

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

(₹ crores)

	Note	As at September 30, 2013	As at March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	3	295.87	295.72
(b) Reserves and surplus	4	43794.50	38350.01
		44090.37	38645.73
<b>Minority interest</b>			
		629.96	695.31
<b>Non-current liabilities</b>			
(a) Long-term borrowings	5	129.04	130.98
(b) Deferred tax liabilities (net)	6 (a)	251.84	235.48
(c) Other long-term liabilities	7	697.97	446.74
(d) Long-term provisions	8	270.97	348.92
		1349.82	1162.12
<b>Current liabilities</b>			
(a) Short-term borrowings	9	57.33	80.02
(b) Trade payables		4985.01	4269.71
(c) Other current liabilities	10	3839.04	3081.52
(d) Short-term provisions	11	2829.65	4233.46
		11711.03	11664.71
<b>TOTAL</b>		<b>57781.18</b>	<b>52167.87</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	12		
(i) Tangible assets		6642.19	5991.71
(ii) Intangible assets		275.44	254.80
(iii) Capital work-in-progress		2304.23	1895.36
		9221.86	8141.87
(b) Non-current investments	13	2885.72	968.30
(c) Deferred tax assets (net)	6 (b)	405.23	310.22
(d) Long-term loans and advances	14	5989.05	5312.88
(e) Other non-current assets	15	2404.96	2454.64
(f) Goodwill (on consolidation)		2334.37	3581.50
		23241.19	20769.41
<b>Current assets</b>			
(a) Current investments	16	979.27	929.04
(b) Inventories	17	25.70	21.15
(c) Unbilled revenue	18	4399.13	3141.03
(d) Trade receivables	19	17242.00	14095.58
(e) Cash and bank balances	20	5352.85	6769.16
(f) Short-term loans and advances	21	5684.11	5643.26
(g) Other current assets	22	856.93	799.24
		34539.99	31398.46
<b>TOTAL</b>		<b>57781.18</b>	<b>52167.87</b>

**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, October 15, 2013

Mumbai, October 15, 2013

**TATA CONSULTANCY SERVICES LIMITED**  
CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ crores)

		For the quarter ended September 30,		For the six months ended September 30,	
		2013	2012	2013	2012
I. Revenue from operations	23	20977.24	15620.75	38964.31	30489.46
II. Other income (net)	24	(25.71)	328.33	232.78	514.59
<b>TOTAL REVENUE</b>		<b>20951.53</b>	<b>15949.08</b>	<b>39197.09</b>	<b>31004.05</b>
III. Expenses:					
(a) Employee benefit expenses	25	7609.56	5946.59	14574.81	11653.20
(b) Operation and other expenses	26	6734.73	5236.05	12612.43	10074.26
(c) Finance costs	27	12.67	15.11	19.42	21.66
(d) Depreciation and amortisation expense	12	327.87	265.58	625.02	512.62
<b>TOTAL EXPENSES</b>		<b>14684.83</b>	<b>11463.33</b>	<b>27831.68</b>	<b>22261.74</b>
<b>IV. PROFIT BEFORE TAX</b>		<b>6266.70</b>	<b>4485.75</b>	<b>11365.41</b>	<b>8742.31</b>
V. Tax expense:					
(a) Current tax	28	1824.15	1216.93	3049.01	2210.63
(b) Deferred tax		(87.75)	6.07	(66.40)	28.08
(c) Fringe benefit tax		0.03	0.03	0.08	0.14
(d) MAT credit entitlement	28	(141.78)	(206.96)	(162.19)	(323.89)
		<b>1594.65</b>	<b>1016.07</b>	<b>2820.50</b>	<b>1914.96</b>
<b>VI. PROFIT FOR THE PERIOD BEFORE MINORITY INTEREST</b>		<b>4672.05</b>	<b>3469.68</b>	<b>8544.91</b>	<b>6827.35</b>
VII. Minority interest		38.72	35.31	72.08	75.30
<b>VIII. PROFIT FOR THE PERIOD</b>		<b>4633.33</b>	<b>3434.37</b>	<b>8472.83</b>	<b>6752.05</b>
IX. Earnings per equity share :- Basic and diluted (₹)		23.63	17.51	43.20	34.43
Weighted average number of equity shares (face value of ₹ 1 each)		195,87,27,979	195,72,20,996	195,87,27,979	195,72,20,996

**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**  
Partner

**N. Chandrasekaran**  
CEO and Managing Director

**Rajesh Gopinathan**  
Chief Financial Officer

**Suprakash Mukhopadhyay**  
Company Secretary

Mumbai, October 15, 2013

Mumbai, October 15, 2013

**TATA CONSULTANCY SERVICES LIMITED**  
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(₹ crores)

	Note	For the six months ended September 30, 2013	For the six months ended September 30, 2012
<b>I NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>5488.23</b>	<b>4964.96</b>
<b>II CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(1489.22)	(1083.95)
Proceeds from sale of fixed assets		9.14	4.93
Acquisition of subsidiaries net of cash of ₹ 53.80 crores (September 30, 2012: 1.30 crores)		(450.22)	(162.62)
Purchase of mutual funds and other investments		(29824.42)	(12224.59)
Redemption of mutual funds and sale of other investments		27815.30	11806.05
Inter-corporate deposits placed		(260.01)	(1518.62)
Inter-corporate deposits matured		293.40	498.75
Fixed deposit placed with banks having original maturity over three months		(3003.72)	(1345.72)
Fixed deposit with banks matured having original maturity over three months		4518.17	2784.97
Dividends received		3.98	3.74
Interest received		618.52	466.23
<b>Net cash used in investing activities</b>		<b>(1769.08)</b>	<b>(770.83)</b>
<b>III CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term borrowings		(0.47)	(0.47)
Short-term borrowings (net)		(62.99)	169.35
Proceeds from other borrowings		117.67	-
Repayment of other borrowings		(140.02)	-
Dividend paid, including dividend tax		(3913.08)	(4338.61)
Dividend paid to minority including dividend tax		(39.96)	(33.74)
Repayment of inter-corporate deposits		-	(18.00)
Interest paid		(19.82)	(21.38)
<b>Net cash used in financing activities</b>		<b>(4058.67)</b>	<b>(4242.85)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(339.52)</b>	<b>(48.72)</b>
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		244.05	61.10
<b>Cash and cash equivalents at the end of the period</b>	20	<b>1745.89</b>	<b>2005.87</b>
Earmarked balances with banks		18.55	13.80
Short-term bank deposits		3588.41	5017.85
<b>Cash and Bank balances at the end of the period</b>	20	<b>5352.85</b>	<b>7037.52</b>

**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**  
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Chief Financial Officer

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Company Secretary

Mumbai, October 15, 2013

Mumbai, October 15, 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 September 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.

**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 September 30, 2013	As at March 31, 2013
<b>Authorised</b>		
(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
<b>Issued, Subscribed and Fully Paid-up</b>		
(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
<b>Equity shares pending allotment*</b> 15,06,983 equity shares of ₹ 1 each	0.15	-
	295.87	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.

\* These equity shares are to be issued to the shareholders of TCS e-Serve Limited in terms of the composite scheme of arrangement (the "Scheme") sanctioned by the High Court of Judicature at Bombay vide their Order dated September 6, 2013.

**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 September 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		
(i) opening Balance	1918.47	1918.47
(ii) Transferred on amalgamation*	0.40	-
	1918.87	1918.47
(d) Foreign currency translation reserve		
(i) Opening balance	972.11	779.42
(ii) Additions during the period (net)	827.35	192.69
	1799.46	972.11
(e) Hedging reserve (Refer note 34)		
(i) Opening balance	46.11	(133.09)
(ii) (Deductions)/additions during the period (net)	(185.13)	179.20
	(139.02)	46.11
(f) General reserve		
(i) Opening balance	5841.80	4533.27
(ii) Adjustment on amalgamation*	(1986.28)	(44.26)
(iii) Transferred from surplus in statement of profit and loss	1.12	1352.79
	3856.64	5841.80
(g) Statutory reserve		
(i) Opening balance	16.65	-
(ii) Transferred from surplus in statement of profit and loss	0.18	16.65
	16.83	16.65
(h) Surplus in statement of profit and loss		
(i) Opening balance	29529.97	22160.54
(ii) Add : Profit for the period	8472.83	13917.31
(iii) Transferred on amalgamation	-	(126.22)
	38002.80	35951.63
(v) Less : Appropriations		
(a) Interim dividends on equity shares	1566.38	1761.49
(b) Proposed final dividend on equity shares	-	2544.39
(c) Dividend on redeemable preference shares	-	19.00
(d) Tax on dividend	118.30	727.34
(e) Capital Redemption Reserve	54.32	-
(f) General reserve	1.12	1352.79
(g) Statutory reserve	0.18	16.65
	36262.50	29529.97
	43794.50	38350.01

\* Refer note no. 31

The Board of Directors declared an interim dividend of ₹ 4 per equity share in the meeting held on October 15, 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 September 30, 2013	As at March 31, 2013
(a) Secured loans		
Long-term maturities of finance lease obligations	127.99	129.46
(b) Unsecured loans		
Other borrowings (from entities other than banks)	1.05	1.52
	129.04	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 September 30, 2013	As at March 31, 2013
<b>(a) Deferred tax liabilities (net)</b>		
(i) Foreign branch profit tax	168.83	160.27
(ii) Depreciation and amortisation	7.95	8.96
(iii) Employee benefits	(2.73)	(0.77)
(iv) Provision for doubtful receivables, loans and advances	(0.05)	(0.05)
(v) Others	77.84	67.07
	251.84	235.48
<b>(b) Deferred tax assets (net)</b>		
(i) Depreciation and amortisation	(44.02)	(58.69)
(ii) Employee benefits	197.56	174.11
(iii) Operating lease liabilities	69.43	63.90
(iv) Provision for doubtful receivables, loans and advances	89.35	76.13
(v) Others	92.91	54.77
	405.23	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 September 30, 2013	As at March 31, 2013
(a) Capital creditors	73.70	54.34
(b) Operating lease liabilities	275.10	250.01
(c) Other liabilities	349.17	142.39
	697.97	446.74

**8) LONG-TERM PROVISIONS**

Long-term provisions consist of the following:

	(₹ crores)	
	As at September 30, 2013	As at March 31, 2013
Provision for employee benefits	270.97	348.92
	270.97	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 September 30, 2013	As at March 31, 2013
(a) Secured loans		
Loans repayable on demand from banks	0.26	80.02
From other parties	23.66	-
(b) Unsecured loans		
Loans repayable on demand from banks	33.41	-
	57.33	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 September 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	32.93	20.03
(c) Interest accrued but not due on borrowings	0.30	0.69
(d) Income received in advance	996.47	966.26
(e) Unpaid dividends	13.44	11.37
(f) Advance received from customers	103.67	98.00
(g) Operating lease liabilities	41.08	28.12
(h) Other payables	2649.91	1955.81
	<b>3839.04</b>	<b>3081.52</b>

Other payables include :

Fair values of foreign exchange forward and currency option contracts secured against trade receivables	445.99	72.10
Statutory liabilities	1122.89	866.97
Capital creditors	259.15	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 September 30, 2013	As at March 31, 2013
(a) Provision for employee benefits	1007.41	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	783.49	-
(iv) Tax on dividend	-	455.65
(v) Current income taxes (net)	1038.75	410.20
	<b>2829.65</b>	<b>4233.46</b>

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 September 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 September 30, 2013	Net book value as at September 30, 2013	Net book value as at March 31, 2013
<b>(i) Tangible assets</b>												
Freehold land	343.59	0.13	-	2.71	346.43	-	-	-	-	-	346.43	343.59
Leasehold land	201.07	15.51	-	-	216.58	(13.30)	(1.45)	-	-	(14.75)	201.83	187.77
Freehold buildings	2889.61	375.93	(0.08)	8.64	3274.10	(469.53)	(62.50)	0.05	(1.17)	(533.15)	2740.95	2420.08
Factory buildings	2.77	-	-	-	2.77	(1.23)	(0.10)	-	-	(1.33)	1.44	1.54
Leasehold buildings	14.59	0.03	-	-	14.62	(11.44)	(0.68)	-	-	(12.12)	2.50	3.15
Leasehold Improvements	1052.17	91.34	(9.38)	29.67	1163.80	(544.99)	(60.10)	9.15	(13.72)	(609.66)	554.14	507.18
Plant and machinery	10.67	-	-	-	10.67	(10.60)	(0.03)	-	-	(10.63)	0.04	0.07
Computer equipment	3547.79	320.32	(98.84)	66.05	3835.32	(2411.87)	(258.91)	94.66	(34.90)	(2611.02)	1224.30	1135.92
Vehicles	26.79	0.82	(1.31)	0.16	26.46	(16.36)	(1.47)	1.11	(0.14)	(16.86)	9.60	10.43
Office equipment*	1248.20	122.85	(16.96)	12.24	1366.33	(545.32)	(63.02)	22.07	(5.07)	(591.34)	774.99	702.88
Electrical installations*	900.06	93.87	(15.29)	9.27	987.91	(407.83)	(46.05)	19.05	(6.19)	(441.02)	546.89	492.23
Furniture and fixtures	759.03	139.79	(5.73)	21.33	914.42	(572.16)	(98.27)	5.22	(10.13)	(675.34)	239.08	186.87
<b>Total</b>	<b>10996.34</b>	<b>1160.59</b>	<b>(147.59)</b>	<b>150.07</b>	<b>12159.41</b>	<b>(5004.63)</b>	<b>(592.58)</b>	<b>151.31</b>	<b>(71.32)</b>	<b>(5517.22)</b>	<b>6642.19</b>	<b>5991.71</b>
Previous year	8843.95	2255.83	(139.94)	36.50	10996.34	(4023.22)	(1016.26)	53.61	(18.76)	(5004.63)	5991.71	
<b>(ii) Intangible assets</b>												
Goodwill on acquisition	270.10	-	-	61.17	331.27	(158.01)	(12.69)	-	(36.93)	(207.63)	123.64	112.09
Acquired contract rights	208.12	-	-	47.14	255.26	(121.78)	(9.78)	-	(28.46)	(160.02)	95.24	86.34
Intellectual property / distribution rights	12.93	0.58	-	-	13.51	(11.82)	(0.28)	-	-	(12.10)	1.41	1.11
Software licenses	72.29	5.93	(61.45)	0.52	17.29	(61.02)	(1.58)	52.69	(0.10)	(10.01)	7.28	11.27
Rights under licensing agreement	63.21	3.02	58.28	-	124.51	(19.22)	(8.11)	(49.31)	-	(76.64)	47.87	43.99
<b>Total</b>	<b>626.65</b>	<b>9.53</b>	<b>(3.17)</b>	<b>108.83</b>	<b>741.84</b>	<b>(371.85)</b>	<b>(32.44)</b>	<b>3.38</b>	<b>(65.49)</b>	<b>(466.40)</b>	<b>275.44</b>	<b>254.80</b>
Previous year	603.88	19.03	(1.00)	4.74	626.65	(306.01)	(63.66)	(1.98)	(0.20)	(371.85)	254.80	
<b>(iii) Capital work-in-progress</b>											<b>2304.23</b>	<b>1895.36</b>
<b>Grand Total</b>	<b>11622.99</b>	<b>1170.12</b>	<b>(150.76)</b>	<b>258.90</b>	<b>12901.25</b>	<b>(5376.48)</b>	<b>(625.02)</b>	<b>154.69</b>	<b>(136.81)</b>	<b>(5983.62)</b>	<b>9221.86</b>	<b>8141.87</b>

(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 ₹ 10.19 crores (March 31, 2013: ₹ 10.73 crores) are pending completion.

(iii) Net book value of computer equipment of ₹ 64.93 crores (March 31, 2013: ₹ 64.53 crores) and lease hold improvements of ₹ 72.35 crores (March 31, 2013: ₹ 77.60 crores) are under finance lease.

(iv) Additions include ₹ 10.94 crores being value of fixed assets acquired on acquisition of Altis S.A.

(v) Deletions/adjustments include ₹ 10.89 crores arising on realignment of depreciation policies of TCS e-Serve Limited and TCS e-Serve international Limited's SEZ undertaking consequent to the amalgamation with the Company, primarily including adjustment to office equipment for ₹ 6.46 crore and electrical installations ₹ 6.22 crores.

**TATA CONSULTANCY SERVICES LIMITED**  
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**13) NON-CURRENT INVESTMENTS**

Non-current investments consist of the following:

	(₹ crores)	
	As at September 30, 2013	As at March 31, 2013
<b>(a) TRADE INVESTMENTS (at cost)</b>		
<b>Fully paid equity shares (unquoted)</b>		
National Power Exchange Limited	1.40	1.40
Philippine Dealing System Holdings Corporation	5.63	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**	-	-
<b>Fully paid preference shares (unquoted)</b>		
RuralShore Business Services Pvt. Ltd.	25.00	-
<b>(b) OTHER INVESTMENTS</b>		
Debentures and bonds (unquoted)*	2801.22	910.22
Government securities (unquoted)	24.65	24.65
Mutual funds and other funds (unquoted)	5.94	5.26
	2885.84	968.42
Less: Provision for diminution in value of investments	(0.12)	(0.12)
	2885.72	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 September 30, 2013	As at March 31, 2013
(a) Secured, considered good		
Loans and advances to employees	0.18	0.20
(b) Unsecured, considered good		
(i) Capital advances	443.65	491.79
(ii) Security deposits	634.16	541.34
(iii) Loans and advances to employees	7.10	7.91
(iv) Loans and advances to related parties	248.13	48.13
(v) Advance tax (including refunds receivable) (net)	2229.45	1934.81
(vi) MAT credit entitlement	2002.46	1840.27
(vii) Other loans and advances	423.92	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>5989.05</u>	<u>5312.88</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
Tata Capital Financial Services Limited	200.00	-
Other loans and advances considered good include:		
Indirect tax recoverable	45.56	54.80
Prepaid expenses	346.35	358.04

**15) OTHER NON-CURRENT ASSETS**

Other non-current assets consist of the following:

	(₹ crores)	
	As at September 30, 2013	As at March 31, 2013
(a) Interest receivable	114.20	37.51
(b) Other non-current assets	2290.76	2417.13
	<u>2404.96</u>	<u>2454.64</u>
Other non current assets include long-term bank deposits	2289.22	2411.88



**16) CURRENT INVESTMENTS**

Current investments consist of the following:

	(₹ crores)	
	As at September 30, 2013	As at March 31, 2013
(a) Fully paid equity shares (quoted)	-	0.01
(b) Investment in mutual funds (unquoted)	503.47	586.93
(c) Investment in bonds (quoted)	7.12	6.96
(d) Investment in debentures and bonds (unquoted)*	468.68	335.14
	979.27	929.04
(i) Market value of quoted investments	7.76	7.78
(ii) Book value of quoted investments	7.12	6.97
(iii) Book value of unquoted investments	972.15	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 September 30, 2013	As at March 31, 2013
(a) Raw materials, sub-assemblies and components	11.98	6.65
(b) Finished goods and Work-in-progress	9.34	11.87
(c) Stores and spares	1.90	2.46
(d) Goods-in-transit	2.48	0.17
	25.70	21.15

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

**18) UNBILLED REVENUE**

Unbilled revenue as at September 30, 2013, amounting to ₹ 4399.13 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 September 30, 2013	As at March 31, 2013
(a) Over six months from the date they were due for payment		
(i) Considered good	1617.21	1427.80
(ii) Considered doubtful	254.29	189.84
(b) Others		
(i) Considered good	15624.79	12667.78
(ii) Considered doubtful	2.20	0.40
	17498.49	14285.82
Less: Provision for doubtful receivables	(256.49)	(190.24)
	17242.00	14095.58

**20) CASH AND BANK BALANCES**

Cash and bank balances consist of the following:

	(₹ crores)	
	As at September 30, 2013	As at March 31, 2013
(a) Cash and cash equivalents		
(i) Balances with banks		
In current accounts	1088.08	1129.60
In cash credit accounts	17.18	49.95
In deposit accounts with original maturity less than 3 months	605.83	624.41
(ii) Cheques on hand	22.62	17.88
(iii) Cash on hand	2.01	1.98
(iv) Remittances in transit	10.17	17.54
	1745.89	1841.36
(b) Other bank balances		
(i) Earmarked balances with banks	18.55	16.34
(ii) Short-term bank deposits	3588.41	4911.46
	5352.85	6769.16

Balances with banks in current accounts do not include fourteen bank accounts having a balance of ₹ 28.45 crores (March 31, 2013: ₹ 1.35 crores) operated by the Company on behalf of a third party.

**21) SHORT-TERM LOANS AND ADVANCES**

Short-term loans and advances consist of the following:

	(₹ crores)	
	As at September 30, 2013	As at March 31, 2013
(a) Secured, considered good		
Loans and advances to employees	0.48	1.18
(b) Unsecured, considered good		
(i) Loans and advances to employees	263.99	202.82
(ii) Loans and advances to related parties	114.38	50.05
(iii) Advance tax (including refunds receivable) (net)	5.57	4.90
(iv) MAT credit entitlement	4.43	4.43
(v) Other loans and advances	5295.26	5379.88
(c) Unsecured, considered doubtful		
(i) Loans and advances to employees	39.93	38.20
(ii) Other loans and advances	11.81	11.63
Less : Provision for doubtful loans and advances	(51.74)	(49.83)
	5684.11	5643.26
Loans and advances to related parties pertain to:		
Tata Realty And Infrastructure Limited	50.00	50.00
Tata Teleservices Limited	0.05	0.04
Tata AIG General Insurance Company Limited	9.31	-
Tata Housing Development Company Limited	55.00	-
Tata Teleservices (Maharashtra) Limited	0.02	0.01
Other loans and advances considered good include:		
Fair values of foreign exchange forward and currency option contracts	63.56	187.78
Security deposits	59.96	114.54
Inter-corporate deposits	3346.37	3634.77
Prepaid expenses	1229.97	952.51

**22) OTHER CURRENT ASSETS**

Other current assets consist of the following:

	(₹ crores)	
	As at September 30, 2013	As at March 31, 2013
(a) Future finance lease receivables	0.27	0.96
Less: Unearned finance income	(0.01)	(0.03)
	0.26	0.93
(b) Interest receivable	697.72	765.89
(c) Other current assets	158.95	32.42
	856.93	799.24

**TATA CONSULTANCY SERVICES LIMITED**  
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**23) REVENUE FROM OPERATIONS**

Revenue from operations consist of revenues from:

	(₹ crores)			
	For the quarter ended September 30,		For the six months ended September 30,	
	2013	2012	2013	2012
(a) Information technology and consultancy services	20533.23	15188.05	38085.01	29709.42
(b) Sale of equipment and software licences	444.43	432.84	880.40	780.26
Less : Excise duty	(0.42)	(0.14)	(1.10)	(0.22)
	<u>20977.24</u>	<u>15620.75</u>	<u>38964.31</u>	<u>30489.46</u>

**24) OTHER INCOME (NET)**

Other income (net) consist of the following:

	(₹ crores)			
	For the quarter ended September 30,		For the six months ended September 30,	
	2013	2012	2013	2012
(a) Interest income	300.37	218.23	627.10	479.66
(b) Dividend income	1.85	1.29	3.98	3.74
(c) Profit on redemption of mutual funds and sale of other current investments (net)	9.80	5.94	29.32	16.75
(d) Rent	4.58	4.17	8.44	7.65
(e) Gain/(loss) on sale of fixed assets (net)	0.70	(0.20)	2.18	(0.40)
(f) Exchange (loss)/gain (net)	(377.34)	92.15	(481.75)	(1.60)
(g) Miscellaneous income	34.33	6.75	43.51	8.79
	<u>(25.71)</u>	<u>328.33</u>	<u>232.78</u>	<u>514.59</u>

Dividend income pertains to:

Dividend from current investments (mutual funds)	1.85	1.29	3.98	3.34
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 34)	(558.89)	(0.52)	(756.01)	(219.06)
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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 September 30,		For the six months ended September 30,	
	2013	2012	2013	2012
(a) Salaries and incentives	6675.45	5239.03	12805.50	10266.99
(b) Contributions to -				
(i) Provident fund and pension fund	143.49	125.17	286.41	245.69
(ii) Superannuation scheme	53.62	47.57	103.11	90.93
(iii) Gratuity fund	48.20	36.59	98.09	75.77
(iv) Social security and other plans for overseas employees	257.77	156.98	471.90	315.33
(c) Staff welfare expenses	431.03	341.25	809.80	658.49
	7609.56	5946.59	14574.81	11653.20

**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 September 30,		For the six months ended September 30,	
	2013	2012	2013	2012
(a) Overseas business expenses	2913.18	2182.62	5411.40	4245.57
(b) Services rendered by business associates and others	1301.18	940.63	2363.44	1768.12
(c) Software, hardware and material costs	779.50	681.44	1540.99	1228.89
(d) Communication expenses	218.23	205.03	433.00	392.04
(e) Travelling and conveyance expenses	259.94	195.72	485.35	395.06
(f) Rent	344.83	278.76	673.03	547.40
(g) Legal and professional fees	144.01	126.03	284.59	276.94
(h) Repairs and maintenance	134.65	94.25	243.87	192.48
(i) Electricity expenses	132.49	121.50	269.34	239.25
(j) Bad debts written-off	3.22	3.40	4.93	16.41
(k) Advances written back (net)	-	-	(0.68)	(0.02)
(l) Provision for doubtful receivables (net)	25.47	7.47	44.41	12.98
(m) Provision for doubtful advances	1.53	0.93	2.12	2.71
(n) Recruitment and training expenses	83.59	68.93	142.86	131.80
(o) Diminution in value of investments (net)	-	(0.22)	-	(0.22)
(p) Commission and brokerage	18.08	15.32	30.75	29.48
(q) Printing and stationery	21.55	17.94	39.76	37.19
(r) Insurance	15.09	12.76	28.80	21.48
(s) Rates and taxes	14.51	31.27	40.49	59.22
(t) Entertainment	13.80	14.33	25.64	25.36
(u) Other expenses	309.88	237.94	548.34	452.12
	<u>6734.73</u>	<u>5236.05</u>	<u>12612.43</u>	<u>10074.26</u>

(i) Overseas business expenses includes:

Travel expenses	237.45	213.95	468.44	413.09
Employee allowances	2675.27	1967.93	4942.12	3831.18

(ii) Repairs and maintenance includes:

Buildings	66.65	46.61	121.28	90.35
Office and computer equipment	65.12	46.86	119.52	100.42

**27) FINANCE COSTS**

Finance costs consist of the following:

	(₹ crores)			
	For the quarter ended September 30,		For the six months ended September 30,	
	2013	2012	2013	2012
Interest expense	12.67	15.11	19.42	21.66
	<u>12.67</u>	<u>15.11</u>	<u>19.42</u>	<u>21.66</u>

**28)** Current tax for the quarter ended and six months period ended September 30, 2013 is adjusted for the effect of additional provision (net) of ₹ 38.98 crores (September 30, 2012: write back of provision (net) ₹ 1.98 crores) and ₹ 111.31 crores (September 30, 2012: additional provision (net) of ₹ 10.15 crores) respectively, in domestic and certain overseas jurisdictions relating to earlier years. The impact of reduction in MAT entitlement of earlier period is ₹ 75.55 crores (September 30, 2012: ₹ Nil).

## 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 September 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 September 30, 2013.

### 31) Amalgamation of TCS e-Serve Limited and demerger of TCS e-Serve International Limited SEZ undertaking to the Company

In September 2013, TCS e-Serve Limited, a subsidiary, amalgamated with the Company in accordance with the terms of the Scheme of Arrangement sanctioned by the High Court of judicature at Bombay. As a result of the amalgamation, adjustments to goodwill on consolidation and minority interest have been recorded in general reserve. The Scheme of Arrangement also included the transfer of SEZ units from TCS e-Serve international Limited to the Company effective April 1, 2013.

### 32) 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.

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

Quarter ended September 30, 2013

(₹ crores)

Particulars	Business Segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Revenue	<b>9044.10</b>	<b>1756.47</b>	<b>2925.33</b>	<b>2416.32</b>	<b>4835.02</b>	<b>20977.24</b>
	6686.58	1286.57	2091.59	1946.12	3609.89	15620.75
Segment result	<b>3002.98</b>	<b>502.91</b>	<b>1018.34</b>	<b>698.86</b>	<b>1378.27</b>	<b>6601.36</b>
	1955.28	338.34	651.37	478.07	978.42	4401.48
Unallocable expenses (net)						<b>308.95</b>
						244.06
Operating income						<b>6292.41</b>
						4157.42
Other income (net)						<b>(25.71)</b>
						328.33
Profit before taxes						<b>6266.70</b>
						4485.75
Tax expense						<b>1594.65</b>
						1016.07
Profit before Minority Interest						<b>4672.05</b>
						3469.68
Minority Interest						<b>38.72</b>
						35.31
Net profit for the period						<b>4633.33</b>
						3434.37

Six months period ended September 30, 2013

(₹ crores)

Particulars	Business segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Revenue	<b>16772.08</b>	<b>3276.31</b>	<b>5459.52</b>	<b>4518.75</b>	<b>8937.65</b>	<b>38964.31</b>
	13075.82	2461.26	4045.45	3799.03	7107.90	30489.46
Segment result	<b>5352.80</b>	<b>934.92</b>	<b>1744.04</b>	<b>1219.27</b>	<b>2465.30</b>	<b>11716.33</b>
	3808.77	634.77	1260.04	987.70	2000.15	8691.43
Unallocable expenses (net)						<b>583.70</b>
						463.71
Operating income						<b>11132.63</b>
						8227.72
Other income (net)						<b>232.78</b>
						514.59
Profit before tax						<b>11365.41</b>
						8742.31
Tax expense						<b>2820.50</b>
						1914.96
Profit before minority interest						<b>8544.91</b>
						6827.35
Minority interest						<b>72.08</b>
						75.30
Profit for the period						<b>8472.83</b>
						6752.05



**TATA CONSULTANCY SERVICES LIMITED**

Notes forming part of the Condensed Consolidated Financial Statements

**As at September 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	<b>9831.65</b>	<b>2029.17</b>	<b>2692.34</b>	<b>3094.15</b>	<b>8382.80</b>	<b>26030.11</b>
	<i>10627.69</i>	<i>1351.60</i>	<i>1898.05</i>	<i>2534.79</i>	<i>6717.74</i>	<i>23129.87</i>
Unallocable assets						<b>31751.07</b>
						<i>22234.35</i>
Total assets						<b>57781.18</b>
						<i>45364.22</i>
Segment liabilities	<b>1365.65</b>	<b>174.68</b>	<b>117.44</b>	<b>181.40</b>	<b>1070.80</b>	<b>2909.97</b>
	<i>1023.55</i>	<i>95.64</i>	<i>77.51</i>	<i>181.67</i>	<i>831.76</i>	<i>2210.13</i>
Unallocable liabilities						<b>10150.88</b>
						<i>7361.39</i>
Total liabilities						<b>13060.85</b>
						<i>9571.52</i>

Figures in Italics represent data for the period ended / as at September 30, 2012.

**33) Contingent liabilities**

(₹ crores)

Particulars	As at September 30, 2013	As at March 31, 2013
Claims against the Group not acknowledged as debt	113.44	120.17
Income tax demands (See note (a) below)	2756.01	2763.54
Indirect tax demands	144.84	200.15
Guarantees given by the Group (See note (b) below)	483.05	493.86
Other contingencies	0.46	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, which has been amalgamated with the Company w.e.f. April 1, 2013.
- The Group has provided guarantees aggregating ₹ 483.05 crores (GBP 47.85 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

**34) 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 September 30, 2013:

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

	September 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	-	-	-	8	2.78	(2.43)

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

	September 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	25	1092.00	(126.32)	56	1150.00	(0.62)
Sterling Pound	18	159.00	(87.76)	12	123.00	62.59
Euro	12	105.00	(28.14)	15	102.00	15.66

Net loss on derivative instruments of ₹ 147.50 crores recognised in Hedging Reserve as of September 30, 2013, is expected to be reclassified to the statement of profit and loss by September 30, 2014.

The movement in Hedging Reserve during the six month period ended September 30, 2013 and year ended March 31, 2013, for derivatives designated as Cash Flow Hedges is as follows:

	(₹ crores)	
	Period ended September 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 cash flow hedges	(717.66)	103.01
(Gain)/Losses transferred to statement of profit and loss on occurrence of forecasted hedge transactions	532.90	79.99
Amount transferred from minority interest during the period	(0.37)	(3.80)
Balance at the end of the period	<u>(139.02)</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 ₹ 14195.31 crores (March 31, 2013: ₹ 10665.98 crores) whose fair value showed a loss of ₹ 140.21 crores as at September 30, 2013 (March 31, 2013 : gain of ₹ 51.94 crores).

Exchange loss of ₹ 402.17 crores (September 30, 2012 : exchange gain of ₹ 447.15 crores) and loss of ₹ 884.73 crores (September 30, 2012 : exchange gain of ₹ 91.51 crores) on foreign exchange forward and currency option contracts for the quarter ended and six months period ended September 30, 2013, have been recognised in the statement of profit and loss, respectively.

**TATA CONSULTANCY SERVICES LIMITED**

Notes forming part of the Condensed Consolidated Financial Statements

- 35)** Increase in payables and finance lease obligation in respect of purchase of fixed assets amounting to ₹ 29.48 crores for the period ended September 30, 2013 (increase in September 30, 2012: ₹ 73.68 crores) have been considered as non-cash transactions in the cash flow statement.
- 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.