INDEX TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Tata Consultancy Services Limited
Unaudited Condensed Consolidated Statements of Financial Position
As of June 30, 2013 and March 31, 2013

	Note	As of June 30, 2013	As of March 31, 2013
		(In millions of USD)	
ASSETS:			
Current assets:			
Cash and cash equivalents	4	362.5	339.3
Bank deposits		786.7	915.4
Trade receivables	5	2,738.2	2,594.4
Investments	6(a)	428.1	200.1
Other current financial assets	7(a)	760.0	900.0
Unbilled revenue		643.6	578.1
Current income tax assets		0.8	0.9
Other current assets	8(a)	313.7	270.2
Total current assets		**6,033.6**	**5,798.4**
Non-current assets:			
Bank deposits		396.9	446.0
Investments	6(b)	160.5	175.4
Other non-current financial assets	7(b)	122.8	117.3
Non-current income tax assets		347.6	341.6
Deferred income tax assets		368.6	394.3
Property, plant and equipment	9	1,452.6	1,508.3
Intangible assets		25.6	26.3
Goodwill		663.2	619.1
Other non-current assets	8(b)	115.5	121.7
Total non-current assets		**3,653.3**	**3,750.0**
TOTAL ASSETS		**9,686.9**	**9,548.4**
LIABILITIES AND EQUITY:			
Liabilities:			
Current liabilities:			
Trade and other payables	10	789.6	786.1
Borrowings		32.3	18.6
Mandatorily redeemable preference shares		16.8	18.4
Other current financial liabilities	11(a)	655.3	203.0
Unearned and deferred revenue		165.0	177.9
Employee benefit obligations		157.6	148.0
Current income tax liabilities		132.6	75.0
Other current liabilities	12	292.2	187.8
Total current liabilities		**2,241.4**	**1,614.8**
Non-current liabilities:			
Borrowings		21.7	24.1
Other non-current financial liabilities	11(b)	50.4	49.2
Employee benefit obligations		38.9	64.2
Deferred income tax liabilities		86.1	89.8
Other non-current liabilities		47.2	48.7
Total non-current liabilities		**244.3**	**276.0**
TOTAL LIABILITIES		**2,485.7**	**1,890.8**
Equity:			
Share capital		43.6	43.6
Share premium		427.4	427.4
Retained earnings		8,193.7	8,024.3
Accumulated other comprehensive losses		(1,584.3)	(958.4)
Equity attributable to TCS Limited		**7,080.4**	**7,536.9**
Non-controlling interests		120.8	120.7
TOTAL EQUITY		**7,201.2**	**7,657.6**
TOTAL LIABILITIES AND EQUITY		**9,686.9**	**9,548.4**

See accompanying notes to unaudited condensed consolidated financial report

Tata Consultancy Services Limited

Unaudited Condensed Consolidated Statements of Comprehensive Income

For the three-month periods ended June 30, 2013 and 2012

	Three-month period ended June 30, 2013	Three-month period ended June 30, 2012
	(In millions of USD, except shares and per share data)	
Revenue:		
Information technology and consultancy services	3,088.1	2,664.6
Sale of equipment and software licenses	76.6	63.7
Total revenue	**3,164.7**	**2,728.3**
Cost of revenue:		
Cost of information technology and consultancy services	1,630.5	1,415.0
Cost of equipment and software licenses	70.8	53.2
Total cost of revenue	**1,701.3**	**1,468.2**
Gross profit	**1,463.4**	**1,260.1**
Operating expenses:		
Selling, general and administrative expenses	607.8	509.7
Operating income	**855.6**	**750.4**
Other income:		
Finance and other income	59.0	49.5
Finance costs	(2.4)	(2.3)
Other losses	(12.3)	(15.1)
Other income, net	**44.3**	**32.1**
Income before income taxes	**899.9**	**782.5**
Income tax expense	216.7	171.8
Net income	**683.2**	**610.7**
Other comprehensive losses, net of taxes:		
Items that may be reclassified subsequently to net income		
Exchange differences on translation of foreign operations	(611.9)	(550.8)
Net gains / (losses) on available-for-sale financial assets	0.1	(0.1)
Net losses on cash flow hedges	(23.5)	(18.4)
Items that will not be reclassified subsequently to net income		
Actuarial losses on employee benefit plans	(1.5)	(1.6)
Total other comprehensive losses, net of taxes	**(636.8)**	**(570.9)**
Total comprehensive income for the period, net of taxes	**46.4**	**39.8**
Net income attributable to:		
TCS Limited	667.9	603.5
Non-controlling interests	15.3	7.2
	683.2	**610.7**
Total comprehensive income attributable to:		
TCS Limited	40.5	40.9
Non-controlling interests	5.9	(1.1)
	46.4	**39.8**
Weighted average number of shares used in computing basic and diluted earnings per share	1,957,220,996	1,957,220,996
Basic and diluted earnings per share	$0.34	$0.31

See accompanying notes to unaudited condensed consolidated financial report

Tata Consultancy Services Limited
Unaudited Condensed Consolidated Statements of Financial Position
For the three-month periods ended June 30, 2013 and 2012
(In millions of USD, except shares data)

	Number of shares	Share capital	Share premium	Retained earnings	Accumulated other comprehensive income / (losses)	Equity attributable to TCS Limited	Non-controlling interests	Total equity
Balance as of April 1, 2012	**1,957,220,996**	**43.6**	**427.4**	**6,515.1**	**(597.4)**	**6,388.7**	**103.5**	**6,492.2**
Net income		-	-	603.5	-	603.5	7.2	610.7
Exchange differences on translation of foreign operations, net of tax		-	-	-	(543.0)	(543.0)	(7.8)	(550.8)
Net losses on available-for-sale financial assets, net of tax		-	-	-	-	-	(0.1)	(0.1)
Net losses on cash flow hedges, net of tax		-	-	-	(18.0)	(18.0)	(0.4)	(18.4)
Actuarial losses on employee benefit plans, net of tax		-	-	(1.6)	-	(1.6)	-	(1.6)
Dividend		-	-	(639.4)	-	(639.4)	(3.9)	(643.3)
Balance as of June 30, 2012	**1,957,220,996**	**43.6**	**427.4**	**6,477.6**	**(1,158.4)**	**5,790.2**	**98.5**	**5,888.7**
Balance as of April 1, 2013	**1,957,220,996**	**43.6**	**427.4**	**8,024.3**	**(958.4)**	**7,536.9**	**120.7**	**7,657.6**
Net income		-	-	667.9	-	667.9	15.3	683.2
Exchange differences on translation of foreign operations, net of tax		-	-	-	(602.6)	(602.6)	(9.3)	(611.9)
Net gains / (losses) on available-for-sale financial		-	-	-	0.2	0.2	(0.1)	0.1
Net losses on cash flow hedges, net of tax		-	-	-	(23.5)	(23.5)	-	(23.5)
Actuarial losses on employee benefit plans, net of tax		-	-	(1.5)	-	(1.5)	-	(1.5)
Dividend		-	-	(497.0)	-	(497.0)	(5.8)	(502.8)
Balance as of June 30, 2013	**1,957,220,996**	**43.6**	**427.4**	**8,193.7**	**(1,584.3)**	**7,080.4**	**120.8**	**7,201.2**

See accompanying notes to unaudited condensed consolidated financial report

Tata Consultancy Services Limited
Unaudited Condensed Consolidated Statements of Cash Flows
For the three-month periods ended June 30, 2013 and 2012

	Three-month period ended June 30, 2013	Three-month period ended June 30, 2012
	(In millions of USD)	
Cash flows from operating activities:		
Net income	683.2	610.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortisation	51.1	44.6
Gain on disposal of property, plant and equipment	(0.3)	-
Income tax expense	216.7	171.8
Gain on disposal of available-for-sale investments	(3.5)	(2.0)
Interest accrued on investments	(1.0)	(2.9)
Bad debts, provision for trade receivables and advances (net)	3.6	3.7
Exchange difference on foreign currency cash and cash equivalents	(1.2)	(3.4)
Net change in:		
Trade receivables	(200.2)	(180.0)
Unbilled revenue	(83.8)	(65.7)
Other financial assets	(2.4)	(24.1)
Inventories	(0.3)	(0.8)
Other assets	(57.9)	(47.2)
Trade and other payables	(72.9)	(2.5)
Unearned and deferred revenue	(13.5)	(4.8)
Other financial liabilities	46.3	(61.1)
Other liabilities	2.0	142.7
Cash generated from operations	**565.9**	**579.0**
Taxes paid	(189.3)	(111.8)
Net cash provided by operating activities	**376.6**	**467.2**

Unaudited Condensed Consolidated Statements of Cash Flows
For the three-month periods ended June 30, 2013 and 2012

	Three-month period ended June 30, 2013	Three-month period ended June 30, 2012
	(In millions of USD)	
Cash flows from investing activities:		
Bank deposits placed	(280.9)	(186.3)
Inter-corporate deposits placed	(6.1)	(51.8)
Purchase of investments	(2,418.6)	(1,364.4)
Purchase of property, plant and equipment	(142.8)	(98.9)
Purchase of intangible assets	(0.8)	(0.7)
Purchase of subsidiaries and business, net of cash acquired (including additional consideration and purchase price adjustment)	(74.1)	-
Proceeds from bank deposits	346.1	182.6
Proceeds from inter-corporate deposits	50.1	41.5
Proceeds from disposal of investments	2,164.4	1,145.2
Proceeds from disposal of property, plant and equipment	1.2	0.1
Advance towards purcahse of mutual funds	-	(3.6)
Net cash used in investing activities	**(361.5)**	**(336.3)**
Cash flows from financing activities:		
Short-term borrowings (net)	(13.6)	14.5
Proceeds from other borrowings	19.5	-
Dividend paid to non-controlling interests	(5.1)	-
Repayment of other borrowings	(3.9)	-
Repayment of finance lease obligations	(0.5)	(0.4)
Net cash provided in financing activities	**(3.6)**	**14.1**
Net change in cash and cash equivalents	11.5	145.0
Effect of foreign exchange on cash and cash equivalents	11.7	(2.3)
Cash and cash equivalents, beginning of the period	339.3	391.4
Cash and cash equivalents, end of the period	**362.5**	**534.1**

See accompanying notes to unaudited condensed consolidated financial report

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

1. Background and operations

Tata Consultancy Services Limited (the "Company") and its subsidiaries (collectively "TCS Limited" or the "Group") provides consulting-led integrated portfolio of information technology (IT) and IT-enabled services delivered through a network of multiple location 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.

The Company is a public limited company incorporated and domiciled in India. The address of its corporate office is TCS House, Raveline Street, Fort, Mumbai 400001. As of June 30, 2013, Tata Sons Limited owned 73.75% of Tata Consultancy Services Limited's equity share capital and has the ability to control its operating and financial policies.

2. Summary of significant accounting policies

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board (IASB).

b. Basis of preparation

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

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

c. Change in accounting policies

The Group has adopted the following new standards and amendments to standards with effect from April 1, 2013:

Amendments to IFRS 7 Financial Instruments: Disclosures

IFRS 10 Consolidated Financial Statements (Refer note 2(d))

IFRS 11 Joint Arrangements
The adoption of this standard does not have any impact on the consolidated financial statements of the Group.

IFRS 12 Disclosure of Interests in Other Entities
The adoption of this standard does not have any impact on the consolidated financial statements of the Group.

IFRS 13 Fair Value Measurement
On April 1, 2013, the Group adopted, IFRS 13, "Fair Value Measurement" which establishes a single source of guidance for fair value measurement and disclosure about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards.

Amendments to IAS 1- Presentation of Items of Other Comprehensive Income
In accordance with the amendment, the presentation of items of other comprehensive income has been modified in the consolidated statements of comprehensive income of the Group, to present separately (a) items that will not be reclassified subsequently to net income; and (b) items that will be reclassified subsequently to net income when specific conditions are met.

IAS 19 Employee Benefits (as revised in 2011)
The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

d. Basis of consolidation

Tata Consultancy Services Limited consolidates all entities which are controlled by it.

Tata Consultancy Services Limited has adopted IFRS 10 (2011) with effect from financial year starting April 1, 2013. The Company establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity's returns by using its power over the entity.

Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases. Tata Consultancy Services Limited has power over the entity when it has existing rights that give current ability to direct the relevant activities, i.e., the activities that significantly affect the entity's returns.

The Company reassessed the control conclusion at April 1, 2013 and has concluded that there is no change to the scope of the entities to be consolidated on adoption of IFRS 10 (2011).

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

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

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

e. Business combinations

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

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

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

Business combinations arising from transfers of interests in entities that are under the common control are accounted from the date of transaction. The predecessor values method is used to account for common control transactions. The predecessor values method requires financial statements to be prepared using predecessor book values without any step up to fair value. The difference between any consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity are recorded as an adjustment to retained earnings.

f. Use of estimates and judgments

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

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

In particular, information about significant area of estimation uncertainty in applying accounting policies is in respect of impairment of goodwill and valuation of deferred tax assets.

g. Revenue recognition

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

TCS Limited recognises revenue as follows:

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

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

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

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

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

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

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

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

h. Leases

Finance lease

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.

Operating lease

Operating lease payments are recognised as an expense on a Straight line basis over the lease term in the statement of comprehensive income.

i. Cost recognition

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

Cost of information technology and consultancy services

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

Cost of equipment and software licenses

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

Selling, general and administrative expenses

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

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

j. Foreign currency

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

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

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

k. Finance and other income

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.

l. Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in net income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income taxes

The current income tax expense includes Indian income taxes payable by Tata Consultancy Services Limited and its subsidiaries in India for their worldwide operations after taking credit of benefits available for export operations in Special Economic Zones (SEZs) and after offsetting benefits under double tax avoidance treaties for foreign taxes payable in overseas jurisdictions.

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

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

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

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

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

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.
Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

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

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

Deferred tax assets include 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 probable evidence that the Company and its indian subsidiaries will pay normal income tax after the tax holiday period. Accordingly, MAT is recognised as deferred tax asset in the statement of financial position when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

m. Financial instruments

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

A. Non-derivative financial instruments

Cash and cash equivalents

TCS Limited considers all highly liquid financial instruments, 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. Cash and cash equivalents consists of balances with banks which are unrestricted for withdrawal and uses.

Available-for-sale financial assets

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

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

Held-to-maturity investments

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

Loans and receivables

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

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

Financial liabilities

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

B. Derivative financial instruments

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

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

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in statement of changes in equity 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 statement of changes in equity is transferred to the net income for the year.

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

n. Property, plant and equipment

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

Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives as mentioned below:

Type of asset	Methods	Useful lives
Buildings, including leasehold buildings	Declining balance Straight line	60 years Lower of lease period and 10-60 years
Computer equipments	Straight line	2-10 years
Automobile	Declining balance Straight line	10 years 3-10 years
Furniture, fixtures, office equipments and other assets	Declining balance Straight line	20 years 1-20 years

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

o. Goodwill and intangible assets

Goodwill represents the cost of acquired business as established at the date of acquisition of the business in excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any. Goodwill is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

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

Intangible assets are amortised on a Straight line basis.

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

Nature of intangibles	**Useful lives**
Customer-related intangibles	3 years
Acquired contract rights	12 years
Technology-related intangibles	2-5 years
Software licenses	Lower of license period and 2-5 year
Intellectual property rights and others	License period

p. Impairment

A. Financial assets

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

(i) Available-for-sale financial assets

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

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

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

B. Non-financial assets

(i) Tangible and intangible assets

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

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

(ii) Goodwill

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

q. Employee benefits

Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the date of each statement of financial position. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested or amortised on a Straight line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the statement of financial position 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.

Defined contribution plans

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

Compensated absences

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

r. Earnings per share

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

3. Acquisition

On June 28, 2013, Tata Consultancy Services Netherlands BV, a wholly owned subsidiary of Tata Consultancy Services Limited, subscribed to 100 percent share capital of Alti S.A., an information technology services company in France, for a consideration of $83.7 million (€64.2 million).

4. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As of June 30, 2013	As of March 31, 2013
	(In millions of USD)	
Cash at banks and in hand	197.4	224.4
Bank deposits (original maturities less than three months)	165.1	114.9
Total	**362.5**	**339.3**
Held within India	103.4	24.3
Held outside India	259.1	315.0
Total	**362.5**	**339.3**

5. Trade receivables

Trade receivables consist of the following:

	As of June 30, 2013	As of March 31, 2013
	(In millions of USD)	
Trade receivables, gross	2,775.4	2,629.5
Less: Allowances for doubtful trade receivables	(37.2)	(35.1)
Total	**2,738.2**	**2,594.4**

6. Investments

Investments consist of the following:

(a) Investments – Current

	As of June 30, 2013	As of March 31, 2013
	(In millions of USD)	
Available-for-sale financial assets, carried at fair value		
Corporate debentures and bonds	1.2	1.4
Mutual fund units	342.3	109.0
	343.5	**110.4**
Held-to-maturity financial assets, carried at amortised cost		
Corporate debentures and bonds	7.0	5.9
	7.0	**5.9**
Loans and receivables, carried at amortised cost	**77.6**	**83.8**
Total investments - Current	**428.1**	**200.1**

(b) Investments – Non-current

	As of June 30, 2013	As of March 31, 2013
	(In millions of USD)	
Available-for-sale financial assets		
Mutual fund units, carried at fair value	1.0	1.0
Unquoted equity shares, carried at cost	9.1	5.2
	10.1	**6.2**
Held-to-maturity financial assets, carried at amortised cost		
Corporate debentures and bonds	110.1	125.2
Government securities	6.7	7.3
	116.8	**132.5**
Loans and receivables, carried at amortised cost	**33.6**	**36.7**
Total investments - Non current	**160.5**	**175.4**

Loans and receivables include subscription to the privately placed unsecured, unlisted redeemable non-convertible debentures issued by Tata Sons Limited in January 2010 and its subsidiary Panatone Finvest Limited in March 2010 for a consideration of $217.8 million and $44.5 million, respectively. The debentures issued by Tata Sons Limited carry an interest rate of 8.50% and are 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 of the debentures issued by Tata Sons Limited have been redeemed during the year ended March 31, 2012 and 2013, respectively. The debentures issued by Panatone Finvest Limited 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.

7. Other financial assets

Other financial assets consist of the following:

(a) Other current financial assets

	As of June 30, 2013	As of March 31, 2013
	(In millions of USD)	
Accrued interest	100.8	120.2
Employee loans and advances	40.7	37.3
Inter-corporate deposits	575.5	678.2
Foreign currency derivative assets	15.6	34.6
Restricted cash	7.2	3.0
Others	20.2	26.7
Total	**760.0**	**900.0**

Restricted cash mainly includes unclaimed equity dividend.

(b) Other non-current financial assets

	As of June 30, 2013	As of March 31, 2013
	(In millions of USD)	
Accrued interest	15.4	7.1
Premises deposits	83.3	85.2
Employee loans and advances	1.3	1.5
Inter-corporate deposits	6.1	4.0
Others	16.7	19.5
Total	**122.8**	**117.3**

8. Other assets

Other assets consist of the following:

(a) Other current assets

	As of June 30, 2013	As of March 31, 2013
	(In millions of USD)	
Prepaid expenses	217.7	175.5
Indirect tax recoverable	52.7	51.0
Advances to suppliers	19.8	12.8
Others	23.5	30.9
Total	**313.7**	**270.2**

(b) Other non-current assets

	As of June 30, 2013	As of March 31, 2013
	(In millions of USD)	
Prepaid expenses	62.8	65.9
Prepaid rent	41.2	42.3
Others	11.5	13.5
Total	**115.5**	**121.7**

9. Property, plant and equipment

Property, plant and equipment consist of the following:

	Freehold land	Buildings	Leasehold improve-ments	Computer equipment	Auto-mobiles	Furniture, fixtures, office equipments and other assets	Total
				(In millions of USD)			
Gross block as of April 1, 2013	**63.3**	**535.0**	**201.2**	**651.7**	**5.0**	**527.2**	**1,983.4**
Additions	-	31.8	9.0	34.6	0.1	34.0	109.5
Addition through a business combination	-	-	-	0.6	-	1.0	1.6
Deletion	-	-	(1.9)	(12.4)	(0.1)	(4.3)	(18.7)
Translation exchange difference	(5.1)	(46.7)	(15.3)	(56.7)	(0.4)	(44.4)	(168.6)
Gross block as of June 30, 2013	**58.2**	**520.1**	**193.0**	**617.8**	**4.6**	**513.5**	**1,907.2**
Accumulated depreciation as of April 1, 2013	-	**(88.8)**	**(105.7)**	**(442.9)**	**(2.9)**	**(274.9)**	**(915.2)**
Deletion	-	-	1.8	12.2	0.1	3.6	17.7
Depreciation for the period	-	(5.4)	(5.1)	(22.3)	(0.1)	(16.6)	(49.5)
Translation exchange difference	-	7.6	8.0	34.8	0.2	22.1	72.7
Accumulated depreciation as of June 30, 2013	-	**(86.6)**	**(101.0)**	**(418.2)**	**(2.7)**	**(265.8)**	**(874.3)**
Net carrying amount as of June 30, 2013	**58.2**	**433.5**	**92.0**	**199.6**	**1.9**	**247.7**	**1,032.9**
Capital work-in-progress (including capital advances)							419.7
Total							**1,452.6**

	Freehold land	Buildings	Leasehold improve-ments	Computer equipment	Auto-mobiles	Furniture, fixtures, office equipments and other assets	Total
				(In millions of USD)			
Gross block as of April 1, 2012	**65.1**	**429.0**	**192.3**	**568.5**	**5.2**	**452.4**	**1,712.5**
Additions	2.0	132.4	24.9	120.1	1.0	106.8	387.2
Common control transfer	-	-	0.4	14.1	-	0.8	15.3
Deletions	-	(0.5)	(1.9)	(16.7)	(0.9)	(10.0)	(30.0)
Translation exchange difference	(3.8)	(25.9)	(14.5)	(34.3)	(0.3)	(22.8)	(101.6)
Gross block as of March 31, 2013	**63.3**	**535.0**	**201.2**	**651.7**	**5.0**	**527.2**	**1,983.4**
Accumulated depreciation as of April 1, 2012	-	**(74.9)**	**(91.8)**	**(379.0)**	**(3.2)**	**(234.2)**	**(783.1)**
Common control transfer	-	-	(0.4)	(11.2)	-	(0.2)	(11.8)
Deletions	-	0.4	1.3	13.9	0.7	7.3	23.6
Depreciation for the year	-	(18.9)	(21.6)	(89.3)	(0.6)	(59.4)	(189.8)
Translation exchange difference	-	4.6	6.8	22.7	0.2	11.6	45.9
Accumulated depreciation as of March 31, 2013	-	**(88.8)**	**(105.7)**	**(442.9)**	**(2.9)**	**(274.9)**	**(915.2)**
Net carrying amount as of March 31, 2013	**63.3**	**446.2**	**95.5**	**208.8**	**2.1**	**252.3**	**1,068.2**
Capital work-in-progress (including capital advances)							440.1
Total							**1,508.3**

10. Trade and other payables

Trade and other payables consist of the following:

	As of June 30, 2013	As of March 31, 2013
	(In millions of USD)	
Trade payables	648.6	646.4
Accrued payroll	135.8	137.6
Others	5.2	2.1
Total	**789.6**	**786.1**

11. Other financial liabilities

(a) Other current financial liabilities

	As of June 30, 2013	As of March 31, 2013
	(In millions of USD)	
Foreign currency derivative liabilities	92.3	13.3
Capital creditors	24.4	46.0
Dividend payable	428.6	-
Others	110.0	143.7
Total	**655.3**	**203.0**

On February 22, 2013, the Company entered into an agreement to settle a class action suit filed in the United States of America Court relating to payments to employees on deputation for an amount of $29.8 million. The Court has granted preliminary approval to the settlement agreement. The amount of settlement has been included in ‘Others’ in other current financial liabilities as on March 31, 2013.

(b) Other non-current financial liabilities

	As of June 30, 2013	As of March 31, 2013
	(In millions of USD)	
Capital creditors	10.6	10.0
Others	39.8	39.2
Total	**50.4**	**49.2**

12. Other current liabilities

	As of June 30, 2013	As of March 31, 2013
	(In millions of USD)	
Indirect tax payable and other statutory liabilities	268.8	160.8
Advances received from customers	15.7	20.3
Others	7.7	6.7
Total	**292.2**	**187.8**

13. Derivative financial instruments and hedging activity

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

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

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

Tata Consultancy Services Limited and its subsidiaries report quarterly to its risk management committee, an independent body that monitors foreign exchange risks and policies implemented to manage its foreign exchange exposures.

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

	June 30, 2013			March 31, 2013		
Foreign currency	**No. of contracts**	**Notional amount of forward contracts (In millions)**	**Fair value (In millions of USD)**	**No. of contracts**	**Notional amount of forward contracts (In millions)**	**Fair value (In millions of USD)**
US dollar	-		-	4	22.7	(2.2)
Sterling Pound	-		-	2	0.8	-
Australian Dollar	2	0.2	-	8	2.8	(0.4)

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

	June 30, 2013			March 31, 2013		
Foreign currency	**No. of contracts**	**Notional amount of currency option contracts (In millions)**	**Fair value (In millions of USD)**	**No. of contracts**	**Notional amount of currency option contracts (In millions)**	**Fair value (In millions of USD)**
US dollar	65	2,133.0	(27.1)	56	1,150.0	(0.1)
Sterling Pound	39	312.0	(5.7)	12	123.0	11.5
Euro	21	204.0	(3.6)	15	102.0	2.9

The movement in accumulated other comprehensive income for three months ended June 30, 2013 and the years ended March 31, 2013 for derivatives designated as cash flow hedges is as follows:

	Period ended June 30, 2013	Year ended March 31, 2013
	(In millions of USD)	
Balance at the beginning of the year	**(0.7)**	**(27.3)**
(Gains) / losses transferred to net income on occurrence of forecasted hedge transaction	(5.8)	14.6
Deferred tax on (gains) / losses transferred to net income on occurrence of forecasted hedge transaction	0.4	(8.5)
Change in the fair value of effective portion of outstanding cash flow hedges	(13.7)	12.1
Deferred tax on fair value of effective portion of cash flow hedges	2.7	2.0
Changes in the fair value of effective portion of discontinued / matured cash flow hedges during the year	(7.1)	7.0
Amount transferred to non-controlling interests during the year	-	(0.6)
Balance at the end of the year	**(24.2)**	**(0.7)**

In addition to the above cash flow hedges, TCS Limited has outstanding foreign exchange forward contracts and currency option contracts with notional amounts aggregating $2,191.1 million and $1,963.2 million, whose fair value showed a net loss of $40.3 million and gain of $9.6 million as of June 30, 3013 and March 31, 2013, respectively. Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting.

Exchange loss of $84.9 million and exchange loss of $65.3 million on foreign currency forward exchange contracts and currency option contracts have been recognised in earnings during three month periods ended June 30, 2013 and 2012, respectively.

14. Segment information

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

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

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

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

Summarised segment information for three months ended June 30, 2013 and 2012 is as follows:

	Three-month period ended June 30, 2013 (In millions of USD)					
	Banking, Financial Services and Insurance	**Manufacturing**	**Retail and Consumer Packaged Goods**	**Telecom, media and entertain-ment**	**Others**	**Total**
Revenue	**1,359.7**	**267.4**	**445.9**	**369.9**	**721.8**	**3,164.7**
Segment result	**413.5**	**76.1**	**127.9**	**91.7**	**191.4**	**900.6**
Depreciation						45.0
Total Unallocable expenses						**45.0**
Operating income						855.6
Other income, net						44.3
Income before taxes						899.9
Income tax expense						216.7
Net income						**683.2**
As of June 30, 2013						
Segment assets:						
Allocable assets	2,124.6	301.6	455.8	465.1	1,344.6	4,691.7
Unallocable assets						4,995.2
Total assets						**9,686.9**
Segment liabilities						
Allocable liabilities	232.8	23.8	23.1	27.5	106.5	413.7
Unallocable liabilities						2,072.0
Total liabilities						**2,485.7**

	Three-month period ended June 30, 2012 (In millions of USD)					
	Banking, Financial Services and Insurance	**Manufacturing**	**Retail and Consumer Packaged Goods**	**Telecom, media and entertain-ment**	**Others**	**Total**
Revenue	**1,172.4**	**215.6**	**358.5**	**340.0**	**641.8**	**2,728.3**
Segment result	**340.7**	**54.5**	**111.8**	**93.7**	**187.9**	**788.6**
Depreciation						38.2
Total Unallocable expenses						**38.2**
Operating income						750.4
Other income, net						32.1
Income before taxes						782.5
Income tax expense						171.8
Net income						**610.7**
As of June 30, 2012						
Segment assets:						
Allocable assets	1,776.7	211.2	316.6	426.7	1,134.4	3,865.6
Unallocable assets						4,401.7
Total assets						**8,267.3**
Segment liabilities						
Allocable liabilities	165.9	19.5	23.3	34.8	151.5	395.0
Unallocable liabilities						1,983.6
Total liabilities						**2,378.6**

15. Commitments and contingencies

Commitments and contingent liabilities are as follows:

Capital commitments

As of June 30, 2013, $582.4 million was contractually committed for purchase of property, plant and equipment.

Contingencies

Guarantees

The Group has provided guarantees aggregating to $91.5 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.

Direct tax matters

As of June 30, 2013, the Company and its subsidiaries in India have contingent liability in respect of demands from direct tax authorities in India, which are being contested by the Company and its subsidiaries in India on appeal amounting $464.3 million. In respect of tax contingencies of $64.8 million, 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.

Indirect tax matters

Tata Consultancy Services Limited and its subsidiaries in India have ongoing disputes with Indian tax authorities mainly relating to treatment of characterisation and classification of certain items. As of June 30, 2013, Tata Consultancy Services Limited and its subsidiaries in India have demands from various indirect tax authorities in Indian jurisdiction, which are being contested by the Company and its subsidiaries in India have on appeal amounting to $24.2 million.

Other claims

The Company is required to pay to the seller of TCS e-Serve Limited, amounts received by the subsidiary from tax authorities as refund against taxes paid aggregating $58.6 million, which is to be adjusted to the purchase price consideration.

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

As of June 30, 2013, $21.6 million are claims against the Group not acknowledged as debts.

16. Subsequent events

On July 18, 2013, the Board of Directors declared an interim dividend of $0.07 (₹4) per equity share.