

**TATA CONSULTANCY SERVICES LIMITED**  
**CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2013**

(₹ crores)

	Note	As at December 31, 2013	As at March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
(a) Share capital	3	295.87	295.72
(b) Reserves and surplus	4	43782.69	32266.53
		44078.56	32562.25
<b>Non - current liabilities</b>			
(a) Long - term borrowings	5	79.79	83.10
(b) Deferred tax liabilities (net)	6(a)	224.94	168.49
(c) Other long - term liabilities	7	651.32	251.87
(d) Long - term provisions	8	206.97	269.52
		1163.02	772.98
<b>Current liabilities</b>			
(a) Short - term borrowings	9	-	80.02
(b) Trade payables		3871.28	3349.94
(c) Other current liabilities	10	2505.23	2172.71
(d) Short - term provisions	11	2053.01	3896.14
		8429.52	9498.81
<b>TOTAL</b>		<b>53671.10</b>	<b>42834.04</b>
<b>II. ASSETS</b>			
<b>Non - current assets</b>			
(a) Fixed assets	12		
(i) Tangible assets		5707.70	5059.48
(ii) Intangible assets		45.57	44.80
(iii) Capital work-in-progress		2491.20	1763.85
		8244.47	6868.13
(b) Non - current investments	13	5550.67	5975.73
(c) Deferred tax assets (net)	6(b)	255.37	148.23
(d) Long - term loans and advances	14	6781.46	4630.21
(e) Other non - current assets	15	1142.08	1881.20
		21974.05	19503.50
<b>Current assets</b>			
(a) Current investments	16	5061.71	348.65
(b) Inventories	17	12.95	6.34
(c) Unbilled revenues	18	2931.71	2303.35
(d) Trade receivables	19	14650.07	11202.32
(e) Cash and bank balances	20	4542.48	4054.16
(f) Short - term loans and advances	21	3294.19	4733.38
(g) Other current assets	22	1203.94	682.34
		31697.05	23330.54
<b>TOTAL</b>		<b>53671.10</b>	<b>42834.04</b>
<b>III. NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS</b>			
	1-33		

*As per our report attached*

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

*For and on behalf of the Board*

**P. R. Ramesh**  
Partner

**N. Chandrasekaran**  
CEO and Managing Director

**Rajesh Gopinathan**  
Chief Financial Officer

**Suprakash Mukhopadhyay**  
Company Secretary

Mumbai, January 16, 2014

Mumbai, January 16, 2014

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

(₹ crores)

	Note	For the quarter ended December 31, 2013	For the quarter ended December 31, 2012	For the nine months ended December 31, 2013	For the nine months ended December 31, 2012
I. Revenue from operations	23	16692.65	12391.32	47779.02	35776.75
II. Other income (net)	24	653.13	456.93	2428.82	1776.83
<b>TOTAL REVENUE</b>		<b>17345.78</b>	<b>12848.25</b>	<b>50207.84</b>	<b>37553.58</b>
<b>III. Expenses:</b>					
(a) Employee benefit expenses	25	5430.93	4384.31	16112.52	12633.20
(b) Operation and other expenses	26	5482.53	4321.63	15697.82	12402.33
(c) Finance costs	27	4.00	3.86	18.86	21.41
(d) Depreciation and amortisation expenses	12	280.36	206.82	783.34	588.23
<b>TOTAL EXPENSES</b>		<b>11197.82</b>	<b>8916.62</b>	<b>32612.54</b>	<b>25645.17</b>
<b>IV. PROFIT BEFORE TAX</b>		<b>6147.96</b>	<b>3931.63</b>	<b>17595.30</b>	<b>11908.41</b>
<b>V. Tax expense:</b>					
(a) Current tax	28	1259.38	760.64	3838.31	2464.14
(b) Deferred tax		39.20	0.51	(5.90)	34.39
(c) MAT credit entitlement		72.62	(55.78)	(83.51)	(361.65)
		1371.20	705.37	3748.90	2136.88
<b>VI. PROFIT FOR THE PERIOD</b>		<b>4776.76</b>	<b>3226.26</b>	<b>13846.40</b>	<b>9771.53</b>
<b>VII. Earnings per equity share: - Basic and diluted ( ₹ )</b>		24.36	16.45	70.61	49.83
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
<b>VIII. NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS</b>	1-33				

*As per our report attached*

*For Deloitte Haskins & Sells LLP  
Chartered Accountants*

*For and on behalf of the Board*

**P. R. Ramesh**  
*Partner*

**N. Chandrasekaran**  
*CEO and Managing Director*

**Rajesh Gopinathan**  
*Chief Financial Officer*

**Suprakash Mukhopadhyay**  
*Company Secretary*

*Mumbai, January 16, 2014*

*Mumbai, January 16, 2014*

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

	Note	For the nine months ended December 31, 2013	For the nine months ended December 31, 2012
(₹ crores)			
<b>I CASH FLOWS FROM OPERATING ACTIVITIES</b>		8759.89	6633.69
<b>II CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(1948.10)	(1570.52)
Proceeds from sale of fixed assets		4.72	1.68
Acquisition of subsidiary		-	(163.92)
Purchase of trade investments		(25.00)	(2.80)
Proceeds from sale / redemption of trade investments		51.86	5.00
Purchase of mutual funds and other investments		(60433.05)	(14172.48)
Sale of mutual funds and other investments		53795.72	13886.35
Advance towards investment		-	(13.90)
Loans repaid by subsidiaries		5.08	3.41
Inter-corporate deposits placed		(1470.00)	(3041.12)
Inter-corporate deposits refunded		2114.27	415.75
Fixed deposit placed with banks having original maturity over three months		(2471.00)	(1245.90)
Fixed deposit placed with banks matured having original maturity over three months		4204.68	2440.00
Dividends received from subsidiaries		1433.29	1107.93
Dividends received from other investments		0.25	1.24
Interest received		844.29	413.93
<b>Net cash used in investing activities</b>		<u>(3892.99)</u>	<u>(1935.35)</u>
<b>III CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term borrowings		-	(1.24)
Short term borrowings (net)		(81.27)	169.17
Dividend paid (including dividend tax and dividend paid to minority shareholders of TCS e-Serve Limited)		(4696.57)	(5020.76)
Interest paid		(18.89)	(19.70)
<b>Net cash used in financing activities</b>		<u>(4796.73)</u>	<u>(4872.53)</u>
<b>Net increase in cash and cash equivalents</b>		70.17	(174.19)
Cash and cash equivalents at beginning of the period		323.85	318.97
Add: Transferred consequent to amalgamation		2.57	3.39
Exchange difference on translation of foreign currency cash and cash equivalents		47.23	34.59
<b>Cash and cash equivalents at end of the period</b>		<u>443.82</u>	<u>182.76</u>
Earmarked balances with banks		39.11	11.27
Short - term bank deposits		4059.55	3648.13
<b>Cash and Bank balances at the end of the period</b>	20	<u><b>4542.48</b></u>	<u><b>3842.16</b></u>
<b>IV NOTES FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS</b>	1-33		

*As per our report attached*

*For **Deloitte Haskins & Sells LLP**  
Chartered Accountants*

*For and on behalf of the Board*

**P. R. Ramesh**  
Partner

**N. Chandrasekaran**  
CEO and Managing Director

**Rajesh Gopinathan**  
Chief Financial Officer

**Suprakash Mukhopadhyay**  
Company Secretary

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

**1) CORPORATE INFORMATION**

Tata Consultancy Services Limited (referred to as “TCS Limited” or the “Company”) provide consulting-led integrated portfolio of information technology (IT) and IT-enabled services delivered through a network of multiple locations around the globe. The Company’s full services portfolio consists of Application Development and Maintenance, Business Intelligence, Enterprise Solutions, Assurance, Engineering and Industrial Services, IT Infrastructure Services, Business Process Outsourcing, Consulting and Asset Leveraged Solutions.

As of December 31, 2013, Tata Sons owned 73.69% 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 64 subsidiaries across the globe.

**2) SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of preparation**

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

Comparative figures do not include the figures of erstwhile TCS E-Serve Limited and the discontinued operations of e-Serve International Limited which is amalgamated with the Company effective April 1, 2013. Consequently, the comparative figures are not comparable with the figures for the period ended December 31, 2012 and the year ended March 31, 2013.

**b) Use of estimates**

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the period. Example of such estimates include provisions 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 provisions for impairment.

**c) Fixed Assets**

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

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

**d) Depreciation / Amortisation**

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

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

## TATA CONSULTANCY SERVICES LIMITED

### Notes forming part of the Condensed Financial Statements

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

#### e) Leases

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

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

#### f) Impairment

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

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

#### g) Investments

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, comprising investments in mutual funds are stated at the lower of cost and fair value.

#### h) Employee benefits

##### (i) Post-employment benefit plans

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

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

**i) Revenue recognition**

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

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

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

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

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

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 as per the proportionate completion method with contract cost determining the degree of completion.

Revenues are reported net of discounts.

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

**j) Taxation**

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

Minimum Alternative Tax (MAT) paid in accordance 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 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 the asset will be realised.

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 taxes paid and income tax provisions arising in the same tax jurisdiction for relevant tax paying units and where the Company is able to and intends to settle the asset and liability on a net basis.

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

**k) Foreign currency transactions**

Income and expenses in foreign currencies are converted at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities other than net investments in non-integral foreign operations are translated at the exchange rate prevailing on the balance sheet date and exchange gains and 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.

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

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

**l) Derivative instruments and hedge accounting**

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

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

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

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

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

**m) Inventories**

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

**n) Provisions, Contingent Liabilities and Contingent Assets**

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

**o) Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amount 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 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 December 31, 2013	As at March 31, 2013
<b>Authorised</b>		
(i) 420,05,00,000 equity shares of ₹ 1 each (March 31, 2013 : 225,00,00,000 equity shares of ₹ 1 each)	420.05	225.00
(ii) 105,02,50,000 redeemable preference shares of ₹ 1 each (March 31, 2013 : 100,00,00,000 redeemable preference shares of ₹ 1 each)	105.03	100.00
	525.08	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
Issued during the period * (15,06,983 equity shares of ₹ 1 each)	0.15	-
	195.87	195.72
(ii) 100,00,00,000 redeemable preference shares of ₹ 1 each (March 31, 2013 : 100,00,00,000 redeemable preference shares of ₹ 1 each)	100.00	100.00
	295.87	295.72

The Authorised Share Capital was increased to 420,05,00,000 equity shares of ₹ 1 each and 105,02,50,000 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 and TCS e-Serve limited vide Order dated September 6, 2013 of the Hon'ble High Court of Judicature at Bombay.

144,34,51,698 equity shares (March 31, 2013 : 144,34,51,698 equity shares) and 100,00,00,000 redeemable preference shares (March 31, 2013 : 100,00,00,000 redeemable preference shares) are held by Tata Sons Limited, the holding company.

\* 15,06,983 equity shares issued to the shareholders of TCS e-Serve Limited in terms of the composite scheme of arrangement (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 Financial Statements

**4) RESERVES AND SURPLUS**

Reserves and surplus consist of the following reserves:

	(₹ crores)	
	As at December 31, 2013	As at March 31, 2013
(a) Securities premium reserve		
(i) Opening balance	1918.47	1918.47
(ii) Transferred on account of Amalgamation	0.40	-
	1918.87	1918.47
(b) Foreign currency translation reserve		
(i) Opening balance	174.61	152.46
(ii) Addition during the period (net)	59.83	22.15
	234.44	174.61
(c) Hedging reserve account (Refer Note 32)		
(i) Opening balance	55.49	(25.96)
(ii) Adjustment on amalgamation	(8.33)	-
(iii) Addition / deduction during the period (net)	(87.79)	81.45
	(40.63)	55.49
(d) General reserve		
(i) Opening balance	5515.11	4280.74
(ii) Adjustment on amalgamation	(2201.40)	(44.26)
(iii) Transferred from surplus in statement of profit and loss	-	1278.63
	3313.71	5515.11
(e) Surplus in statement of profit and loss		
(i) Opening balance	24602.85	18235.20
(ii) Add: Transferred on amalgamation	2375.22	(103.00)
(iii) Add : Profit for the period	13846.40	12786.34
	40824.47	30918.54
Less : Appropriations		
(a) Interim dividends on equity shares	2349.87	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	712.18
(e) General reserve	-	1278.63
	38356.30	24602.85
	43782.69	32266.53

The Board of Directors declared an interim dividend of ₹ 4 per equity share in the meeting held on January 16, 2014.

**5) LONG - TERM BORROWINGS**

Long - term borrowings consist of the following:

	(₹ crores)	
	As at December 31, 2013	As at March 31, 2013
(a) Secured loans		
Long term maturities of obligations under finance lease	78.74	81.58
(b) Unsecured loans		
Other borrowings (from entities other than banks)	1.05	1.52
	79.79	83.10
	79.79	83.10

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

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

**6) DEFERRED TAX BALANCES**

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

	(₹ crores)	
	As at December 31, 2013	As at March 31, 2013
<b>(a) Deferred tax liabilities (net)</b>		
(i) Foreign branch profit tax	218.96	160.27
(ii) Depreciation and amortisation	5.98	8.22
	<u>224.94</u>	<u>168.49</u>
<b>(b) Deferred tax assets (net)</b>		
(i) Depreciation and amortisation	(42.60)	(74.99)
(ii) Employee benefits	156.52	126.96
(iii) Provision for doubtful receivables, loans and advances	80.82	67.03
(iv) Operating lease liabilities	53.04	34.37
(v) Others	7.59	(5.14)
	<u>255.37</u>	<u>148.23</u>

**7) OTHER LONG - TERM LIABILITIES**

Other long - term liabilities consist of the following:

	(₹ crores)	
	As at December 31, 2013	As at March 31, 2013
(a) Capital creditors	67.44	54.34
(b) Operating lease liabilities	244.58	147.72
(c) Others	339.30	49.81
	<u>651.32</u>	<u>251.87</u>

**8) LONG - TERM PROVISIONS**

Long - term provisions consist of the following:

	(₹ crores)	
	As at December 31, 2013	As at March 31, 2013
Provision for employee benefits	206.97	269.52
	<u>206.97</u>	<u>269.52</u>

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

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

**9) SHORT – TERM BORROWINGS**

Short - term borrowings consist of the following:

	(₹ crores)	
	As at	As at
	December 31, 2013	March 31, 2013
(a) Secured Loans		
<u>From Banks</u>		
Overdraft	-	80.02
	-	80.02
	-	80.02

Bank Overdrafts are secured against book debts.

**10) OTHER CURRENT LIABILITIES**

Other current liabilities consist of the following:

	(₹ crores)	
	As at	As at
	December 31, 2013	March 31, 2013
(a) Current maturities of long-term debt	0.47	1.24
(b) Current maturities of finance lease obligations	8.67	7.58
(c) Interest accrued but not due on borrowings	0.02	0.05
(d) Income received in advance	790.32	683.59
(e) Unpaid dividends	13.42	9.81
(f) Advance received from customers	56.44	46.46
(g) Operating lease liabilities	27.18	14.54
(h) Other payables	1608.71	1409.44
	2505.23	2172.71
	2505.23	2172.71

Other payables comprises of :

Fair value of foreign exchange forward and currency option contracts secured against trade receivables	93.64	57.86
Statutory liabilities	629.73	498.96
Capital creditors	239.98	226.35
Class action suit settlement consideration	-	161.63
Others	645.36	464.64

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	As at
	December 31, 2013	March 31, 2013
(a) Provision for employee benefits	819.53	639.95
(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	-	435.65
(v) Current income taxes	449.99	257.15
	2053.01	3896.14
	2053.01	3896.14

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

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

**12) FIXED ASSETS**

Fixed assets consist of the following:

Description	Gross Block as at			Accumulated Depreciation / Amortisation as at			Accumulated Depreciation / Amortisation as at			Net book value as at	
	April 1, 2013	Additions	Deletions/ Adjustments	December 31, 2013	April 1, 2013	the period	December 31, 2013	December 31, 2013	March 31, 2013	(₹ crores)	
<b>(i) Tangible Assets</b>											
Freehold land	325.57	0.13	-	<b>325.70</b>	-	-	-	-	<b>325.70</b>	325.57	
Leasehold land	193.97	15.51	-	<b>209.48</b>	(12.58)	(2.14)	-	<b>(14.72)</b>	<b>194.76</b>	181.39	
Freehold buildings	2622.72	415.89	-	<b>3038.61</b>	(451.33)	(92.75)	-	<b>(544.08)</b>	<b>2494.53</b>	2171.39	
Factory buildings	2.77	-	-	<b>2.77</b>	(1.23)	(0.15)	-	<b>(1.38)</b>	<b>1.39</b>	1.54	
Leasehold buildings	9.81	-	-	<b>9.81</b>	(8.34)	(0.16)	0.02	<b>(8.48)</b>	<b>1.33</b>	1.47	
Leasehold improvement	769.50	175.88	(4.46)	<b>940.92</b>	(405.62)	(68.18)	(31.01)	<b>(504.81)</b>	<b>436.11</b>	363.88	
Plant and machinery	10.67	-	(0.38)	<b>10.29</b>	(10.60)	(0.04)	0.38	<b>(10.26)</b>	<b>0.03</b>	0.07	
Furniture and fixtures	540.15	180.97	(3.10)	<b>718.02</b>	(447.48)	(137.37)	(32.33)	<b>(617.18)</b>	<b>100.84</b>	92.67	
Vehicles	22.12	3.95	(1.55)	<b>24.52</b>	(13.13)	(2.02)	(0.33)	<b>(15.48)</b>	<b>9.04</b>	8.99	
Office equipment	1032.00	237.88	(10.86)	<b>1259.02</b>	(426.63)	(81.28)	(51.92)	<b>(559.83)</b>	<b>699.19</b>	605.37	
Computer equipment	2818.87	584.25	(96.99)	<b>3306.13</b>	(1966.49)	(323.10)	(91.77)	<b>(2381.36)</b>	<b>924.77</b>	852.38	
Electrical installations	759.37	160.57	(13.31)	<b>906.63</b>	(304.61)	(64.35)	(17.66)	<b>(386.62)</b>	<b>520.01</b>	454.76	
<b>Total</b>	<b>9107.52</b>	<b>1775.03</b>	<b>(130.65)</b>	<b>10751.90</b>	<b>(4048.04)</b>	<b>(771.54)</b>	<b>(224.62)</b>	<b>(5044.20)</b>	<b>5707.70</b>	5059.48	
Previous year	7210.39	1962.21	(65.08)	9107.52	(3198.23)	(795.51)	(54.30)	(4048.04)	5059.48		
<b>(ii) Intangible Assets</b>											
Intellectual property / distribution rights	12.63	0.58	-	<b>13.21</b>	(11.82)	(0.45)	-	<b>(12.27)</b>	<b>0.94</b>	0.81	
Rights under licensing agreement	63.21	60.96	0.34	<b>124.51</b>	(19.22)	(11.35)	(49.31)	<b>(79.88)</b>	<b>44.63</b>	43.99	
<b>Total</b>	<b>75.84</b>	<b>61.54</b>	<b>0.34</b>	<b>137.72</b>	<b>(31.04)</b>	<b>(11.80)</b>	<b>(49.31)</b>	<b>(92.15)</b>	<b>45.57</b>	44.80	
Previous year	71.63	4.21	-	75.84	(20.17)	(7.35)	(3.52)	(31.04)	44.80		
<b>(iii) Capital work-in-progress</b>									<b>2491.20</b>	1763.85	
<b>Grand Total</b>	<b>9183.36</b>	<b>1836.57</b>	<b>(130.31)</b>	<b>10889.62</b>	<b>(4079.08)</b>	<b>(783.34)</b>	<b>(273.93)</b>	<b>(5136.35)</b>	<b>8244.47</b>	6868.13	
Previous year	7282.02	1966.42	(65.08)	9183.36	(3218.40)	(802.86)	(57.82)	(4079.08)	5104.28		

- (a) Addition include Fixed Assets of ₹ 512.45 crores transferred on the amalgamation of TCS e-Serve Limited and TCS e-Serve International Limited (erstwhile subsidiaries of the Company), with the Company.
- (b) Deletion/Adjustments include ₹ 410.29 crores being the amount of Accumulated depreciation transferred on the amalgamation of TCS e-Serve Limited and TCS e-Serve International Limited (erstwhile subsidiaries of the Company), with the Company.
- (c) 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.
- (d) Legal formalities relating to conveyance of freehold building having net book value ₹ 10.00 crore (March 31, 2013 : ₹ 10.73 crores) are pending completion.

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

**13) NON - CURRENT INVESTMENTS**

Non - current investments consist of the following:

	(₹ crores)	
	As at December 31, 2013	As at March 31, 2013
<b>(A) TRADE INVESTMENTS (at cost)</b>		
<b>(i) <u>Subsidiary companies</u></b>		
<b>(a) Fully paid equity shares (quoted)</b>		
CMC Limited	379.89	379.89
<b>(b) Fully paid equity shares (unquoted)</b>		
TCS Iberoamerica S.A.	461.31	461.31
APOnline Limited	-	-
Tata Consultancy Services Belgium S.A.	1.06	1.06
Tata Consultancy Services Netherlands B.V.	402.87	402.87
Tata Consultancy Services Sverige AB	18.89	18.89
Tata Consultancy Services Deutschland GmbH	1.72	1.72
Tata America International Corporation	452.92	452.92
Tata Consultancy Services Asia Pacific Pte Ltd.	18.69	18.69
WTI Advanced Technology Limited	38.52	38.52
TCS FNS Pty Limited	211.72	211.72
Diligenta Limited	429.05	429.05
Tata Consultancy Services Canada Inc *	-	-
Tata Consultancy Services Canada Inc.	31.25	31.25
C-Edge Technologies Limited	5.10	5.10
MP Online Limited	0.89	0.89
Tata Consultancy Services Morocco SARL AU	8.17	8.17
Tata Consultancy Services (Africa) (PTY) Ltd.	4.92	4.92
TCS E-Serve Limited (Shares cancelled on amalgamation)	-	2426.20
MahaOnline Limited	1.89	1.89
Tata Consultancy Services Qatar S.S.C.	2.44	2.44
Computational Research Laboratories Inc.*	-	-
TCS E-serve International Limited (10,00,000 shares transferred during the period on amalgamation)	10.00	-
<b>(c) Fully paid preference shares (unquoted)</b>		
Diligenta Limited	367.96	363.04
10% cumulative redeemable preference shares (60,00,000 cumulative preference shares redeemed during the period)		

## TATA CONSULTANCY SERVICES LIMITED

### Notes forming part of the Condensed Financial Statements

#### 13) NON - CURRENT INVESTMENTS (Continued)

	(₹ crores)	
	As at December 31, 2013	As at March 31, 2013
<b>(ii) Others</b>		
<b>Fully paid equity shares (unquoted)</b>		
Yodlee, Inc.	-	-
National Power Exchange Limited	2.50	2.50
Taj Air Limited	19.00	19.00
ALMC HF *	-	-
KOOH Sports Private Limited	3.00	3.00
Ruralshores Business Services Private Limited * (1 share subscribed during the period)	-	-
<b>Fully paid preference shares (unquoted)</b>		
Ruralshores Business Services Private Limited (486,617 shares subscribed during the period)	25.00	-
<b>(B) OTHERS</b>		
<b>(i) Mutual and other funds (unquoted)</b>	5.94	5.26
<b>(ii) Government securities (unquoted)</b>	25.00	-
<b>(iii) Bonds and Debentures (unquoted)</b>	2629.26	693.72
	5558.96	5984.02
Provision for diminution in value of investments	(8.29)	(8.29)
	5550.67	5975.73
Book value of quoted investments	379.89	379.89
Book value of unquoted investments (net of provision)	5170.78	5595.84
Market value of quoted investments	2531.91	2093.70

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

The Company has given an undertaking to the Government of Maharashtra not to divest its shareholding in MahaOnline Limited except to an affiliate. This equity investment is subject to the restriction as per terms of contractual agreement. The restriction is valid as on December 31, 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 on December 31, 2013.

Bonds and Debentures (unquoted) 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 2013 for a consideration of ₹ 1000 crores and ₹ 200 crores, respectively. The debentures issued by Tata Sons Limited would be redeemable at par in three equal installments at the end of second, third and fourth year, respectively from the date of allotment. The first two installments of the debentures issued by Tata Sons Limited have been redeemed during the years ended March 31, 2013 and March 31, 2012, respectively.

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

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.

The Company has undertaken to provide a letter of comfort to Bank of America NA for a line of credit facility of USD 200 Million to its subsidiary, Tata America International Corporation. As per terms of the letter of comfort, the Company undertakes not to divest 100% ownership interest in the subsidiary and provide such managerial, technical and financial assistance to ensure continued successful operations of the subsidiary.

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

**14) LONG - TERM LOANS AND ADVANCES**

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

	(₹ crores)	
	As at December 31, 2013	As at March 31, 2013
(a) Considered good		
(i) Capital advances	398.05	476.44
(ii) Security deposits	582.62	449.06
(iii) Loans and advances to employees	7.39	7.82
(iv) Loans and advances to related parties	338.38	58.92
(v) Advance tax (including refunds receivable (net))	2084.83	1459.78
(vi) MAT Credit entitlement	1855.82	1772.31
(vii) Other loans and advances	1514.37	405.88
(b) Considered doubtful		
(i) Security Deposits	0.15	-
(ii) Loans and advances to related parties	21.09	20.22
Less : Provision for doubtful loans and advances	(21.24)	(20.22)
	6781.46	4630.21
Loans and advances to related parties, considered good, comprise:		
Tata Sons Limited	2.74	2.74
TCS FNS Pty Limited	9.93	10.19
CMC Limited	0.32	0.60
Tata Realty And Infrastructure Limited	45.39	45.39
Tata Capital Financial Services Limited	280.00	-
Other loans and advances comprise:		
Indirect tax recoverable	54.76	52.30
Inter - corporate deposits	1140.00	-
Other amounts recoverable in cash or kind for value to be received	319.61	353.58
Loans and advances to related parties, considered doubtful, comprise:		
Tata Consultancy Services Morocco SARL AU	21.09	20.22

**15) OTHER NON-CURRENT ASSETS**

Other non-current assets consist of the following:

	(₹ crores)	
	As at December 31, 2013	As at March 31, 2013
(a) Interest receivable	104.08	29.30
(b) Long - term bank deposits	1038.00	1851.90
	1142.08	1881.20

## TATA CONSULTANCY SERVICES LIMITED

### Notes forming part of the Condensed Financial Statements

#### 16) CURRENT INVESTMENTS

Current investments consist of the following:

	(₹ crores)	
	As at	As at
	December 31, 2013	March 31, 2013
<b>(A) TRADE INVESTMENTS (at cost)</b>		
<b>Fully paid preference shares (unquoted)</b>		
APOnline Limited 6% cumulative redeemable preference shares	2.80	2.80
<b>(B) OTHERS</b>		
<b>(i) Mutual and other funds (unquoted)</b>	4439.13	10.72
<b>(ii) Bonds and Debentures (unquoted)</b>	619.78	335.13
	<u>5061.71</u>	<u>348.65</u>

Unquoted debentures include subscription to the privately placed unsecured, unlisted, redeemable, non – convertible debentures issued by Tata Sons Limited in January 2010 for a consideration of ₹ 1000 crores. The debentures issued by Tata Sons Limited would be redeemable at par in three equal installments at the end of second, third and fourth year, respectively from the date of allotment. The first two installments of the debentures issued by Tata Sons Limited have been redeemed during the years ended March 31, 2013 and March 31, 2012, respectively.

#### 17) INVENTORIES

Inventories consist of the following:

	(₹ crores)	
	As at	As at
	December 31, 2013	March 31, 2013
(a) Raw materials, sub-assemblies and components	12.37	5.63
(b) Finished goods and Work-in-progress	0.42	0.54
(c) Goods-in-transit	0.16	0.17
	<u>12.95</u>	<u>6.34</u>

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

#### 18) UNBILLED REVENUE

Unbilled revenue as at December 31, 2013 amounting to ₹ 2931.71 crores (March 31, 2013: ₹ 2303.35 crores) primarily comprises of the revenue recognised in relation to efforts incurred on turnkey contracts priced on a fixed time, fixed price basis of ₹ 2114.32 crores (March 31, 2013: ₹ 1509.25 crores).



**TATA CONSULTANCY SERVICES LIMITED**

Notes forming part of the Condensed Financial Statements

**19) TRADE RECEIVABLES**

Trade receivables (Unsecured) consist of the following:

	(₹ crores)	
	As at	As at
	December 31, 2013	March 31, 2013
(a) Over six months from the date they were due for payment		
(i) Considered good	1658.88	1557.94
(ii) Considered doubtful	199.79	146.92
(b) Others		
(i) Considered good	12991.19	9644.38
	<u>14849.86</u>	<u>11349.24</u>
Less: Provision for doubtful receivables	(199.79)	(146.92)
	<u><u>14650.07</u></u>	<u><u>11202.32</u></u>

**20) CASH AND BANK BALANCES**

Cash and bank balances consist of the following:

	(₹ crores)	
	As at	As at
	December 31, 2013	March 31, 2013
(a) Cash and cash equivalents		
(i) Balances with banks		
In current accounts	388.62	192.48
In deposit accounts with original maturity less than 3 months	33.87	103.77
(ii) Cheques on hand	20.44	17.25
(iii) Cash on hand	0.89	0.77
(iv) Remittances in transit	-	9.58
	<u>443.82</u>	<u>323.85</u>
(b) Other Bank balances		
(i) Earmarked balances with banks	39.11	10.53
(ii) Short - term bank deposits	4059.55	3719.78
	<u><u>4542.48</u></u>	<u><u>4054.16</u></u>

Balances with banks in current accounts do not include fourteen bank accounts having a balance of ₹ 47.05 crores (March 31, 2013: ₹ 1.35 crores) operated by the Company on behalf of a third party.

## TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Financial Statements

### 21) SHORT - TERM LOANS AND ADVANCES

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

	(₹ crores)	
	As at	As at
	December 31, 2013	March 31, 2013
(a) Considered good		
(i) Loans and advances to employees	226.40	162.54
(ii) Loans and advances to related parties	177.30	107.20
(iii) Other loans and advances	2890.49	4463.64
 (b) Considered doubtful		
(i) Loans and advances to employees	40.93	36.19
(ii) Other loans and advances	6.98	4.40
Less : Provision for doubtful loans and advances	(47.91)	(40.59)
	3294.19	4733.38

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

TCS FNS Pty Limited	43.07	49.46
Tata Realty and Infrastructure Limited	50.00	50.00
CMC America Inc.	4.56	-
Tata Consultancy Services Asia Pacific Pte Ltd.	1.05	-
CMC Limited	0.73	3.48
Tata Teleservices Limited	0.09	0.04
Tata AIG General Insurance Company Limited	1.96	-
Tata Teleservices (Maharashtra) Limited	0.03	0.01
Infiniti Retail Limited	0.04	-
Tata Housing Development Company Limited	50.00	-
Tata Consultancy Services Qatar S.S.C	-	0.01
TCS e-Serve Limited	-	3.98
Tata Consultancy Services (Africa) (PTY) Ltd.	-	0.22
Tata e-serve International Limited	25.77	-

Other loans and advances, considered good, comprise:

Security deposits	29.00	93.65
Inter - corporate deposits	1440.50	3116.77
Indirect tax recoverable	187.26	151.95
Fair value of foreign exchange forward and currency option contracts	70.68	178.51
Advance to suppliers	85.55	34.04
Other amounts recoverable in cash or kind for value to be received	1077.50	888.72

Other loans and advances, considered doubtful, comprise:

Security deposits	2.19	2.30
Advance to suppliers	3.57	1.27
Other amounts recoverable in cash or kind for value to be received	1.22	0.83

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

**22) OTHER CURRENT ASSETS**

Other current assets consist of the following:

	(₹ crores)	
	As at December 31, 2013	As at March 31, 2013
(a) Interest receivable	750.56	667.74
(b) Dividend receivable	145.16	-
(c) Others	308.22	14.60
	1203.94	682.34

**23) REVENUE FROM OPERATIONS**

Revenue from operations consist of revenues from:

	(₹ crores)			
	For the quarter ended December 31, 2013	For the quarter ended December 31, 2012	For the nine months ended December 31, 2013	For the nine months ended December 31, 2012
(a) Information technology and consultancy services	16426.70	12018.81	46729.11	34722.86
(b) Sale of equipment and software licenses	266.35	372.72	1051.41	1054.32
Less : Excise duty	(0.40)	(0.21)	(1.50)	(0.43)
	16692.65	12391.32	47779.02	35776.75

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

**24) OTHER INCOME (NET)**

Other income (net) consist of the following:

	(₹ crores)			
	For the quarter ended December 31, 2013	For the quarter ended December 31, 2012	For the nine months ended December 31, 2013	For the nine months ended December 31, 2012
(a) Interest income	298.12	216.85	896.79	605.48
(b) Dividend income	-	262.77	1610.70	1107.13
(c) Profit on redemption of mutual funds and sale of other investments (net)	56.52	4.17	79.92	11.51
(d) Rent	1.11	0.80	3.54	2.32
(e) Profit / (loss) on sale of fixed assets (net)	0.57	0.34	(0.12)	0.08
(f) Exchange gain / (loss) (net)	285.34	(29.52)	(196.36)	44.49
(g) Miscellaneous income	11.47	1.52	34.35	5.82
	<u>653.13</u>	<u>456.93</u>	<u>2428.82</u>	<u>1776.83</u>

Interest income comprise:

Interest on bank deposits	130.24	108.44	458.44	390.88
Interest on inter - corporate deposits	80.31	67.02	255.48	108.11
Interest on bonds and debentures	85.80	28.19	177.15	82.19
Interest on loan given to subsidiary	0.63	0.70	1.91	5.10
Other interest	1.14	12.50	3.81	19.20

Dividend income comprise:

Dividends from subsidiaries (non-current trade investments)	-	262.40	1610.45	1105.88
Dividends from other non-current investments (trade investments)	-	0.24	-	0.64
Dividends from mutual funds (current investments)	-	0.13	0.25	0.61

Exchange loss (net) includes:

Gain / (Loss) on foreign exchange forward and currency option contracts which have been designated as Cash Flow Hedges. (Refer Note 32)	21.08	(156.46)	(732.48)	(296.09)
---	-------	----------	----------	----------

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

**25) EMPLOYEE BENEFIT EXPENSES**

Employee benefit expenses consist of the following:

	(₹ crores)			
	For the quarter ended December 31, 2013	For the quarter ended December 31, 2012	For the nine months ended December 31, 2013	For the nine months ended December 31, 2012
(a) Salaries and incentives	4786.92	3877.77	14270.93	11169.14
(b) Contributions to -				
(i) Provident fund	128.97	108.09	383.41	314.75
(ii) Superannuation scheme	34.63	26.82	100.29	78.69
(iii) Gratuity fund	53.95	28.64	149.99	98.22
(iv) Social security and other plans for overseas employees	97.22	72.99	287.13	216.51
(c) Staff welfare expenses	329.24	270.00	920.77	755.89
	<u>5430.93</u>	<u>4384.31</u>	<u>16112.52</u>	<u>12633.20</u>

**TATA CONSULTANCY SERVICES LIMITED**

Notes forming part of the Condensed Financial Statements

**26) OPERATION AND OTHER EXPENSES**

Operation and other expenses consist of the following:

	(₹ crores)			
	For the quarter ended December 31, 2013	For the quarter ended December 31, 2012	For the nine months ended December 31, 2013	For the nine months ended December 31, 2012
(a) Overseas business expenses	2652.18	1886.66	7354.59	5543.33
(b) Services rendered by business associates and others	1116.58	990.81	3249.45	2707.05
(c) Software, hardware and material costs	521.32	578.23	1817.69	1596.85
(d) Communication expenses	127.86	97.43	380.16	310.67
(e) Travelling and conveyance expenses	176.31	123.95	488.31	358.74
(f) Rent	258.68	199.92	750.56	574.57
(g) Legal and professional fees	75.79	52.80	196.16	170.25
(h) Repairs and maintenance	93.82	69.15	288.56	196.75
(i) Electricity expenses	120.73	94.60	355.41	282.47
(j) Bad debts written off	-	4.10	1.47	3.54
(k) Provision for doubtful debts	30.73	2.04	41.23	22.36
(l) Provision for doubtful advances	3.09	1.32	6.18	17.16
(m) Advances written back	-	(0.02)	(0.68)	(0.04)
(n) Recruitment and training expenses	61.54	40.63	154.50	125.77
(o) Commission and brokerage	8.11	9.35	26.11	28.28
(p) Printing and stationery	13.64	6.19	29.72	19.07
(q) Insurance	6.01	4.46	16.06	12.52
(r) Rates and taxes	20.25	16.05	52.96	48.67
(s) Entertainment	10.45	6.94	27.51	23.79
(t) Other expenses	185.44	137.02	461.87	360.53
	<u>5482.53</u>	<u>4321.63</u>	<u>15697.82</u>	<u>12402.33</u>
(i) Overseas business expenses comprise:				
Travel expenses	220.26	156.41	605.62	493.92
Employee allowances	2431.92	1730.25	6748.97	5049.41
(ii) Repairs and maintenance comprise:				
Buildings	48.22	32.35	146.71	90.06
Office and computer equipment	45.60	36.80	141.85	106.69
(iii) Software, hardware and material costs includes:				
Material costs				
(a) Raw materials, sub-assemblies and components consumed	11.26	6.16	27.17	17.72
(b) Opening stock:				
Finished goods and work-in-progress	0.42	0.72	0.54	0.54
(c) Less: Closing stock:				
Finished goods and work-in-progress	0.42	0.28	0.42	0.28
	<u>-</u>	<u>0.44</u>	<u>0.12</u>	<u>0.26</u>
	<u>11.26</u>	<u>6.60</u>	<u>27.29</u>	<u>17.98</u>
(iv) Other expenses includes:				
Stores and spare parts consumed	-	-	0.01	0.02

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

**27) FINANCE COSTS**

Finance costs consist of the following:

	(₹ crores)			
	For the quarter ended December 31, 2013	For the quarter ended December 31, 2012	For the nine months ended December 31, 2013	For the nine months ended December 31, 2012
Interest expense	4.00	3.86	18.86	21.41
	4.00	3.86	18.86	21.41
	4.00	3.86	18.86	21.41

- 28)** Current tax includes additional provision (net) of ₹ 169.54 crores for the quarter ended December 31, 2013 (*December 31, 2012*: write back of provision (net): ₹ 49.22 crores) and additional provision (net) of ₹ 293.86 crores for the nine months ended December 31, 2013 (*December 31, 2012*: write back of provision (net): ₹ 41.90 crores in domestic and certain overseas jurisdictions relating to earlier years. The impact of MAT entitlement of earlier period is ₹ 264.27 crores (December 31, 2012 : ₹ 4.02 crores)

**29) AMALGAMATION OF COMPANIES**

a) Nature of business

TCS e-Serve Limited is engaged in the business of providing information technology enabled services, business process outsourcing services (BPO) for its customers primarily in the Banking, Financial services and Insurance domain. The Company holds 96.26% of the voting power of TCS e-Serve limited. TCS e-Serve Limited has two wholly owned subsidiaries: TCS e-Serve International Limited and TCS e-Serve America Inc.

- b) TCS e-Serve Limited has been amalgamated with the Company with effect from April 1, 2013 in terms of the composite scheme of amalgamation (Scheme) sanctioned by the High Court of Judicature at Bombay vide their Order dated September 6, 2013. The Scheme came into effect on October 1, 2013 and pursuant thereto all assets, unbilled revenue, debts, outstandings, credits, liabilities, benefits under income tax, service tax, excise, value added tax, sales tax (including deferment of sales tax), benefits for and under Software Technology Parks of India (STPI), duties and obligations of the TCS e-Serve Limited, have been transferred to and vested in the Company retrospectively with effect from April 1, 2013.

Pursuant to the Scheme coming into effect, all the equity shares held by the Company in TCS e-Serve Limited shall stand automatically cancelled and remaining shareholders of TCS e-Serve Limited holding fully paid up equity shares shall be allotted thirteen shares of ₹ 1 each in the company, credited as fully paid up, for every four equity shares of ₹ 10 each fully paid up held in the capital of TCS e-Serve Limited by adjusting the General reserve.

- c) The amalgamation has been accounted for under the “pooling of interests” method as prescribed by Accounting Standard (AS-14) notified under Section 211(3C) of the Companies Act, 1956. Accordingly, the assets, liabilities and reserves of TCS e-Serve Limited as at April 1, 2013 have been taken over at their book values and in the same form.

The difference between the amounts recorded as investments of the Company and the amount of Share Capital of the TCS e-Serve Limited has been adjusted in the General Reserve.

- d) The Scheme also proposes the de-merger of SEZ undertaking of TCS e-Seve International Limited (TEIL) into the Company. Upon coming into effect of this Scheme and with effect from April 1, 2013, all assets, unbilled revenue, debts, outstandings, credits, liabilities, benefits under income tax, service tax, excise, value added tax, sales tax (including deferment of sales tax), benefits for and under special economic zone (SEZ) registrations, duties and obligations of TEIL SEZ undertaking shall vest in or deemed to be transferred to the Company as a going concern.

## TATA CONSULTANCY SERVICES LIMITED

### Notes forming part of the Condensed Financial Statements

Accordingly, the amalgamation has resulted in transfer of assets, liabilities and reserves in accordance with the terms of the Scheme at the following summarized values:

Particulars	Amagamation of TCS e-Serve Limited	Demerger of TCS e-Serve International Limited SEZ undertaking	Total (₹ crores)
Appointed date	April 1, 2013	April 1, 2013	
<b>Assets</b>			
Fixed Assets (Net)	48.77	54.09	102.86
Deferred tax asset (net)	42.20	2.59	44.79
Unbilled revenue	1.74	0.15	1.89
Trade receivables	285.52	109.69	395.21
Cash and bank balances	786.32	-	786.32
Investments	264.56	-	264.56
Loans and advances and other assets	1461.93	25.30	1487.23
<b>Less: Liabilities</b>			
Trade payables, other liabilities and provisions	230.10	67.22	297.32
<b>Total net assets acquired</b>	<b>2660.94</b>	<b>124.60</b>	<b>2785.54</b>
<b>Adjustment for:</b>			
Dividend on equity shares paid by TCS e-Serve Limited to the Company post appointed date	59.68	-	59.68
	<b>2720.62</b>	<b>124.60</b>	<b>2845.22</b>
<b>Less:</b>			
Issue of shares (15,06,983 equity shares of company in the ratio of 13 equity shares of the Company for every 4 equity shares of the TCS e-Serve Limited)	0.15	-	0.15
Adjustment for cancellation of Company's investment in TCS e-Serve Limited	2426.20	-	2426.20
Adjustment for tax indemnification liability	263.87	-	263.87
	<b>30.40</b>	<b>124.60</b>	<b>155.00</b>
Less: Transfer of securities premium reserve of TCS e-Serve Limited	0.40	-	0.40
Add: Transfer of hedging reserve of TCS e-Serve Limited	(8.33)	-	(8.33)
Less: Transfer of balances of Surplus in Statement of Profit and Loss account of TCS e-Serve Limited	2375.22	-	2375.22
Add: Adjustment for alignment of accounting policies	(10.89)	-	(10.89)
<b>Balance transferred to general reserve as at appointed date</b>	<b>(2326.00)</b>	<b>124.60</b>	<b>(2201.40)</b>

### 30) SEGMENT REPORTING

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

Business segments are primarily financial services comprising 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.

Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to 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.



## TATA CONSULTANCY SERVICES LIMITED

### Notes forming part of the Condensed Financial Statements

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

Quarter ended December 31, 2013

(₹ crores)

Particulars	Business Segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Revenue	6815.40	1507.43	2506.50	2095.12	3768.20	16692.65
	4800.72	1090.50	1876.61	1622.23	3001.26	12391.32
Segment result	2540.79	480.10	875.54	688.53	1194.23	5779.19
	1528.07	304.77	589.26	416.00	847.28	3685.38
Unallocable expenses (net)						284.36
						210.68
Operating income						5494.83
						3474.70
Other income (net)						653.13
						456.93
Profit before tax						6147.96
						3931.63
Tax expenses						1371.20
						705.37
Net profit for the period						4776.76
						3226.26

**TATA CONSULTANCY SERVICES LIMITED**

Notes forming part of the Condensed Financial Statements

Nine months ended December 31, 2013

(₹ crores)

Particulars	Business Segments					
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	Total
Revenue	<b>19609.32</b>	<b>4176.05</b>	<b>7218.02</b>	<b>5943.23</b>	<b>10832.40</b>	<b>47779.02</b>
	<i>13658.14</i>	<i>3048.70</i>	<i>5444.48</i>	<i>4933.10</i>	<i>8692.33</i>	<i>35776.75</i>
Segment result	<b>7083.89</b>	<b>1305.65</b>	<b>2426.01</b>	<b>1771.82</b>	<b>3381.31</b>	<b>15968.68</b>
	<i>4348.96</i>	<i>852.96</i>	<i>1727.98</i>	<i>1300.96</i>	<i>2510.36</i>	<i>10741.22</i>
Unallocable expenses (net)						<b>802.20</b>
						<i>609.64</i>
Operating income						<b>15166.48</b>
						<i>10131.58</i>
Other income (net)						<b>2428.82</b>
						<i>1776.83</i>
Profit before tax						<b>17595.30</b>
						<i>11908.41</i>
Tax expenses						<b>3748.90</b>
						<i>2136.88</i>
Net profit for the period						<b>13846.40</b>
						<i>9771.53</i>

As at December 31, 2013

(₹ crores)

Particulars	Business Segments					
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	Total
Segment assets	<b>5636.08</b>	<b>1574.65</b>	<b>2311.49</b>	<b>2791.15</b>	<b>6110.18</b>	<b>18423.55</b>
	<i>4395.46</i>	<i>1042.34</i>	<i>1448.30</i>	<i>2211.57</i>	<i>4641.66</i>	<i>13739.33</i>
Unallocable assets						<b>35247.55</b>
						<i>26447.68</i>
Total assets						<b>53671.10</b>
						<i>40187.01</i>
Segment liabilities	<b>857.07</b>	<b>128.10</b>	<b>103.43</b>	<b>158.42</b>	<b>405.74</b>	<b>1652.76</b>
	<i>567.60</i>	<i>102.77</i>	<i>83.11</i>	<i>165.20</i>	<i>590.44</i>	<i>1509.12</i>
Unallocable liabilities						<b>7939.78</b>
						<i>6220.78</i>
Total liabilities						<b>9592.54</b>
						<i>7729.90</i>

Previous period figures are in italics.

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

**31) CONTINGENT LIABILITIES**

	(₹ crores)	
	As at December 31, 2013	As at March 31, 2013
Claims against the Company not acknowledged as debts	29.46	23.67
Income Tax demands	2723.30	2589.73
Indirect Tax demands	58.94	62.59
Guarantees given by the Company on behalf of subsidiaries (See (c) and (d) below)	4405.99	4627.42

- a) In respect of income tax contingencies of ₹ 354.59 crores (March 31, 2013: ₹ Nil), 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 effective April 1, 2013.
- b) In respect of indirect tax contingencies of ₹ 8.53 crores (March 31, 2013: ₹ Nil), 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 effective April 1, 2013.
- c) The Company has provided guarantees aggregating to ₹ 3435.92 crores (GBP 336.17 million) (March 31, 2013: ₹ 2910.88 crores) (GBP 353.65 million) to third parties on behalf of its subsidiary Diligenta Limited. The Company does not expect any outflow of resources in respect of the above.
- d) The Company has provided guarantees aggregating to ₹ 86.37 crores (USD 13.97 million) (March 31, 2013: ₹ 1208.41 crores) (USD 222.42 million) to third parties on behalf of its subsidiary Tata America Corporation Limited. The Company does not expect any outflow of resources in respect of the above.

**32) DERIVATIVE FINANCIAL INSTRUMENTS**

The Company, in accordance with its risk management policies and procedures, enters into foreign exchange forward, options and future 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 Company has outstanding foreign currency option contracts, which have been designated as Cash Flow Hedges, as at:

		December 31, 2013		March 31, 2013	
		Notional amount of Currency Options contracts		Notional amount of Currency Options contracts	
Foreign Currency	No. of Contracts	(million)	Fair Value (₹ crores)	No. of Contracts	Fair Value (₹ crores)
U.S. Dollar	1	30.00	(59.37)	47	1090.00 (8.81)
Sterling Pound	-	-	-	12	123.00 62.59
Euro	-	-	-	15	102.00 15.66

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

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

	(₹ crores)	
	Period ended December 31, 2013	Year ended March 31, 2013
Balance at the beginning of the period	55.49	(25.96)
Transferred on amalgamation	(8.33)	-
Changes in the fair value of effective portion of Cash Flow Hedges	(682.23)	161.04
Losses/(Gains) transferred to statement of profit and loss on occurrence of forecasted hedge transaction	594.44	(79.59)
Balance at the end of the period	(40.63)	55.49

Net loss on derivative instruments of ₹ 49.12 crores recognised in Hedging Reserve as of December 31, 2013, is expected to be reclassified to the statement of profit and loss by December 31, 2014.

In addition to the above Cash Flow Hedges, the Company has outstanding foreign exchange forward, options and future contracts with notional amount aggregating ₹ 14526.84 crores (March 31, 2013: ₹ 10427.63 crores) whose fair value showed a gain of ₹ 36.41 crores as on December 31, 2013 (March 31, 2013: gain of ₹ 51.21 crores). Exchange gain of ₹ 331.85 crores (December 31, 2012: Exchange loss of ₹ 131.69 crores) and exchange loss of ₹ 552.40 crores (December 31, 2012: Exchange loss of ₹ 37.06 crores) on foreign exchange forward, options and future contracts for the quarter and nine months ended December 31, 2013 have been recognised in the statement of profit and loss in respect of these hedges.

**33)** Previous period figures have been recast / restated to confirm to the presentation adopted in the current period.