.6
Net (losses) / gains on cash flow hedges		**(38.5)**	16.1
Actuarial gains on employee benefit plans		**2.6**	1.6
Total other comprehensive (losses) / income, net of taxes		**(679.9)**	83.6
Total comprehensive income for the period, net of taxes		**$1,558.9**	$2,024.7
Net income attributable to:			
TCS Limited		**$2,214.4**	$1,915.1
Non-controlling interests		**24.4**	26.0
		$2,238.8	$1,941.1
Total comprehensive income attributable to:			
TCS Limited		**$1,545.5**	$1,997.8
Non-controlling interests		**13.4**	26.9
		$1,558.9	$2,024.7
Weighted average number of shares used in computing basic and diluted earnings per share		**1,957,220,996**	1,957,220,996
Basic and diluted earnings per share:		**$1.13**	$0.98

See accompanying notes to consolidated financial statements

Consolidated Statements of Changes in Equity for the years ended March 31, 2011 and 2012

(In millions of USD, except share data)

	Number of shares	Share capital	Share premium	Retained earnings	Foreign currency translation reserve	Cash flow hedging reserve	Investment revaluation reserve	Equity attributable to TCS Limited	Non-controlling interests	Total equity
Balance as of April 1, 2010	1,957,220,996	$43.6	$427.4	$4,229.4	$-	$(5.9)	$0.1	$4,694.6	$49.1	$4,743.7
Net Income				1,915.1	-	-	-	1,915.1	26.0	1,941.1
Other comprehensive income				1.4	64.8	16.2	0.3	82.7	0.9	83.6
Total comprehensive income		-	-	1,916.5	64.8	16.2	0.3	1,997.8	26.9	2,024.7
Dividend (including tax on dividend of $141.0 million)		-	-	(990.3)	-	-	-	(990.3)	(4.0)	(994.3)
Purchase of shares from non-controlling interests		-	-	(0.2)	0.2	-	-	-	(1.5)	(1.5)
Issue of shares to non-controlling interests		-	-	-	-	-	-	-	0.1	0.1
Balance as of March 31, 2011	1,957,220,996	$43.6	$427.4	$5,155.4	$65.0	$10.3	$0.4	$5,702.1	$70.6	$5,772.7
Balance as of April 1, 2011	**1,957,220,996**	**$43.6**	**$427.4**	**$5,155.4**	**$65.0**	**$10.3**	**$0.4**	**$5,702.1**	**$70.6**	**$5,772.7**
Net Income				**2,214.4**				**2,214.4**	**24.4**	**2,238.8**
Other comprehensive income				**2.5**	**(634.0)**	**(37.6)**	**0.2**	**(668.9)**	**(11.0)**	**(679.9)**
Total comprehensive income		**-**	**-**	**2,216.9**	**(634.0)**	**(37.6)**	**0.2**	**1,545.5**	**13.4**	**1,558.9**
Dividend (including tax on dividend of $116.8 million)		**-**	**-**	**(836.7)**	**-**	**-**	**-**	**(836.7)**	**(4.3)**	**(841.0)**
Reclassification of non-controlling interests on extinguishment of put-call option liability (Refer note 14)		**-**	**-**	**(20.5)**	**(1.7)**	**-**	**-**	**(22.2)**	**22.0**	**(0.2)**
Issue of shares to non-controlling interests		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.8**	**1.8**
Balance as of March 31, 2012	**1,957,220,996**	**$43.6**	**$427.4**	**$6,515.1**	**$(570.7)**	**$(27.3)**	**$0.6**	**$6,388.7**	**$103.5**	**$6,492.2**

See accompanying notes to consolidated financial statements

Consolidated Statements of Cash Flows
For the years ended March 31, 2012 and 2011

	Year ended March 31, 2012	Year ended March 31, 2011
	(In millions of USD)	
Cash flows from operating activities:		
Net income	**$2,238.8**	$1,941.1
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortisation	**188.4**	157.8
Loss on disposal of property, plant and equipment	**0.1**	0.4
Income tax expense	**656.9**	475.2
Gain on disposal of available-for-sale investments	**(6.6)**	(18.3)
Interest accrued on investments	**(9.5)**	(11.7)
Non cash interest on put call option liability	**-**	8.3
Impairment of goodwill	**4.2**	0.2
Provision for diminution in value of investments	**-**	0.2
Purchase price adjustment	**-**	(6.0)
Discount on acquisition	**-**	(7.3)
Bad debts, provision for trade receivables and advances, net	**5.3**	(15.9)
Net change in:		
Trade receivables	**(564.4)**	(469.2)
Unbilled revenue	**(161.5)**	(27.3)
Other financial assets	**(95.7)**	(34.1)
Inventories	**1.1**	(1.1)
Other assets	**(34.2)**	(89.6)
Trade and other payables	**58.3**	69.5
Unearned and deferred revenue	**1.1**	12.0
Other financial liabilities	**29.1**	17.5
Other liabilities	**77.2**	16.3
Cash generated from operations	**2,388.6**	2,018.0
Taxes paid	**(848.8)**	(497.7)
Net cash provided by operating activities	**1,539.8**	1,520.3

Consolidated Statements of Cash Flows
For the years ended March 31, 2012 and 2011

	Year ended March 31, 2012	Year ended March 31, 2011
	(In millions of USD)	
Cash flows from investing activities:		
Bank deposits placed	**(858.6)**	(1,388.0)
Inter-corporate deposits placed	**(360.5)**	(62.2)
Purchase of commercial paper	**-**	(31.5)
Purchase of investments	**(3,474.1)**	(10,885.9)
Purchase of property, plant and equipment	**(416.0)**	(374.2)
Purchase of intangible assets	**(2.4)**	(16.6)
Purchase of subsidiaries and business, net of cash acquired (including additional consideration and purchase price adjustment)	**-**	13.4
Proceeds from bank deposits	**728.2**	890.8
Proceeds from inter-corporate deposits	**215.9**	71.5
Proceeds from commercial paper	**-**	33.2
Proceeds from disposal of investments	**3,564.8**	11,340.4
Proceeds from disposal of property, plant and equipment	**4.0**	4.0
Net cash used in investing activities	**(598.7)**	(405.1)
Cash flows from financing activities:		
Short-term borrowings (net)	**(6.8)**	(6.8)
Proceeds from issue of long-term borrowings	**-**	2.3
Repayment of long-term borrowings	**(0.3)**	(0.9)
Issue of shares to non-controlling interests	**1.8**	0.1
Dividend paid to non-controlling interests	**(4.4)**	(4.0)
Dividend paid including dividend tax	**(836.7)**	(990.3)
Repayment of put-call option liability to non-controlling interests	**(47.9)**	-
Purchase of shares from non-controlling interests	**-**	(1.5)
Net cash used in financing activities	**(894.3)**	(1,001.1)
Net change in cash	**46.8**	114.1
Effect of foreign exchange on cash	**(3.9)**	6.2
Cash and cash equivalents, beginning of the period	**348.5**	228.2
Cash and cash equivalents, end of the period	**$391.4**	$348.5
Supplementary cash flow information:		
Interest paid	**$7.0**	$8.6
Interest received	**$89.1**	$87.9
Dividend received	**$1.3**	$3.6

Supplementary disclosure of cash flow non-cash investing activities:

The increase in payables and finance lease obligation in respect of purchase of property, plant and equipment amounting to $18.7 million and $11.9 million for the year ended March 31, 2012 and March 31, 2011 respectively, have been considered as non-cash transactions in the cash flow statement.

See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements

1. Background and operations

Tata Consultancy Services Limited along with its subsidiaries (collectively "TCS Limited" or the "Company") provides a wide range of information technology and consultancy services including systems, hardware and software, communications and networking, hardware sizing and capacity planning, software project management solutions, technology education services and business process outsourcing.

The Company is a public limited company incorporated and domiciled in India. The address of its corporate office is Tata Consultancy Services Limited, TCS House, Raveline Street, Fort, Mumbai 400001. As of March 31, 2012, Tata Sons Limited owned 73.75% of Tata Consultancy Services Limited's equity share capital and has the ability to control its operating and financial policies.

The consolidated financial statements were approved by the Board of Directors and authorised for issue on June 25, 2012.

2. Summary of significant accounting policies

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standard Board (IASB). These are the Company's first consolidated financial statements prepared in accordance with IFRSs and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

An explanation and effect of transition from Indian GAAP (referred to as "Previous GAAP") to IFRSs has been described in note 3 to these consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

Accounting policies have been applied consistently to all periods presented in the consolidated financial statements.

c. Basis of consolidation

TCS Limited consolidates all entities which are controlled by it. Control exists when TCS Limited has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired, or sold, during the year are consolidated from the effective date of acquisition and up to the effective date of disposal, as appropriate.

All inter-company transactions, balances and income and expenses are eliminated in full on consolidation.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

d. Business combinations

The Company accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in net income as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

Purchase consideration paid in excess of the fair value of net assets acquired is recognised as goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, the excess is recognised in determination of net income after reassessing the fair values of the net assets and contingent liabilities.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

e. Use of estimates and judgments

The preparation of consolidated financial statements in conformity with the recognition and measurement principles of IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

In particular, information about significant area of estimation uncertainty in applying accounting policies is in respect of impairment of goodwill.

The Company performed an annual impairment test on goodwill of $652.5 million as of March 31, 2012. The Company estimated the value in use of the cash generating units (CGUs) and the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate, and anticipated future economic and regulatory conditions. The estimated cash flows were developed using internal forecasts. The discount rates used for the CGUs represented the weighted-average cost of capital based on the historical market returns of comparable companies.

f. Revenue recognition

TCS Limited earns revenue primarily from providing information technology and consultancy services, including services under contracts for software development, implementation and other related services, licensing and sale of its own software, business process outsourcing and maintenance of equipment.

TCS Limited recognises revenue as follows:

Revenue from bundled contracts that involve supplying computer equipment, licensing software and providing services is allocated separately for each element based on their fair values.

Revenue from contracts priced on a time and material basis is recognised as services are rendered and as related costs are incurred.

Revenue from software development contracts, which are generally time bound fixed price contracts, is recognised over the life of the contract using the percentage-of-completion method, with contract costs determining the degree of completion. Losses on such contracts are recognised when probable. Revenue in excess of billings is recognised as unbilled revenue in the balance sheet; to the extent billings are in excess of revenue recognised, the excess is reported as unearned and deferred revenue in the balance sheet.

Revenue from business process outsourcing contracts priced on the basis of time and material or unit of delivery is recognised as services are rendered or the related obligation is performed.

Revenue from the sale of internally developed and manufactured systems and third party software products which do not require significant modification is recognised upon delivery of a licence, which is when the absolute right to use passes to the customer and TCS Limited does not have any material remaining service obligations.

Revenue from maintenance contracts is recognised on a pro-rata basis over the period of the contract.

Revenue is recognised only when evidence of an arrangement is obtained and the other criteria to support revenue recognition are met, including the price is fixed or determinable, services have been rendered and collectability of the resulting receivables is reasonably assured.

Revenue is reported net of discounts, indirect and service taxes.

g. Operating lease

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

h. Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their primary functions in the following categories:

Cost of information technology and consultancy services

These costs primarily include employee compensation of personnel engaged in providing services, travel expenses, employee allowances, payroll related taxes, fees to external consultants engaged in providing services, depreciation and amortisation of production related equipment and software, facility expenses, communication costs, losses incurred on fixed price contracts and other project related expenses.

Cost of equipment and software licenses

These costs consist of the cost of resold computer equipment and re-licensed software, include inward shipping and insurance costs.

Selling, general and administrative expenses

Selling costs primarily include employee compensation for sales and marketing personnel, travel costs, advertising, business promotion expenses, allowances for delinquent receivables, facility expenses for sales and marketing offices and market research costs.

General and administrative costs primarily include employee compensation for administrative, supervisory, managerial and practice management personnel, depreciation and amortisation of non-production equipment and software, facility expenses for administrative offices, communication costs, fees to external consultants and other general expenses.

i. Foreign currency

The functional currency of TCS Limited and its Indian subsidiaries is the Indian Rupee (₹) whereas the functional currency of foreign subsidiaries is the currency of their countries of incorporation. These consolidated financial statements are presented in US Dollars to facilitate the investors' ability to evaluate TCS Limited's performance and financial position in comparison to similar companies domiciled in different foreign jurisdictions.

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet dates. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the net income.

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Comprehensive income statement items have been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity.

j. Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

Current and deferred tax are recognised in net income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income taxes:

The current income tax expense includes Indian income taxes payable for TCS Limited's worldwide operations after taking credit for benefits available for export operations in Special Economic Zones (SEZs) and after offsetting benefits under double tax avoidance treaties for foreign taxes payable in overseas jurisdictions.

Current income tax is payable in each of TCS Limited's overseas branches and is computed in accordance with the tax laws applicable in the jurisdiction in which each of the branches operate. The amounts paid are generally available for offset as tax credits in India towards the income tax liability computed on TCS Limited's worldwide income.

The current income tax expense for overseas subsidiaries has been computed based on the laws applicable to each entity in the jurisdiction in which that entity operates.

Payments of advance taxes and income taxes payable in the same tax jurisdictions are offset.

Deferred income taxes:

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

The Company recognises interest levied and penalties related to income tax assessments in income tax expenses.

k. Financial instruments

The Company determines the classification of financial instruments at the time of initial recognition depending on their intent, nature and purpose.

A. Non-derivative financial instruments

Cash and cash equivalents

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

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are either designated as such upon initial recognition or are not classified in any of the other financial assets categories. Available-for-sale financial assets are recognised initially at costs. Subsequently these are measured at fair value and unrealised gains or losses are recognised directly in other comprehensive income, net of tax and included under the heading investment revaluation reserve in the statement of changes in equity. On disposal or impairment of such investments, the gains or losses in other comprehensive income are recycled into the net income.

Investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured are measured at cost.

Held-to-maturity investments

Debt securities for which TCS Limited has the positive intent and ability to hold to maturity are classified as held-to-maturity securities and are measured at amortised cost using effective interest method less any impairment loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as financial assets at fair value through profit or loss or financial assets available-for-sale. Loans and receivables are measured initially at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method less any impairment losses.

These include trade receivables, deposits with banks, investments with fixed or determinable payments and other financial assets.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

B. Derivative financial instruments

TCS Limited uses foreign currency option and forward contracts to manage its exposure to foreign exchange. The Company designates these forward and option contracts in a cash flow hedging relationship by applying the hedge accounting principles.

TCS Limited recognises outstanding contracts at fair value. The option and forward contracts are designated and documented as hedges at the inception of the contract. The effectiveness of option and forward contracts to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. Any amount excluded from the assessment of hedge effectiveness, as well as the ineffective portion of designated hedges are recognised immediately in the net income.

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges are recorded in other comprehensive income and included under the heading cash flow hedging reserve in the statement of changes in equity. Such amounts are reclassified into the net income when the related hedged items affect net income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting.

Derivative financial instruments that do not qualify for hedge accounting are recognised at fair value and gains and losses are recognised in net income immediately.

l. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any.

Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives at the following basis and rates:

Type of asset	Method	Rate
Buildings, including leasehold buildings	Declining balance	5.0%
	Straight line	1.63% - 10%
	Straight line	Lease period
Computer equipments	Straight line	10% - 50%
Automobiles	Declining balance	25.89%
	Straight line	9.50% - 33.33%
Furniture, fixtures and office equipments	Declining balance	13.91%
	Straight line	4.75% - 100%

Leasehold improvements are amortised over the lease term. Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Capital-work-in-progress includes capital advances.

m. Goodwill and intangible assets

Goodwill represents the cost of the acquired businesses in excess of the fair value of identifiable tangible and intangible net assets purchased. Goodwill is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

Intangible assets purchased including acquired in business combination, are measured at cost or fair value as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets are amortised on a straight line basis.

Intangible assets consist of customer related intangibles, acquired contract rights, intellectual property rights and software licences. Following table summarises the nature of intangibles and the estimated useful lives.

Nature of intangibles	Useful lives
Customer-related intangibles	1-3 years
Acquired contract rights	12 years
Technology-related intangibles	5 years
Software licences	License period
Intellectual property rights and others	License period

n. Impairment

1) **Financial assets**

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

(i) **Available-for-sale financial assets**

When the fair value of available-for-sale financial asset declines below acquisition cost and there is objective evidence that the asset is impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to the net income.

(ii) **Held-to-maturity investments and loans and receivables**

Held-to-maturity investments and loans and receivables are assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Impairment loss on an asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

2) Non-financial assets

(i) **Tangible and intangible assets**

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the net income.

(ii) **Goodwill**

CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

o. Employee benefits

Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the date of each statement of financial position. Actuarial gains and losses are recognised in full in the other comprehensive income 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.

Defined contribution plans

For defined contribution plans, the amount charged to the net income in respect of pension cost and other post retirement benefits is the contribution payable in the year.

Compensated absences

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 obligation at the year end.

p. Earnings per share

Basic earnings per share are computed by dividing net income attributable to equity shareholders of Tata Consultancy Services Limited by the weighted average number of equity shares outstanding during the period. Tata Consultancy Services Limited did not have any potentially dilutive securities in any of the periods presented.

q. Recent accounting standards

Standards issued but not yet effective

Financial instruments: Recognition and measurement

In November 2009, the International Accounting Standard Board (IASB) issued IFRS 9 Financial Instruments: Recognition and Measurement, to reduce the complexity of the current rules on financial instruments as mandated in IAS 39. This IFRS improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. It applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. It also results in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss. This IFRS is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

In October 2010, the IASB added to IFRS 9 the requirements for classification and measurement of financial liabilities. This amendment addresses the issue of volatility in the profit or loss due to changes in the fair value of an entity's own debt. This IFRS is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

The full impact of this standard will not be known until the phases addressing hedging and impairments have been completed.

Reporting entity

In May 2011, the IASB issued IFRS 10, IFRS 11 and IFRS 12. The effective date of IFRS 10, IFRS 11 and IFRS 12 is annual periods beginning on or after January 1, 2013 with early adoption permitted.

IFRS 10 Consolidated Financial Statements supersedes the consolidation requirements in SIC 12 Consolidation of Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. The IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. TCS Limited does not expect the adoption of this IFRS to have a material impact on its consolidated results of operation and financial condition.

IFRS 11 Joint Arrangements supersedes IAS 31 Interests in Joint Ventures and SIC 13 Jointly-controlled Entities-Non-monetary Contributions by Venturers. This IFRS requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. TCS Limited does not expect the adoption of this IFRS to have a material impact on its consolidated results of operation and financial condition.

IFRS 12 Disclosure of Interests in Other Entities requires an entity to disclose information that enables users of consolidated financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. TCS Limited is currently assessing the impact of IFRS 12.

Fair value measurement

In May 2011, the IASB issued IFRS 13 Fair Value Measurement. The IFRS establishes a single source of guidance for fair value measurement under IFRS. It defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date" i.e. an exit price. This IFRS is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. TCS Limited does not anticipate significant changes to its fair value measurements and related disclosures as a result of this standard.

Presentation of financial statements

In June 2011, the IASB issued an amendment to IAS 1 Presentation of Financial Statements which requires entities preparing financial statements in accordance with IFRS to group items within other comprehensive income that may be reclassified to the profit or loss separately from those items which would not be reclassified in the profit or loss section of the income statement. It also requires the tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items, without changing the option to present items of other comprehensive income either before tax or net of tax. The amendment is effective for annual periods beginning on or after July 1, 2012 with full retrospective application. TCS Limited will adopt the revised guidance effective April 1, 2013.

Employee benefits

In June 2011, IASB issued an amendment to IAS 19 Employee Benefits which eliminates an option to defer the recognition of gains and losses through re-measurements and requires such gains or losses to be recognised through other comprehensive income in the year of occurrence to reduce volatility. The amendment is effective for annual periods beginning on or after January 1, 2013, with full retrospective application. Early adoption is permitted. TCS Limited does not expect the adoption of this IFRS to have a material impact on its consolidated results of operation and financial condition.

Financial instruments: Disclosures

In December 2011, the IASB issued Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7 Financial Instruments: Disclosures) which amended the required disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The Disclosure is effective for annual reporting periods beginning on or after January 1, 2013. TCS Limited is currently assessing the impact of this amendment.

3. Explanation of transition to IFRS

The transition as of April 1, 2010 to IFRS was carried out from Previous GAAP. The exemptions and exceptions applied by the Company in accordance with IFRS 1, First–time Adoption of International Financial Reporting Standards, the reconciliations of equity and total comprehensive income in accordance with Previous GAAP to IFRS are explained below.

<u>Exemptions from retrospective application:</u>

The Company has applied the following exemptions:

i. Business combinations exemption

The Company has elected not to apply IFRS 3 (Revised 2008), Business Combinations, to business combinations consummated prior to April 1, 2010.

ii. Cumulative translation differences exemption

The Company has elected to set the cumulative translation reserve to zero by transferring the balance as of April 1, 2010 to retained earnings.

Reconciliations between Previous GAAP and IFRS:

i. Equity reconciliations

	Note	As of March 31, 2011	As of April 1, 2010
		(In millions of USD)	
Equity under Previous GAAP attributable to:			
TCS Limited		$5,495.6	$4,111.0
Non-controlling interests		102.8	80.5
Adjusted equity under Previous GAAP		5,598.4	4,191.5
Dividend	a	410.6	713.2
Reorganisation of entities under common control	b	(81.3)	(80.7)
Others	c	(38.2)	(37.7)
Tax adjustments	e	(116.8)	(42.6)
Equity under IFRS		$5,772.7	$4,743.7
Attributable to:			
TCS Limited		$5,702.1	$4,694.6
Non-controlling interests		$70.6	$49.1

ii. Comprehensive income reconciliations

	Note	Year ended March 31, 2011
		(In millions of USD)
Net income under Previous GAAP attributable to:		
TCS Limited		$1,989.8
Non-controlling interests		26.6
Adjusted net income under Previous GAAP		2,016.4
Employee benefits	d	(2.9)
Others, net		0.6
Tax adjustments	e	(73.0)
Net income under IFRS		1,941.1
Other comprehensive income		83.6
Comprehensive income under IFRS		$2,024.7
Attributable to:		
TCS Limited		$1,997.8
Non-controlling interests		$26.9

iii. Notes to reconciliations between Previous GAAP and IFRS:

a. Dividend

Under IFRS, dividend payable is recorded as a liability in the period in which this is declared and approved by shareholders of the Company. Under Previous GAAP, dividend payable is recorded as a liability in the period to which it relates.

This difference has resulted in an increase in equity under IFRS by $410.6 million and $713.2 million as of March 31, 2011 and April 1, 2010, respectively.

b. Reorganisation of entities under common control

In fiscal 2003 and 2004, TCS Limited and Tata Sons Limited entered into an arrangement to transfer the entire shareholding held by Tata Sons Limited in CMC Limited and Tata America International Corporation to TCS Limited. Under IFRS, the transfer has been accounted for on the historical cost basis and the consideration paid in excess of carrying cost of these entities, as of the date of transfer, has been recorded as reduction to equity. Under Previous GAAP, the transfer has been accounted for on fair value basis.

This difference has resulted in a decrease in equity under IFRS by $81.3 million and $80.7 million as of March 31, 2011 and April 1, 2010, respectively.

c. Others

This includes adjustments under IFRS on account of consolidation of an employee welfare trust and recognition of liability for a put-call option over non-controlling interests of a subsidiary.

d. Employee benefits

Under IFRS, the actuarial gains and losses for retirement benefit plans are recognised in other comprehensive income for the period in which they occur. Under Previous GAAP, the actuarial gains and losses are recognised in the profit and loss account.

This difference has resulted in a decrease by $2.9 million in the net income under IFRS for the year ended March 31, 2011. However, the same does not result in difference in equity or total comprehensive income.

e. Tax adjustments

Tax adjustments are primarily on account of deferred taxes recognised for undistributed earnings of subsidiaries. Under Previous GAAP there is no requirement to recognise such deferred taxes. Tax adjustments also include deferred tax impact on account of difference between Previous GAAP and IFRS.

These adjustments have resulted in a decrease in equity under IFRS by $116.8 million and $42.6 million as of March 31, 2011 and April 1, 2010, respectively and a decrease in the net income under IFRS by $73.0 million for the year ended March 31, 2011.

f. Explanation of material adjustments to cash flow statement for the year ended March 31, 2011

There were no material reconciliation items between cash flows prepared under Previous GAAP and those prepared under IFRS except for interest received of $87.9 million and dividend received of $3.6 million which were presented as investing activities under Previous GAAP as against operating activities under IFRS. Further, interest paid of $8.6 million was presented as financing activities under Previous GAAP as against operating activities under IFRS.

4. Acquisitions

On August 31, 2010, Diligenta Limited, a wholly owned subsidiary of Tata Consultancy Services Limited, acquired 100 percent equity interest in Diligenta 2 Limited (formerly known as Unisys Insurance Services Limited), a business process outsourcing (referred to as BPO) provider within the life and pension services from Unisys Limited for a consideration of $1.5 (£1). This acquisition will expand the Company's existing presence in the United Kingdom market and strengthen the business capabilities.

Fair value of assets and liabilities acquired include an intangible asset relating to customer relationships of $4.3 million. Excess of fair value of net assets over purchase consideration of $7.3 million has been recognised in earnings as bargain purchase discount on acquisition.

Proforma information has not been included, as the effect of the acquisition on TCS Limited's consolidated results of operations is not material.

5. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)		
Cash at banks and in hand	$233.3	$172.5	$135.3
Bank deposits (original maturities less than three months)	158.1	176.0	92.9
Total	$391.4	$348.5	$228.2
Held within India	$33.3	$113.5	$35.6
Held outside India	358.1	235.0	192.6
Total	$391.4	$348.5	$228.2

6. Trade receivables

Trade receivables consist of the following:

	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)		
Trade receivables, gross	$2,296.0	$1,890.2	$1,381.4
Less: Allowances for doubtful trade receivables	(38.0)	(52.4)	(75.0)
Total	$2,258.0	$1,837.8	$1,306.4

Movements in allowance for doubtful trade receivables are as follows:

	Year ended March 31, 2012	Year ended March 31, 2011
	(In millions of USD)	
Balance at the beginning of the year	$52.4	$75.0
Expense incurred during the year	4.1	44.7
Bad debts written off	(4.4)	(0.5)
Allowances written back	(9.4)	(67.1)
Foreign currency exchange (gain) / loss	(4.7)	0.3
Balance at the end of the year	$38.0	$52.4

7. Investments

Investments consist of the following:

(a) Investments – Current

	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)		
Available-for-sale financial assets, carried at fair value			
Corporate debentures and bonds	**$1.6**	$1.7	$1.7
Mutual fund units	**47.7**	78.2	568.4
	49.3	79.9	570.1
Loans and receivables, carried at amortised cost	**107.9**	74.7	-
Total investments - Current	**$157.2**	$154.6	$570.1

(b) Investments – Non-current

	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)		
Available-for-sale financial assets, carried at cost			
Unquoted equity shares	**$4.9**	$5.4	$1.1
	4.9	5.4	1.1
Held-to-maturity financial assets, carried at amortised cost			
Corporate debentures and bonds	**37.2**	35.6	0.8
Government securities	**7.8**	8.8	-
	45.0	44.4	0.8
Loans and receivables, carried at amortised cost	**83.1**	208.0	270.0
Total investments - Non-current	**$133.0**	$257.8	$271.9

Loans and receivables 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 $217.8 million and $44.5 million, 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 non-convertible debentures issued by Tata Sons Limited and its subsidiary Panatone Finvest Limited carry an interest of 8.50% and 8.75%, respectively. The first installment of the debentures amounting to $66.2 million issued by Tata Sons Limited has been redeemed during the fiscal 2012.

During the fiscal 2012 and 2011, TCS e-Serve Limited, a majority owned subsidiary of Tata Consultancy Services Limited, purchased debentures issued by Tata Sons Limited for a consideration of $7.1 million and $17.1 million, respectively, maturing in fiscals 2014 to 2021. These debentures carry an interest rate ranging from 8.35% to 10.25%. Debt securities, classified as held to maturity, are quoted in active markets and the Company has the intent and ability to hold these securities to maturity.

The contractual maturities of investments as of March 31, 2012 are as follows:

Loans and receivables:

Year ending March 31,	**Carried at amortised cost**
	(In millions of USD)
2013	**$107.9**
2014	**83.1**
Total	**$191.0**

Held-to-maturity financial assets:

Year ending March 31,	**Carried at amortised cost**
	(In millions of USD)
2014	**$6.2**
2015	**5.2**
2017	**1.4**
Thereafter	**32.2**
Total	**$45.0**

8. Other financial assets

Other financial assets consist of the following:

(a) Other current financial assets

	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)		
Accrued interest	**$81.5**	$27.6	$28.2
Employee loans and advances (net of allowances of $6.6 million, $6.2 million and $4.9 million, respectively)	**33.6**	41.5	31.3
Inter-corporate deposits	**128.0**	56.1	64.6
Foreign currency derivative assets	**29.9**	22.6	17.6
Others (net of allowances of $0.1 million, $2.3 million and $2.3 million, respectively)	**28.9**	16.2	13.5
Total	**$301.9**	$164.0	$155.2

(b) Other non-current financial assets

	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)		
Accrued interest	**$9.9**	$9.4	$-
Premises deposits	**82.1**	86.9	79.2
Restricted cash	**3.1**	6.0	9.3
Employee loans and advances	**1.9**	2.7	4.0
Inter-corporate deposits	**55.2**	-	-
Foreign currency derivative assets	**-**	3.3	2.5
Others (net of allowances of $0.2 million, nil and nil, respectively)	**16.3**	20.3	13.9
Total	**$168.5**	$128.6	$108.9

Restricted cash mainly includes unclaimed equity dividend.

9. Other assets

Other assets consist of the following:

(a) **Other current assets**

	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)		
Prepaid expenses	**$160.3**	$177.7	$130.4
Indirect tax recoverable	**31.8**	38.0	37.9
Advances to suppliers	**14.5**	20.1	8.6
Others	**26.7**	19.7	22.9
Total	**$233.3**	$255.5	$199.8

(b) **Other non-current assets**

	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)		
Prepaid expenses	**$67.1**	$41.3	$11.4
Prepaid rent	**40.0**	45.9	29.6
Others	**14.0**	14.0	1.2
Total	**$121.1**	$101.2	$42.2

10. Property, plant and equipment

Property, plant and equipment consist of the following:

	Freehold land	Buildings	Leasehold improve-ments	Computer equipments	Auto-mobiles	Furniture, fixtures and office equipments	Total
	(In millions of USD)						
Gross block as of April 1, 2011	**$73.9**	**$389.3**	**$167.8**	**$545.7**	**$6.3**	**$404.7**	**$1,587.7**
Additions	**-**	**92.5**	**46.4**	**115.0**	**0.4**	**104.6**	**358.9**
Deletions	**-**	**-**	**(2.9)**	**(21.8)**	**(0.7)**	**(2.8)**	**(28.2)**
Translation exchange difference	**(8.8)**	**(52.8)**	**(19.0)**	**(70.4)**	**(0.8)**	**(54.1)**	**(205.9)**
Gross block as of March 31, 2012	**65.1**	**429.0**	**192.3**	**568.5**	**5.2**	**452.4**	**1,712.5**
Accumulated depreciation as of April 1, 2011	**-**	**(67.5)**	**(83.2)**	**(355.5)**	**(3.5)**	**(214.8)**	**(724.5)**
Deletions	**-**	**-**	**2.9**	**18.9**	**0.6**	**2.8**	**25.2**
Depreciation for the period	**-**	**(16.7)**	**(21.4)**	**(88.1)**	**(0.8)**	**(52.1)**	**(179.1)**
Translation exchange difference	**-**	**9.3**	**9.9**	**45.7**	**0.5**	**29.9**	**95.3**
Accumulated depreciation as of March 31, 2012	**-**	**(74.9)**	**(91.8)**	**(379.0)**	**(3.2)**	**(234.2)**	**(783.1)**
Net carrying amount as of March 31, 2012	**65.1**	**354.1**	**100.5**	**189.5**	**2.0**	**218.2**	**929.4**
Capital work-in-progress							**337.7**
Total							**$1,267.1**
Gross block as of April 1, 2010	$73.4	$330.3	$126.4	$424.0	$6.9	$342.6	$1,303.6
Additions	-	55.3	37.0	127.3	0.8	75.3	295.7
Acquisitions through business combinations	-	-	4.6	-	-	-	4.6
Deletions	-	(0.1)	(3.0)	(12.7)	(1.5)	(20.0)	(37.3)
Translation exchange difference	0.5	3.8	2.8	7.1	0.1	6.8	21.1
Gross block as of March 31, 2011	73.9	389.3	167.8	545.7	6.3	404.7	1,587.7
Accumulated depreciation as of April 1, 2010	-	(52.0)	(62.7)	(286.6)	(3.5)	(187.5)	(592.3)
Acquisitions through business combinations	-	-	(3.3)	-	-	-	(3.3)
Deletions	-	0.1	2.5	11.8	1.0	17.0	32.4
Depreciation for the year	-	(14.9)	(18.3)	(75.9)	(1.0)	(40.2)	(150.3)
Translation exchange difference	-	(0.7)	(1.4)	(4.8)	-	(4.1)	(11.0)
Accumulated depreciation as of March 31, 2011	-	(67.5)	(83.2)	(355.5)	(3.5)	(214.8)	(724.5)
Net carrying amount as of April 1, 2010	73.4	278.3	63.7	137.4	3.4	155.1	711.3
Capital work-in-progress							209.8
Total							921.1
Net carrying amount as of March 31, 2011	73.9	321.8	84.6	190.2	2.8	189.9	863.2
Capital work-in-progress							302.9
Total							$1,166.1

Net carrying amount of property, plant and equipment under finance lease arrangements were as follows:

	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)		
Leasehold improvements	**$21.7**	$9.5	$7.3
Computer equipment	**4.2**	0.9	1.9
Furniture, fixtures and office equipment	**-**	1.0	0.9
Leased property	**25.9**	11.4	10.1
Less: Accumulated depreciation	**(3.6)**	(3.5)	(3.1)
Leased property, net	**$22.3**	$7.9	$7.0

11. Intangible Assets

	Customer-related intangibles	Technology-related intangibles	Acquired contract rights	Software licenses	Intellectual property rights and Others	Total
	(In millions of USD)					
Gross cost as of April 1, 2011:	**$4.5**	**$2.8**	**$40.7**	**$23.5**	**$13.3**	**$84.8**
Additions	**-**	**-**	**-**	**2.4**	**-**	**2.4**
Deletions	**-**	**-**	**-**	**(12.8)**	**-**	**(12.8)**
Translation exchange difference	**-**	**(0.3)**	**(0.3)**	**(1.5)**	**(1.7)**	**(3.8)**
Gross cost as of March 31, 2012:	**4.5**	**2.5**	**40.4**	**11.6**	**11.6**	**70.6**
Accumulated amortisation as of April 1, 2011	**(1.0)**	**(2.5)**	**(17.0)**	**(21.1)**	**(0.5)**	**(42.1)**
Amortisation for the year	**(1.7)**	**(0.1)**	**(3.4)**	**(2.7)**	**(1.4)**	**(9.3)**
Deletions	**-**	**-**	**-**	**12.8**	**-**	**12.8**
Translation exchange difference	**-**	**0.3**	**0.1**	**1.5**	**0.2**	**2.1**
Accumulated amortisation as of March 31, 2012:	**(2.7)**	**(2.3)**	**(20.3)**	**(9.5)**	**(1.7)**	**(36.5)**
Net carrying amount as of March 31, 2012	**$1.8**	**$0.2**	**$20.1**	**$2.1**	**$9.9**	**$34.1**
Gross cost as of April 1, 2010:	$-	$2.4	$38.3	$19.2	$0.4	$60.3
Additions	-	0.4	-	3.1	13.1	16.6
Acquisitions through business combinations	4.3	-	-	-	-	4.3
Deletions	-	-	-	(0.3)	(0.4)	(0.7)
Translation exchange difference	0.2	-	2.4	1.5	0.2	4.3
Gross cost as of March 31, 2011:	4.5	2.8	40.7	23.5	13.3	84.8
Accumulated amortisation as of April 1, 2010	-	(2.4)	(12.8)	(18.0)	(0.4)	(33.6)
Amortisation for the year	(1.0)	(0.1)	(3.3)	(2.6)	(0.5)	(7.5)
Deletions	-	-	-	0.3	0.4	0.7
Translation exchange difference	-	-	(0.9)	(0.8)	-	(1.7)
Accumulated amortisation as of March 31, 2011:	(1.0)	(2.5)	(17.0)	(21.1)	(0.5)	(42.1)
Net carrying amount as of April 1, 2010	$-	$-	$25.5	$1.2	$-	$26.7
Net carrying amount as of March 31, 2011	$3.5	$0.3	$23.7	$2.4	$12.8	$42.7

Amounts of $2.9 million and $6.4 million are included in cost of information technology and consultancy services and selling, general and administrative expenses, respectively towards amortisation of intangible assets for the year ended March 31, 2012 and $6.1 million and $1.4 million respectively for the year ended March 31, 2011.

The estimated amortisation for each of the five fiscal years subsequent to March 31, 2012 is as follows:

Year ending March 31,	**Amortization Expenses**
	(In millions of USD)
2013	**$8.0**
2014	**5.2**
2015	**4.8**
2016	**4.7**
2017	**4.7**
Thereafter	**6.7**
Total	**$34.1**

12. Goodwill

	Year ended March 31, 2012	Year ended March 31, 2011
	(In millions of USD)	
Balance at the beginning of the year	**$722.3**	$704.6
Impairment	**(4.2)**	(0.2)
Foreign currency exchange (loss) / gain	**(65.6)**	17.9
Balance at the end of the year	**$652.5**	$722.3

TCS Limited tests goodwill annually for impairment. Acquired subsidiaries to which goodwill relates have been identified as CGUs.

The goodwill of the Company included $416.0 million, $475.2 million and $471.7 million on account of the investment in TCS e-Serve Limited (subsidiary of the Company) as of March 31, 2012, March 31, 2011 and April 1, 2010 respectively. TCS Limited estimated the value in use of TCS e-Serve Limited based on cash flows from financial forecast of this subsidiary based on a five year internal forecast and used a 3% annual growth rate for periods subsequent to the forecast, using discount rates of 16.1%. An analysis of the sensitivity of the computation to a combined change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonably probable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount. The remaining amount of goodwill (relating to different CGUs and individually immaterial) of $236.5 million has been evaluated based on the cash flow forecasts of the related CGUs and the recoverable amounts of these CGUs exceeded their carrying amounts.

Selling, general and administrative expenses for fiscal 2012 include an impairment loss on goodwill of $4.2 million due to the deterioration of the financial outlook of a subsidiary in the banking, financial services and insurance segment. No other write down of the assets is considered necessary.

As of March 31, 2012, the value in use of all other cash generating units exceeds the carrying amounts.

Allocation of goodwill by segments as of March 31, 2012 and 2011 and as of April 1, 2010 is as follows:

Industry Practice	**As of March 31, 2012**	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)		
Banking, financial services and insurance	**$632.8**	$699.6	$682.0
Others	**19.7**	22.7	22.6
Total	**$652.5**	$722.3	$704.6

13. Trade and other payables

Trade and other payables consist of the following:

	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)		
Trade payables	**$529.4**	$475.4	$398.4
Accrued payroll	**108.1**	101.2	84.0
Others	**0.2**	2.4	0.9
Total	**$637.7**	$579.0	$483.3

14. Other financial liabilities

Under the shareholders agreement dated March 23, 2006, between Tata Consultancy Services Limited and Phoenix Group Services Limited ("Phoenix") (formerly known as Pearl Group Services Limited), Phoenix had a put option to sell its 24% equity holding in Diligenta Limited (subsidiary of the Company), at a fixed price of £30.24 million. In September 2011, Phoenix had excercised its put option and sold the shares to the Company resulting in the extinguishment of put-call option liability recognised by the Company. Accordingly Diligenta Limited has become a wholly owned subsidiary of the Company.

(a) Other current financial liabilities

	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)		
Foreign currency derivative liabilities	**$47.2**	$3.3	$18.1
Put-call option liability	**-**	48.7	37.8
Capital creditors	**32.9**	36.6	24.4
Others	**91.8**	97.1	38.9
Total	**$171.9**	$185.7	$119.2

(b) Other non-current financial liabilities

	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)		
Foreign currency derivative liabilities	**$10.3**	$9.6	$8.5
Capital creditors	**6.2**	5.7	5.7
Others	**35.6**	38.1	80.3
Total	**$52.1**	$53.4	$94.5

15. Other current liabilities

	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)		
Indirect tax payable and other statutory liabilities	**$121.4**	$112.7	$70.8
Advances received from customers	**14.1**	7.9	5.4
Others	**11.6**	3.6	35.9
Total	**$147.1**	$124.2	$112.1

16. Income taxes

The income tax expense consists of the following:

	Year ended March 31, 2012	Year ended March 31, 2011
	(In millions of USD)	
Current tax:		
Current tax expense for current period	**$805.6**	$455.7
Excess provision of current tax expense pertaining to prior years	**(8.3)**	(65.1)
	797.3	390.6
Deferred tax:		
Deferred income tax (benefit) / expense for current period	**(124.7)**	84.6
Excess provision of deferred tax expense pertaining to prior years	**(15.7)**	-
	(140.4)	84.6
Total income tax expense recognised in current year	**$656.9**	$475.2

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in statement of income is as follows:

	Year ended March 31, 2012	Year ended March 31, 2011
	(In millions of USD)	
Income before income taxes	**$2,895.7**	$2,416.3
Indian statutory income tax rate	**32.45%**	33.22%
Expected income tax expense	**939.7**	802.7
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Tax holidays	**(376.5)**	(487.2)
Income exempt from tax	**(4.0)**	(6.7)
Undistributed earnings in branches and subsidiaries	**52.1**	52.6
Tax on income at different rates	**51.1**	148.6
Tax pertaining to prior years	**(24.0)**	(65.1)
Operating losses carried forward	**7.9**	12.1
Others, net	**10.6**	18.2
Total income tax expense	**$656.9**	$475.2

Under Section 10A of the Indian Income Tax Act, 1961, Tata Consultancy Services Limited and its subsidiaries in India were entitled to tax holidays for their various Software Technology Park (STP) units located across India. These tax holidays were available for a period of ten fiscal years from the date of commencement of operations. However, the tax holidays are not available effective from April 1, 2011.

In addition, Tata Consultancy Services Limited and its subsidiaries in India benefit from the tax exemption available for units set up under the Special Economic Zone Act, 2005. These tax holidays are available for a period of fifteen fiscal years from the date of commencement of operations. Under the SEZ scheme, the unit which begins providing services on or after April 1, 2005 will be eligible for deductions of 100% of profits or gains derived from export of services for the first five years, 50% of such profits or gains for a further period of five years and 50% of such profits or gains for the balance period of five years subject to fulfillment of certain conditions. From April 1, 2011 units set up under SEZ scheme are subject to minimum alternate tax (MAT).

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2012 are as follows:

	Opening balance	Recognised in net income	Recognised in/ reclassified from other comprehensive income	Acquisitions/ disposals	Exchange difference	Closing balance
			(In millions of USD)			
Deferred tax assets / (liabilities) in relation to:						
Property, plant and equipment and intangible assets	**$(6.5)**	**$(4.2)**	**$-**	**$-**	**$0.4**	**$(10.3)**
Retirement benefits and compensated absences	**16.1**	**13.9**	**0.1**	**-**	**(2.1)**	**28.0**
Cash flow hedges	**(3.3)**	**-**	**9.3**	**-**	**(0.1)**	**5.9**
Receivables, loans and advances	**10.8**	**1.5**	**-**	**-**	**(1.2)**	**11.1**
MAT credit entitlement	**231.4**	**92.2**	**-**	**-**	**(33.8)**	**289.8**
Operating loss carry forward	**1.7**	**(0.4)**	**-**	**-**	**(1.0)**	**0.3**
Branch profit tax	**(13.5)**	**(9.4)**	**-**	**-**	**2.7**	**(20.2)**
Undistributed earnings of subsidiaries	**(99.5)**	**42.5**	**-**	**-**	**8.9**	**(48.1)**
Unrealised gain on available-for-sale securities	**(0.3)**	**-**	**(0.1)**	**-**	**0.1**	**(0.3)**
Others	**1.1**	**4.3**	**-**	**-**	**(0.2)**	**5.2**
Net deferred tax assets / (liabilities)	**$138.0**	**$140.4**	**$9.3**	**$-**	**$(26.3)**	**$261.4**

Gross deferred tax assets and liabilities are as follows:

	Assets	Liabilities	Net
As of March 31, 2012	**(In millions of USD)**		
Deferred tax assets / liabilities in relation to:			
Property, plant and equipment and intangible assets	**$(5.5)**	**$4.8**	**$(10.3)**
Retirement benefits and compensated absences	**29.2**	**1.2**	**28.0**
Cash flow hedges	**6.0**	**0.1**	**5.9**
Receivables, loans and advances	**11.1**	**-**	**11.1**
MAT credit entitlement	**289.8**	**-**	**289.8**
Operating loss carry forward	**0.3**	**-**	**0.3**
Branch profit tax	**-**	**20.2**	**(20.2)**
Undistributed earnings of subsidiaries	**-**	**48.1**	**(48.1)**
Unrealised gain on available-for-sale securities	**(0.2)**	**0.1**	**(0.3)**
Others	**15.7**	**10.5**	**5.2**
Net deferred tax assets / liabilities	**$346.4**	**$85.0**	**$261.4**

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2011 are as follows:

	Opening balance	Recognised in net income	Recognised in / reclassified from other comprehensive income	Acquisitions/ disposals	Exchange difference	Closing balance
	(In millions of USD)					
Deferred tax assets / (liabilities) in relation to:						
Property, plant and equipment and intangible assets	$(13.0)	$7.8	$-	$(1.5)	$0.2	$(6.5)
Retirement benefits and compensated absences	17.6	(0.5)	(1.3)	-	0.3	16.1
Cash flow hedges	(4.7)	-	1.4	-	-	(3.3)
Receivables, loans and advances	17.9	(7.1)	-	-	-	10.8
MAT credit entitlement	244.0	(15.5)	-	0.6	2.3	231.4
Operating loss carry forward	4.8	0.4	-	-	(3.5)	1.7
Branch profit tax	(9.8)	(3.5)	-	-	(0.2)	(13.5)
Undistributed earnings of subsidiaries	(51.6)	(47.0)	-	-	(0.9)	(99.5)
Unrealised gain on available-for-sale securities	-	-	(0.3)	-	-	(0.3)
Others	23.8	(19.2)	-	-	(3.5)	1.1
Net deferred tax assets / (liabilities)	$229.0	$(84.6)	$(0.2)	$(0.9)	$(5.3)	$138.0

Gross deferred tax assets and liabilities are as follows:

As of March 31, 2011	Assets	Liabilities	Net
	(In millions of USD)		
Deferred tax assets / liabilities in relation to:			
Property, plant and equipment and intangible assets	$(3.9)	$2.6	$(6.5)
Retirement benefits and compensated absences	16.3	0.2	16.1
Cash flow hedges	(3.3)	-	(3.3)
Receivables, loans and advances	10.8	-	10.8
MAT credit entitlement	231.4	-	231.4
Operating loss carry forward	1.7	-	1.7
Branch profit tax	-	13.5	(13.5)
Undistributed earnings of subsidiaries	-	99.5	(99.5)
Unrealised gain on available-for-sale securities	(0.3)	-	(0.3)
Others	12.0	10.9	1.1
Net deferred tax assets / liabilities	$264.7	$126.7	$138.0

Unrecognised deferred tax assets relate primarily to business losses. These expire unutilised based on the year of origination as follows:

March 31,	**(In millions of USD)**
2013	**$2.5**
2014	**0.3**
2016	**2.3**
2017	**1.5**
Thereafter	**3.2**
	$9.8

Under the Indian Income Tax Act, 1961, unabsorbed business losses expire 8 years after the year in which they originate. In respect of certain foreign subsidiaries, business losses can be carried forward indefinitely unless there is a substantial change in the ownership.

Under the Indian Income Tax Act, 1961, Tata Consultancy Services Limited and its subsidiaries in India are liable to pay minimum alternate tax in the tax holiday period. MAT paid can be carried forward for a period of 10 years and can be set off against the future tax liabilities. Consequently, TCS Limited has recognised a deferred tax asset of $289.8 million as of March 31, 2012.

Deferred tax liability on temporary differences of $283.19 million of certain subsidiaries has not been recognised, as it is the intention of TCS Limited to reinvest the earnings of these subsidiaries for indefinite period of time.

TCS Limited has ongoing disputes with Indian Income Tax authorities relating to tax treatment of certain items. These mainly include disallowed expenses, tax treatment of certain expenses claimed by TCS Limited as deductions, and computation of, or eligibility of, certain tax incentives or allowances. As of March 31, 2012, TCS Limited has contingent liability in respect of demands from direct tax authorities in India, which are being contested by TCS Limited on appeal amounting to $336.6 million. Demands from direct tax authorities include $64.8 million in respect of TCS e-Serve Limited. TCS e-Serve Limited has paid advance taxes aggregating $63.2 million against the disputed amounts for the relevant assessment years. Tata Consultancy Services Limited is indemnified by Citigroup Inc. against TCS e-Serve Limited's tax claim and would be required to refund Citigroup Inc. payments previously made against such claims if TCS e-Serve's claim is sustained on examination.

TCS Limited believes that its position on these claims made by tax authorities will more likely than not sustain upon examination by the relevant authorities.

The number of years that are subject to tax assessments varies depending on tax jurisdiction. The major tax jurisdictions of TCS Limited include India, United States of America and United Kingdom. In India, tax filings from fiscal 2009 are generally subject to examination by the taxing authorities. In United States of America, the federal statute of limitation applies to fiscals 2008 and earlier and applicable state statutes of limitation vary by state. In United Kingdom, the statute of limitation generally applies to fiscal 2010 and earlier.

17. Mandatorily redeemable preference shares to Tata Sons Limited

In fiscal 2008, Tata Consultancy Services Limited arranged an unsecured long-term debt of $24.9 million (₹1,000.0 million) by issuance and allotment of 1,000,000,000 Redeemable preference shares of face value of $0.02 (₹1) each to Tata Sons Limited. This debt would be redeemable at par at the end of six years from the date of allotment but may be repayable at any time after 3 years from the date of allotment at par at the option of the debt holder. This debt carries 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 par value of equity shares of Tata Consultancy Services Limited and the average rate of dividend declared on the par value of equity shares of Tata Consultancy Services Limited for three years preceding the year of issue of the above debt.

18. Authorised and issued share capital

	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)		
(a) Authorised			
2,250,000,000 equity shares of ₹ 1 each	**$50.1**	$50.1	$50.1
	50.1	50.1	50.1
(b) Issued, subscribed and paid-up			
1,957,220,996 equity shares of ₹ 1 each	**43.6**	43.6	43.6
Total	**$43.6**	$43.6	$43.6

Fully paid equity shares, which have a par value of ₹1 each, carry one vote per share and have a right to dividends. Dividend can be declared out of accumulated distributable profits only after the transfer to a general reserve of a specified percentage of net profit computed in accordance with the Indian Companies Act, 1956. Subject to the buy-back of shares, under the Indian Companies Act, equity shares are not redeemable. In the event of liquidation of the Company, the holders of shares are eligible to receive any of the remaining assets of the Company, after distribution of all preferential amounts, in proportions of their shareholding.

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated.

19. **Other components of equity**

(a) **Investment revaluation reserve**

	Year ended March 31, 2012	Year ended March 31, 2011
	(In millions of USD)	
Balance at the beginning of the year	**$0.4**	$0.1
Net gain arising on revaluation of available-for-sale financial assets	**1.8**	2.1
Deferred tax relating to gain arising on revaluation of available-for-sale financial assets	**(0.5)**	(0.5)
Cumulative gain reclassified to profit or loss on sale of available-for-sale financial assets	**(1.5)**	(1.2)
Deferred tax relating to cumulative gain reclassified to profit or loss on sale of available-for-sale financial assets	**0.4**	0.2
Transferred to non-controlling interests	**-**	(0.3)
Balance at the end of the year	**$0.6**	$0.4

(b) **Hedging reserve**

Refer note 26(b) for movements in hedging reserve.

(c) **Foreign currency translation reserve**

Refer statements of change in equity for movements in foreign currency translation reserve.

20. **Employee benefits**

Amounts of $3,920.7 million and $1,226.5 million are included in cost of information technology and consultancy services and selling, general and administrative expenses, respectively towards employee cost, including overseas employee allowances, (refer note 21) for the year ended March 31, 2012 and $3,184.5 million and $943.1 million respectively for the year ended March 31, 2011.

(a) **Current employee benefit obligations**

	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)		
Leave liability	**$119.4**	$102.9	$99.5
Other employee benefit obligations	**6.5**	15.4	13.3
Total	**$125.9**	$118.3	$112.8

(b) **Non-current employee benefit obligations**

	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)		
Gratuity liability	**$31.8**	$18.8	$13.5
Other employee benefit obligations	**10.9**	12.4	8.6
Total	**$42.7**	$31.2	$22.1

Defined benefit plan

Gratuity and pension

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

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

	As of March 31, 2012					As of March 31, 2011				
	Domestic plans-Funded	**Domestic plans-Unfunded**	**Foreign plans-Funded**	**Foreign plans-Unfunded**	**Total**	Domestic plans-Funded	Domestic plans-Unfunded	Foreign plans-Funded	Foreign plans-Unfunded	Total
	(In millions of USD)									
Change in benefit obligations:										
Benefit obligation, beginning of the year	**$134.8**	**$0.4**	**$49.9**	**$-**	**$185.1**	$110.5	$0.2	$38.5	$-	$149.2
Exchange (gain) / loss on translation	**(18.2)**	**(0.1)**	**(0.1)**	**-**	**(18.4)**	1.3	-	7.4	-	8.7
Plans assumed on acquisition of subsidiaries	**-**	**-**	**-**	**-**	**-**	-	0.2	-	-	0.2
Plan participants' contribution	**-**	**-**	**1.4**	**-**	**1.4**	-	-	1.3	-	1.3
Service cost	**21.0**	**0.2**	**4.1**	**0.9**	**26.2**	19.7	0.2	4.0	-	23.9
Interest cost	**11.3**	**-**	**2.0**	**0.1**	**13.4**	9.0	-	1.7	-	10.7
Actuarial (gain) / loss	**0.5**	**(0.2)**	**(0.8)**	**0.3**	**(0.2)**	1.4	(0.2)	(1.2)	-	-
Past Service Cost	**-**	**-**	**-**	**-**	**-**	0.9	-	0.1	-	1.0
Benefits paid	**(7.5)**	**-**	**(3.9)**	**(0.2)**	**(11.6)**	(8.0)	-	(1.9)	-	(9.9)
Benefit obligation, end of the year	**$141.9**	**$0.3**	**$52.6**	**$1.1**	**$195.9**	$134.8	$0.4	$49.9	$-	$185.1

	As of March 31, 2012					As of March 31, 2011				
	Domestic plans-Funded	**Domestic plans-Unfunded**	**Foreign plans-Funded**	**Foreign plans-Unfunded**	**Total**	Domestic plans-Funded	Domestic plans-Unfunded	Foreign plans-Funded	Foreign plans-Unfunded	Total
	(In millions of USD)									
Change in plan assets:										
Fair value of plan assets, beginning of the year	**$116.4**	**$-**	**$47.9**	**$-**	**$164.3**	$97.2	$-	$34.6	$-	$131.8
Exchange gain / (loss) on translation	**(15.1)**	**-**	**-**	**-**	**(15.1)**	1.1	-	6.6	-	7.7
Expected return on plan assets	**8.9**	**-**	**2.2**	**-**	**11.1**	8.3	-	1.9	-	10.2
Employers' contributions	**7.6**	**-**	**4.4**	**-**	**12.0**	15.8	-	4.5	-	20.3
Plan participants' contribution	**-**	**-**	**1.4**	**-**	**1.4**	-	-	1.3	-	1.3
Benefits paid	**(7.5)**	**-**	**(3.9)**	**-**	**(11.4)**	(8.0)	-	(1.9)	-	(9.9)
Actuarial gain / (loss)	**1.4**	**-**	**0.9**	**-**	**2.3**	2.0	-	0.9	-	2.9
Fair value of plan assets, end of the year	**$111.7**	**$-**	**$52.9**	**$-**	**$164.6**	$116.4	$-	$47.9	$-	$164.3

	As of March 31, 2012					As of March 31, 2011					As of April 1, 2010				
	Domestic plans-Funded	**Domestic plans-Unfunded**	**Foreign plans-Funded**	**Foreign plans-Unfunded**	**Total**	Domestic plans-Funded	Domestic plans-Unfunded	Foreign plans-Funded	Foreign plans-Unfunded	Total	Domestic plans-Funded	Domestic plans-Unfunded	Foreign plans-Funded	Foreign plans-Unfunded	Total
	(In millions of USD)														
Funded status:															
Deficit of plan assets over obligations	$(31.5)	$(0.3)	$(5.0)	$(1.1)	$(37.9)	$(18.4)	$(0.4)	$(3.2)	$-	$(22.0)	$(13.3)	$(0.2)	$(4.4)	$-	$(17.9)
Surplus of plan assets over obligations	1.3	-	5.3	-	6.6	-	-	1.2	-	1.2	-	-	0.5	-	0.5
Total	**$(30.2)**	**$(0.3)**	**$0.3**	**$(1.1)**	**($31.3)**	$(18.4)	$(0.4)	$(2.0)	$-	$(20.8)	$(13.3)	$(0.2)	$(3.9)	$-	$(17.4)

	As of March 31, 2012					As of March 31, 2011					As of April 1, 2010				
	Domestic plans-Funded	**Domestic plans-Unfunded**	**Foreign plans-Funded**	**Foreign plans-Unfunded**	**Total**	Domestic plans-Funded	Domestic plans-Unfunded	Foreign plans-Funded	Foreign plans-Unfunded	Total	Domestic plans-Funded	Domestic plans-Unfunded	Foreign plans-Funded	Foreign plans-Unfunded	Total
	(In millions of USD)														
Category of assets:															
Corporate bonds	$-	$-	$23.5	$-	$23.5	$-	$-	$20.7	$-	$20.7	$-	$-	$16.6	$-	$16.6
Equity shares	-	-	10.3	-	10.3	-	-	9.4	-	9.4	-	-	6.9	-	6.9
Special deposit scheme	-	-	-	-	-	-	-	-	-	-	0.4	-	-	-	0.4
Index linked gilt	-	-	11.1	-	11.1	-	-	8.6	-	8.6	-	-	6.6	-	6.6
Insurer managed funds	111.7	-	3.3	-	115.0	116.1	-	2.9	-	119.0	96.8	-	-	-	96.8
Cash and bank balances	-	-	0.2	-	0.2	-	-	0.2	-	0.2	-	-	0.3	-	0.3
Others	-	-	4.5	-	4.5	0.3	-	6.1	-	6.4	-	-	4.2	-	4.2
Total	**$111.7**	**$-**	**$52.9**	**$-**	**$164.6**	$116.4	$-	$47.9	$-	$164.3	$97.2	$-	$34.6	$-	$131.8

Net periodic gratuity / pension cost, included in employee cost (refer note 21), consists of the following components:

	Year ended March 31, 2012					Year ended March 31, 2011				
	Domestic plans-Funded	Domestic plans-Unfunded	Foreign plans-Funded	Foreign plans-Unfunded	Total	Domestic plans-Funded	Domestic plans-Unfunded	Foreign plans-Funded	Foreign plans-Unfunded	Total
	(In millions of USD)									
Service cost	**$21.0**	**$0.2**	**$4.1**	**$0.9**	**$26.2**	$19.7	$0.2	$4.0	$-	$23.9
Interest cost	**11.3**	**-**	**2.0**	**0.1**	**13.4**	9.0	-	1.7	-	10.7
Past service cost	**-**	**-**	**-**	**-**	**-**	0.9	-	0.1	-	1.0
Expected return on plan assets	**(8.9)**	**-**	**(2.2)**	**-**	**(11.1)**	(8.3)	-	(1.9)	-	(10.2)
Net periodic gratuity / pension cost	**$23.4**	**$0.2**	**$3.9**	**$1.0**	**$28.5**	$21.3	$0.2	$3.9	$-	$25.4
Actual return on plan assets	**$10.3**	**$-**	**$3.1**	**$-**	**$13.4**	$10.3	$-	$2.8	$-	$13.1

The assumptions used in accounting for the gratuity plan are set out below:

	Year ended March 31, 2012		Year ended March 31, 2011	
	Domestic plans	**Foreign plans**	Domestic plans	Foreign plans
Discount rate	**8.25%-8.50%**	**2.75% -7.00%**	8.00%	3.00% -5.50%
Rate of increase in compensation levels of covered employees	**4.00%-9.00%**	**1.50%-3.60%**	4.00%-12.00%	1.50%-3.60%
Rate of return on plan assets	**8.00%-9.00%**	**3.50%-5.45%**	8.00%	4.00%-5.45%

TCS Limited's overall expected long-term rate of return on assets has been determined based on a consideration of assessed risks of asset management, available market information, historical results of the return on plan assets and the provisions of the prevailing laws which specify the instruments in which investments can be made.

Particulars	**Domestic plans**			**Foreign plans**		
	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010	**As of March 31, 2012**	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)					
Experience adjustment:						
On plan liabilities (gain) / loss	**$9.2**	$6.8	$-	**$(0.1)**	$(0.8)	$-
On plan assets gain	**1.4**	2.0	-	**0.9**	0.1	-
Present value of benefit obligation	**142.2**	135.2	110.7	**53.7**	49.9	38.5
Fair value of plan assets	**111.7**	116.4	97.2	**52.9**	47.9	34.6
Excess of (obligation over plan assets) / plan assets over obligation	**(30.5)**	(18.8)	(13.5)	**(0.8)**	(2.0)	(3.9)

The expected benefits are based on the same assumptions as are used to measure TCS Limited's gratuity obligations as of March 31, 2012. TCS Limited is expected to contribute $18.1 million to gratuity funds in fiscal 2013 comprising domestic component of $14 million and foreign component of $4.1 million.

The net actuarial gains recognised in other comprehensive income for the periods 2012 and 2011 are $2.5 million and $2.9 million, respectively.

Defined contribution plans

Superannuation

In addition to gratuity benefits, all eligible employees are entitled to benefits under Superannuation, a defined contribution plan. TCS Limited makes monthly contributions until retirement or resignation of the employee. TCS Limited recognises such contributions as an expense when incurred. TCS Limited has no further obligation beyond its monthly contribution.

TCS Limited contributed $25.1 million and $21.9 million to the Employees' Superannuation Fund in fiscals 2012 and 2011, respectively.

Provident fund

In accordance with Indian law, all eligible employees of Tata Consultancy Services Limited and its subsidiaries in India are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and employer (at a determined rate) contribute monthly. Tata Consultancy Services Limited and its subsidiaries in India are liable for future provident fund benefits to the extent of its annual contribution and any shortfall in fund assets based on government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year incurred.

Tata Consultancy Services Limited and its subsidiaries in India contributed $85.9 million and $70.3 million to the provident fund in fiscals 2012 and 2011, respectively.

Foreign defined contribution plan

TCS Limited and its subsidiaries contributed $39.8 million, and $32.0 million in fiscals 2012 and 2011, respectively, towards foreign defined contribution plan.

21. Expenses by nature

	Year ended March 31, 2012	Year ended March 31, 2011
	(In millions of USD)	
Employee cost	**$5,147.2**	$4,127.6
Fees to external consultants	**506.9**	349.5
Facility expenses	**407.8**	340.5
Cost of equipment and software licenses	**278.0**	234.7
Travel expenses	**253.4**	202.8
Depreciation and amortisation	**188.4**	157.8
Communication	**135.7**	121.3
Education, recruitment and training	**46.3**	45.0
Marketing and sales promotion	**46.8**	38.4
Bad debts, provision for trade receivable and advances, net	**5.3**	(15.9)
Other expenses	**348.9**	286.3
Total	**$7,364.7**	$5,888.0

Research and development expenditure aggregating to $27.5 million and $23.4 million, incurred during the years ended March 31, 2012 and 2011, respectively, is included in the above expenses.

Refer note 20 for function wise bifurcation of employee cost.

22. Finance and other income

	Year ended March 31, 2012	Year ended March 31, 2011
	(In millions of USD)	
Interest income on bank deposits	**$123.2**	$64.7
Interest income on held to maturity investments	**3.7**	2.4
Interest income on loans and receivables	**21.5**	22.5
Interest income on loans and advances	**18.6**	14.1
Interest income on commercial papers	**-**	0.9
Rental revenue	**3.6**	1.5
Dividend received	**1.3**	3.6
Total	**$171.9**	$109.7

23. Other (losses) / gains, net

	Year ended March 31, 2012	Year ended March 31, 2011
	(In millions of USD)	
Net losses on disposal of property, plant and equipment	**$(0.1)**	$(0.4)
Net gains on disposal of available-for-sale investments	**6.6**	18.3
Net foreign exchange losses	**(85.9)**	(8.5)
Others	**7.1**	15.7
Total	**$(72.3)**	$25.1

Net foreign exchange losses include time value of options of $23.3 million and $1.4 million and amounts reclassified from equity to statement of comprehensive income of $141.0 million and $7.2 million for the periods ended March 31, 2012 and 2011.

Net loss on derivative instruments of $17.6 million, recognised in accumulated other comprehensive income as of March 31, 2012, is expected to be reclassified into earnings by March 31, 2013. The maximum period over which the exposure to cash flow variability has been hedged is through 2014.

Net gains on disposal of available-for-sale investments includes cumulative gain of $1.5 million and $1.2 million reclassified from investment revaluation reserve on disposal of available-for-sale investments for the periods ended March 31, 2012 and 2011, respectively.

24. Finance cost

	Year ended March 31, 2012	Year ended March 31, 2011
	(In millions of USD)	
Interest on bank overdrafts and loans	**$4.1**	$7.6
Other interest expenses	**5.9**	9.7
Total	**$10.0**	$17.3

25. Leases

TCS Limited has taken on lease property, equipment and automobiles under operating lease arrangements. Most of the leases include renewal and escalation clauses. Operating lease rent expenses were $201.4 million and $161.4 million in fiscals 2012 and 2011, respectively.

The following is a summary of future minimum lease rental commitments towards non-cancellable operating leases and finance leases:

Operating lease	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)		
Within one year of balance	**$104.5**	$109.6	$90.5
Due in a period between one year and five years	**271.2**	313.2	281.5
Due after five years	**174.5**	227.3	263.3
Total minimum lease commitments	**$550.2**	$650.1	$635.3

Finance lease	As of March 31, 2012		As of March 31, 2011		As of April 1, 2010	
	Minimum lease commitments	Present value of minimum lease commitments	Minimum lease commitments	Present value of minimum lease commitments	Minimum lease commitments	Present value of minimum lease commitments
	(In millions of USD)					
Within one year of balance sheet date	$4.6	$1.8	$2.3	$1.0	$2.0	$0.9
Due in a period between one year and five years	20.9	11.8	8.7	5.3	6.4	3.3
Due after five years	15.8	10.3	2.4	2.3	3.3	2.7
Total minimum lease commitments	41.3	$23.9	13.4	$8.6	11.7	$6.9
Less: Interest	(17.4)		(4.8)		(4.8)	
Present value of minimum lease commitments	$23.9		$8.6		$6.9	

26. Financial instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(k) to the consolidated financial statements.

(a) Financial assets and liabilities

The carrying value and fair value of financial instruments by categories as of March 31, 2012 were as follows:

	Cash and loans and receivables	Available-for-sale financial assets	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Held-to-maturity financial assets	Other financial liabilities	Total carrying value	Total fair value
	(In millions of USD)							
Financial assets:								
Cash and cash equivalents	$391.4	$-	$-	$-	$-	$-	$391.4	$391.4
Bank deposits	1,294.8	-	-	-	-	-	1,294.8	1,294.8
Trade receivables	2,258.0	-	-	-	-	-	2,258.0	2,258.0
Investments	191.0	54.2	-	-	45.0	-	290.2	293.5
Unbilled revenue	441.3	-	-	-	-	-	441.3	441.3
Other financial assets*	440.5	-	27.2	2.7	-	-	470.4	470.4
Total	$5,017.0	$54.2	$27.2	$2.7	$45.0	$-	$5,146.1	$5,149.4
Financial liabilities:								
Trade and other payables	$-	$-	$-	$-	$-	$637.7	$637.7	$637.7
Borrowings	-	-	-	-	-	24.9	24.9	24.9
Mandatorily redeemable preference shares	-	-	-	-	-	19.6	19.6	19.6
Other financial liabilities	-	-	36.1	21.4	-	166.5	224.0	224.0
Total	$-	$-	$36.1	$21.4	$-	$848.7	$906.2	$906.2

*Other financial assets include inter-corporate deposits of $183.2 million, with maturity period within 15 months. The carrying values of these deposits approximate their fair values.

The carrying value and fair value of financial instruments by categories as of March 31, 2011 were as follows:

	Cash and loans and receivables	Available-for-sale financial assets	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Held-to-maturity financial assets	Other financial liabilities	Total carrying value	Total fair value
	(In millions of USD)							
Financial assets:								
Cash and cash equivalents	$348.5	$-	$-	$-	$-	$-	$348.5	$348.5
Bank deposits	1,319.3	-	-	-	-	-	1,319.3	1,319.3
Trade receivables	1,837.8	-	-	-	-	-	1,837.8	1,837.8
Investments	282.7	85.3	-	-	44.4	-	412.4	398.4
Unbilled revenue	302.5	-	-	-	-	-	302.5	302.5
Other financial assets*	266.7	-	16.8	9.1	-	-	292.6	292.6
Total	$4,357.5	$85.3	$16.8	$9.1	$44.4	$-	$4,513.1	$4,499.1
Financial liabilities:								
Trade and other payables	$-	$-	$-	$-	$-	$579.0	$579.0	$579.0
Borrowings	-	-	-	-	-	16.7	16.7	16.7
Mandatorily redeemable preference shares	-	-	-	-	-	22.4	22.4	22.4
Other financial liabilities	-	-	10.4	2.5	-	226.2	239.1	239.1
Total	$-	$-	$10.4	$2.5	$-	$844.3	$857.2	$857.2

*Other financial assets include inter-corporate deposits of $56.1 million, with maturity period within 15 months. The carrying values of these deposits approximate their fair values.

The carrying value and fair value of financial instruments by categories as of April 1, 2010 were as follows:

	Cash and loans and receivables	Available-for-sale financial assets	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Held-to-maturity financial assets	Other financial liabilities	Total carrying value	Total fair value
	(In millions of USD)							
Financial assets:								
Cash and cash equivalents	$228.2	$-	$-	$-	$-	$-	$228.2	$228.2
Bank deposits	814.1	-	-	-	-	-	814.1	814.1
Trade receivables	1,306.4	-	-	-	-	-	1,306.4	1,306.4
Investments	270.0	571.2	-	-	0.8	-	842.0	839.8
Unbilled revenue	267.4	-	-	-	-	-	267.4	267.4
Other financial assets*	244.0	-	16.4	3.7	-	-	264.1	264.1
Total	$3,130.1	$571.2	$16.4	$3.7	$0.8	$-	$3,722.2	$3,720.0
Financial liabilities:								
Trade and other payables	$-	$-	$-	$-	$-	$483.3	$483.3	$483.3
Borrowings	-	-	-	-	-	23.0	23.0	23.0
Mandatorily redeemable preference shares	-	-	-	-	-	22.3	22.3	22.3
Other financial liabilities	-	-	24.5	2.1	-	187.1	213.7	213.7
Total	$-	$-	$24.5	$2.1	$-	$715.7	$742.3	$742.3

*Other financial assets include inter-corporate deposits of $64.6 million, with maturity period within 15 months. The carrying values of these deposits approximate their fair values.

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

• Level 1— Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2— Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

• Level 3— Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis:

As of March 31, 2012:	**Level 1**	**Level 2**	**Level 3**	**Total**
	(In millions of USD)			
Financial assets:				
Available for sale - mutual fund units	**$47.7**	**$-**	**$-**	**$47.7**
Available for sale - corporate bonds and debentures	**1.6**	**-**	**-**	**1.6**
Derivative financial assets	**-**	**29.9**	**-**	**29.9**
Total	**$49.3**	**$29.9**	**$-**	**$79.2**
Financial liabilities:				
Derivative financial liabilities	**$-**	**$57.5**	**$-**	**$57.5**
Total	**$-**	**$57.5**	**$-**	**$57.5**

As of March 31, 2011:	Level 1	Level 2	Level 3	Total
	(In millions of USD)			
Financial assets:				
Available for sale - mutual fund units	$78.2	$-	$-	$78.2
Available for sale - corporate bonds and debentures	1.7	-	-	1.7
Derivative financial assets	-	25.9	-	25.9
Total	$79.9	$25.9	$-	$105.8
Financial liabilities:				
Derivative financial liabilities	$-	$12.9	$-	$12.9
Total	$-	$12.9	$-	$12.9

As of April 1, 2010:	Level 1	Level 2	Level 3	Total
	(In millions of USD)			
Financial assets:				
Available for sale - mutual fund units	$568.4	$-	$-	$568.4
Available for sale - corporate bonds and debentures	1.7	-	-	1.7
Derivative financial assets	-	20.1	-	20.1
Total	$570.1	$20.1	$-	$590.2
Financial liabilities:				
Derivative financial liabilities	$-	$26.6	$-	$26.6
Total	$-	$26.6	$-	$26.6

(b) Derivative financial instruments and hedging activity

TCS Limited's revenue is denominated in foreign currency predominantly US Dollar, Sterling Pound and Euro. In addition to these currencies, TCS Limited also does business in Australian Dollar, Canadian Dollar, South African Rand and Swiss Franc. Given the nature of the business, a large portion of the costs are denominated in Indian Rupee. This exposes TCS Limited to currency fluctuations.

TCS Limited monitors and manages the financial risks relating to its operations by analyzing its foreign exchange exposures by the level and extent of currency risks.

Tata Consultancy Services Limited and its subsidiaries use various derivative financial instruments governed by policies approved by the Board of Directors such as foreign currency option contracts as well as forward contracts to manage and mitigate its exposure to foreign exchange rates. The counter party is generally a bank. The Company can enter into contracts for a period between one day and eight years.

Tata Consultancy Services Limited and its subsidiaries report quarterly to its risk management board, an independent body that monitors foreign exchange risks and policies implemented to manage its foreign exchange exposures. TCS Limited has developed a software platform to monitor, manage and report foreign exchange exposures relating to hedging transactions on a periodic basis.

The following are outstanding foreign exchange forward contracts, which have been designated as cash flow hedges as of:

	March 31, 2012		
Foreign currency	**No. of contracts**	**Notional amount of forward contracts (in millions)**	**Fair value (In millions of USD)**
US Dollar	**44**	**288.0**	**$(19.4)**
Sterling Pound	**26**	**9.4**	**(1.1)**
Australian Dollar	**44**	**11.1**	**(1.5)**

	March 31, 2011		
Foreign currency	No. of contracts	Notional amount of forward contracts (in millions)	Fair value (In millions of USD)
US Dollar	52	207.8	$7.8
Sterling Pound	38	27.7	0.4
Australian Dollar	19	9.5	(0.5)

	April 1, 2010		
Foreign currency	No. of contracts	Notional amount of forward contracts (in millions)	Fair value (In millions of USD)
US Dollar	20	51.2	$2.7

The following are outstanding currency option contracts, which have been designated as cash flow hedges as of:

	March 31, 2012		
Foreign currency	**No. of contracts**	**Notional amount of currency option contracts (in millions)**	**Fair value (In millions of USD)**
US Dollar	**81**	**2,185.0**	**$5.8**
Sterling Pound	**33**	**217.5**	**2.9**
Australian Dollar	**6**	**30.0**	**0.7**
Euro	**21**	**210.0**	**3.7**

Foreign currency	March 31, 2011		
	No. of contracts	Notional amount of currency option contracts (in millions)	Fair value (In millions of USD)
US Dollar	58	349.4	$(3.5)
Sterling Pound	9	54.0	2.0
Euro	21	149.0	0.2

Foreign currency	April 1, 2010		
	No. of contracts	Notional amount of currency option contracts (in millions)	Fair value (In millions of USD)
US Dollar	56	639.8	$(10.8)

The movement in accumulated other comprehensive income for the years ended 2012 and 2011for derivatives designated as cash flow hedges is as follows:

	Year ended March 31, 2012	Year ended March 31, 2011
	(In millions of USD)	
Balance at the beginning of the year	**$10.3**	$(5.9)
Losses transferred to profit or loss on occurrence of forecasted hedge transaction	**141.0**	7.2
Deferred tax on losses transferred to profit or loss on occurrence of forecasted hedge transaction	**0.2**	3.8
Change in the fair value of effective portion of outstanding cash flow hedges	**(37.3)**	10.3
Deferred tax on fair value of effective portion of cash flow hedges	**9.1**	(2.4)
Changes in the fair value of effective portion of discontinued / matured cash flow hedges during the period	**(151.5)**	(2.8)
Amount transferred to non-controlling interests during the year	**0.9**	0.1
Balance at the end of the year	**$(27.3)**	$10.3

In addition to the above cash flow hedges, TCS Limited has outstanding foreign exchange forward contracts and currency option contracts with notional amounts aggregating $1,669.9 million, $1,042.7 million and $779.9 million, whose fair value showed a net loss of $18.7 million and gain of $6.6 million and $1.6 million as of March 31, 2012 and 2011 and April 1, 2010, respectively. Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting.

Exchange loss of $44.1 million and exchange gain of $0.6 million on foreign currency forward exchange contracts and currency option contracts have been recognised in earnings in fiscals 2012 and 2011, respectively.

10% appreciation of the underlying foreign currencies would have resulted in an approximate loss of $8.2 million in Company's hedging reserve and an approximate loss of $26.5 million in the statement of comprehensive income for the year ended March 31, 2012.

10% depreciation of the underlying foreign currencies would have resulted in an approximate gain of $176.5 million in Company's hedging reserve and an approximate loss of $0.8 million in the statement of comprehensive income for the year ended March 31, 2012.

10% appreciation of the underlying foreign currencies would have resulted in an approximate loss of $40.3 million in Company's hedging reserve and an approximate loss of $9.2 million in the statement of comprehensive income for the year ended March 31, 2011.

10% depreciation of the underlying foreign currencies would have resulted in an approximate gain of $52.9 million in Company's hedging reserve and an approximate gain of $0.9 million in the statement of comprehensive income for the year ended March 31, 2011.

(c) Financial risk management:

TCS Limited is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management board is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the company.

i. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

i. (a) Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of comprehensive income and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective entities.

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Euro and Australian Dollar against the respective functional currencies of Tata Consultancy Services Limited and its subsidiaries.

The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. Further, any movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenue in international business.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the respective functional currencies of Tata Consultancy Services Limited and its subsidiaries.

The following analysis has been worked out based on the net exposures for each of the subsidiaries and Tata Consultancy Services Limited as of the Balance Sheet date which could affect the statements of comprehensive income. Further the exposure as indicated below is mitigated by some of the derivative contracts entered into by the Company as disclosed in note 26 (b).

The following table sets forth information relating to foreign currency exposure as of March 31, 2012:

	USD	EUR	GBP	AUD	CAD	ZAR	SAR	Others*
	(In millions of USD)							
Net financial assets	$106.2	$34.6	$26.3	$38.8	$0.1	$30.1	$20.0	$41.4
Net financial liabilities	(17.7)	(3.0)	(0.1)	(0.3)	(2.1)	-	-	(14.7)

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of Tata Consultancy Services Limited and its subsidiaries would result in increase / decrease in the Company's net income before tax by approximately $25.9 million for the year ended March 31, 2012.

The following table sets forth information relating to foreign currency exposure as of March 31, 2011:

	USD	EUR	GBP	AUD	CAD	ZAR	SAR	Others*
	(In millions of USD)							
Net financial assets	$123.0	$25.0	$15.7	$36.8	$6.6	$30.8	$18.3	$56.2
Net financial liabilities	(59.6)	(2.8)	(0.9)	(0.1)	(1.6)	-	-	(7.0)

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of Tata Consultancy Services Limited and its subsidiaries would result in increase / decrease in the Company's net income before tax by approximately $24.0 million for the year ended March 31, 2011.

*Others include currencies such as Singapore Dollars, Swiss Franc, Norwegian Kroner, Danish Kroner etc.

i. (b) Interest rate risk

The Company's investments are primarily in fixed rate interest bearing investments. Hence the Company is not significantly exposed to interest rate risk.

ii. Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled revenue, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentrations of credit risks.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was $5,140.3 million as of March 31, 2012, $4,507.2 million as of March 31, 2011and $3,720.7 million as of April 1, 2010, being the total of the carrying amount of balances with banks, trade receivables, investments, unbilled revenue and other financial assets excluding equity investments.

TCS Limited's exposure to customers is diversified and no single customer explains more than 10% of outstanding accounts receivable and unbilled revenue as of March 31, 2012 and 2011 and April 1, 2010.

Financial assets that are neither past due nor impaired

Cash and cash equivalents, available-for-sale financial assets and interest-bearing deposits with corporates are neither past due nor impaired. Cash and cash equivalents with banks and interest-bearing deposits are placed with corporates, which have high credit-rating assigned by international and domestic credit-rating agencies. Available-for-sale financial assets substantially include investment in liquid mutual fund units. Regarding trade receivables and other financial assets that are neither impaired nor past due, there were no indications as of March 31, 2012, that defaults in payment obligations will occur except as described in note 6 and 8 on allowances for impairment of trade receivables and other financial assets, respectively.

Financial assets that are past due but not impaired

The age wise breakup of the trade receivables, net of allowances that are past due, is given below:

Period (days)	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)		
Trade receivables that are neither past due nor impaired	**$1,434.5**	$1,192.9	$856.7
Trade receivables that are past due but not impaired			
Past due for less than 6 months	**616.6**	526.4	354.9
Past due for more than 6 months	**206.9**	118.5	94.8
Total	**$823.5**	$644.9	$449.7

TCS Limited also has a geographic concentration of credit risk with exposure to customers based in the United States of America, India and the United Kingdom as given below:

Geography	As of March 31, 2012	As of March 31, 2011	As of April 1, 2010
	(In %)		
United States of America	**41.2**	41.0	41.9
India	**22.1**	22.0	20.3
United Kingdom	**14.7**	15.6	14.7

iii. Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company consistently generated strong cash flows from operations which together with the available cash and cash equivalents and short term investments provide liquidity both in the short term as well as in the long term.

The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

March 31, 2012	**Due in 1st year**	**Due in 2nd year**	**Due in 3rd to 5th year**	**Due after 5th year**	**Total**
	(In millions of USD)				
Non-derivative financial liabilities:					
Trade and other payables	**$637.7**	**$-**	**$-**	**$-**	**$637.7**
Borrowings	**2.2**	**2.8**	**9.6**	**10.3**	**24.9**
Mandatorily redeemable preference shares	**19.6**	**-**	**-**	**-**	**19.6**
Other financial liabilities	**124.7**	**7.9**	**33.9**	**-**	**166.5**
Total	**784.2**	**10.7**	**43.5**	**10.3**	**848.7**
Derivative financial liabilities	**47.2**	**10.3**	**-**	**-**	**57.5**
Total	**$831.4**	**$21.0**	**$43.5**	**$10.3**	**$906.2**

March 31, 2011	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
	(In millions of USD)				
Non-derivative financial liabilities:					
Trade and other payables	$579.0	$-	$-	$-	$579.0
Borrowings	8.2	1.3	4.7	2.5	16.7
Mandatorily redeemable preference shares	22.4	-	-	-	22.4
Other financial liabilities	182.4	2.0	40.4	1.4	226.2
Total	792.0	3.3	45.1	3.9	844.3
Derivative financial liabilities	3.3	4.3	5.3	-	12.9
Total	$795.3	$7.6	$50.4	$3.9	$857.2

April 1, 2010	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
	(In millions of USD)				
Non-derivative financial liabilities:					
Trade and other payables	$483.3	$-	$-	$-	$483.3
Borrowings	14.2	2.5	3.3	3.0	23.0
Mandatorily redeemable preference shares	22.3	-	-	-	22.3
Other financial liabilities	101.1	2.2	77.6	6.2	187.1
Total	620.9	4.7	80.9	9.2	715.7
Derivative financial liabilities	18.1	-	8.5	-	26.6
Total	$639.0	$4.7	$89.4	$9.2	$742.3

27. Segment information

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. TCS Limited's chief operating decision maker is the Chief Executive Officer and Managing Director.

The Company has identified business segments (industry practice) as reportable segments. Business segments are primarily financial services comprising 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.

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

Assets directly attributable or allocable to segments are disclosed under each reportable segment. All other assets are disclosed as unallocable. Property, plant and equipment that are used interchangeably among segments are not allocated to reportable segments.

Summarised segment information for the years ended March 31, 2012 and 2011 and as of April 1, 2010 is as follows:

	Year ended March 31, 2012					
	Banking, Financial Services and Insurance	**Manufacturing**	**Retail and Consumer Packaged Goods**	**Telecom, Media and Entertainment**	**Others**	**Total**
	(In millions of USD)					
Revenue	**$4,382.9**	**$790.0**	**$1,237.1**	**$1,294.0**	**$2,466.8**	**$10,170.8**
Segment result	**1,346.1**	**204.4**	**360.6**	**393.3**	**663.7**	**2,968.1**
Depreciation						**162.0**
Total unallocable expenses						**162.0**
Operating income						**2,806.1**
Other income / (expense), net						**89.6**
Income before taxes						**2,895.7**
Income tax expense						**656.9**
Net income						**$2,238.8**
Depreciation and amortisation	**$19.1**	**$0.1**	**$2.0**	**$0.3**	**$4.9**	**$26.4**
Significant non-cash items	**$4.7**	**$1.1**	**$0.5**	**$0.8**	**$2.4**	**$9.5**
As of March 31, 2012						
Segment assets:						
Allocable assets	**$1,899.4**	**$208.7**	**$288.3**	**$402.5**	**$1,120.9**	**$3,919.8**
Unallocable assets						**4,169.2**
Total assets						**$8,089.0**
Segment liabilities						
Allocable liabilities	**$170.4**	**$22.9**	**$17.6**	**$32.2**	**$152.3**	**$395.4**
Unallocable liabilities						**1,201.4**
Total liabilities						**$1,596.8**

	Year ended March 31, 2011					
	Banking, Financial Services and Insurance	Manufac-turing	Retail and Consumer Packaged Goods	Telecom, Media and Entertain-ment	Others	Total
	(In millions of USD)					
Revenue	$3,625.1	$603.6	$900.5	$1,160.4	$1,897.2	$8,186.8
Segment result	1,141.0	154.5	235.3	404.2	498.3	2,433.3
Depreciation						134.5
Total unallocable expenses						134.5
Operating income						2,298.8
Other income / (expense), net						117.5
Income before taxes						2,416.3
Income tax expense						475.2
Net income						$1,941.1
Depreciation and amortisation	$19.6	$-	$1.1	$0.2	$2.4	$23.3
Significant non-cash items	$2.9	$0.9	$-	$(26.8)	$7.3	$(15.7)
As of March 31, 2011						
Segment assets:						
Allocable assets	$1,734.3	$162.7	$238.4	$419.2	$807.0	$3,361.6
Unallocable assets						3,956.4
Total assets						$7,318.0
Segment liabilities						
Allocable liabilities	$160.7	$13.3	$26.0	$47.4	$136.0	$383.4
Unallocable liabilities						1,161.9
Total liabilities						$1,545.3

	As of March 31, 2010					
	Banking, Financial Services and Insurance	Manufac-turing	Retail and Consumer Packaged Goods	Telecom, Media and Entertain-ment	Others	Total
	(In millions of USD)					
Segment assets:						
Allocable assets	$1,457.7	$137.2	$174.8	$295.8	$535.7	$2,601.2
Unallocable assets						3,457.0
Total assets						$6,058.2
Segment liabilities						
Allocable liabilities	$182.4	$16.4	$16.1	$56.2	$92.9	$364.0
Unallocable liabilities						950.5
Total liabilities						$1,314.5

Geographical revenue and non-current assets are allocated based on the location of the customers.

Information regarding geographical revenue is as follows:

Geography	**Year ended March 31, 2012**	Year ended March 31, 2011
	(In millions of USD)	
Americas (1)	**$5,734.2**	$4,705.9
Europe (2)	**2,575.7**	2,029.5
India	**875.5**	753.2
Others	**985.4**	698.2
Total	**$10,170.8**	$8,186.8

Geographical non-current assets (property, plant and equipment, goodwill, intangible assets, advance income tax and other non-current assets) are allocated based on the location of the assets. Information regarding geographical non-current assets is as follows:

Geography	**As of March 31, 2012**	As of March 31, 2011	As of April 1, 2010
	(In millions of USD)		
Americas (3)	**$374.7**	$398.1	$378.9
Europe (4)	**191.6**	207.9	185.1
India	**1,655.0**	1,475.4	1,130.1
Others	**141.9**	152.5	146.1
Total	**$2,363.2**	$2,233.9	$1,840.2

i. (1) and (3) are substantially related to operations in the United States of America.

ii. (2) includes revenue from operations in the United Kingdom of $1,551.1 million and $1,266.0 million for the years ended March 31, 2012 and 2011 respectively.

iii. (4) includes non-current assets from operations in the United Kingdom of $98.3 million, $109.6 million and $91.7 million as of March 31, 2012 and 2011 and April 1, 2010 respectively.

Information about major customers:

No single customer represents 10 percent or more of the Company's total revenue.

28. Commitments and contingencies

Commitments and contingent liabilities are as follows:

Capital commitments

As of March 31, 2012, $351.9 million was contractually committed for purchase of property, plant and equipment.

Contingencies

Indirect tax matters

TCS Limited has ongoing disputes with Indian tax authorities mainly relating to treatment of characterisation and classification of certain items. As of March 31, 2012, TCS Limited has demands from various indirect tax authorities in Indian jurisdiction, which are being contested by the Company on appeal amounting to $30.9 million.

Other claims

TCS Limited has examined the social security and tax aspects of contracts with legal entities which provide services to an overseas subsidiary and, based on legal opinion, concludes that the subsidiary is in compliance with the related statutory requirements.

As of March 31, 2012, $22.2 million are claims against the Company.

29. Related party transactions

Tata Consultancy Services Limited's principal related parties consist of its holding company Tata Sons Limited and its subsidiaries, its own subsidiaries, affiliates and its key managerial personnel. TCS Limited routinely enters into transactions with its related parties in the ordinary course of business.

Transactions and balances with its own subsidiaries are eliminated on consolidation. TCS Limited's related party balances and transactions are summarised as follows:

Transactions with related parties are as follows:

	Year ended March 31, 2012				
	With Tata Sons Limited	With subsidiaries of Tata Sons Limited	With associates / joint ventures of Tata Sons Limited	With other related parties	Total
	(In millions of USD)				
Revenue from sale of services and licenses	$0.3	$98.0	$31.1	$-	$129.4
Other income	-	0.1	-	-	0.1
Interest income	18.2	6.9	2.3	-	27.4
Purchases of goods and services	0.3	63.4	31.6	-	95.3
Contribution to employees post employment benefit plans	-	-	-	81.2	81.2
Brand equity contribution	16.3	-	-	-	16.3
Dividend paid	510.5	0.7	0.1	-	511.3
Purchase of property, plant and equipment	-	5.3	12.3	-	17.6
Inter-corporate deposits placed	-	38.5	23.9	-	62.4
Inter-corporate deposits realisation	-	38.5	20.8	-	59.3
Interest expense	2.3	-	-	-	2.3
Bad debts written off	-	0.8	0.1	-	0.9
Write back of allowances for doubtful trade receivables and advances	-	(1.1)	-	-	(1.1)
Sale of investment	66.2	-	-	-	66.2

	Year ended March 31, 2011				
	With Tata Sons Limited	With subsidiaries of Tata Sons Limited	With associates/ joint ventures of Tata Sons Limited	With other related parties	Total
	(In millions of USD)				
Revenue from sale of services and licenses	$-	$87.8	$19.8	$-	$107.6
Other income	-	0.3	-	-	0.3
Interest income	19.6	7.7	2.6	-	29.9
Purchase of goods and services	0.4	27.6	33.2	-	61.2
Brand equity contribution	14.7	-	-	-	14.7
Dividend paid	633.1	0.9	0.4	-	634.4
Purchase of property, plant and equipment	-	7.1	13.6	-	20.7
Inter-corporate deposits placed	-	38.2	-	-	38.2
Inter-corporate deposits realisation	-	39.3	7.6	-	46.9
Contribution to employees post employment benefit plans	-	-	-	71.9	71.9
Interest expense	2.4	-	-	-	2.4
Bad debts written off	-	-	0.1	-	0.1
(Write back) / allowances for doubtful trade receivables and advances	-	(0.5)	0.2	-	(0.3)
Purchase of commercial paper	-	31.5	-	-	31.5
Commercial paper realisation	-	33.2	-	-	33.2
Purchase of available-for-sale Investments	-	-	4.1	-	4.1

Balances receivable from related parties are as follows:

	As of March 31, 2012				
	With Tata Sons Limited	**With subsidiaries of Tata Sons Limited**	**With associates / joint ventures of Tata Sons Limited**	**With other related parties**	**Total**
	(In millions of USD)				
Trade receivables and unbilled revenue (net)	**$-**	**$23.4**	**$10.2**	**$-**	**$33.6**
Loans, advances and deposits	**0.6**	**31.4**	**25.7**	**-**	**57.7**
Investment	**172.0**	**42.5**	**-**	**-**	**214.5**
Total	**$172.6**	**$97.3**	**$35.9**	**$-**	**$305.8**

	As of March 31, 2011				
	With Tata Sons Limited	With subsidiaries of Tata Sons Limited	With associates/ joint ventures of Tata Sons Limited	With other related parties	Total
	(In millions of USD)				
Trade receivables and unbilled revenue (net)	$-	$27.3	$8.3	$-	$35.6
Loans, advances and deposits	0.7	45.5	25.2	-	71.4
Investment	252.9	46.7	-	-	299.6
Total	$253.6	$119.5	$33.5	$-	$406.6

	As of April 1, 2010				
	With Tata Sons Limited	With subsidiaries of Tata Sons Limited	With associates/ joint ventures of Tata Sons Limited	With other related parties	Total
	(In millions of USD)				
Trade receivables and unbilled revenue (net)	$-	$24.4	$6.3	$-	$30.7
Loans, advances and deposits	4.2	52.4	14.9	-	71.5
Investment	224.3	44.5	-	-	268.8
Total	$228.5	$121.3	$21.2	$-	$371.0

Balances payable to related parties are as follows:

	As of March 31, 2012				
	With Tata Sons Limited	**With subsidiaries of Tata Sons Limited**	**With associates/ joint ventures of Tata Sons Limited**	**With other related parties**	**Total**
	(In millions of USD)				
Trade payables, unearned and deferred revenue	**$15.8**	**$5.5**	**$6.7**	**$-**	**$28.0**
Mandatorily redeemable preference shares	**19.6**	**-**	**-**	**-**	**19.6**
Interest payable on preference shares	**2.2**	**-**	**-**	**-**	**2.2**
Total	**$37.6**	**$5.5**	**$6.7**	**$-**	**$49.8**
Guarantees and commitments	**$-**	**$8.8**	**$20.2**	**$-**	**$29.0**

	As of March 31, 2011				
	With Tata Sons Limited	With subsidiaries of Tata Sons Limited	With associates/ joint ventures of Tata Sons Limited	With other related parties	Total
	(In millions of USD)				
Trade payables, unearned and deferred revenue	$15.1	$7.7	$10.0	$-	$32.8
Advances received	-	0.1	-	-	0.1
Mandatorily redeemable preference shares	22.4	-	-	-	22.4
Interest payable on preference shares	2.5	-	-	-	2.5
Total	$40.0	$7.8	$10.0	$-	$57.8
Guarantees and commitments	$-	$12.4	$16.5	$-	$28.9

	As of April 1, 2010				
	With Tata Sons Limited	With subsidiaries of Tata Sons Limited	With associates/ joint ventures of Tata Sons Limited	With other related parties	Total
	(In millions of USD)				
Trade payables, unearned and deferred revenue	$15.8	$5.7	$9.4	$-	$30.9
Advances received	-	0.4	0.1	-	0.5
Mandatorily redeemable preference shares	22.3	-	-	-	22.3
Interest payable on preference shares	3.8	-	-	-	3.8
Total	$41.9	$6.1	$9.5	$-	$57.5
Guarantees and commitments	$-	$12.4	$10.8	$-	$23.2

Compensation of key management personnel is as follows:

	Year ended March 31, 2012	Year ended March 31, 2011
	(In millions of USD)	
Short-term benefits	**$2.4**	$2.2
Post-employment benefits	**0.2**	0.1
Dividend paid during the year.	**0.1**	0.1
Total	**$2.7**	$2.4

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

30. Dividends

The dividends declared by Tata Consultancy Services Limited are in Indian Rupees and are based on the profits available for distribution as reported in the unconsolidated statutory financial statements of Tata Consultancy Services Limited prepared in accordance with Indian GAAP. Accordingly, the retained earnings reported in these consolidated financial statements may not be fully distributable. As of March 31, 2012 and 2011, income (net of dividend tax) available for distribution were $4,672.2 million (₹224,665.2 million) and $3,595.5 million (₹163,718.4 million), respectively. Subsequent to March 31, 2012, Tata Consultancy Services Limited has proposed a final dividend of $0.3 (₹16) per share in respect of fiscal 2012. The proposal is subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately $600.4 million, inclusive of corporate dividend tax of $97.4 million. Remittance of dividend within India is generally exempt from tax and remittance from outside India is governed by Indian law and is subject to applicable taxes.

TATA CONSULTANCY SERVICES

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