

TATA CONSULTANCY SERVICES LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2013

(₹ crores)

	Note	As at June 30, 2013	As at March 31, 2013
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	295.72	295.72
(b) Reserves and surplus	4	41528.37	38350.01
		<u>41824.09</u>	<u>38645.73</u>
Minority interest			
		716.89	695.31
Non-current liabilities			
(a) Long-term borrowings	5	128.72	130.98
(b) Deferred tax liabilities (net)	6 (a)	274.18	235.48
(c) Other long-term liabilities	7	414.53	367.99
(d) Long-term provisions	8	231.15	348.92
		<u>1048.58</u>	<u>1083.37</u>
Current liabilities			
(a) Short-term borrowings	9	167.51	80.02
(b) Trade payables		4686.89	4269.71
(c) Other current liabilities	10	6617.95	3081.52
(d) Short-term provisions	11	2641.96	4233.46
		<u>14114.31</u>	<u>11664.71</u>
TOTAL		<u>57703.87</u>	<u>52089.12</u>
II. ASSETS			
Non-current assets			
(a) Fixed assets	12		
(i) Tangible assets		6318.72	5991.71
(ii) Intangible assets		269.31	254.80
(iii) Capital work-in-progress		2048.60	1895.36
		<u>8636.63</u>	<u>8141.87</u>
(b) Non-current investments	13	937.91	968.30
(c) Deferred tax assets (net)	6 (b)	339.48	310.22
(d) Long-term loans and advances	14	5460.58	5234.13
(e) Other non-current assets	15	2439.96	2454.64
(f) Goodwill (on consolidation)		4137.51	3581.50
		<u>21952.07</u>	<u>20690.66</u>
Current assets			
(a) Current investments	16	2407.36	929.04
(b) Inventories	17	22.88	21.15
(c) Unbilled revenue	18	3820.55	3141.03
(d) Trade receivables	19	16254.61	14095.58
(e) Cash and bank balances	20	6811.90	6769.16
(f) Short-term loans and advances	21	5712.54	5643.26
(g) Other current assets	22	721.96	799.24
		<u>35751.80</u>	<u>31398.46</u>
TOTAL		<u>57703.87</u>	<u>52089.12</u>

III. NOTES FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 1-37

As per our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells**
Chartered Accountants

P. R. Ramesh
Partner

N. Chandrasekaran
CEO and Managing Director

Rajesh Gopinathan
Chief Financial Officer

Suprakash Mukhopadhyay
Company Secretary

Mumbai, July 18, 2013

Mumbai, July 18, 2013

TATA CONSULTANCY SERVICES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ crores)

	Note	For the quarter ended June 30, 2013	For the quarter ended June 30, 2012
I. Revenue from operations	23	17987.07	14868.71
II. Other income (net)	24	258.49	186.26
TOTAL REVENUE		18245.56	15054.97
III. Expenses:			
(a) Employee benefit expenses	25	6965.25	5706.61
(b) Operation and other expenses	26	5877.70	4838.21
(c) Finance costs	27	6.75	6.55
(d) Depreciation and amortisation expense	12	297.15	247.04
TOTAL EXPENSES		13146.85	10798.41
IV. PROFIT BEFORE TAX		5098.71	4256.56
V. Tax expense:			
(a) Current tax	28	1224.86	993.70
(b) Deferred tax		21.35	22.01
(c) Fringe benefit tax		0.05	0.11
(d) MAT credit entitlement	28	(20.41)	(116.93)
		1225.85	898.89
VI. PROFIT FOR THE PERIOD BEFORE MINORITY INTEREST		3872.86	3357.67
VII. Minority interest		42.22	39.99
VIII. PROFIT FOR THE PERIOD		3830.64	3317.68
IX. Earnings per equity share :- Basic and diluted (₹)		19.54	16.92
Weighted average number of equity shares (face value of ₹ 1 each)		1,95,72,20,996	1,95,72,20,996

X. NOTES FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 1-37

As per our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells**
Chartered Accountants

P. R. Ramesh
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Company Secretary

Mumbai, July 18, 2013

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TATA CONSULTANCY SERVICES LIMITED
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(₹ crores)

	Note	For the quarter ended June 30, 2013	For the quarter ended June 30, 2012
I NET CASH PROVIDED BY OPERATING ACTIVITIES		1842.87	2370.34
II CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(782.72)	(525.58)
Proceeds from sale of fixed assets		6.71	0.57
Acquisition of subsidiaries net of cash of ₹ 57.85 crores (June 30, 2012: Nil)		(446.16)	-
Purchase of mutual funds and other investments		(13583.99)	(7421.82)
Redemption of mutual funds and sale of other investments		12199.67	6239.38
Inter-corporate deposits placed		(20.00)	(272.75)
Inter-corporate deposits matured		288.40	218.00
Fixed deposit placed with banks having original maturity over three months		(1560.64)	(982.03)
Fixed deposit with banks matured having original maturity over three months		1944.53	1008.88
Advance towards purchase of mutual funds		-	(19.50)
Dividends received		2.13	2.45
Interest received		323.13	172.93
Net cash used in investing activities		(1628.94)	(1579.47)
III CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings (net)		(77.13)	81.77
Proceeds from other borrowings		117.67	-
Repayment of other borrowings		(23.23)	-
Dividend tax on dividend paid by subsidiaries		(10.81)	-
Dividend paid to minority shareholders of subsidiaries		(28.24)	-
Interest paid		(6.90)	(6.52)
Net cash (used in)/provided by financing activities		(28.64)	75.25
Net increase in cash and cash equivalents		185.29	866.12
Cash and cash equivalents at the beginning of the year		1841.36	1993.49
Exchange difference on translation of foreign currency cash and cash equivalents		122.58	125.81
Cash and cash equivalents at the end of the period	20	2149.23	2985.42
Earmarked balances with banks		43.73	48.65
Short-term bank deposits		4618.94	4731.29
Cash and Bank balances at the end of the period	20	6811.90	7765.36

IV NOTES FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 1-37

As per our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells**
Chartered Accountants

P. R. Ramesh
Partner

N. Chandrasekaran
CEO and Managing Director

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Chief Financial Officer

Suprakash Mukhopadhyay
Company Secretary

Mumbai, July 18, 2013

Mumbai, July 18, 2013

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

1) CORPORATE INFORMATION

Tata Consultancy Services Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") provide consulting-led integrated portfolio of information technology (IT) and IT-enabled services delivered through a network of multiple locations around the globe. The Group'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 at June 30, 2013, Tata Sons Limited 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 65 subsidiaries across the globe.

2) SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These condensed consolidated 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 consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended and as at March 31, 2013. 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 consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements. The results of interim periods are not necessarily indicative of the results that may be expected for any interim period or for the full year.

b) Principles of consolidation

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

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

- i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealised profits or losses have been fully eliminated.
- ii) The consolidated financial statements include the share of profit / loss of associate companies, which are accounted under the 'Equity method' as per which the share of profit / loss of the associate company has been adjusted to the cost of investment. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.
- iii) The excess of the cost to the parent of its investments in a subsidiary over the parent's portion of equity at the date on which investment in the subsidiary is made, is recognised as 'Goodwill (on consolidation)'. When the cost to the parent of its investment in a subsidiary is less than the parent's portion of equity of the subsidiary at the date on which investment in the subsidiary is made, the difference is treated as 'Capital Reserve (on consolidation)' in the consolidated financial statements.
- iv) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments in the subsidiary companies are made and further movements in their share in the equity, subsequent to the dates of investments.
- v) On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

c) Use of estimates

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

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

d) Fixed Assets

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

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

e) Depreciation/Amortisation

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

Type of asset	Method	Rate/Period
Leasehold land and buildings	Straight line	Lease period
Freehold buildings	Written down value	5.00%
	Straight line	1.63% - 2.50%
Factory buildings	Straight line	10.00%
Leasehold improvements	Straight line	Lease period
Plant and machinery	Straight line	33.33%
Computer equipment	Straight line	10% - 50%
Vehicles	Written down value	25.89%
	Straight line	9.50% - 33.33%
Office equipment	Written down value	13.91%
	Straight line	4.75% - 33.33%
Electrical installations	Written down value	13.91%
	Straight line	6.63% - 33.33%
Furniture and fixtures	Straight line	6.63% - 100%
Goodwill	Straight line	12 years
Acquired contract rights	Straight line	12 years
Intellectual property / distribution rights	Straight line	24 - 60 months
Software licenses	Straight line	License period
	Straight line	20% - 50%
Rights under licensing agreement	Straight line	License period

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

f) Leases

Where the Group, as a lessor, leases assets under finance lease, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is based on a constant rate of return on the outstanding net investment.

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

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

g) Impairment

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

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

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is indication for impairment. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of 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.

h) Investments

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

i) Employee benefits

i) Post-employment benefit plans

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

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

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

ii) Other employee benefits

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

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

j) Revenue recognition

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

Revenue 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.

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

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

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

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

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

Revenue is reported net of discounts.

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

k) 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 with the tax laws in India, 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 and its Indian subsidiaries will pay normal income tax after the tax holiday period. Accordingly, MAT is recognised as an asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with it will fructify.

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 is likely to reverse 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 tax paid and income tax provision arising in the same tax jurisdiction for relevant tax paying units and where the Group is able to and intends to settle the asset and liability on a net basis.

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

l) Foreign currency transactions

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

Premium or discount on 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.

For the purpose of consolidation, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. The net impact of such change is accumulated under foreign currency translation reserve.

m) Derivative instruments and hedge accounting

The Group 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 Group designates these hedging instruments as cash flow hedges.

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

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

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

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

n) Inventories

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

o) Government grants

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

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

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

p) Provisions, Contingent liabilities and Contingent assets

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

q) Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having 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 Consolidated 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, 2013	As at March 31, 2013
Authorised		
(i) 400,05,00,000 equity shares of ₹ 1 each (March 31, 2013 : 225,00,00,000 equity shares of ₹ 1 each)	400.05	225.00
(ii) 100,02,50,000 redeemable preference shares of ₹ 1 each (March 31, 2013 : 100,00,00,000 redeemable preference shares of ₹ 1 each)	100.03	100.00
	500.08	325.00
Issued, Subscribed and Fully Paid-up		
(i) 195,72,20,996 equity shares of ₹ 1 each (March 31, 2013 : 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, 2013 : 100,00,00,000 redeemable preference shares of ₹ 1 each)	100.00	100.00
	295.72	295.72

The authorised share capital was increased to 400,05,00,000 equity shares of ₹ 1 each and 100,02,50,000 redeemable preference shares of ₹ 1 each pursuant to the amalgamation of two wholly-owned subsidiaries, Retail FullServe Limited and Computational Research Laboratories Limited vide Order dated March 22, 2013 of the Hon'ble High Court of Judicature at Bombay.

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

4) RESERVES AND SURPLUS

Reserves and surplus consist of the following reserves:

	(₹ crores)	
	As at June 30, 2013	As at March 31, 2013
(a) Capital reserve (on consolidation)	24.50	24.50
(b) Capital redemption reserve		
(i) Opening balance	0.40	0.40
(ii) Transferred from surplus in statement of profit and loss	54.32	-
	54.72	0.40
(c) Securities premium reserve	1918.47	1918.47
(d) Foreign currency translation reserve		
(i) Opening balance	972.11	779.42
(ii) Additions during the period (net)	415.80	192.69
	1387.91	972.11
(e) Hedging reserve (Refer note 33)		
(i) Opening balance	46.11	(133.09)
(ii) (Deductions)/additions during the period (net)	(152.14)	179.20
	(106.03)	46.11
(f) General reserve		
(i) Opening balance	5841.80	4533.27
(ii) Adjustment on amalgamation	-	(44.26)
(iii) Transferred from surplus in statement of profit and loss	1.12	1352.79
	5842.92	5841.80
(g) Statutory reserve		
(i) Opening balance	16.65	-
(ii) Transferred from surplus in statement of profit and loss	-	16.65
	16.65	16.65
(h) Surplus in statement of profit and loss		
(i) Opening balance	29529.97	22160.54
(ii) Add : Profit for the period	3830.64	13917.31
(iii) Transferred on amalgamation	-	(103.00)
(iv) Adjustment for post acquisition profits (net)	-	(23.22)
	33360.61	35951.63
(v) Less : Appropriations		
(a) Interim dividends on equity shares	782.89	1761.49
(b) Proposed final dividend on equity shares	-	2544.39
(c) Dividend on redeemable preference shares	-	19.00
(d) Tax on dividend	133.05	727.34
(e) Capital Redemption Reserve	54.32	-
(f) General reserve	1.12	1352.79
(g) Statutory reserve	-	16.65
	32389.23	29529.97
	41528.37	38350.01

The Board of Directors declared an interim dividend of ₹ 4 per equity share in the meeting held on July 18, 2013.

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

5) LONG-TERM BORROWINGS

Long-term borrowings consist of the following:

	(₹ crores)	
	As at June 30, 2013	As at March 31, 2013
(a) Secured loans		
Long-term maturities of finance lease obligations	127.20	129.46
(b) Unsecured loans		
Other borrowings (from entities other than banks)	1.52	1.52
	128.72	130.98

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

6) DEFERRED TAX BALANCES

Major components of deferred tax balances consist of the following:

	(₹ crores)	
	As at June 30, 2013	As at March 31, 2013
(a) Deferred tax liabilities (net)		
(i) Foreign branch profit tax	195.51	160.27
(ii) Depreciation and amortisation	8.05	8.96
(iii) Employee benefits	(2.35)	(0.77)
(iv) Provision for doubtful receivables, loans and advances	(0.05)	(0.05)
(v) Others	73.02	67.07
	274.18	235.48
(b) Deferred tax assets (net)		
(i) Depreciation and amortisation	(52.40)	(58.69)
(ii) Employee benefits	179.83	174.11
(iii) Provision for doubtful receivables, loans and advances	81.47	76.13
(iv) Others	130.58	118.67
	339.48	310.22

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

7) OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of the following:

	(₹ crores)	
	As at June 30, 2013	As at March 31, 2013
(a) Capital creditors	62.88	54.34
(b) Other liabilities	351.65	313.65
	414.53	367.99
	414.53	367.99

8) LONG-TERM PROVISIONS

Long-term provisions consist of the following:

	(₹ crores)	
	As at June 30, 2013	As at March 31, 2013
Provision for employee benefits	231.15	348.92
	231.15	348.92
	231.15	348.92

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

9) SHORT-TERM BORROWINGS

Short-term borrowings consist of the following:

	(₹ crores)	
	As at June 30, 2013	As at March 31, 2013
(a) Secured loans		
Loans repayable on demand from banks	0.64	80.02
From other parties	47.74	-
(b) Unsecured loans		
Loans repayable on demand from banks	119.13	-
	167.51	80.02
	167.51	80.02

Secured loans from banks are secured against trade receivables.

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

10) OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	(₹ crores)	
	As at June 30, 2013	As at March 31, 2013
(a) Current maturities of long-term debt	1.24	1.24
(b) Current maturities of finance lease obligations	23.01	20.03
(c) Interest accrued but not due on borrowings	0.35	0.69
(d) Income received in advance	979.52	966.26
(e) Unpaid dividends	36.93	11.37
(f) Advance received from customers	93.00	98.00
(g) Final dividend on equity shares	2544.39	-
(h) Final dividend on redeemable preference shares	19.00	-
(i) Tax on dividend	435.65	-
(j) Other payables	2484.86	1983.93
	6617.95	3081.52

Other payables include :

Fair values of foreign exchange forward and currency option contracts secured against trade receivables	547.99	72.10
Statutory liabilities	1155.77	866.97
Capital creditors	144.94	249.87
Class action suit settlement consideration	-	161.63

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

11) SHORT-TERM PROVISIONS

Short-term provisions consist of the following:

	(₹ crores)	
	As at June 30, 2013	As at March 31, 2013
(a) Provision for employee benefits	935.83	804.22
(b) Others		
(i) Proposed final dividend on equity shares	-	2544.39
(ii) Proposed dividend on redeemable preference shares	-	19.00
(iii) Interim Dividend	782.89	-
(iv) Tax on dividend	133.23	455.65
(v) Current income taxes (net)	790.01	410.20
	2641.96	4233.46

Provision for employee benefits includes provision for compensated absences and other short-term employee benefits.

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

12) FIXED ASSETS

Fixed assets consist of the following:

(₹ crores)

Description	Gross Block as at April, 1, 2013	Additions	Deletions/ Adjustments	Translation exchange difference	Gross Block as at June 30, 2013	Accumulated Depreciation / Amortisation as at April 1, 2013	Depreciation/ Amortisation for the period	Deletions/ Adjustments	Translation exchange difference	Accumulated Depreciation / Amortisation as at June 30, 2013	Net book value as at June 30, 2013	Net book value as at March 31, 2013
(i) Tangible assets												
Freehold land	343.59	0.13	-	1.66	345.38	-	-	-	-	-	345.38	343.59
Leasehold land	201.07	-	-	-	201.07	(13.30)	(0.72)	-	-	(14.02)	187.05	187.77
Freehold buildings	2889.61	175.58	(0.08)	5.31	3070.42	(469.53)	(30.24)	0.05	(0.71)	(500.43)	2569.99	2420.08
Factory buildings	2.77	-	-	-	2.77	(1.23)	(0.05)	-	-	(1.28)	1.49	1.54
Leasehold buildings	14.59	0.03	-	-	14.62	(11.44)	(0.34)	-	-	(11.78)	2.84	3.15
Leasehold Improvements	1052.17	48.14	(8.84)	15.29	1106.76	(544.99)	(27.68)	8.71	(6.70)	(570.66)	536.10	507.18
Plant and machinery	10.67	-	-	-	10.67	(10.60)	(0.01)	-	-	(10.61)	0.06	0.07
Computer equipment	3547.79	161.62	(67.77)	32.89	3674.53	(2411.87)	(126.61)	67.20	(17.11)	(2488.39)	1186.14	1135.92
Vehicles	26.79	0.67	(0.77)	0.08	26.77	(16.36)	(0.76)	0.60	(0.06)	(16.58)	10.19	10.43
Office equipment	1248.20	68.06	(9.73)	6.19	1312.72	(545.32)	(31.96)	8.07	(2.35)	(571.56)	741.16	702.88
Electrical installations	900.06	46.50	(12.56)	4.70	938.70	(407.83)	(22.51)	10.12	(2.81)	(423.03)	515.67	492.23
Furniture and fixtures	759.03	71.15	(4.03)	11.15	837.30	(572.16)	(41.03)	3.76	(5.22)	(614.65)	222.65	186.87
Total	10996.34	571.88	(103.78)	77.27	11541.71	(5004.63)	(281.91)	98.51	(34.96)	(5222.99)	6318.72	5991.71
Previous year	8843.95	2255.83	(139.94)	36.50	10996.34	(4023.22)	(1016.26)	53.61	(18.76)	(5004.63)	5991.71	
(ii) Intangible assets												
Goodwill on acquisition	270.10	-	-	26.97	297.07	(158.01)	(5.93)	-	(16.02)	(179.96)	117.11	112.09
Acquired contract rights	208.12	3.46	-	20.93	232.51	(121.78)	(4.57)	-	(12.34)	(138.69)	93.82	86.34
Intellectual property / distribution rights	12.93	0.58	-	-	13.51	(11.82)	(0.11)	-	-	(11.93)	1.58	1.11
Software licenses	72.29	6.08	(3.51)	(0.66)	74.20	(61.02)	(2.79)	3.55	0.71	(59.55)	14.65	11.27
Rights under licensing agreement	63.21	-	-	-	63.21	(19.22)	(1.84)	-	-	(21.06)	42.15	43.99
Total	626.65	10.12	(3.51)	47.24	680.50	(371.85)	(15.24)	3.55	(27.65)	(411.19)	269.31	254.80
Previous year	603.88	19.03	(1.00)	4.74	626.65	(306.01)	(63.66)	(1.98)	(0.20)	(371.85)	254.80	
(iii) Capital work-in-progress											2048.60	1895.36
Grand Total	11622.99	582.00	(107.29)	124.51	12222.21	(5376.48)	(297.15)	102.06	(62.61)	(5634.18)	8636.63	8141.87

(i) Freehold buildings include ₹ 2.67 crores (March 31, 2013: ₹ 2.67 crores) being value of investment in shares of Co-operative Housing Societies and Limited Companies.

(ii) Legal formalities relating to conveyance of freehold building having net book value ₹ 10.39 crores (March 31, 2013: ₹ 10.73 crores) are pending completion.

(iii) Net book value of computer equipment of ₹ 65.01 crores (March 31, 2013: ₹ 64.53 crores) and lease hold improvements of ₹ 74.99 crores (March 31, 2013: ₹ 77.60 crores) are under finance lease.

(iv) Additions include ₹ 14.43 crores being value of fixed assets acquired on acquisition of Alti S.A.

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

13) NON-CURRENT INVESTMENTS

Non-current investments consist of the following:

	(₹ crores)	
	As at June 30, 2013	As at March 31, 2013
(a) TRADE INVESTMENTS (at cost)		
Fully paid equity shares (unquoted)		
National Power Exchange Limited	1.40	1.40
Philippine Dealing System Holdings Corporation	5.34	4.89
Taj Air Limited	19.00	19.00
Yodlee, Inc.	-	-
ALMC HF**	-	-
Kooh Sports Private Limited	3.00	3.00
RuralShores Business Services Private Limited**	-	-
Fully paid preference shares (unquoted)		
RuralShore Business Services Pvt. Ltd.	25.00	-
(b) OTHER INVESTMENTS		
Debentures and bonds (unquoted)*	853.70	910.22
Government securities (unquoted)	24.65	24.65
Mutual funds and other funds (unquoted)	5.94	5.26
	938.03	968.42
Less: Provision for diminution in value of investments	(0.12)	(0.12)
	937.91	968.30

* Debentures and bonds (unquoted) include subscription to the privately placed unsecured, unlisted redeemable non-convertible debentures issued by Panatone Finvest Limited in March 2010 for a consideration of ₹ 200 crores. These debentures which were due for redemption on March 31, 2013 have been renewed for a further period of three years with a revised interest rate of 9.50% during the year ended March 31, 2013.

** Non-current investments having a value of less than ₹ 50,000.

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

14) LONG-TERM LOANS AND ADVANCES

Long-term loans and advances consist of the following:

	(₹ crores)	
	As at June 30, 2013	As at March 31, 2013
(a) Secured, considered good		
Loans and advances to employees	0.17	0.20
(b) Unsecured, considered good		
(i) Capital advances	455.00	491.79
(ii) Security deposits	566.62	541.34
(iii) Loans and advances to employees	7.34	7.91
(iv) Loans and advances to related parties	48.13	48.13
(v) Advance tax (including refunds receivable) (net)	2062.75	1856.06
(vi) MAT credit entitlement	1860.68	1840.27
(vii) Other loans and advances	459.89	448.43
(c) Unsecured, considered doubtful		
Other loans and advances	0.33	0.33
Less : Provision for doubtful loans and advances	(0.33)	(0.33)
	<u>5460.58</u>	<u>5234.13</u>
Loans and advances to related parties pertain to:		
Tata Sons Limited	2.74	2.74
Tata Realty And Infrastructure Limited	45.39	45.39
Other loans and advances considered good include:		
Indirect tax recoverable	54.76	54.80
Prepaid expenses	372.72	358.04

15) OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

	(₹ crores)	
	As at June 30, 2013	As at March 31, 2013
(a) Interest receivable	91.42	37.51
(b) Other non-current assets	2348.54	2417.13
	<u>2439.96</u>	<u>2454.64</u>
Other non current assets include long-term bank deposits	2344.50	2411.88

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

16) CURRENT INVESTMENTS

Current investments consist of the following:

	(₹ crores)	
	As at June 30, 2013	As at March 31, 2013
(a) Fully paid equity shares (quoted)	-	0.01
(b) Investment in mutual funds (unquoted)	2026.03	586.93
(c) Investment in bonds (quoted)	6.47	6.96
(d) Investment in debentures and bonds (unquoted)*	374.86	335.14
	2407.36	929.04
	2407.36	929.04
(i) Market value of quoted investments	7.14	7.78
(ii) Book value of quoted investments	6.47	6.97
(iii) Book value of unquoted investments	2400.89	922.07

* Debentures and bonds (unquoted) 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. These debentures carry an interest rate of 8.50% and 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 two installments have been redeemed during the year ended March 31, 2012 and 2013, respectively.

17) INVENTORIES

Inventories consist of the following:

	(₹ crores)	
	As at June 30, 2013	As at March 31, 2013
(a) Raw materials, sub-assemblies and components	8.57	6.65
(b) Finished goods and Work-in-progress	9.34	11.87
(c) Stores and spares	2.35	2.46
(d) Goods-in-transit	2.62	0.17
	22.88	21.15
	22.88	21.15

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

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

18) UNBILLED REVENUE

Unbilled revenue as at June 30, 2013, amounting to ₹ 3820.55 crores (March 31, 2013 : ₹ 3141.03 crores) primarily comprises of the revenue recognised in relation to efforts incurred on turnkey contracts priced on a fixed time, fixed price basis.

19) TRADE RECEIVABLES (Unsecured)

Trade receivables consist of the following:

	(₹ crores)	
	As at June 30, 2013	As at March 31, 2013
(a) Over six months from the date they were due for payment		
(i) Considered good	1557.28	1427.80
(ii) Considered doubtful	220.62	189.84
(b) Others		
(i) Considered good	14697.33	12667.78
(ii) Considered doubtful	-	0.40
	16475.23	14285.82
Less: Provision for doubtful receivables	(220.62)	(190.24)
	16254.61	14095.58

20) CASH AND BANK BALANCES

Cash and bank balances consist of the following:

	(₹ crores)	
	As at June 30, 2013	As at March 31, 2013
(a) Cash and cash equivalents		
(i) Balances with banks		
In current accounts	1058.92	1129.60
In cash credit accounts	26.22	49.95
In deposit accounts with original maturity less than 3 months	980.22	624.41
(ii) Cheques on hand	11.66	17.88
(iii) Cash on hand	2.51	1.98
(iv) Remittances in transit	69.70	17.54
	2149.23	1841.36
(b) Other bank balances		
(i) Earmarked balances with banks	43.73	16.34
(ii) Short-term bank deposits	4618.94	4911.46
	6811.90	6769.16

Balances with banks in current accounts do not include fourteen bank accounts having a balance of ₹ 20.88 crores (March 31, 2013: ₹ 1.35 crores) operated by the Company on behalf of a third party.

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

21) SHORT-TERM LOANS AND ADVANCES

Short-term loans and advances consist of the following:

	(₹ crores)	
	As at June 30, 2013	As at March 31, 2013
(a) Secured, considered good		
Loans and advances to employees	2.31	1.18
(b) Unsecured, considered good		
(i) Loans and advances to employees	241.65	202.82
(ii) Loans and advances to related parties	50.05	50.05
(iii) Advance tax (including refunds receivable) (net)	4.79	4.90
(iv) MAT credit entitlement	4.43	4.43
(v) Other loans and advances	5409.31	5379.88
(c) Unsecured, considered doubtful		
(i) Loans and advances to employees	38.88	38.20
(ii) Other loans and advances	11.20	11.63
Less : Provision for doubtful loans and advances	(50.08)	(49.83)
	5712.54	5643.26
Loans and advances to related parties pertain to:		
Tata Realty And Infrastructure Limited	50.00	50.00
Tata Teleservices Limited	0.04	0.04
Tata Teleservices (Maharashtra) Limited	0.01	0.01
Other loans and advances considered good include:		
Fair values of foreign exchange forward and currency option contracts	92.64	187.78
Security deposits	103.35	114.54
Inter-corporate deposits	3366.37	3634.77
Prepaid expenses	1292.16	952.51

22) OTHER CURRENT ASSETS

Other current assets consist of the following:

	(₹ crores)	
	As at June 30, 2013	As at March 31, 2013
(a) Future finance lease receivables	0.61	0.96
Less: Unearned finance income	(0.02)	(0.03)
	0.59	0.93
(b) Interest receivable	715.58	765.89
(c) Other current assets	5.79	32.42
	721.96	799.24

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

23) REVENUE FROM OPERATIONS

Revenue from operations consist of revenue from:

	(₹ crores)	
	For the quarter ended June 30, 2013	For the quarter ended June 30, 2012
(a) Information technology and consultancy services	17551.78	14521.37
(b) Sale of equipment and software licences	435.97	347.42
Less : Excise duty	(0.68)	(0.08)
	17987.07	14868.71

24) OTHER INCOME (NET)

Other income (net) consists of the following:

	(₹ crores)	
	For the quarter ended June 30, 2013	For the quarter ended June 30, 2012
(a) Interest income	326.73	261.43
(b) Dividend income	2.13	2.45
(c) Profit on redemption of mutual funds and sale of other current investments (net)	19.52	10.81
(d) Rent	3.86	3.48
(e) Gain/(Loss) on sale of fixed assets (net)	1.48	(0.20)
(f) Exchange loss (net)	(104.41)	(93.75)
(g) Miscellaneous income	9.18	2.04
	258.49	186.26

Dividend income pertains to:

Dividend from current investments (mutual funds)	2.13	2.05
Dividend from other long-term investments	-	0.40

Exchange loss (net) includes:

Loss on foreign exchange forward and currency option contracts which have been designated as Cash Flow Hedges (Refer note 33)	(197.12)	(218.54)
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TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

25) EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses consist of the following:

	(₹ crores)	
	For the quarter ended June 30, 2013	For the quarter ended June 30, 2012
(a) Salaries and incentives	6130.05	5027.96
(b) Contributions to -		
(i) Provident fund and pension fund	142.92	120.52
(ii) Superannuation scheme	49.49	43.36
(iii) Gratuity fund	49.89	39.18
(iv) Social security and other plans for overseas employees	214.13	158.35
(c) Staff welfare expenses	378.77	317.24
	6965.25	5706.61

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

26) OPERATION AND OTHER EXPENSES

Operation and other expenses consist of the following:

	(₹ crores)	
	For the quarter ended June 30, 2013	For the quarter ended June 30, 2012
(a) Overseas business expenses	2498.22	2062.95
(b) Services rendered by business associates and others	1062.26	827.49
(c) Software, hardware and material costs	761.49	547.45
(d) Communication expenses	214.77	187.01
(e) Travelling and conveyance expenses	225.41	199.34
(f) Rent	328.20	268.64
(g) Legal and professional fees	140.58	150.91
(h) Repairs and maintenance	109.22	98.23
(i) Electricity expenses	136.85	117.75
(j) Bad debts written-off	1.71	13.01
(k) Advances written back (net)	(0.68)	(0.02)
(l) Provision of doubtful receivables (net)	18.94	5.51
(m) Provision for doubtful advances	0.59	1.78
(n) Recruitment and training expenses	59.27	62.87
(o) Commission and brokerage	12.67	14.16
(p) Printing and stationery	18.21	19.25
(q) Insurance	13.71	8.72
(r) Rates and taxes	25.98	27.95
(s) Entertainment	11.84	11.03
(t) Other expenses	238.46	214.18
	5877.70	4838.21
(i) Overseas business expenses includes:		
Travel expenses	230.99	199.14
Employee allowances	2266.84	1863.25
(ii) Repairs and maintenance includes:		
Buildings	54.63	43.74
Office and computer equipment	54.17	53.56

27) FINANCE COSTS

Finance costs consist of the following:

	(₹ crores)	
	For the quarter ended June 30, 2013	For the quarter ended June 30, 2012
Interest expense	6.75	6.55
	6.75	6.55

- 28)** Current tax for the quarter ended June 30, 2013 is adjusted for the effect of additional provision (net) of ₹ 72.33 crores (June 30, 2012: ₹ 12.13 crores) in domestic and certain overseas jurisdictions relating to earlier years. The impact of MAT entitlement of earlier period is ₹ 97.28 crores (March 31, 2013: ₹ 128.97 crores).

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

29) Acquisitions / Divestments

- a) Tata Consultancy Services Morocco SARL AU, a wholly owned subsidiary, is in the process of being voluntarily liquidated.
- b) On June 28, 2013, Tata Consultancy Services Netherlands BV, a wholly owned subsidiary of the Company, has acquired 100 percent share capital of Alti S.A., an information technology services company in France.

- 30)** 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 the contractual agreement. The restriction is valid as at June 30, 2013.

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 at June 30, 2013.

31) Segment Reporting

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

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

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 revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

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

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

Quarter ended June 30, 2013

(₹ crores)

Particulars	Business segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Revenue	7727.98	1519.84	2534.19	2102.43	4102.63	17987.07
	6389.24	1174.69	1953.87	1852.91	3498.00	14868.71
Segment result	2342.60	432.01	725.70	520.41	1087.03	5107.75
	1853.50	296.42	608.68	509.63	1021.73	4289.96
Unallocable expenses (net)						267.53
						219.66
Operating income						4840.22
						4070.30
Other income (net)						258.49
						186.26
Profit before tax						5098.71
						4256.56
Tax expense						1225.85
						898.89
Profit before minority interest						3872.86
						3357.67
Minority interest						42.22
						39.99
Profit for the period						3830.64
						3317.68

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

As at June 30, 2013 (₹ crores)

Particulars	Business segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Segment assets	12597.89	1834.63	2714.03	2781.00	7654.44	27581.99
	10696.05	1225.56	1804.07	2402.10	6568.30	22696.08
Unallocable assets						30121.88
						23685.10
Total assets						57703.87
						46381.18
Segment liabilities	1380.52	141.00	137.32	163.49	631.83	2454.16
	1069.78	109.04	129.48	194.30	762.51	2265.11
Unallocable liabilities						12708.73
						11145.81
Total liabilities						15162.89
						13410.92

32) Contingent liabilities

(₹ crores)

Particulars	As at June 30, 2013	As at March 31, 2013
Claims against the Group not acknowledged as debt	127.97	120.17
Income tax demands (See note (a) below)	2756.01	2763.54
Indirect tax demands	143.65	200.15
Guarantees given by the Group (See note (b) below)	543.16	493.86
Other contingencies	-	0.66

Notes:

- In respect of tax contingencies of ₹ 384.59 crores (March 31, 2013: 384.59 crores), not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited, its acquired subsidiary, which is to be adjusted to the purchase price consideration.
- The Group has provided guarantees aggregating ₹ 543.16 crores (GBP 60 million) (March 31, 2013: ₹ 493.86 crores) (GBP 60.00 million) to third parties on behalf of its subsidiary Diligenta Limited. The Group does not expect any outflow of resources in respect of the above.
- The Group has examined the social security and tax aspects of contracts with legal entities which provide services to an overseas subsidiary and, based on legal opinion, concludes that the subsidiary is in compliance with the related statutory requirements.

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

33) Derivative financial instruments

The Company and its subsidiaries, in accordance with its risk management policies and procedures, enter into foreign exchange forward and currency option contracts to manage its exposure in foreign exchange rates. The counter party is generally a bank. These contracts are for a period between one day and eight years.

The Group has following outstanding derivative instruments as at June 30, 2013:

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

	June 30, 2013			March 31, 2013		
	No. of contracts	Notional amount of forward contracts (million)	Fair value (₹ crores)	No. of contracts	Notional amount of forward contracts (million)	Fair value (₹ crores)
Foreign currency						
U.S. Dollar	-	-	-	4	22.71	(11.21)
Sterling Pound	-	-	-	2	0.79	(0.25)
Australian Dollar	2	0.18	(0.12)	8	2.78	(2.43)

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

	June 30, 2013			March 31, 2013		
	No. of contracts	Notional amount of currency option contracts (million)	Fair value (₹ crores)	No. of contracts	Notional amount of currency option contracts (million)	Fair value (₹ crores)
Foreign currency						
U.S. Dollar	65	2133.00	(160.63)	56	1150.00	(0.62)
Sterling Pound	39	312.00	(34.11)	12	123.00	62.59
Euro	21	204.00	(21.29)	15	102.00	15.66

Net loss on derivative instruments of ₹ 114.52 crores recognised in Hedging Reserve as of June 30, 2013, is expected to be reclassified to the statement of profit and loss by June 30, 2014.

The movement in hedging reserve during the quarter ended June 30, 2013, for derivatives designated as Cash Flow Hedges is as follows:

	(₹ crores)	
	Period ended June 30, 2013	Year ended March 31, 2013
Balance at the beginning of the year	46.11	(133.09)
Changes in the fair value of effective portion of discontinued/ matured cash flow hedges during the period	(41.13)	37.03
(Gain)/Losses transferred to statement of profit and loss on occurrence of forecasted hedge transactions	(32.90)	79.99
Change in the fair value of effective portion of outstanding cash flow hedges	(77.75)	65.98
Amount transferred to minority interest during the period	(0.36)	(3.80)
Balance at the end of the period	<u>(106.03)</u>	<u>46.11</u>

In addition to the above Cash Flow Hedges, the Group has outstanding foreign exchange forward and currency option contracts with notional amount aggregating ₹ 13006.72 crores (March 31, 2013: ₹ 10665.98 crores) whose fair value showed a loss of ₹ 239.20 crores as at June 30, 2013 (March 31, 2013 : gain of ₹ 51.94 crores).

Exchange loss of ₹ 482.56 crores (June 30, 2012 : exchange loss of ₹ 355.65 crores) on foreign exchange forward and currency option contracts for the quarter ended June 30, 2013, have been recognised in the statement of profit and loss.

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

- 34)** Decrease in payables and finance lease obligation in respect of purchase of fixed assets amounting to ₹ 99.57 crores for the quarter ended June 30, 2013 (increase in June 30, 2012: ₹ 46.03 crores) have been considered as non-cash transactions in the cash flow statement.
- 35)** The Board of Directors at their meeting held on October 19, 2012 have accorded consent for the merger of TCS e-Serve Limited together with the de merger of TCS e-Serve International Limited's SEZ undertaking with the Company. The appointed date for the above proposed scheme is April 1, 2013.
- 36)** Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Group financial statements.
- 37)** Previous period/years' figures have been recast / restated to conform to the classification of the current period/year.