

TATA CONSULTANCY SERVICES LIMITED
CONDENSED BALANCE SHEET AS AT JUNE 30, 2012

(₹ crores)

		As at	As at
	Note	June 30, 2012	March 31, 2012
I. EQUITY AND LIABILITIES			
Shareholder's funds			
(a) Share capital	3	295.72	295.72
(b) Reserves and surplus	4	26653.78	24560.91
		26949.50	24856.63
Non - current liabilities			
(a) Long - term borrowings	5	94.93	96.23
(b) Deferred tax liabilities (net)	6(a)	139.24	118.10
(c) Other long - term liabilities	7	262.98	197.59
(d) Long - term provisions	8	180.02	154.78
		677.17	566.70
Current liabilities			
(a) Trade payables		2985.78	2847.91
(b) Other current liabilities	9	5528.92	1598.56
(c) Short - term provisions	10	1789.77	4389.01
		10304.47	8835.48
TOTAL		37931.14	34258.81
II. ASSETS			
Non - current assets			
(a) Fixed assets	11		
(i) Tangible assets		4225.46	4012.16
(ii) Intangible assets		49.74	51.46
(iii) Capital work-in-progress		1424.72	1399.82
		5699.92	5463.44
(b) Non - current investments	12	5288.15	5145.15
(c) Deferred tax assets (net)	6(b)	166.77	139.74
(d) Long - term loans and advances	13	4387.00	4332.81
(e) Other non - current assets	14	1565.03	2636.88
		17106.87	17718.02
Current assets			
(a) Current investments	15	1609.25	543.24
(b) Inventories	16	7.91	4.14
(c) Unbilled revenues	17	1789.11	1567.47
(d) Trade receivables	18	9923.27	9107.72
(e) Cash and bank balances	19	4920.25	3280.07
(f) Short - term loans and advances	20	2111.36	1649.74
(g) Other current assets	21	463.12	388.41
		20824.27	16540.79
TOTAL		37931.14	34258.81
III. NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS	1-31		

As per our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board

P. R. Ramesh
Partner

N. Chandrasekaran
CEO and Managing Director

S. Mahalingam
Chief Financial Officer
and Executive Director

Suprakash Mukhopadhyay
Company Secretary

Mumbai, July 12, 2012

Mumbai, July 12, 2012

TATA CONSULTANCY SERVICES LIMITED
CONDENSED STATEMENT OF PROFIT AND LOSS

(₹ crores)

	Note	For the quarter ended June 30, 2012	For the quarter ended June 30, 2011
I. Revenue from operations	22	11410.65	8439.41
II. Other income (net)	23	169.26	257.40
TOTAL REVENUE		11579.91	8696.81
III. Expenses:			
(a) Employee benefit expenses	24	4032.97	3093.85
(b) Operation and other expenses	25	3925.83	2911.50
(c) Finance costs	26	4.26	2.36
(d) Depreciation and amortisation expense	11	181.79	157.26
TOTAL EXPENSES		8144.85	6164.97
IV. PROFIT BEFORE TAX		3435.06	2531.84
V. Tax expense:			
(a) Current tax	27	748.30	566.75
(b) Deferred tax		(5.89)	(10.81)
(c) MAT Credit entitlement		(104.94)	(86.53)
		637.47	469.41
VI. PROFIT FOR THE PERIOD		2797.59	2062.43
VII. Earnings per equity share: - Basic and diluted (₹)		14.26	10.52
Weighted average number of equity shares (face value of ₹ 1 each)		195,72,20,996	195,72,20,996
VIII. NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS	1-31		

As per our report attached

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Mumbai, July 12, 2012

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TATA CONSULTANCY SERVICES LIMITED
CONDENSED CASH FLOW STATEMENT

(₹ crores)

	Note	For the quarter ended June 30, 2012	For the quarter ended June 30, 2011
I CASH FLOWS FROM OPERATING ACTIVITIES		2174.21	1347.78
II CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(444.07)	(353.97)
Proceeds from sale of fixed assets		0.37	0.31
Purchase of trade investments		(143.47)	-
Purchase of mutual funds and other investments		(6091.16)	(3549.74)
Sale of mutual funds and other investments		5029.51	3315.07
Inter-corporate deposits placed		(265.75)	(831.80)
Inter-corporate deposits refunded		150.00	25.00
Fixed deposit placed with banks having original maturity over three months		(600.00)	(94.00)
Fixed deposit placed with banks matured having original maturity over three months		837.00	200.00
Dividends received from subsidiaries		-	15.49
Dividends received from other investments		0.40	-
Interest received		125.50	11.93
Net cash used in investing activities		<u>(1401.67)</u>	<u>(1261.71)</u>
III CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(3.56)	(2.32)
Net cash used in financing activities		<u>(3.56)</u>	<u>(2.32)</u>
Net increase in cash and cash equivalents		768.98	83.75
Cash and cash equivalents at beginning of the year		318.97	577.18
Exchange difference on translation of foreign currency cash and cash equivalents		18.39	4.22
Cash and cash equivalents at end of the period		1106.34	665.15
Earmarked balances with banks		7.91	6.93
Short - term bank deposits		3806.00	3173.00
Cash and Bank balances at the end of the period	19	<u>4920.25</u>	<u>3845.08</u>
IV NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS	1-31		

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

For and on behalf of the Board

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Partner

N. Chandrasekaran
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*Chief Financial Officer
and Executive Director*

Suprakash Mukhopadhyay
Company Secretary

Mumbai, July 12, 2012

Mumbai, July 12, 2012

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

1) Corporate information

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

As of June 30, 2012, Tata Sons owned 73.75% of the Company’s equity share capital and has the ability to control its operating and financial policies. The Company’s registered office is in Mumbai and it has 58 subsidiaries across the globe.

2) Significant accounting policies

a) Basis of preparation

These condensed financial statements have been prepared in accordance with Accounting Standard 25 “Interim Financial Reporting” (AS - 25) issued pursuant to the Companies (Accounting Standards) Rules, 2006. These condensed financial statements should be read in conjunction with the annual financial statements of the Company for the year ended and as at March 31, 2012. In the opinion of the management, all adjustments which are necessary for a fair presentation have been included. The accounting policies followed in preparation of the condensed financial statements are consistent with those followed in the preparation of the annual financial statements. The results of interim periods are not necessarily indicative of the results that may be expected for any interim period or for the full year.

b) Use of estimates

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

c) Fixed Assets

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

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

d) Depreciation / Amortisation

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

<u>Type of asset</u>	<u>Method</u>	<u>Rate / Period</u>
Leasehold land and Buildings	Straight line	Lease period
Freehold buildings	Written down value	5.00%
Factory buildings	Straight line	10.00%
Leasehold improvements	Straight line	Lease period
Plant and machinery	Straight line	33.33%
Computer equipment	Straight line	25.00%
Vehicles	Written down value	25.89%
Office equipment	Written down value	13.91%
Electrical installations	Written down value	13.91%
Furniture and fixtures	Straight line	100%
Intellectual property / distribution rights	Straight line	24 – 60 months
Rights under Licensing agreement	Straight line	License period

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

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

e) Leases

Assets leased by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such a lease is capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

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

f) Impairment

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

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

g) Investments

Non-current investments and current maturities of non-current investments are stated at cost, less provision for other than temporary diminution in value. Current investments, except for current maturities of long term investments, comprising investments in mutual funds are stated at the lower of cost and fair value.

h) Employee benefits

(i) Post-employment benefit plans

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

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

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

(ii) Other employee benefits

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

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

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

i) Revenue recognition

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

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

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

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

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

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

Revenues are reported net of discounts.

Dividends are recorded when the right to receive payment is established. Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

j) Taxation

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

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

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

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

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

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

k) Foreign currency transactions

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

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

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

l) Derivative instruments and hedge accounting

The Company uses foreign exchange forward and currency option contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges.

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

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

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

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

m) Inventories

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

n) Provisions, Contingent Liabilities and Contingent Assets

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

o) Cash and cash equivalents

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

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

3) SHARE CAPITAL

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

	(₹ crores)	
	As at June 30, 2012	As at March 31, 2012
Authorised		
(i) 225,00,00,000 equity shares of ₹ 1 each (March 31, 2012 : 225,00,00,000 equity shares of ₹ 1 each)	225.00	225.00
(ii) 100,00,00,000 redeemable preference shares of ₹ 1 each (March 31, 2012 : 100,00,00,000 redeemable preference shares of ₹ 1 each)	100.00	100.00
	325.00	325.00
Issued, Subscribed and Fully paid up		
(i) 195,72,20,996 equity shares of ₹ 1 each (March 31, 2012 : 195,72,20,996 equity shares of ₹ 1 each)	195.72	195.72
(ii) 100,00,00,000 redeemable preference shares of ₹ 1 each (March 31, 2012 : 100,00,00,000 redeemable preference shares of ₹ 1 each)	100.00	100.00
	295.72	295.72

144,34,51,698 equity shares (March 31, 2012 : 144,34,51,698 equity shares) and 100,00,00,000 redeemable preference shares (March 31, 2012 : 100,00,00,000 redeemable preference shares) are held by Tata Sons Limited, the holding company.

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

4) RESERVES AND SURPLUS

Reserves and surplus consist of the following reserves:

	(₹ crores)	
	As at June 30, 2012	As at March 31, 2012
(a) Securities premium reserve	1918.47	1918.47
	1918.47	1918.47
(b) Foreign currency translation reserve		
(i) Opening balance	152.46	101.61
(ii) Addition during the period (net)	22.30	50.85
	174.76	152.46
(c) Hedging reserve account (Refer Note 30)		
(i) Opening balance	(25.96)	11.35
(ii) Deductions during the period (net)	(44.60)	(37.31)
	(70.56)	(25.96)
(d) General reserve		
(i) Opening balance	4280.74	3183.14
(ii) Transferred from statement of profit and loss	-	1097.60
	4280.74	4280.74
(e) Surplus in statement of profit and loss		
(i) Opening balance	18235.20	14069.20
(ii) Add : Profit for the period	2797.59	10975.98
	21032.79	25045.18
Less : Appropriations		
(a) Interim dividends on equity shares	587.17	1761.49
(b) Proposed final dividend on equity shares	-	3131.55
(c) Dividend on redeemable preference shares	-	22.00
(d) Tax on dividend	95.25	797.34
(e) General reserve	-	1097.60
	20350.37	18235.20
	26653.78	24560.91

The Board of Directors declared an interim dividend of ₹ 3 per equity share in the meeting held on July 12, 2012.

5) LONG - TERM BORROWINGS

Long - term borrowings consist of the following:

	(₹ crores)	
	As at June 30, 2012	As at March 31, 2012
(a) Secured loans		
Long term maturities of obligations under finance lease	92.17	93.47
(b) Unsecured loans		
Other loans and advances (from entities other than banks)	2.76	2.76
	94.93	96.23

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

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

6) DEFERRED TAX BALANCES

Major components of the deferred tax balances consist of the following:

	(₹ crores)	
	As at June 30, 2012	As at March 31, 2012
(a) Deferred tax liabilities (net)		
(i) Foreign branch profit tax	130.24	102.84
(ii) Depreciation and amortisation	9.00	9.83
(iii) Others	-	5.43
	<u>139.24</u>	<u>118.10</u>
(b) Deferred tax assets (net)		
(i) Depreciation and amortisation	(25.96)	(33.31)
(ii) Employee benefits	98.49	90.98
(iii) Provision for doubtful debts	39.96	38.92
(iv) Others	54.28	43.15
	<u>166.77</u>	<u>139.74</u>

7) OTHER LONG - TERM LIABILITIES

Other long - term liabilities consist of the following:

	(₹ crores)	
	As at June 30, 2012	As at March 31, 2012
(a) Trade payables	11.40	10.63
(b) Other liabilities	251.58	186.96
	<u>262.98</u>	<u>197.59</u>
Other liabilities comprise :		
Fair value of foreign exchange forward and currency option contracts secured against trade receivables	58.20	41.37
Capital creditors	27.58	31.63
Others	165.80	113.96

8) LONG - TERM PROVISIONS

Long - term provisions consist of the following:

	(₹ crores)	
	As at June 30, 2012	As at March 31, 2012
Provision for employee benefits	180.02	154.78
	<u>180.02</u>	<u>154.78</u>

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

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Financial Statements

9) OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	(₹ crores)	
	As at June 30, 2012	As at March 31, 2012
(a) Current maturities of long-term debt	1.24	1.24
(b) Current maturities of finance lease obligations	7.20	6.73
(c) Interest accrued but not due on borrowings	0.08	0.05
(d) Income received in advance	522.65	561.18
(e) Unpaid dividends	7.91	8.10
(f) Final dividend on equity shares	3131.55	-
(g) Dividend on redeemable preference shares	22.00	-
(h) Tax on dividend	511.59	-
(i) Advance received from customers	22.98	12.47
(j) Other payables	1301.72	1008.79
	5528.92	1598.56

Other payables comprises of :

Fair value of foreign exchange forward and currency option contracts secured against trade receivables	117.68	137.01
Statutory liabilities	518.81	337.74
Capital creditors	207.90	153.74
Others	457.33	380.30

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

10) SHORT - TERM PROVISIONS

Short - term provisions consist of the following:

	(₹ crores)	
	As at June 30, 2012	As at March 31, 2012
(a) Provision for employee benefits	540.20	506.63
(b) Others		
(i) Proposed final dividend on equity shares	-	3131.55
(ii) Proposed dividend on redeemable preference shares	-	22.00
(iii) Interim dividend	587.17	-
(iv) Tax on dividend	95.25	511.59
(v) Current income taxes	567.15	217.24
	1789.77	4389.01

Provisions for employee benefits include provision for compensated absences and other short term employee benefits.

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

11) FIXED ASSETS

Fixed assets consist of the following:

(₹ crores)

Description	Gross Block	Additions	Deletions/ Adjustments	Gross Block	Accumulated	Depreciation /	Deletions/ Adjustments	Accumulated	Net book value as at June 30, 2012	Net book value as at March 31, 2012
	as at April 1, 2012			as at June 30, 2012	Depreciation / Amortisation as at April 1, 2012	Depreciation / Amortisation for the period		Depreciation / Amortisation as at June 30, 2012		
(i) Tangible Assets										
Freehold land	315.95	-	-	315.95	-	-	-	-	315.95	315.95
Leasehold land	92.60	-	-	92.60	(12.68)	(0.41)	-	(13.09)	79.51	79.92
Freehold buildings	1935.18	138.02	(0.01)	2073.19	(356.15)	(20.94)	0.01	(377.08)	1696.11	1579.03
Factory buildings	2.77	-	-	2.77	(1.03)	(0.05)	-	(1.08)	1.69	1.74
Leasehold buildings	9.81	-	-	9.81	(7.81)	(0.13)	-	(7.94)	1.87	2.00
Leasehold improvements	690.29	36.80	-	727.09	(317.68)	(19.45)	-	(337.13)	389.96	372.61
Plant and machinery	10.65	0.01	-	10.66	(10.55)	(0.01)	-	(10.56)	0.10	0.10
Furniture and fixtures	407.18	36.66	(0.02)	443.82	(347.61)	(18.83)	0.02	(366.42)	77.40	59.57
Vehicles	19.08	-	(0.05)	19.03	(12.23)	(0.45)	0.02	(12.66)	6.37	6.85
Office equipment	827.83	43.74	(0.38)	871.19	(324.35)	(19.66)	0.34	(343.67)	527.52	503.48
Computer equipment	2317.13	82.45	(8.64)	2390.94	(1578.08)	(85.03)	8.54	(1654.57)	736.37	739.05
Electrical installations	581.92	56.31	(1.53)	636.70	(230.06)	(15.11)	1.08	(244.09)	392.61	351.86
Total	7210.39	393.99	(10.63)	7593.75	(3198.23)	(180.07)	10.01	(3368.29)	4225.46	4012.16
Previous year	5958.53	1344.67	(92.81)	7210.39	(2594.75)	(681.23)	77.75	(3198.23)	4012.16	
(ii) Intangible Assets										
Intellectual property / distribution rights	12.63	-	-	12.63	(11.44)	(0.09)	-	(11.53)	1.10	1.19
Rights under licensing agreement	59.00	-	-	59.00	(8.73)	(1.63)	-	(10.36)	48.64	50.27
Total	71.63	-	-	71.63	(20.17)	(1.72)	-	(21.89)	49.74	51.46
Previous year	71.63	-	-	71.63	(13.23)	(6.94)	-	(20.17)	51.46	
(iii) Capital work-in-progress										
Grand Total	7282.02	393.99	(10.63)	7665.38	(3218.40)	(181.79)	10.01	(3390.18)	5699.92	5463.44
Previous year	6030.16	1344.67	(92.81)	7282.02	(2607.98)	(688.17)	77.75	(3218.40)	5463.44	

(a) Freehold buildings include ₹ 2.67 crores (March 31, 2012 : ₹ 2.67 crores) being value of investment in shares of Co-operative Housing Societies and Limited Companies.

(b) Leasehold improvements under finance lease have a net book value of ₹ 90.90 crores (March 31, 2012 : ₹ 92.57 crores).

(c) Legal formalities relating to conveyance of freehold building having net book value ₹ 0.22 crore (March 31, 2012 : ₹ 0.23 crore) are pending completion.

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

12) NON - CURRENT INVESTMENTS

Non - current investments consist of the following:

	(₹ crores)	
	As at June 30, 2012	As at March 31, 2012
(A) TRADE INVESTMENTS (at cost)		
(i) <u>Subsidiary companies</u>		
(a) Fully paid equity shares (quoted)		
CMC Limited	379.89	379.89
(b) Fully paid equity shares (unquoted)		
TCS Iberoamerica S.A.	165.23	165.23
APOnline Limited	-	-
Tata Consultancy Services Belgium S.A.	1.06	1.06
Tata Consultancy Services Netherlands B.V.	402.87	402.87
Tata Consultancy Services Sverige AB	18.89	18.89
Tata Consultancy Services Deutschland GmbH	1.72	1.72
Tata America International Corporation	452.92	452.92
Tata Consultancy Services Asia Pacific Pte Ltd.	18.69	18.69
WTI Advanced Technology Limited	38.52	38.52
TCS FNS Pty Limited	3.38	3.38
Diligenta Limited	429.05	429.05
Tata Consultancy Services Canada Inc.	31.25	31.25
C-Edge Technologies Limited	5.10	5.10
MP Online Limited	0.89	0.89
Tata Consultancy Services Morocco SARL AU	8.17	8.17
Tata Consultancy Services (Africa) (PTY) Ltd.	4.92	4.92
TCS e-Serve Limited (Refer Note 29(a))	2426.20	2426.20
Retail FullServe Limited	36.17	36.17
MahaOnline Limited	1.89	1.89
Tata Consultancy Services Qatar S.S.C.	2.44	2.44
(c) Fully paid preference shares (unquoted)		
Diligenta Limited 10% cumulative redeemable preference shares	363.04	363.04
APOnline Limited 6% redeemable preference shares	2.80	2.80

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

12) NON - CURRENT INVESTMENTS (Continued)

	(₹ crores)	
	As at June 30, 2012	As at March 31, 2012
(ii) Others		
Fully paid equity shares (unquoted)		
Yodlee, Inc.	-	-
National Power Exchange Limited	2.50	2.50
Taj Air Limited	19.00	19.00
ALMC HF	-	-
KOOH Sports Private Limited (20,00,000 shares subscribed during the period)	3.00	-
(B) OTHERS		
Bonds and Debentures (unquoted)		
10% Housing Urban Development Corporation Limited Bonds (2014)	1.50	1.50
8% IDBI Bonds (2013)	1.80	1.80
8% IDBI Bonds (2018)	0.10	0.10
0 % ALMC HF (2014)	0.12	0.12
Tata Sons Limited		
8.50% non-convertible debentures (2014)	333.33	333.33
9.98 % non-convertible debentures (2015)	90.00	-
9.78 % non-convertible debentures (2015)	50.00	-
	5296.44	5153.44
Provision for diminution in value of investments	(8.29)	(8.29)
	5288.15	5145.15
Book value of quoted investments	379.89	379.89
Book value of unquoted investments (net of provision)	4908.26	4765.26
Market value of quoted investments	1312.54	1540.94

The Company has given an undertaking to the Government of Maharashtra not to divest its shareholding in MahaOnline Limited except to an affiliate. This equity investment is subject to the restriction as per terms of contractual agreement. The restriction is valid as on June 30, 2012.

The Company has given an undertaking to the investors of KOOH Sports Private Limited not to transfer its shareholding prior to the expiry of thirty-six months from the completion date of the investment agreement except with the prior written consent of the other parties to the agreement. The restriction is valid as on June 30, 2012.

Unquoted debentures include subscription to the privately placed unsecured, unlisted, redeemable, non – convertible debentures issued by Tata Sons Limited in January 2010 for a consideration of ₹ 1000 crores. The debentures issued by Tata Sons Limited would be redeemable at par in three equal installments at the end of second, third and fourth year, respectively from the date of allotment. The first installment was received on January 21, 2012. The amount receivable on redemption within a period of one year from the date of the balance sheet is classified under Current investment and balance as Non - current investment.

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

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

13) LONG - TERM LOANS AND ADVANCES

Long - term loans and advances (Unsecured) consist of the following:

	(₹ crores)	
	As at June 30, 2012	As at March 31, 2012
Considered good		
(i) Capital advances	401.52	327.06
(ii) Security deposits	395.24	387.26
(iii) Loans and advances to employees	8.56	9.05
(iv) Loans and advances to related parties	562.94	541.23
(v) Advance tax (including refunds receivable (net))	1032.33	978.58
(vi) MAT Credit entitlement	1548.54	1443.60
(vii) Other loans and advances	437.87	646.03
	4387.00	4332.81
Loans and advances to related parties comprise:		
TCS FNS Pty Limited	218.57	201.51
TCS Iberoamerica SA	296.01	291.35
CMC Limited	-	0.01
Tata Realty and Infrastructure Limited	45.39	45.39
Tata Sons Limited	2.97	2.97
Other loans and advances comprise:		
Indirect tax recoverable	52.30	52.30
Inter - corporate deposits	-	241.40
Advance against investment	-	0.20
Other amounts recoverable in cash or kind for value to be received	385.57	352.13

14) OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

	(₹ crores)	
	As at June 30, 2012	As at March 31, 2012
(a) Interest receivable	144.90	126.75
(b) Long - term bank deposits	1420.13	2510.13
	1565.03	2636.88

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

15) CURRENT INVESTMENTS

Current investments consist of the following:

	(₹ crores)	
	As at June 30, 2012	As at March 31, 2012
(A) TRADE INVESTMENTS (at cost)		
Fully paid preference shares (unquoted)		
Tata AutoComp Systems Limited 8% cumulative redeemable preference shares	5.00	5.00
(B) OTHERS		
(i) Investment in mutual and other funds (unquoted)		
Tata Liquid Super High Investment Fund	1064.57	-
HDFC Debt Fund for Cancer Cure - 50% Dividend Donation Option	3.00	3.00
India Innovation Fund	3.35	1.91
(ii) Bonds and Debentures (unquoted)		
Tata Sons Limited 8.50% non-convertible debentures (2013)	333.33	333.33
Panatone Finvest Limited 8.75% non-convertible debentures (2013)	200.00	200.00
	1609.25	543.24

Unquoted debentures include subscription to the privately placed unsecured, unlisted, redeemable, non – convertible debentures issued by Tata Sons Limited in January 2010 and its subsidiary Panatone Finvest Limited in March 2010 for a consideration of ₹ 1000 crores and ₹ 200 crores, respectively. The debentures issued by Tata Sons Limited would be redeemable at par in three equal installments at the end of second, third and fourth year, respectively from the date of allotment. The first installment was received on January 21, 2012. The debentures issued by Panatone Finvest Limited would be redeemed at the end of the third year. The amount receivable on redemption within a period of one year from the date of the balance sheet is classified under Current investment and balance as Non - current investment.

16) INVENTORIES

Inventories consist of the following:

	(₹ crores)	
	As at June 30, 2012	As at March 31, 2012
(a) Raw materials, sub-assemblies and components	5.84	3.30
(b) Finished goods and Work-in-progress	0.50	0.54
(c) Goods-in-transit	1.57	0.30
	7.91	4.14

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

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

17) UNBILLED REVENUE

Unbilled revenue as at June 30, 2012 amounting to ₹ 1789.11 crores (March 31, 2012: ₹ 1567.47 crores) primarily comprises of the revenue recognised in relation to efforts incurred on turnkey contracts priced on a fixed time, fixed price basis of ₹ 1344.37 crores (March 31, 2012: ₹ 1208.10 crores).

18) TRADE RECEIVABLES

Trade receivables (Unsecured) consist of the following:

	(₹ crores)	
	As at	As at
	June 30, 2012	March 31, 2012
(a) Over six months from the date they were due for payment		
(i) Considered good	1463.84	1283.77
(ii) Considered doubtful	138.82	127.78
(b) Others		
(i) Considered good	8459.43	7823.95
	10062.09	9235.50
Less: Provision for doubtful receivables	(138.82)	(127.78)
	9923.27	9107.72

19) CASH AND BANK BALANCES

Cash and bank balances consist of the following:

	(₹ crores)	
	As at	As at
	June 30, 2012	March 31, 2012
(a) Cash and cash equivalents		
(i) Balances with banks		
In current accounts	150.29	176.99
In deposit accounts with original maturity less than 3 months	937.50	123.89
(ii) Cheques on hand	15.78	16.37
(iii) Cash on hand	0.77	0.70
(iv) Remittances in transit	2.00	1.02
	1106.34	318.97
(b) Other Bank balances		
(i) Earmarked balances with banks	7.91	8.10
(ii) Short - term bank deposits	3806.00	2953.00
	4920.25	3280.07

Balances with banks in current accounts do not include fourteen bank accounts having a balance of ₹ 0.23 crore (March 31, 2012: ₹ 0.31 crore) operated by the Company on behalf of a third party.

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

20) SHORT - TERM LOANS AND ADVANCES

Short – term loans and advances (Unsecured) consist of the following:

	(₹ crores)	
	As at June 30, 2012	As at March 31, 2012
(a) Considered good		
(i) Loans and advances to employees	52.94	140.09
(ii) Loans and advances to related parties	305.37	176.84
(iii) Other loans and advances	1753.05	1332.81
(b) Considered doubtful		
(i) Loans and advances to employees	32.90	32.15
(ii) Loans and advances to related parties	6.51	5.93
(ii) Other loans and advances	6.63	5.63
Less : Provision for doubtful loans and advances	(46.04)	(43.71)
	<u>2111.36</u>	<u>1649.74</u>

Loans and advances to related parties, considered good, comprise:

Tata Sons Limited	0.01	0.01
TCS FNS Pty Limited	47.98	50.98
Tata Realty and Infrastructure Limited	100.00	100.00
CMC Limited	5.15	1.56
Tata Teleservices Limited	2.22	2.38
Tata AIG General Insurance Company Limited	-	0.02
Tata Teleservices (Maharashtra) Limited	0.01	0.01
Tata Consultancy Services Qatar S.S.C	-	21.79
TCS e-Serve Limited	-	0.09
Tata Capital Ltd	150.00	-

Other loans and advances, considered good, comprise:

Security deposits	95.19	96.63
Inter - corporate deposits	457.15	250.00
Indirect tax recoverable	82.23	68.59
Fair value of foreign exchange forward and currency option contracts	129.82	151.77
Advance to suppliers	37.71	32.36
Other amounts recoverable in cash or kind for value to be received	950.95	733.46

Loans and advances to related parties, considered doubtful, comprise:

Tata Consultancy Services Morocco SARL AU	6.51	5.93
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Other loans and advances, considered doubtful, comprise:

Security deposits	0.92	0.50
Advance to suppliers	1.02	1.02
Other amounts recoverable in cash or kind for value to be received	4.69	4.11

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

21) OTHER CURRENT ASSETS

Other current assets consist of the following:

	(₹ crores)	
	As at June 30, 2012	As at March 31, 2012
Interest receivable	463.12	388.41
	463.12	388.41
	463.12	388.41

22) REVENUE FROM OPERATIONS

Revenue from operations consist of revenues from:

	(₹ crores)	
	For the quarter ended June 30, 2012	For the quarter ended June 30, 2011
(a) Information technology and consultancy services	11102.26	8127.68
(b) Sale of equipment and software licenses	308.47	311.77
Less : Excise duty	(0.08)	(0.04)
	11410.65	8439.41
	11410.65	8439.41

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

23) OTHER INCOME (NET)

Other income (net) consist of the following:

	(₹ crores)	
	For the quarter ended June 30, 2012	For the quarter ended June 30, 2011
(a) Interest income	218.36	173.11
(b) Dividend income	19.76	15.84
(c) Profit on redemption of mutual funds and sale of other investments (net)	4.36	3.29
(d) Rent	0.77	0.17
(e) (Loss) / profit on sale of fixed assets (net)	(0.25)	0.08
(f) Exchange (loss) / gain (net)	(74.92)	61.34
(g) Miscellaneous income	1.18	3.57
	<u>169.26</u>	<u>257.40</u>

Interest income comprise:

Interest on bank deposits	164.55	120.93
Interest on inter - corporate deposits	17.60	19.51
Interest on bonds and debentures	28.73	25.64
Interest on loan given to subsidiary	3.67	5.95
Other interest	3.81	1.08

Dividend income comprise:

Dividends from subsidiaries (non-current trade investments)	19.36	15.84
Dividends from other non-current investments (trade investments)	0.40	-

Exchange (loss) / gain (net) includes:

Loss on foreign exchange forward and currency option contracts which have been designated as Cash Flow Hedges. (Refer Note 30)	(174.28)	23.93
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TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Financial Statements

24) EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses consist of the following:

	(₹ crores)	
	For the quarter ended June 30, 2012	For the quarter ended June 30, 2011
(a) Salaries and incentives	3563.49	2717.21
(b) Contributions to -		
(i) Provident fund	101.81	84.43
(ii) Superannuation scheme	25.05	21.33
(iii) Gratuity fund	36.59	27.87
(iv) Social security and other plans for overseas employees	73.03	46.17
(c) Staff welfare expenses	233.00	196.84
	<u>4032.97</u>	<u>3093.85</u>

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Financial Statements

25) OPERATION AND OTHER EXPENSES

Operation and other expenses consist of the following:

	(₹ crores)	
	For the quarter ended June 30, 2012	For the quarter ended June 30, 2011
(a) Overseas business expenses	1772.22	1311.09
(b) Services rendered by business associates and others	879.51	515.57
(c) Software, hardware and material costs	442.15	435.32
(d) Communication expenses	100.26	91.19
(e) Travelling and conveyance expenses	118.01	85.30
(f) Rent	172.83	150.98
(g) Legal and professional fees	68.78	38.96
(h) Repairs and maintenance	61.77	52.11
(i) Electricity expenses	92.51	73.70
(j) Bad debts written off	(0.15)	(0.02)
(k) Provision for doubtful debts	11.04	(6.37)
(l) Provision for doubtful advances	2.33	1.35
(m) Advances written back	(0.02)	-
(n) Recruitment and training expenses	45.10	43.44
(o) Commission and brokerage	9.61	4.10
(p) Printing and stationery	6.38	6.98
(q) Insurance	3.03	3.94
(r) Rates and taxes	14.94	14.80
(s) Entertainment	6.70	3.80
(t) Other expenses	118.83	85.26
	<u>3925.83</u>	<u>2911.50</u>
(i) Overseas business expenses comprise:		
Travel expenses	162.70	119.42
Employee allowances	1609.52	1191.67
(ii) Repairs and maintenance comprise:		
Buildings	27.51	22.66
Office and computer equipment	34.26	29.45
(iii) Software, hardware and material costs includes:		
Material costs		
(a) Raw materials, sub-assemblies and components consumed	3.95	1.81
(b) Opening stock:		
Finished goods and work-in-progress	0.54	0.80
(c) Less: Closing stock:		
Finished goods and work-in-progress	0.50	0.37
	0.04	0.43
	<u>3.99</u>	<u>2.24</u>
(iv) Other expenses includes:		
Stores and spare parts consumed	0.01	0.01

26) FINANCE COSTS

Finance costs consist of the following:

	(₹ crores)	
	For the quarter ended June 30, 2012	For the quarter ended June 30, 2011
Interest expense	4.26	2.36
	<u>4.26</u>	<u>2.36</u>

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

As at June 30, 2012

(₹ crores)

Particulars	Business Segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Segment assets	3778.81	816.26	1263.30	2051.11	4737.94	12647.42
	<i>2147.28</i>	<i>407.83</i>	<i>507.79</i>	<i>1618.20</i>	<i>2636.40</i>	<i>7317.50</i>
Unallocable assets						25283.72
						<i>21274.71</i>
Total assets						37931.14
						<i>28592.21</i>
Segment liabilities	477.31	90.55	97.97	174.88	477.79	1318.50
	<i>359.45</i>	<i>57.30</i>	<i>62.57</i>	<i>212.65</i>	<i>412.68</i>	<i>1104.65</i>
Unallocable liabilities						9663.14
						<i>6515.10</i>
Total liabilities						10981.64
						<i>7619.75</i>

Previous period figures are in italics.

29) CONTINGENT LIABILITIES

	(₹ crores)	
	As at June 30, 2012	As at March 31, 2012
Claims against the Company not acknowledged as debts	19.43	21.49
Income Tax demands	1381.97	1381.97
Indirect Tax demands	60.40	61.44
Guarantees given by the Company on behalf of subsidiaries (See (b) below)	3574.64	3389.90

- a) TCS e-Serve Limited has received demands aggregating ₹ 330.07 crores (March 31, 2012: ₹ 330.07 crores) in respect of income tax matters in dispute. TCS e-Serve Limited has paid advance taxes aggregating to ₹ 321.85 crores (March 31, 2012: ₹ 321.85 crores) against disputed amounts for the various assessment years. The Company is entitled to an indemnification from the seller, of the above referred contingent claims on TCS e-Serve Limited, and would be required to refund to the seller, amounts equal to monies received by TCS e-Serve Limited, on all such claims, as an adjustment to the purchase price consideration.
- b) The Company has provided guarantees aggregating to ₹ 3237.16 crores (GBP 370.97 million) (March 31, 2012: ₹ 3068.55 crores) (GBP 376.75 million) to third parties on behalf of its subsidiary Diligenta Limited. The Company does not expect any outflow of resources in respect of the above.

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

30) DERIVATIVE FINANCIAL INSTRUMENTS

The Company, in accordance with its risk management policies and procedures, enters into foreign currency forward and currency option contracts to manage its exposure in 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.

The Company has outstanding foreign currency option contracts, which have been designated as Cash Flow Hedges, as at:

Foreign Currency	No. of Contracts	June 30, 2012		March 31, 2012		
		Notional amount of Currency Options contracts (million)	Fair Value (₹ crores)	Notional amount of Currency Options contracts (million)	Fair Value (₹ crores)	
U.S. Dollar	102	2326.00	(72.79)	81	2185.00	29.56
Sterling Pound	42	228.00	10.16	33	217.50	14.66
Euro	30	207.00	11.69	21	210.00	18.64
Australian dollar	21	105.00	6.58	6	30.00	3.34

Net loss on derivative instruments of ₹ 32.95 crores recognised in Hedging Reserve as of June 30, 2012, is expected to be reclassified to the statement of profit and loss by June 30, 2013.

The movement in Hedging Reserve during the period ended June 30, 2012, for derivatives designated as Cash Flow Hedges is as follows:

	(₹ crores)	
	Period ended June 30, 2012	Year ended March 31, 2012
Balance at the beginning of the period	(25.96)	11.35
Changes in the fair value of effective portion of discontinued / matured Cash Flow Hedges during the period	(0.03)	(723.22)
(Gains) / losses transferred to statement of profit and loss on occurrence of forecasted hedge transaction	(12.65)	716.20
Changes in the fair value of effective portion of outstanding Cash Flow Hedges	(31.92)	(30.29)
Balance at the end of the period	(70.56)	(25.96)

In addition to the above Cash Flow Hedges, the Company has outstanding foreign exchange forward contracts and currency option contracts with notional amount aggregating ₹ 9416.83 crores (March 31, 2012: ₹ 8222.75 crores) whose fair value showed a loss of ₹ 1.70 crores as on June 30, 2012 (March 31, 2012: loss of ₹ 92.81 crores). Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting and accordingly these are accounted as derivatives instruments at fair value with changes in fair value recorded in the statement of profit and loss. Exchange loss of ₹ 338.87 crores (June 30, 2011: Exchange gain of ₹ 37.23 crores) on foreign exchange forward and currency option contracts for the quarter ended June 30, 2012 have been recognised in the statement of profit and loss.

31) Previous period / years figures have been recast / restated.