

EXTRACT FROM CONSOLIDATED AUDITED ACCOUNTS OF  
TATA CONSULTANCY SERVICES LIMITED  
AS AT MARCH 31, 2014

**TATA CONSULTANCY SERVICES LIMITED**  
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

(₹ crores)

|                                    | Note  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|------------------------------------|-------|-------------------------|-------------------------|
| <b>I. EQUITY AND LIABILITIES</b>   |       |                         |                         |
| <b>Shareholders' funds</b>         |       |                         |                         |
| (a) Share capital                  | 3     | 195.87                  | 295.72                  |
| (b) Reserves and surplus           | 4     | 48998.89                | 38350.01                |
|                                    |       | <u>49194.76</u>         | <u>38645.73</u>         |
| <b>Minority interest</b>           |       |                         |                         |
|                                    |       | 707.99                  | 695.31                  |
| <b>Non-current liabilities</b>     |       |                         |                         |
| (a) Long-term borrowings           | 5     | 127.26                  | 130.98                  |
| (b) Deferred tax liabilities (net) | 6 (a) | 308.80                  | 235.48                  |
| (c) Other long-term liabilities    | 7     | 743.07                  | 446.74                  |
| (d) Long-term provisions           | 8     | 385.59                  | 348.92                  |
|                                    |       | <u>1564.72</u>          | <u>1162.12</u>          |
| <b>Current liabilities</b>         |       |                         |                         |
| (a) Short-term borrowings          | 9     | 127.09                  | 80.02                   |
| (b) Trade payables                 |       | 5536.02                 | 4269.71                 |
| (c) Other current liabilities      | 10    | 3621.24                 | 3081.52                 |
| (d) Short-term provisions          | 11    | 6385.96                 | 4233.46                 |
|                                    |       | <u>15670.31</u>         | <u>11664.71</u>         |
| <b>TOTAL</b>                       |       | <b><u>67137.78</u></b>  | <b><u>52167.87</u></b>  |
| <b>II. ASSETS</b>                  |       |                         |                         |
| <b>Non-current assets</b>          |       |                         |                         |
| (a) Fixed assets                   | 12    |                         |                         |
| (i) Tangible assets                |       | 7034.81                 | 5991.71                 |
| (ii) Intangible assets             |       | 240.74                  | 254.80                  |
| (iii) Capital work-in-progress     |       | 3168.48                 | 1895.36                 |
|                                    |       | <u>10444.03</u>         | <u>8141.87</u>          |
| (b) Non-current investments        | 13    | 2275.27                 | 968.30                  |
| (c) Deferred tax assets (net)      | 6 (b) | 420.06                  | 310.22                  |
| (d) Long-term loans and advances   | 14    | 7286.62                 | 5312.88                 |
| (e) Other non-current assets       | 15    | 1545.33                 | 2454.64                 |
| (f) Goodwill (on consolidation)    |       | 2268.78                 | 3581.50                 |
|                                    |       | <u>24240.09</u>         | <u>20769.41</u>         |
| <b>Current assets</b>              |       |                         |                         |
| (a) Current investments            | 16    | 1158.47                 | 929.04                  |
| (b) Inventories                    | 17    | 15.21                   | 21.15                   |
| (c) Unbilled revenue               | 18    | 4005.61                 | 3141.03                 |
| (d) Trade receivables              | 19    | 18230.40                | 14095.58                |
| (e) Cash and bank balances         | 20    | 14441.84                | 6769.16                 |
| (f) Short-term loans and advances  | 21    | 4310.80                 | 5643.26                 |
| (g) Other current assets           | 22    | 735.36                  | 799.24                  |
|                                    |       | <u>42897.69</u>         | <u>31398.46</u>         |
| <b>TOTAL</b>                       |       | <b><u>67137.78</u></b>  | <b><u>52167.87</u></b>  |

**III. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS 1-45**

As per our report attached

For and on behalf of the Board

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

**Cyrus Mistry**  
Chairman

**S. Ramadorai**  
Vice Chairman

**N. Chandrasekaran**  
CEO and Managing Director

**P. R. Ramesh**  
Partner

**Aman Mehta**  
Director

**V. Thyagarajan**  
Director

**Prof. Clayton M. Christensen**  
Director

**Dr. Ron Sommer**  
Director

**Dr. Vijay Kelkar**  
Director

**Phiroz Vandrevalla**  
Director

**Ishaat Hussain**  
Director

**O.P. Bhatt**  
Director

**Rajesh Gopinathan**  
Chief Financial Officer

**Suprakash Mukhopadhyay**  
Company Secretary

Mumbai, April 16, 2014

Mumbai, April 16, 2014

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

(₹ crores)

|   | Note | For the year<br>ended<br>March 31, 2014 | For the year<br>ended<br>March 31, 2013 |
|---|------|---|---|
| I. Revenue from operations<br>(Net of excise duty of ₹ 3.15 crores (Previous year ₹ 0.82 crores)) | 23   | 81809.36                                | 62989.48                                |
| II. Other income (net)  | 24   | 1636.74                                 | 1178.23                                 |
| <b>TOTAL REVENUE</b>  |      | <b>83446.10</b>                         | <b>64167.71</b>                         |
| III. Expenses:  |      |   |   |
| (a) Employee benefit expenses   | 25   | 29860.01                                | 24039.96                                |
| (b) Operation and other expenses  | 26   | 26796.56                                | 20909.61                                |
| (c) Finance costs   | 27   | 38.52                                   | 48.49                                   |
| (d) Depreciation and amortisation expense   | 12   | 1349.15                                 | 1079.92                                 |
| <b>TOTAL EXPENSES</b>   |      | <b>58044.24</b>                         | <b>46077.98</b>                         |
| <b>IV. PROFIT BEFORE TAX</b>  |      | <b>25401.86</b>                         | <b>18089.73</b>                         |
| V. Tax expense:   |      |   |   |
| (a) Current tax   | 28   | 6148.26                                 | 4369.30                                 |
| (b) Deferred tax  |      | (27.14)                                 | 12.99                                   |
| (c) Fringe benefit tax  |      | 0.13                                    | 0.33                                    |
| (d) MAT credit entitlement  | 28   | (51.26)                                 | (368.58)                                |
|   |      | <b>6069.99</b>                          | <b>4014.04</b>                          |
| <b>VI. PROFIT FOR THE YEAR BEFORE MINORITY INTEREST</b>   |      | <b>19331.87</b>                         | <b>14075.69</b>                         |
| VII. Minority interest  |      | 168.00                                  | 158.38                                  |
| <b>VIII. PROFIT FOR THE YEAR</b>  |      | <b>19163.87</b>                         | <b>13917.31</b>                         |
| IX. Earnings per equity share :- Basic and diluted (₹)  | 38   | 97.67                                   | 70.99                                   |
| Weighted average number of equity shares<br>(face value of ₹ 1 each)                              |      | 1,95,87,27,979                          | 1,95,72,20,996                          |

**X. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS 1-45**

As per our report attached

For and on behalf of the Board

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

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

**Cyrus Mistry**  
*Chairman*

**Aman Mehta**  
*Director*

**Dr. Ron Sommer**  
*Director*

**Ishaat Hussain**  
*Director*

**Suprakash Mukhopadhyay**  
*Company Secretary*

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*Director*

**Phiroz Vandrevala**  
*Director*

**Rajesh Gopinathan**  
*Chief Financial Officer*

Mumbai, April 16, 2014

Mumbai, April 16, 2014

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

(₹ crores)

| Note  | For the year<br>ended<br>March 31, 2014 | For the year<br>ended<br>March 31, 2013 |
|---|---|---|
| <b>I CASH FLOWS FROM OPERATING ACTIVITIES</b>   |   |   |
| <b>Profit before tax</b>  | 25401.86                                | 18089.73                                |
| Adjustments for:  |   |   |
| Depreciation and amortisation expense   | 1349.15                                 | 1079.92                                 |
| Bad debts (written back)/written-off  | (5.71)                                  | 42.53                                   |
| Provision of doubtful receivables (net)   | 90.96                                   | 6.24                                    |
| Provision for doubtful advances   | 10.17                                   | 4.29                                    |
| Advances (written back)/written off (net)   | (0.12)                                  | 2.82                                    |
| Diminution in value of investments (net)  | -                                       | (0.22)                                  |
| Interest expense  | 38.52                                   | 48.49                                   |
| Gain on sale of fixed assets (net)  | (4.55)                                  | (0.23)                                  |
| Unrealised exchange (gain)/loss (net)   | (68.45)                                 | 0.63                                    |
| Exchange difference on translation of foreign currency cash and cash equivalents          | (43.66)                                 | 16.68                                   |
| Dividend income   | (9.25)                                  | (6.47)                                  |
| Interest income   | (1,340.00)                              | (1039.74)                               |
| Profit on redemption of mutual funds and sale of other current investments (net)          | (173.09)                                | (41.36)                                 |
| <b>Operating profit before working capital changes</b>                                    | <b>25245.83</b>                         | <b>18203.31</b>                         |
| Inventories   | 5.94                                    | (3.38)                                  |
| Unbilled revenue  | (811.60)                                | (893.19)                                |
| Trade receivables   | (4015.80)                               | (2,622.70)                              |
| Loans and advances and other assets   | (296.00)                                | (557.35)                                |
| Trade payables, other liabilities and provisions  | 1666.67                                 | 2310.08                                 |
| <b>Cash generated from operations</b>   | <b>21795.04</b>                         | <b>16436.77</b>                         |
| Taxes paid  | (7043.63)                               | (4821.81)                               |
| <b>Net cash provided by operating activities</b>  | <b>14751.41</b>                         | <b>11614.96</b>                         |
| <b>II CASH FLOWS FROM INVESTING ACTIVITIES</b>  |   |   |
| Purchase of fixed assets  | (3126.15)                               | (2637.84)                               |
| Proceeds from sale of fixed assets  | 13.83                                   | 5.26                                    |
| Acquisition of subsidiaries net of cash of ₹ 53.80 crores (March 31, 2013: ₹ 1.30 crores) | (452.41)                                | (162.62)                                |
| Purchase of mutual funds and other investments  | (82613.36)                              | (28738.50)                              |
| Redemption of mutual funds and sale of other investments                                  | 81326.64                                | 28218.41                                |
| Inter-corporate deposits placed   | (2665.00)                               | (3599.12)                               |
| Inter-corporate deposits matured  | 3539.77                                 | 847.75                                  |
| Fixed deposit placed with banks having original maturity over three months                | (12774.14)                              | (4721.00)                               |
| Fixed deposit with banks matured having original maturity over three months               | 5706.77                                 | 3896.73                                 |
| Dividends received  | 9.25                                    | 6.47                                    |
| Interest received   | 1367.72                                 | 798.80                                  |
| <b>Net cash used in investing activities</b>  | <b>(9667.08)</b>                        | <b>(6085.66)</b>                        |

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

(₹ crores)

|  |      | For the year<br>ended<br>March 31, 2014 | For the year<br>ended<br>March 31, 2013 |
|--|------|---|---|
|  | Note |   |   |
| <b>III CASH FLOWS FROM FINANCING ACTIVITIES</b>  |      |   |   |
| Proceeds from issue of long-term borrowings  |      | -                                       | 2.12                                    |
| Repayment of long-term borrowings  |      | (1.24)                                  | (3.38)                                  |
| Short-term borrowings (net)  |      | 8.44                                    | 79.84                                   |
| Proceeds from other borrowings   |      | 117.67                                  | -                                       |
| Repayment of other borrowings  |      | (140.02)                                | -                                       |
| Dividend paid, including dividend tax  |      | (5480.07)                               | (5703.16)                               |
| Dividend paid to minority shareholders of subsidiaries and dividend tax on dividend paid by subsidiaries |      | (39.96)                                 | (33.95)                                 |
| Redemption of Preference Shares  |      | (100.00)                                | -                                       |
| Repayment of inter-corporate deposits  |      | -                                       | (23.00)                                 |
| Interest paid  |      | (38.06)                                 | (47.95)                                 |
| <b>Net cash used in financing activities</b>   |      | <b>(5673.24)</b>                        | <b>(5729.48)</b>                        |
| <b>Net decrease in cash and cash equivalents</b>   |      | <b>(588.91)</b>                         | <b>(200.18)</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                         |      | 215.41                                  | 48.05                                   |
| <b>Cash and cash equivalents at the end of the year</b>  | 20   | <b>1467.86</b>                          | <b>1841.36</b>                          |
| Earmarked balances with banks  |      | 25.59                                   | 16.34                                   |
| Short-term bank deposits   |      | 12948.39                                | 4911.46                                 |
| <b>Cash and Bank balances at the end of the year</b>   | 20   | <b>14441.84</b>                         | <b>6769.16</b>                          |
| <b>Supplementary disclosure of cash flow non-cash investing activities:</b>                              |      |   |   |
| Increase in payables and finance lease obligation in respect of purchase of fixed assets                 |      | 284.74                                  | 133.94                                  |

**IV NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS 1-45**

As per our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells LLP**  
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Chief Financial Officer

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Company Secretary

Mumbai, April 16, 2014

Mumbai, April 16, 2014

**TATA CONSULTANCY SERVICES LIMITED**  
Notes forming part of the 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 March 31, 2014, Tata Sons Limited 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 financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for certain financial instruments which are measured at fair value. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) (which continues to be applicable in terms of General circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013) and the other relevant provisions of the Companies Act, 1956.

**b) Principles of consolidation**

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

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

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

**c) Use of estimates**

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

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

**d) Fixed Assets**

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

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

**e) Depreciation / Amortisation**

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

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

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

**f) Leases**

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

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

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

**g) Impairment**

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

Reversal of impairment loss is recognised 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.



Revenue from sale of software licenses are recognised upon delivery.

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 supported by convincing evidence 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 currency forward, option and futures contracts are amortised and recognised in the statement of profit and loss over the period of the contract. Foreign exchange forward, currency option 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.

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 currency forward, option and futures 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 Group's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Group'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. The Group separates the intrinsic value and time value of an option and designates as hedging instruments, only the fair value change in the intrinsic value of the option. The change in fair values of the time value of option, which was previously recognised immediately in profit or loss, is now accumulated in hedging reserve, a component of shareholders' funds and is classified to profit or loss when the forecast transaction occurs. This change in accounting for time value of an option has resulted in a reduction in profit before tax of ₹ 4.76 crores.

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. Cumulative gain or loss on the hedging instrument recognised in shareholders' funds is retained there and is classified to Statement of profit and loss when 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**  
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**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<br>March 31, 2014 | As at<br>March 31, 2013 |
| <b>Authorised</b>  |                         |                         |
| (i) 420,05,00,000 equity shares of ₹ 1 each<br>(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<br>(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) 195,87,27,979 equity shares of ₹ 1 each<br>(March 31, 2013 : 195,72,20,996 equity shares of ₹ 1 each)                                | 195.87                  | 195.72                  |
| (ii) Nil redeemable preference shares of ₹ 1 each<br>(March 31, 2013 : 100,00,00,000 redeemable preference shares of ₹ 1 each)           | -                       | 100.00                  |
|  | 195.87                  | 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 .

100,00,00,000 Redeemable Preference Shares of ₹ 1 each, held by Tata Sons were redeemed on March 28, 2014. Consequently, an amount of ₹ 100 crores has been transferred from the surplus in statement of profit and loss to Capital redemption reserve on that date. The fixed cumulative dividend of 1 % per annum and the variable non cumulative dividend on the shares so redeemed will be paid consequent to the shareholder's approval in a general meeting.

**a) Reconciliation of number of shares**

|                          | As at March 31, 2014 |                      | As at March 31, 2013 |                      |
|--------------------------|----------------------|----------------------|----------------------|----------------------|
|                          | Number of<br>shares  | Amount<br>(₹ crores) | Number of<br>shares  | Amount<br>(₹ crores) |
| <b>Equity shares</b>     |                      |                      |                      |                      |
| Opening balance          | 195,72,20,996        | 195.72               | 195,72,20,996        | 195.72               |
| Issued during the year   | 15,06,983            | 0.15                 | -                    | -                    |
| Closing balance          | 195,87,27,979        | 195.87               | 195,72,20,996        | 195.72               |
| <b>Preference shares</b> |                      |                      |                      |                      |
| Opening balance          | 100,00,00,000        | 100.00               | 100,00,00,000        | 100.00               |
| Redeemed during the year | (100,00,00,000)      | (100.00)             | -                    | -                    |
| Closing balance          | -                    | -                    | 100,00,00,000        | 100.00               |

**b) Rights, preferences and restrictions attached to shares**

**Equity shares**

The Company has one class of equity shares having a par value of ₹ 1 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**Preference shares**

Preference shares carried a fixed cumulative dividend of 1% per annum and a variable non-cumulative dividend of 1% of the difference between the rate of dividend declared during the year on the equity shares of the Company and the average rate of dividend declared on the equity shares of the Company for three years preceding the year of issue of the redeemable preference shares.

**c) Shares held by holding company and its subsidiaries and associates**

|  | (₹ crores)              |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| <b>Equity shares</b>   |                         |                         |
| <b>Holding Company</b>   |                         |                         |
| 144,34,51,698 equity shares (March 31, 2013 : 144,34,51,698 equity shares) are held by Tata Sons Limited                     | 144.35                  | 144.35                  |
| <b>Subsidiaries and associates of Holding Company</b>  |                         |                         |
| 10,29,700 equity shares (March 31,2013 : 10,29,700 equity shares) held by Tata Industries Limited                            | 0.10                    | 0.10                    |
| 5,90,452 equity shares (March 31,2013 : 5,90,452 equity shares) are held by Tata Investment Corporation Limited              | 0.06                    | 0.06                    |
| 200 equity shares (March 31, 2013 : 200 equity shares) are held by Tata Capital Limited                                      | -                       | -                       |
| 83,232 equity shares (March 31,2013 : 83,232 equity shares) are held by Tata International Limited                           | 0.01                    | 0.01                    |
| 452 equity shares (March 31, 2013 : 452 equity shares) are held by The Tata Power Company Limited                            | -                       | -                       |
| <b>Total</b>   | <b>144.52</b>           | <b>144.52</b>           |
| <b>Preference shares</b>   |                         |                         |
| <b>Holding Company</b>   |                         |                         |
| Nil redeemable preference shares (March 31, 2013 : 100,00,00,000 redeemable preference shares) are held by Tata Sons Limited | -                       | 100.00                  |
| <b>Total</b>   | <b>-</b>                | <b>100.00</b>           |

**TATA CONSULTANCY SERVICES LIMITED**  
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**d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

|  | As at<br>March 31, 2014 | As at<br>March 31, 2013  |
|--|-------------------------|--------------------------|
| <b>Equity shares</b>                   |                         |                          |
| Tata Sons Limited, the Holding Company | 144,34,51,698<br>73.69% | 144,34,51,698<br>73.75%  |
| <b>Preference shares</b>               |                         |                          |
| Tata Sons Limited, the Holding Company | -                       | 100,00,00,000<br>100.00% |

**e) Equity shares allotted as fully paid up (during 5 years preceding March 31, 2014)**

**By way of bonus shares**

The Company allotted 97,86,10,498 equity shares as fully paid-up bonus shares by utilisation of Securities premium reserve on June 18, 2009 pursuant to shareholder's resolution passed by postal ballot on June 12, 2009.

**Pursuant to contract without payment being received in cash**

15,06,983 equity shares of ₹ 1 each have been 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**  
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**4) RESERVES AND SURPLUS**

Reserves and surplus consist of the following reserves:

|  | (₹ crores)              |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2014 | As at<br>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  | 157.12                  | -                       |
|  | 157.52                  | 0.40                    |
| (c) Securities premium reserve                                 |                         |                         |
| (i) Opening Balance  | 1918.47                 | 1918.47                 |
| (ii) Transferred on amalgamation (Refer note 32)               | 0.40                    | -                       |
|  | 1918.87                 | 1918.47                 |
| (d) Foreign currency translation reserve                       |                         |                         |
| (i) Opening balance  | 972.11                  | 779.42                  |
| (ii) Additions during the year (net)                           | 575.67                  | 192.69                  |
|  | 1547.78                 | 972.11                  |
| (e) Hedging reserve (Refer note 41)                            |                         |                         |
| (i) Opening balance  | 46.11                   | (133.09)                |
| (ii) (Deductions)/additions during the year (net)              | (16.47)                 | 179.20                  |
|  | 29.64                   | 46.11                   |
| (f) General reserve  |                         |                         |
| (i) Opening balance  | 5841.80                 | 4533.27                 |
| (ii) Adjustments on amalgamation (Refer note 32)               | (1982.82)               | (44.26)                 |
| (iii) Transferred from surplus in statement of profit and loss | 1936.55                 | 1352.79                 |
|  | 5795.53                 | 5841.80                 |
| (g) Statutory reserve  |                         |                         |
| (i) Opening balance  | 16.65                   | -                       |
| (ii) Transferred from surplus in statement of profit and loss  | 2.85                    | 16.65                   |
|  | 19.50                   | 16.65                   |
| (h) Surplus in statement of profit and loss                    |                         |                         |
| (i) Opening balance  | 29529.97                | 22160.54                |
| (ii) Add : Profit for the year                                 | 19163.87                | 13917.31                |
| (iii) Transferred on amalgamation                              | -                       | (126.22)                |
|  | 48693.84                | 35951.63                |
| (iv) Less : Appropriations                                     |                         |                         |
| (a) Interim dividends on equity shares                         | 2349.87                 | 1761.49                 |
| (b) Proposed final dividend on equity shares                   | 3917.46                 | 2544.39                 |
| (c) Dividend on redeemable preference shares                   | 28.76                   | 19.00                   |
| (d) Tax on dividend  | 795.68                  | 727.34                  |
| (e) Capital Redemption Reserve                                 | 157.12                  | -                       |
| (f) General reserve  | 1936.55                 | 1352.79                 |
| (g) Statutory reserve  | 2.85                    | 16.65                   |
|  | 39505.55                | 29529.97                |
|  | 48998.89                | 38350.01                |

The Board of Directors at its meeting held on April 16, 2014 has recommended a final dividend of ₹ 20 per equity share.

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

**5) LONG-TERM BORROWINGS**

Long-term borrowings consist of the following:

|   | (₹ crores)              |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| (a) Secured loans                                 |                         |                         |
| Long-term maturities of finance lease obligations | 126.21                  | 129.46                  |
| (b) Unsecured loans                               |                         |                         |
| Other borrowings (from entities other than banks) | 1.05                    | 1.52                    |
|   | 127.26                  | 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<br>March 31, 2014 | As at<br>March 31, 2013 |
| <b>(a) Deferred tax liabilities (net)</b>                   |                         |                         |
| (i) Foreign branch profit tax                               | 217.88                  | 160.27                  |
| (ii) Depreciation and amortisation                          | 16.40                   | 8.96                    |
| (iii) Employee benefits                                     | (0.95)                  | (0.77)                  |
| (iv) Provision for doubtful receivables, loans and advances | (0.11)                  | (0.05)                  |
| (v) Others  | 75.58                   | 67.07                   |
|   | 308.80                  | 235.48                  |
| <b>(b) Deferred tax assets (net)</b>                        |                         |                         |
| (i) Depreciation and amortisation                           | (57.98)                 | (58.69)                 |
| (ii) Employee benefits                                      | 211.20                  | 174.11                  |
| (iii) Operating lease liabilities                           | 72.19                   | 63.90                   |
| (iv) Provision for doubtful receivables, loans and advances | 112.70                  | 76.13                   |
| (v) Others  | 81.95                   | 54.77                   |
|   | 420.06                  | 310.22                  |

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

**7) OTHER LONG-TERM LIABILITIES**

Other long-term liabilities consist of the following:

|                                 | (₹ crores)     |                |
|---------------------------------|----------------|----------------|
|                                 | As at          | As at          |
|                                 | March 31, 2014 | March 31, 2013 |
| (a) Capital creditors           | 92.27          | 54.34          |
| (b) Operating lease liabilities | 292.71         | 250.01         |
| (c) Other liabilities           | 358.09         | 142.39         |
|                                 | 743.07         | 446.74         |
|                                 | 743.07         | 446.74         |

**8) LONG-TERM PROVISIONS**

Long-term provisions consist of the following:

|  | (₹ crores)     |                |
|--|----------------|----------------|
|  | As at          | As at          |
|  | March 31, 2014 | March 31, 2013 |
| (a) Provision for employee benefits [ Refer Note 33] |                |                |
| Gratuity   | 158.78         | 261.53         |
| Foreign defined benefit plans                        | 74.17          | 46.66          |
| Other post retirement benefits                       | 41.96          | 40.73          |
| (b) Other provision                                  | 110.68         | -              |
|  | 385.59         | 348.92         |
|  | 385.59         | 348.92         |

**9) SHORT-TERM BORROWINGS**

Short-term borrowings consist of the following:

|                                      | (₹ crores)     |                |
|--------------------------------------|----------------|----------------|
|                                      | As at          | As at          |
|                                      | March 31, 2014 | March 31, 2013 |
| (a) Secured loans                    |                |                |
| Loans repayable on demand from banks | -              | 80.02          |
| From other parties                   | 33.58          | -              |
| (b) Unsecured loans                  |                |                |
| Loans repayable on demand from banks | 93.51          | -              |
|                                      | 127.09         | 80.02          |
|                                      | 127.09         | 80.02          |

Secured loans from banks and other parties are secured against trade receivables.



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

**10) OTHER CURRENT LIABILITIES**

Other current liabilities consist of the following:

|   | (₹ crores)              |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| (a) Current maturities of long-term debt            | 0.47                    | 1.24                    |
| (b) Current maturities of finance lease obligations | 42.05                   | 20.03                   |
| (c) Interest accrued but not due on borrowings      | 1.27                    | 0.69                    |
| (d) Income received in advance                      | 1050.73                 | 966.26                  |
| (e) Unpaid dividends                                | 13.82                   | 11.37                   |
| (f) Advance received from customers                 | 62.81                   | 98.00                   |
| (g) Operating lease liabilities                     | 37.09                   | 28.12                   |
| (h) Other payables                                  | 2413.00                 | 1955.81                 |
|   | 3621.24                 | 3081.52                 |

Other payables include :

|  |         |        |
|--|---------|--------|
| Fair values of foreign currency forward and option contracts secured against trade receivables | 22.95   | 72.10  |
| Statutory liabilities  | 1179.52 | 866.97 |
| Capital creditors  | 487.53  | 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<br>March 31, 2014 | As at<br>March 31, 2013 |
| (a) Provision for employee benefits                    | 1046.90                 | 804.22                  |
| (b) Others   |                         |                         |
| (i) Proposed final dividend on equity shares           | 3917.46                 | 2544.39                 |
| (ii) Proposed dividend on redeemable preference shares | 28.76                   | 19.00                   |
| (iii) Tax on dividend                                  | 683.13                  | 455.65                  |
| (iv) Current income taxes (net)                        | 672.10                  | 410.20                  |
| (v) Other provision                                    | 37.61                   | -                       |
|  | 6385.96                 | 4233.46                 |

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

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

**12) FIXED ASSETS**

**(a) Tangible assets**

| Particulars                                   | (₹ crores)    |                |                    |                   |                     |                        |                     |                    |                |                  |                          |                        |                  |
|---|---------------|----------------|--------------------|-------------------|---------------------|------------------------|---------------------|--------------------|----------------|------------------|--------------------------|------------------------|------------------|
|   | Freehold land | Leasehold land | Freehold buildings | Factory buildings | Leasehold buildings | Leasehold Improvements | Plant and machinery | Computer equipment | Vehicles       | Office equipment | Electrical installations | Furniture and fixtures | Total            |
| Gross block as at April 1, 2013               | <b>343.59</b> | <b>201.07</b>  | <b>2889.61</b>     | <b>2.77</b>       | <b>14.59</b>        | <b>1052.17</b>         | <b>10.67</b>        | <b>3547.79</b>     | <b>26.79</b>   | <b>1248.20</b>   | <b>900.06</b>            | <b>759.03</b>          | <b>10996.34</b>  |
|   | 331.48        | 99.70          | 2166.04            | 2.77              | 16.10               | 940.22                 | 10.65               | 2903.50            | 26.19          | 1049.24          | 721.53                   | 576.53                 | 8843.95          |
| Additions                                     | <b>0.64</b>   | <b>15.51</b>   | <b>612.44</b>      | -                 | <b>0.03</b>         | <b>273.53</b>          | -                   | <b>681.54</b>      | <b>3.31</b>    | <b>265.53</b>    | <b>166.17</b>            | <b>255.54</b>          | <b>2274.24</b>   |
|   | 11.07         | 103.62         | 720.53             | -                 | -                   | 132.59                 | 0.02                | 716.55             | 5.15           | 219.28           | 185.12                   | 161.90                 | 2255.83          |
| Deletions/Adjustments                         | -             | -              | <b>(0.08)</b>      | -                 | -                   | <b>(51.12)</b>         | <b>(0.38)</b>       | <b>(112.62)</b>    | <b>(2.39)</b>  | <b>(8.46)</b>    | <b>(13.88)</b>           | <b>(8.29)</b>          | <b>(197.22)</b>  |
|   | -             | (2.25)         | (0.32)             | -                 | (1.57)              | (13.92)                | -                   | (80.20)            | (4.43)         | (24.43)          | (15.23)                  | 2.41                   | (139.94)         |
| Translation exchange difference               | <b>1.90</b>   | -              | <b>6.05</b>        | -                 | -                   | <b>15.31</b>           | -                   | <b>49.58</b>       | <b>0.09</b>    | <b>7.84</b>      | <b>(2.00)</b>            | <b>10.27</b>           | <b>89.04</b>     |
|   | 1.04          | -              | 3.36               | -                 | 0.06                | (6.72)                 | -                   | 7.94               | (0.12)         | 4.11             | 8.64                     | 18.19                  | 36.50            |
| Gross block as at March 31, 2014              | <b>346.13</b> | <b>216.58</b>  | <b>3508.02</b>     | <b>2.77</b>       | <b>14.62</b>        | <b>1289.89</b>         | <b>10.29</b>        | <b>4166.29</b>     | <b>27.80</b>   | <b>1513.11</b>   | <b>1050.35</b>           | <b>1016.55</b>         | <b>13162.4</b>   |
|   | 343.59        | 201.07         | 2889.61            | 2.77              | 14.59               | 1052.17                | 10.67               | 3547.79            | 26.79          | 1248.20          | 900.06                   | 759.03                 | 10996.34         |
| Accumulated depreciation as at April 1, 2013  | -             | <b>(13.30)</b> | <b>(469.53)</b>    | <b>(1.23)</b>     | <b>(11.44)</b>      | <b>(544.99)</b>        | <b>(10.60)</b>      | <b>(2411.87)</b>   | <b>(16.36)</b> | <b>(545.32)</b>  | <b>(407.83)</b>          | <b>(572.16)</b>        | <b>(5004.63)</b> |
|   | -             | (13.29)        | (368.85)           | (1.03)            | (10.89)             | (443.66)               | (10.55)             | (1937.63)          | (16.61)        | (440.56)         | (330.42)                 | (449.73)               | (4023.22)        |
| Depreciation for the year                     | -             | <b>(2.98)</b>  | <b>(132.20)</b>    | <b>(0.20)</b>     | <b>(1.21)</b>       | <b>(131.97)</b>        | <b>(0.05)</b>       | <b>(566.28)</b>    | <b>(3.16)</b>  | <b>(136.52)</b>  | <b>(96.81)</b>           | <b>(212.60)</b>        | <b>(1283.98)</b> |
|   | -             | (2.25)         | (100.44)           | (0.20)            | (1.68)              | (112.16)               | (0.05)              | (473.73)           | (3.31)         | (120.25)         | (85.84)                  | (116.35)               | (1016.26)        |
| Deletions/Adjustments                         | -             | -              | <b>0.05</b>        | -                 | <b>0.02</b>         | <b>50.10</b>           | <b>0.38</b>         | <b>108.19</b>      | <b>1.83</b>    | <b>12.72</b>     | <b>17.89</b>             | <b>7.45</b>            | <b>198.63</b>    |
|   | -             | 2.24           | 0.11               | -                 | 1.18                | 9.55                   | -                   | 3.41               | 3.59           | 16.81            | 15.03                    | 1.69                   | 53.61            |
| Translation exchange difference               | -             | -              | <b>(0.77)</b>      | -                 | -                   | <b>(7.45)</b>          | -                   | <b>(24.96)</b>     | <b>(0.09)</b>  | <b>(3.19)</b>    | <b>2.61</b>              | <b>(3.76)</b>          | <b>(37.61)</b>   |
|   | -             | -              | (0.35)             | -                 | (0.05)              | 1.28                   | -                   | (3.92)             | (0.03)         | (1.32)           | (6.60)                   | (7.77)                 | (18.76)          |
| Accumulated depreciation as at March 31, 2014 | -             | <b>(16.28)</b> | <b>(602.45)</b>    | <b>(1.43)</b>     | <b>(12.63)</b>      | <b>(634.31)</b>        | <b>(10.27)</b>      | <b>(2894.92)</b>   | <b>(17.78)</b> | <b>(672.31)</b>  | <b>(484.14)</b>          | <b>(781.07)</b>        | <b>(6127.59)</b> |
|   | -             | (13.30)        | (469.53)           | (1.23)            | (11.44)             | (544.99)               | (10.60)             | (2411.87)          | (16.36)        | (545.32)         | (407.83)                 | (572.16)               | (5004.63)        |
| Net book value as at March 31, 2014           | <b>346.13</b> | <b>200.30</b>  | <b>2905.57</b>     | <b>1.34</b>       | <b>1.99</b>         | <b>655.58</b>          | <b>0.02</b>         | <b>1271.37</b>     | <b>10.02</b>   | <b>840.80</b>    | <b>566.21</b>            | <b>235.48</b>          | <b>7034.81</b>   |
|   | 343.59        | 187.77         | 2420.08            | 1.54              | 3.15                | 507.18                 | 0.07                | 1135.92            | 10.43          | 702.88           | 492.23                   | 186.87                 | 5991.71          |
| <b>(b) Capital work-in-progress</b>           |               |                |                    |                   |                     |                        |                     |                    |                |                  |                          |                        | <b>3168.48</b>   |
|   |               |                |                    |                   |                     |                        |                     |                    |                |                  |                          |                        | 1895.36          |

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

**(c) Intangible assets**

| Particulars                                   | (₹ crores)              |                          |   |                   |                                  |                 |
|---|-------------------------|--------------------------|---|-------------------|----------------------------------|-----------------|
|   | Goodwill on acquisition | Acquired contract rights | Intellectual property / distribution rights | Software licenses | Rights under licensing agreement | Total           |
| Gross block as at April 1, 2013               | <b>270.10</b>           | <b>208.12</b>            | <b>12.93</b>                                | <b>72.29</b>      | <b>63.21</b>                     | <b>626.65</b>   |
|   | <i>267.27</i>           | <i>205.94</i>            | <i>12.93</i>                                | <i>58.74</i>      | <i>59.00</i>                     | <i>603.88</i>   |
| Additions                                     | -                       | -                        | <b>0.58</b>                                 | <b>6.23</b>       | <b>3.02</b>                      | <b>9.83</b>     |
|   | -                       | -                        | -   | <i>14.89</i>      | <i>4.14</i>                      | <i>19.03</i>    |
| Deletions/Adjustments                         | -                       | -                        | -   | <b>(61.50)</b>    | <b>58.28</b>                     | <b>(3.22)</b>   |
|   | -                       | -                        | -   | <i>(1.07)</i>     | <i>0.07</i>                      | <i>(1.00)</i>   |
| Translation exchange difference               | <b>57.54</b>            | <b>44.34</b>             | -   | <b>(0.13)</b>     | -                                | <b>101.75</b>   |
|   | <i>2.83</i>             | <i>2.18</i>              | -   | <i>(0.27)</i>     | -                                | <i>4.74</i>     |
| Gross block as at March 31, 2014              | <b>327.64</b>           | <b>252.46</b>            | <b>13.51</b>                                | <b>16.89</b>      | <b>124.51</b>                    | <b>735.01</b>   |
|   | <i>270.10</i>           | <i>208.12</i>            | <i>12.93</i>                                | <i>72.29</i>      | <i>63.21</i>                     | <i>626.65</i>   |
| Accumulated amortisation as at April 1, 2013  | <b>(158.01)</b>         | <b>(121.78)</b>          | <b>(11.82)</b>                              | <b>(61.02)</b>    | <b>(19.22)</b>                   | <b>(371.85)</b> |
|   | <i>(134.08)</i>         | <i>(103.34)</i>          | <i>(11.44)</i>                              | <i>(48.42)</i>    | <i>(8.73)</i>                    | <i>(306.01)</i> |
| Amortisation for the year                     | <b>(26.51)</b>          | <b>(20.43)</b>           | <b>(0.61)</b>                               | <b>(2.98)</b>     | <b>(14.64)</b>                   | <b>(65.17)</b>  |
|   | <i>(23.50)</i>          | <i>(18.11)</i>           | <i>(0.38)</i>                               | <i>(14.60)</i>    | <i>(7.07)</i>                    | <i>(63.66)</i>  |
| Deletions/Adjustments                         | -                       | -                        | -   | <b>52.75</b>      | <b>(49.33)</b>                   | <b>3.42</b>     |
|   | -                       | -                        | -   | <i>1.44</i>       | <i>(3.42)</i>                    | <i>(1.98)</i>   |
| Translation exchange difference               | <b>(34.45)</b>          | <b>(26.55)</b>           | -   | <b>0.33</b>       | -                                | <b>(60.67)</b>  |
|   | <i>(0.43)</i>           | <i>(0.33)</i>            | -   | <i>0.56</i>       | -                                | <i>(0.20)</i>   |
| Accumulated amortisation as at March 31, 2014 | <b>(218.97)</b>         | <b>(168.76)</b>          | <b>(12.43)</b>                              | <b>(10.92)</b>    | <b>(83.19)</b>                   | <b>(494.27)</b> |
|   | <i>(158.01)</i>         | <i>(121.78)</i>          | <i>(11.82)</i>                              | <i>(61.02)</i>    | <i>(19.22)</i>                   | <i>(371.85)</i> |
| Net book value as at March 31, 2014           | <b>108.67</b>           | <b>83.70</b>             | <b>1.08</b>                                 | <b>5.97</b>       | <b>41.32</b>                     | <b>240.74</b>   |
|   | <i>112.09</i>           | <i>86.34</i>             | <i>1.11</i>                                 | <i>11.27</i>      | <i>43.99</i>                     | <i>254.80</i>   |

*Previous year figures are in italics.*

**Notes**

- (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 ₹ 9.81 crores (March 31, 2013: ₹ 10.73 crores) are pending completion.
- (iii) Net book value of computer equipment of ₹ 86.01 crores (March 31, 2013: ₹ 64.53 crores) and lease hold improvements of ₹ 67.13 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 Alti 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<br>March 31, 2014 | As at<br>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         | 5.41                    | 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>         |                         |                         |
| RuralShores Business Services Private Limited          | 25.00                   | -                       |
| <b>(b) OTHER INVESTMENTS</b>                           |                         |                         |
| Debentures and bonds (unquoted)                        | 2190.22                 | 910.22                  |
| Government securities (unquoted)                       | 25.00                   | 24.65                   |
| Mutual funds and other funds (unquoted)                | 6.36                    | 5.26                    |
|  | 2275.39                 | 968.42                  |
| Less: Provision for diminution in value of investments | (0.12)                  | (0.12)                  |
|  | 2275.27                 | 968.30                  |

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

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

Long-term loans and advances consist of the following:

|  | (₹ crores)              |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| (a) Secured, considered good                         |                         |                         |
| Loans and advances to employees                      | 0.22                    | 0.20                    |
| (b) Unsecured, considered good                       |                         |                         |
| (i) Capital advances                                 | 356.97                  | 491.79                  |
| (ii) Security deposits                               | 615.66                  | 541.34                  |
| (iii) Loans and advances to employees                | 7.06                    | 7.91                    |
| (iv) Loans and advances to related parties           | 128.13                  | 48.13                   |
| (v) Advance tax (including refunds receivable) (net) | 3067.16                 | 1934.81                 |
| (vi) MAT credit entitlement                          | 1885.46                 | 1840.27                 |
| (vii) Other loans and advances                       | 1225.96                 | 448.43                  |
| (c) Unsecured, considered doubtful                   |                         |                         |
| Other loans and advances                             | 0.31                    | 0.33                    |
| Less : Provision for doubtful loans and advances     | (0.31)                  | (0.33)                  |
|  | <b>7286.62</b>          | <b>5312.88</b>          |
| 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              | 80.00                   | -                       |
| Other loans and advances considered good include:    |                         |                         |
| Inter-corporate deposits                             | 858.00                  | -                       |
| Indirect tax recoverable                             | 54.76                   | 54.80                   |
| Prepaid expenses                                     | 217.66                  | 358.04                  |

**15) OTHER NON-CURRENT ASSETS**

Other non-current assets consist of the following:

|                                   | (₹ crores)              |                         |
|-----------------------------------|-------------------------|-------------------------|
|                                   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| (a) Interest receivable           | 34.55                   | 37.51                   |
| (b) Long-term bank deposits       | 1477.25                 | 2411.88                 |
| (c) Earmarked balances with banks | 25.06                   | 0.11                    |
| (d) Other non-current assets      | 8.47                    | 5.14                    |
|                                   | <b>1545.33</b>          | <b>2454.64</b>          |

Other non-current assets include discount on bonds and debentures receivable on maturity of ₹ 8.47 crores (March 31, 2013: Nil).

**16) CURRENT INVESTMENTS**

Current investments consist of the following:

|   | (₹ crores)              |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| (a) Fully paid equity shares (quoted)             | -                       | 0.01                    |
| (b) Investment in mutual funds (unquoted)         | 423.63                  | 586.93                  |
| (c) Investment in bonds (quoted)                  | 6.97                    | 6.96                    |
| (d) Investment in debentures and bonds (unquoted) | 727.87                  | 335.14                  |
|   | 1158.47                 | 929.04                  |
| (i) Market value of quoted investments            | 7.58                    | 7.78                    |
| (ii) Book value of quoted investments             | 6.97                    | 6.97                    |
| (iii) Book value of unquoted investments          | 1151.50                 | 922.07                  |

**17) INVENTORIES**

Inventories consist of the following:

|  | (₹ crores)              |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| (a) Raw materials, sub-assemblies and components | 7.59                    | 6.65                    |
| (b) Finished goods and Work-in-progress          | 5.63                    | 12.04                   |
| (c) Stores and spares                            | 1.99                    | 2.46                    |
|  | 15.21                   | 21.15                   |

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

**18) UNBILLED REVENUE**

Unbilled revenue as at March 31, 2014, amounting to ₹ 4005.61 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          | As at          |
|   | March 31, 2014 | March 31, 2013 |
| (a) Over six months from the date they were due for payment |                |                |
| (i) Considered good   | 1460.46        | 1427.80        |
| (ii) Considered doubtful                                    | 298.20         | 189.84         |
| (b) Others  |                |                |
| (i) Considered good   | 16769.94       | 12667.78       |
| (ii) Considered doubtful                                    | -              | 0.40           |
|   | 18528.60       | 14285.82       |
| Less: Provision for doubtful receivables                    | (298.20)       | (190.24)       |
|   | 18230.40       | 14095.58       |

**20) CASH AND BANK BALANCES**

Cash and bank balances consist of the following:

|   | (₹ crores)     |                |
|---|----------------|----------------|
|   | As at          | As at          |
|   | March 31, 2014 | March 31, 2013 |
| (a) Cash and cash equivalents                                 |                |                |
| (i) Balances with banks                                       |                |                |
| In current accounts   | 880.91         | 1179.55        |
| In deposit accounts with original maturity less than 3 months | 537.34         | 624.41         |
| (ii) Cheques on hand  | 16.59          | 17.88          |
| (iii) Cash on hand  | 2.55           | 1.98           |
| (iv) Remittances in transit                                   | 30.47          | 17.54          |
|   | 1467.86        | 1841.36        |
| (b) Other bank balances                                       |                |                |
| (i) Earmarked balances with banks                             | 25.59          | 16.34          |
| (ii) Short-term bank deposits                                 | 12948.39       | 4911.46        |
|   | 14441.84       | 6769.16        |

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

**TATA CONSULTANCY SERVICES LIMITED**  
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**21) SHORT-TERM LOANS AND ADVANCES**

Short-term loans and advances consist of the following:

|   | (₹ crores)              |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| (a) Secured, considered good  |                         |                         |
| Loans and advances to employees                                       | 1.50                    | 1.18                    |
| (b) Unsecured, considered good  |                         |                         |
| (i) Loans and advances to employees                                   | 309.74                  | 202.82                  |
| (ii) Loans and advances to related parties                            | 305.07                  | 50.05                   |
| (iii) Advance tax (including refunds receivable) (net)                | 33.83                   | 4.90                    |
| (iv) MAT credit entitlement   | 10.50                   | 4.43                    |
| (v) Other loans and advances  | 3650.16                 | 5379.88                 |
| (c) Unsecured, considered doubtful                                    |                         |                         |
| (i) Loans and advances to employees                                   | 44.57                   | 38.20                   |
| (ii) Other loans and advances   | 15.27                   | 11.63                   |
| Less : Provision for doubtful loans and advances                      | (59.84)                 | (49.83)                 |
|   | 4310.80                 | 5643.26                 |
| Loans and advances to related parties pertain to:                     |                         |                         |
| Tata Realty And Infrastructure Limited                                | 50.00                   | 50.00                   |
| Tata Teleservices Limited   | 0.01                    | 0.04                    |
| Tata AIG General Insurance Company Limited                            | 0.02                    | -                       |
| Tata Housing Development Company Limited                              | 55.00                   | -                       |
| Tata Teleservices (Maharashtra) Limited                               | -                       | 0.01                    |
| Tata Capital Financial Services Ltd.                                  | 200.00                  | -                       |
| Infiniti Retail Limited   | 0.04                    | -                       |
| Other loans and advances considered good include:                     |                         |                         |
| Fair values of foreign currency forward, option and futures contracts | 352.18                  | 187.78                  |
| Security deposits   | 87.11                   | 114.54                  |
| Inter-corporate deposits  | 1567.00                 | 3634.77                 |
| Prepaid expenses  | 1122.53                 | 952.51                  |

**22) OTHER CURRENT ASSETS**

Other current assets consist of the following:

|                                      | (₹ crores)              |                         |
|--------------------------------------|-------------------------|-------------------------|
|                                      | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| (a) Future finance lease receivables | -                       | 0.96                    |
| Less: Unearned finance income        | -                       | (0.03)                  |
|                                      | -                       | 0.93                    |
| (b) Interest receivable              | 727.41                  | 765.89                  |
| (c) Other current assets             | 7.95                    | 32.42                   |
|                                      | 735.36                  | 799.24                  |

Other current assets include discount on bonds and debentures receivable on maturity of ₹ 5.16 crores (March 31, 2013: Nil).



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

Revenue from operations consist of revenues from:

|   | (₹ crores)                              |   |
|---|---|---|
|   | For the year<br>ended<br>March 31, 2014 | For the year<br>ended<br>March 31, 2013 |
| (a) Information technology and consultancy services | 80139.84                                | 61223.00                                |
| (b) Sale of equipment and software licences         | 1669.52                                 | 1766.48                                 |
|   | 81809.36                                | 62989.48                                |

**24) OTHER INCOME (NET)**

Other income (net) consist of the following:

|  | (₹ crores)                              |   |
|--|---|---|
|  | For the year<br>ended<br>March 31, 2014 | For the year<br>ended<br>March 31, 2013 |
| (a) Interest income  | 1340.00                                 | 1039.74                                 |
| (b) Dividend income  | 9.25                                    | 6.47                                    |
| (c) Profit on redemption of mutual funds and sale of other current investments (net) | 173.09                                  | 41.36                                   |
| (d) Rent   | 17.62                                   | 16.41                                   |
| (e) Gain on sale of fixed assets (net)   | 4.55                                    | 0.23                                    |
| (f) Exchange gain (net)  | 17.62                                   | 49.27                                   |
| (g) Miscellaneous income   | 74.61                                   | 24.75                                   |
|  | 1636.74                                 | 1178.23                                 |

**Interest income pertains to :**

|  |        |        |
|--|--------|--------|
| Interest on bank deposits                  | 711.95 | 649.41 |
| Interest on inter-corporate deposits       | 337.70 | 228.10 |
| Interest on long-term bonds and debentures | 254.60 | 130.29 |
| Other interest                             | 35.75  | 31.94  |

**Dividend income pertains to:**

|  |      |      |
|--|------|------|
| Dividend from current investments (mutual funds) | 9.25 | 5.84 |
| Dividend from other long-term investments        | -    | 0.63 |

**Exchange gain (net) includes:**

|  |          |          |
|--|----------|----------|
| Loss on foreign exchange forward and currency option contracts which have been designated as Cash Flow Hedges ( Refer note 41) | (751.93) | (403.51) |
|--|----------|----------|

**TATA CONSULTANCY SERVICES LIMITED**  
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**25) EMPLOYEE BENEFIT EXPENSES**

Employee benefit expenses consist of the following:

|   | For the year<br>ended<br>March 31, 2014 | (₹ crores)<br>For the year<br>ended<br>March 31, 2013 |
|---|---|---|
| (a) Salaries and incentives                                 | 26148.72                                | 21114.54  |
| (b) Contributions to -                                      |   |   |
| (i) Provident fund and pension fund                         | 564.35                                  | 533.11  |
| (ii) Superannuation scheme                                  | 191.74                                  | 168.96  |
| (iii) Gratuity fund   | 132.26                                  | 149.46  |
| (iv) Social security and other plans for overseas employees | 1125.52                                 | 680.93  |
| (c) Staff welfare expenses                                  | 1697.42                                 | 1392.96   |
|   | 29860.01                                | 24039.96  |

**TATA CONSULTANCY SERVICES LIMITED**  
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**26) OPERATION AND OTHER EXPENSES**

Operation and other expenses consist of the following:

|   | (₹ crores)                              |   |
|---|---|---|
|   | For the year<br>ended<br>March 31, 2014 | For the year<br>ended<br>March 31, 2013 |
| (a) Overseas business expenses                          | 11636.42                                | 8701.94                                 |
| (b) Services rendered by business associates and others | 4938.37                                 | 3763.74                                 |
| (c) Software, hardware and material costs               | 3088.68                                 | 2652.50                                 |
| (d) Communication expenses                              | 874.04                                  | 766.91                                  |
| (e) Travelling and conveyance expenses                  | 1046.75                                 | 816.65                                  |
| (f) Rent  | 1421.27                                 | 1165.17                                 |
| (g) Legal and professional fees                         | 613.61                                  | 460.53                                  |
| (h) Repairs and maintenance                             | 499.11                                  | 409.77                                  |
| (i) Electricity expenses                                | 527.10                                  | 475.76                                  |
| (j) Bad debts (written back)/written-off                | (5.71)                                  | 42.53                                   |
| (k) Advances (written back)/ written off (net)          | (0.12)                                  | 2.82                                    |
| (l) Provision for doubtful receivables (net)            | 90.96                                   | 6.24                                    |
| (m) Provision for doubtful advances                     | 10.17                                   | 4.29                                    |
| (n) Recruitment and training expenses                   | 303.46                                  | 249.13                                  |
| (o) Diminution in value of investments (net)            | -                                       | (0.22)                                  |
| (p) Commission and brokerage                            | 62.23                                   | 54.86                                   |
| (q) Printing and stationery                             | 93.33                                   | 74.22                                   |
| (r) Insurance   | 61.13                                   | 44.55                                   |
| (s) Rates and taxes                                     | 108.19                                  | 101.50                                  |
| (t) Entertainment                                       | 60.20                                   | 47.61                                   |
| (u) Other expenses                                      | 1367.37                                 | 1069.11                                 |
|   | <b>26796.56</b>                         | <b>20909.61</b>                         |
| (i) Overseas business expenses includes:                |   |   |
| Travel expenses   | 1007.88                                 | 817.56                                  |
| Employee allowances                                     | 10626.29                                | 7881.90                                 |
| (ii) Repairs and maintenance includes:                  |   |   |
| Buildings   | 250.08                                  | 191.08                                  |
| Office and computer equipment                           | 243.42                                  | 213.37                                  |

**27) FINANCE COSTS**

Finance costs consist of the following:

|                  | (₹ crores)                              |   |
|------------------|---|---|
|                  | For the year<br>ended<br>March 31, 2014 | For the year<br>ended<br>March 31, 2013 |
| Interest expense | 38.52                                   | 48.49                                   |
|                  | <b>38.52</b>                            | <b>48.49</b>                            |

**28)** Current tax for the year ended March 31, 2014 is adjusted for the effect of additional provision (net) of ₹ 405.39 crores (March 31, 2013: ₹ 58.18 crores) in domestic and certain overseas jurisdictions relating to earlier years. The impact of MAT entitlement of earlier period is ₹ 451.92 crores (March 31, 2013: ₹ 128.97 crores).

**TATA CONSULTANCY SERVICES LIMITED**

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**29) Particulars of subsidiaries:**

| Name of the Company  | Country of incorporation      | Percentage of voting power as at March 31, 2014 | Percentage of voting power as at March 31, 2013 |
|--|-------------------------------|---|---|
| <b>Subsidiaries (held directly)</b>  |                               |   |   |
| APOnline Limited   | India                         | 89.00   | 89.00   |
| C-Edge Technologies Limited  | India                         | 51.00   | 51.00   |
| CMC Limited  | India                         | 51.12   | 51.12   |
| Diligenta Limited  | UK                            | 100.00  | 100.00  |
| MP Online Limited  | India                         | 89.00   | 89.00   |
| Tata Consultancy Services Canada Inc.                                      | Canada                        | 100.00  | 100.00  |
| Tata America International Corporation                                     | USA                           | 100.00  | 100.00  |
| Tata Consultancy Services Asia Pacific Pte Ltd.                            | Singapore                     | 100.00  | 100.00  |
| Tata Consultancy Services Belgium S.A.                                     | Belgium                       | 100.00  | 100.00  |
| Tata Consultancy Services Deutschland GmbH                                 | Germany                       | 100.00  | 100.00  |
| Tata Consultancy Services Netherlands BV                                   | Netherlands                   | 100.00  | 100.00  |
| Tata Consultancy Services Sverige AB                                       | Sweden                        | 100.00  | 100.00  |
| TCS FNS Pty Limited  | Australia                     | 100.00  | 100.00  |
| TCS Iberoamerica SA  | Uruguay                       | 100.00  | 100.00  |
| WTI Advanced Technology Limited  | India                         | 100.00  | 100.00  |
| Tata Consultancy Services Morocco SARL AU                                  | Morocco                       | 100.00  | 100.00  |
| Tata Consultancy Services (Africa) (PTY) Ltd.                              | South Africa                  | 60.00   | 60.00   |
| TCS e-Serve Limited (Refer note 32 (a))                                    | India                         | -   | 96.26   |
| MahaOnline Limited   | India                         | 74.00   | 74.00   |
| Tata Consultancy Services Qatar S.S.C.                                     | Qatar                         | 100.00  | 100.00  |
| Computational Research Laboratories Inc.<br>(w.e.f. 16.08.2012)            | USA                           | 100.00  | 100.00  |
| TCS e-Serve International Limited (w.e.f. 01.04.2013)                      | India                         | 100.00  | 96.26   |
| <b>Subsidiaries (held indirectly)</b>                                      |                               |   |   |
| CMC Americas Inc.  | USA                           | 100.00  | 100.00  |
| TCS Financial Solutions Beijing Co., Ltd.                                  | China                         | 100.00  | 100.00  |
| Tata Information Technology (Shanghai) Company Limited (Refer note 32 (b)) | China                         | -   | 100.00  |
| Tata Consultancy Services (China) Co., Ltd. (Refer note 32 (b))            | China                         | 90.00   | 74.63   |
| TCS Solution Center S.A.   | Uruguay                       | 100.00  | 100.00  |
| Tata Consultancy Services Argentina S.A.                                   | Argentina                     | 99.99   | 99.99   |
| Tata Consultancy Services Do Brasil Ltda                                   | Brazil                        | 100.00  | 100.00  |
| Tata Consultancy Services De Mexico S.A., De C.V.                          | Mexico                        | 100.00  | 100.00  |
| Tata Consultancy Services De Espana S.A.                                   | Spain                         | 100.00  | 100.00  |
| TCS Italia SRL   | Italy                         | 100.00  | 100.00  |
| Tata Consultancy Services Japan Ltd.                                       | Japan                         | 100.00  | 100.00  |
| Tata Consultancy Services Malaysia Sdn Bhd                                 | Malaysia                      | 100.00  | 100.00  |
| Tata Consultancy Services Luxembourg S.A.                                  | Capellen (G.D. de Luxembourg) | 100.00  | 100.00  |
| Tata Consultancy Services Portugal Unipessoal Limitada                     | Portugal                      | 100.00  | 100.00  |
| TCS Inversiones Chile Limitada   | Chile                         | 99.99   | 99.99   |
| Tata Consultancy Services Chile S.A.                                       | Chile                         | 100.00  | 100.00  |
| TATASOLUTION CENTER S.A  | Ecuador                       | 100.00  | 100.00  |
| TCS Financial Solutions Australia Holdings Pty Limited                     | Australia                     | 100.00  | 100.00  |
| TCS Financial Solutions Australia Pty Limited                              | Australia                     | 100.00  | 100.00  |
| TCS Management Pty Ltd.  | Australia                     | 100.00  | 100.00  |
| PT Financial Network Services  | Indonesia                     | 100.00  | 100.00  |
| PT Tata Consultancy Services Indonesia                                     | Indonesia                     | 100.00  | 100.00  |
| Tata Consultancy Services Switzerland Ltd.                                 | Switzerland                   | 100.00  | 100.00  |
| Tata Consultancy Services France SAS                                       | France                        | 100.00  | 100.00  |
| Tata Consultancy Services (South Africa) (PTY) Ltd.                        | South Africa                  | 75.00   | 75.00   |
| Tata Consultancy Services (Thailand) Limited                               | Thailand                      | 100.00  | 100.00  |
| Tata Consultancy Services (Philippines) Inc.                               | Philippines                   | 100.00  | 100.00  |
| TCS e-Serve America, Inc.  | USA                           | 100.00  | 100.00  |
| TCS Uruguay S. A.  | Uruguay                       | 100.00  | 100.00  |
| MGDC S.C.  | Mexico                        | 100.00  | 100.00  |
| Diligenta 2 Limited  | UK                            | 100.00  | 100.00  |
| MS CJV Investments Corporation   | USA                           | 100.00  | 100.00  |
| CMC eBiz Inc.  | USA                           | 100.00  | 100.00  |

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| Name of the Company  | Country of incorporation | Percentage of voting power as at March 31, 2014 | Percentage of voting power as at March 31, 2013 |
|--|--------------------------|---|---|
| Nippon TCS Solution Center Limited                           | Japan                    | 60.00   | 60.00   |
| Tata Consultancy Services Osterreich GmbH                    | Austria                  | 100.00  | 100.00  |
| Tata Consultancy Services Danmark ApS                        | Denmark                  | 100.00  | 100.00  |
| Alti S.A. (w.e.f. 28.06.2013)                                | France                   | 100.00  | -   |
| PLANAXIS TECHNOLOGIES INC (w.e.f. 28.06.2013)                | Canada                   | 100.00  | -   |
| ALTI HR (w.e.f. 28.06.2013)                                  | France                   | 100.00  | -   |
| ALTI INFRASTRUCTURES SYSTEMES & RESEAUX (w.e.f. 28.06.2013)  | France                   | 100.00  | -   |
| ALTI NV (w.e.f. 28.06.2013)                                  | Belgium                  | 100.00  | -   |
| TESCOM (France) Software Systems Testing (w.e.f. 28.06.2013) | France                   | 100.00  | -   |
| ALTI Switzerland (w.e.f. 28.06.2013)                         | Switzerland              | 100.00  | -   |
| TEAMLINK (w.e.f. 28.06.2013)                                 | Belgium                  | 100.00  | -   |

(b) The contribution of the subsidiaries acquired during the year is as under:

| Name of Subsidiary                       | (₹ crores)                    |   |            |
|--|-------------------------------|---|------------|
|  | Revenue<br>(post acquisition) | Net profit/(loss)<br>(post acquisition) | Net Assets |
| Alti S.A.                                | 623.21                        | 20.34                                   | 199.21     |
| PLANAXIS TECHNOLOGIES INC                | 36.02                         | 2.65                                    | 33.37      |
| ALTI HR                                  | (0.73)                        | 1.19                                    | 10.84      |
| ALTI INFRASTRUCTURES SYSTEMES & RESEAUX  | 0.07                          | 0.78                                    | 0.59       |
| ALTI NV                                  | 87.36                         | (1.75)                                  | 6.44       |
| TESCOM (France) Software Systems Testing | 6.05                          | (1.27)                                  | (6.01)     |
| ALTI Switzerland                         | 47.83                         | 2.94                                    | 2.29       |
| TEAMLINK                                 | (0.06)                        | (0.75)                                  | (0.80)     |

**30) Acquisitions / Divestments**

- a) 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, along with its subsidiaries.
- b) Tata Consultancy Services Morocco SARL AU, a wholly owned subsidiary, is in the process of being voluntarily liquidated.

**31) a) 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 March 31, 2014.**

b) 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 March 31, 2014.

c) The Company has given letter of comfort to various banks for credit facilities availed by its subsidiaries (a) Tata America International Corporation, (b) Tata Consultancy Services Netherlands BV, (c) Tata Consultancy Services Sverige AB, (d) Tata Consultancy Services Belgium SA, (e) Tata Consultancy Services Deutcheland GMBH, (f) Tata Consultancy Services Asia Pacific Pte Ltd and (g) Tata Consultancy Services Italia SRL. As per the terms of letter of comfort, the Company undertakes not to divest its ownership interest in the subsidiaries and provide such managerial, technical and financial assistance to ensure continued successful operations of the subsidiary.

**32) a) 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. The Company has issued 15,06,983 equity shares to the shareholders of TCS e-serve Limited pursuant to the Scheme. 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.

**b) Amalgamation of Tata Information Technology (Shanghai) Company Limited with Tata Consultancy Services (China) Co., Ltd**

Pursuant to the merger agreement and the issuance of the business licence of enterprise by Beijing Administration of Industry and Commerce in November 2013, Tata Information Technology (Shanghai) Company Limited amalgamated with Tata Consultancy Services (China) Co., Ltd.. Post merger the Group's voting interest in equity of Tata Consultancy Services (China) Co., Ltd. increased to 90%. As a result of the amalgamation, adjustment to minority interest has been recorded in general reserve.

**TATA CONSULTANCY SERVICES LIMITED**

Notes forming part of the Consolidated Financial Statements

**33) Employee retirement benefits**

**a) Defined contribution plans**

The Company and its subsidiaries make Provident Fund, Pension Fund, Foreign contribution Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company and its subsidiaries are required to contribute a specified percentage of the payroll costs to fund the benefits. In case of Provident Fund, the contributions as specified under the law are paid to the Provident Fund set up as a trust by the Company and its subsidiaries or to the respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension Scheme and to the administrator of funds in case of foreign contribution plans. In respect of Provident fund contributions, the Company and its subsidiaries are generally liable for annual contribution and any shortfall in the fund assets based on the government specified minimum rate of return and recognises such contribution and shortfall, if any as an expense in the year it is incurred.

The Group recognised ₹ 564.35 crores (March 31, 2013: ₹ 533.11 crores) for provident fund and pension fund contributions and ₹ 191.74 crores (March 31, 2013: ₹ 168.96 crores) for superannuation contributions in the statement of profit and loss. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

The Group has contributed ₹ 560.27 crores (March 31, 2013: ₹ 283.54 crores) towards other foreign defined contribution plans.

**b) Defined benefit plans**

The Company and its subsidiaries in India provide to the eligible employees defined benefit plans such as gratuity, post retirement medical benefit, post retirement vacation and pension plan. The Gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The measurement date used for determining retirement benefits for gratuity is March 31. Certain overseas subsidiaries of the Company also provide for retirement benefit plans in accordance with the local laws.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date.

The following table set out the funded and unfunded status of the retirement benefit plans and the amounts recognised in the financial statements:

| Retirement benefits                                      | (₹ crores)             |                        |                        |                        |                        |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
|  | Indian                 |                        | Foreign                |                        | Consolidated           |
|  | Funded                 | Unfunded               | Funded                 | Unfunded               |                        |
|  | As at<br>March 31,2014 | As at<br>March 31,2014 | As at<br>March 31,2014 | As at<br>March 31,2014 | As at<br>March 31,2014 |
| <b>i) Change in benefit obligations:</b>                 |                        |                        |                        |                        |                        |
| Projected benefit obligation,<br>beginning of the year   | <b>880.58</b>          | <b>2.17</b>            | <b>338.95</b>          | <b>16.02</b>           | <b>1237.72</b>         |
|  | 722.99                 | 1.71                   | 267.70                 | 5.98                   | 998.38                 |
| Service cost   | <b>154.03</b>          | <b>0.27</b>            | <b>29.35</b>           | <b>5.66</b>            | <b>189.31</b>          |
|  | 117.38                 | 0.56                   | 21.89                  | 6.57                   | 146.40                 |
| Interest cost  | <b>70.87</b>           | <b>0.16</b>            | <b>13.33</b>           | <b>1.11</b>            | <b>85.47</b>           |
|  | 66.27                  | 0.09                   | 10.69                  | 0.92                   | 77.97                  |
| Acquisitions   | -                      | -                      | -                      | <b>8.44</b>            | <b>8.44</b>            |
|  | -                      | -                      | -                      | -                      | -                      |
| Actuarial loss/(gain)                                    | <b>(23.10)</b>         | <b>(0.02)</b>          | <b>19.41</b>           | <b>1.83</b>            | <b>(1.88)</b>          |
|  | 18.34                  | 0.57                   | 47.28                  | (0.18)                 | 66.01                  |
| Plan participants'<br>contributions                      | -                      | -                      | <b>7.39</b>            | -                      | <b>7.39</b>            |
|  | -                      | -                      | 7.56                   | -                      | 7.56                   |
| Exchange loss / Adjustments                              | <b>1.31</b>            | <b>(1.31)</b>          | <b>68.56</b>           | <b>1.55</b>            | <b>70.11</b>           |
|  | 0.65                   | (0.65)                 | 0.24                   | 0.50                   | 0.74                   |
| Past service cost / (credit)                             | <b>3.92</b>            | <b>0.03</b>            | <b>(19.55)</b>         | -                      | <b>(15.60)</b>         |
|  | -                      | -                      | (2.41)                 | 3.80                   | 1.39                   |
| Benefits paid  | <b>(70.06)</b>         | <b>(0.06)</b>          | <b>(28.25)</b>         | <b>(0.76)</b>          | <b>(99.13)</b>         |
|  | (45.05)                | (0.11)                 | (14.00)                | (1.57)                 | (60.73)                |
| <b>Projected benefit obligation, end<br/>of the year</b> | <b>1017.55</b>         | <b>1.24</b>            | <b>429.19</b>          | <b>33.85</b>           | <b>1481.83</b>         |
|  | 880.58                 | 2.17                   | 338.95                 | 16.02                  | 1237.72                |

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(₹ crores)

| Retirement benefits                                 | Indian                 |                        | Foreign                |                        | Consolidated    |
|---|------------------------|------------------------|------------------------|------------------------|-----------------|
|   | Funded                 | Unfunded               | Funded                 | Unfunded               |                 |
|   | As at<br>March 31,2014 | As at<br>March 31,2014 | As at<br>March 31,2014 | As at<br>March 31,2014 |                 |
| <b>ii) Change in plan assets:</b>                   |                        |                        |                        |                        |                 |
| Fair value of plan assets,<br>beginning of the year | <b>623.58</b>          | -                      | <b>312.58</b>          | -                      | <b>936.16</b>   |
|   | 569.23                 | -                      | 269.29                 | -                      | 838.52          |
| Expected return on plan<br>assets                   | <b>51.68</b>           | -                      | <b>16.62</b>           | -                      | <b>68.30</b>    |
|   | 49.69                  | -                      | 12.07                  | -                      | 61.76           |
| Plan participants'<br>contributions                 | -                      | -                      | <b>7.39</b>            | -                      | <b>7.39</b>     |
|   | -                      | -                      | 7.56                   | -                      | 7.56            |
| Employers' contributions                            | <b>232.80</b>          | -                      | <b>25.96</b>           | -                      | <b>258.76</b>   |
|   | 45.65                  | -                      | 22.58                  | -                      | 68.23           |
| Exchange gain                                       | -                      | -                      | <b>63.47</b>           | -                      | <b>63.47</b>    |
|   | -                      | -                      | 1.34                   | -                      | 1.34            |
| Benefits paid                                       | <b>(70.06)</b>         | -                      | <b>(28.25)</b>         | -                      | <b>(98.31)</b>  |
|   | (45.05)                | -                      | (14.00)                | -                      | (59.05)         |
| Actuarial gain/(loss)                               | <b>22.22</b>           | -                      | <b>(8.90)</b>          | -                      | <b>13.32</b>    |
|   | 4.06                   | -                      | 13.74                  | -                      | 17.80           |
| Fair value of plan assets, end<br>of the year       | <b>860.22</b>          | -                      | <b>388.87</b>          | -                      | <b>1249.09</b>  |
|   | 623.58                 | -                      | 312.58                 | -                      | 936.16          |
| Excess of (obligation over<br>plan assets) (net)    | <b>(157.33)</b>        | <b>(1.24)</b>          | <b>(40.32)</b>         | <b>(33.85)</b>         | <b>(232.74)</b> |
|   | (257.00)               | (2.17)                 | (26.37)                | (16.02)                | (301.56)        |

(₹ crores)

| Retirement benefits   | Indian                                 |  | Foreign                                |  | Consolidated   |
|---|--|--|--|--|----------------|
|   | Funded                                 | Unfunded                               | Funded                                 | Unfunded                               |                |
|   | for the year<br>ended<br>March 31,2014 | for the year<br>ended<br>March 31,2014 | for the year<br>ended<br>March 31,2014 | for the year<br>ended<br>March 31,2014 |                |
| <b>iii) Net gratuity and other<br/>retirement benefit cost:</b> |  |  |  |  |                |
| Service cost  | <b>154.03</b>                          | <b>0.27</b>                            | <b>29.35</b>                           | <b>5.66</b>                            | <b>189.31</b>  |
|   | 117.38                                 | 0.56                                   | 21.89                                  | 6.57                                   | 146.40         |
| Interest on defined benefit<br>obligation                       | <b>70.87</b>                           | <b>0.16</b>                            | <b>13.33</b>                           | <b>1.11</b>                            | <b>85.47</b>   |
|   | 66.27                                  | 0.09                                   | 10.69                                  | 0.92                                   | 77.97          |
| Expected return on plan<br>assets                               | <b>(51.68)</b>                         | -                                      | <b>(16.62)</b>                         | -                                      | <b>(68.30)</b> |
|   | (49.69)                                | -                                      | (12.07)                                | -                                      | (61.76)        |
| Past service cost / (credit)                                    | <b>3.92</b>                            | <b>0.03</b>                            | <b>(19.55)</b>                         | -                                      | <b>(15.60)</b> |
|   | -                                      | -                                      | (2.41)                                 | 3.80                                   | 1.39           |
| Net actuarial loss /(gain)<br>recognised during the year        | <b>(45.32)</b>                         | <b>(0.02)</b>                          | <b>28.31</b>                           | <b>1.83</b>                            | <b>(15.20)</b> |
|   | 14.28                                  | 0.57                                   | 33.54                                  | (0.18)                                 | 48.21          |
| Net gratuity and other<br>retirement benefit cost               | <b>131.82</b>                          | <b>0.44</b>                            | <b>34.82</b>                           | <b>8.60</b>                            | <b>175.68</b>  |
|   | 148.24                                 | 1.22                                   | 51.64                                  | 11.11                                  | 212.21         |
| Actual return on plan assets                                    | <b>73.90</b>                           | -                                      | <b>7.72</b>                            | -                                      | <b>81.62</b>   |
|   | 53.75                                  | -                                      | 25.81                                  | -                                      | 79.56          |

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(₹ crores)

| Retirement benefits            | Indian                 | Foreign                | Consolidated           |
|--------------------------------|------------------------|------------------------|------------------------|
|                                | As at<br>March 31,2014 | As at<br>March 31,2014 | As at<br>March 31,2014 |
| <b>iv) Category of assets:</b> |                        |                        |                        |
| Corporate bonds                | -                      | <b>88.03</b>           | <b>88.03</b>           |
|                                | -                      | 113.07                 | 113.07                 |
| Equity shares                  | -                      | <b>49.97</b>           | <b>49.97</b>           |
|                                | -                      | 59.74                  | 59.74                  |
| Index linked bonds             | -                      | <b>88.49</b>           | <b>88.49</b>           |
|                                | -                      | 69.95                  | 69.95                  |
| Insurer managed funds          | <b>860.18</b>          | <b>159.63</b>          | <b>1019.81</b>         |
|                                | 623.51                 | 18.93                  | 642.44                 |
| Cash and bank balances         | -                      | <b>2.75</b>            | <b>2.75</b>            |
|                                | -                      | 4.68                   | 4.68                   |
| Government Securities          | -                      | -                      | -                      |
|                                | -                      | 28.89                  | 28.89                  |
| Others                         | <b>0.04</b>            | -                      | <b>0.04</b>            |
|                                | 0.07                   | 17.32                  | 17.39                  |
| <b>Total</b>                   | <b>860.22</b>          | <b>388.87</b>          | <b>1249.09</b>         |
|                                | 623.58                 | 312.58                 | 936.16                 |

|  | Indian              | Foreign               |
|--|---------------------|-----------------------|
| <b>v) Assumptions used in accounting for the gratuity plan</b> |                     |                       |
| Discount rate  | <b>9.00%</b>        | <b>2.25% -7.60%</b>   |
|  | 8.00%               | 2.25%-7.00%           |
| Salary escalation rate   | <b>4.00% -7.00%</b> | <b>1.50 % - 4.64%</b> |
|  | 4.00%-7.00%         | 1.50%-4.64%           |
| Expected rate of return on plan assets                         | <b>9.00%</b>        | <b>2.25% -4.50%</b>   |
|  | 8.60%-8.70%         | 2.25%-4.70%           |

The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company and its subsidiaries policy for plan asset management.

| Particulars                                 | (₹ crores)      |          |                |         |         |
|---|-----------------|----------|----------------|---------|---------|
|   | 2014            | 2013     | Indian<br>2012 | 2011    | 2010    |
| Experience adjustment                       |                 |          |                |         |         |
| On plan liability loss/(gain)               | <b>55.10</b>    | (17.78)  | 44.05          | 31.05   | 4.55    |
| On plan asset gain                          | <b>22.22</b>    | 4.06     | 6.61           | 9.27    | 3.47    |
| Present value of benefit obligation         | <b>1,018.79</b> | 882.75   | 724.70         | 602.65  | 497.21  |
| Fair value of plan assets                   | <b>860.22</b>   | 623.58   | 569.23         | 518.91  | 436.83  |
| Excess of obligation over plan assets (net) | <b>(158.57)</b> | (259.17) | (155.47)       | (83.74) | (60.38) |

| Particulars                                 | (₹ crores)     |         |                 |        |         |
|---|----------------|---------|-----------------|--------|---------|
|   | 2014           | 2013    | Foreign<br>2012 | 2011   | 2010    |
| Experience adjustment                       |                |         |                 |        |         |
| On plan liability gain                      | <b>(3.06)</b>  | (2.11)  | (0.38)          | (3.74) | (10.86) |
| On plan asset (loss)\ gain                  | <b>(8.90)</b>  | 13.74   | 4.16            | 0.33   | (12.02) |
| Present value of benefit obligation         | <b>463.04</b>  | 354.97  | 273.68          | 222.22 | 172.80  |
| Fair value of plan assets                   | <b>388.87</b>  | 312.58  | 269.29          | 213.65 | 155.31  |
| Excess of obligation over plan assets (net) | <b>(74.17)</b> | (42.39) | (4.39)          | (8.57) | (17.49) |

The expected benefits are based on the same assumptions used to measure Group's gratuity obligations as at March 31, 2014. The Group is expected to contribute ₹ 310.42 crores to gratuity funds for the year ended March 31, 2015, comprising domestic component of ₹ 296.21 crores and foreign component of ₹ 14.21 crores.

*Previous years' figures are in italics.*



**34) 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.

**Year ended March 31, 2014**

(₹ crores)

| Particulars                     | Business segments                                  |                |   |  |                 | Total           |
|---------------------------------|--|----------------|---|--|-----------------|-----------------|
|                                 | Banking,<br>Financial<br>Services and<br>Insurance | Manufacturing  | Retail and<br>Consumer<br>Packaged<br>Goods | Telecom,<br>Media and<br>Entertainment | Others          |                 |
| Revenue                         | <b>35112.41</b>                                    | <b>6989.36</b> | <b>11309.06</b>                             | <b>9613.74</b>                         | <b>18784.79</b> | <b>81809.36</b> |
|                                 | 27146.25   | 5215.52        | 8401.22                                     | 7539.71                                | 14686.78        | 62989.48        |
| Segment result                  | <b>11522.77</b>                                    | <b>2051.15</b> | <b>3673.75</b>                              | <b>2748.56</b>                         | <b>5028.96</b>  | <b>25025.19</b> |
|                                 | 8014.29  | 1362.65        | 2580.64                                     | 1948.81                                | 3991.73         | 17898.12        |
| Unallocable expenses (net)      |  |                |   |  |                 | <b>1260.07</b>  |
|                                 |  |                |   |  |                 | 986.62          |
| Operating income                |  |                |   |  |                 | <b>23765.12</b> |
|                                 |  |                |   |  |                 | 16911.50        |
| Other income (net)              |  |                |   |  |                 | <b>1636.74</b>  |
|                                 |  |                |   |  |                 | 1178.23         |
| Profit before tax               |  |                |   |  |                 | <b>25401.86</b> |
|                                 |  |                |   |  |                 | 18089.73        |
| Tax expense                     |  |                |   |  |                 | <b>6069.99</b>  |
|                                 |  |                |   |  |                 | 4014.04         |
| Profit before minority interest |  |                |   |  |                 | <b>19331.87</b> |
|                                 |  |                |   |  |                 | 14075.69        |
| Minority interest               |  |                |   |  |                 | <b>168.00</b>   |
|                                 |  |                |   |  |                 | 158.38          |
| Profit for the year             |  |                |   |  |                 | <b>19163.87</b> |
|                                 |  |                |   |  |                 | 13917.31        |

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

**As at March 31, 2014** (₹ crores)

| Particulars             | Business segments                                  |                |   |  |                | Total           |
|-------------------------|--|----------------|---|--|----------------|-----------------|
|                         | Banking,<br>Financial<br>Services and<br>Insurance | Manufacturing  | Retail and<br>Consumer<br>Packaged<br>Goods | Telecom,<br>Media and<br>Entertainment | Others         |                 |
| Segment assets          | <b>9847.07</b>                                     | <b>2162.04</b> | <b>3055.24</b>                              | <b>3148.15</b>                         | <b>8228.79</b> | <b>26441.29</b> |
|                         | <i>11289.07</i>                                    | <i>1615.30</i> | <i>2142.67</i>                              | <i>2517.09</i>                         | <i>6791.49</i> | <i>24355.62</i> |
| Unallocable assets      |  |                |   |  |                | <b>40696.49</b> |
|                         |  |                |   |  |                | <i>27812.25</i> |
| Total assets            |  |                |   |  |                | <b>67137.78</b> |
|                         |  |                |   |  |                | <i>52167.87</i> |
| Segment liabilities     | <b>1503.43</b>                                     | <b>167.61</b>  | <b>130.78</b>                               | <b>171.51</b>                          | <b>1220.19</b> | <b>3193.52</b>  |
|                         | <i>1243.95</i>                                     | <i>122.48</i>  | <i>92.08</i>                                | <i>180.76</i>                          | <i>764.58</i>  | <i>2403.85</i>  |
| Unallocable liabilities |  |                |   |  |                | <b>14041.51</b> |
|                         |  |                |   |  |                | <i>10422.98</i> |
| Total liabilities       |  |                |   |  |                | <b>17235.03</b> |
|                         |  |                |   |  |                | <i>12826.83</i> |

**Year ended March 31, 2014** (₹ crores)

| Particulars   | Business segments                                  |               |   |  |               | Total          |
|---|--|---------------|---|--|---------------|----------------|
|   | Banking,<br>Financial<br>Services and<br>Insurance | Manufacturing | Retail and<br>Consumer<br>Packaged<br>Goods | Telecom,<br>Media and<br>Entertainment | Others        |                |
| <b>Other information :</b>                              |  |               |   |  |               |                |
| Capital expenditure (allocable)                         | <b>37.77</b>                                       | -             | -   | -                                      | <b>103.30</b> | <b>141.07</b>  |
|   | <i>120.31</i>                                      | -             | -   | -                                      | <i>100.97</i> | <i>221.28</i>  |
| Capital expenditure (unallocable)                       |  |               |   |  |               | <b>3416.12</b> |
|   |  |               |   |  |               | <i>2502.57</i> |
| Depreciation (allocable)                                | <b>100.91</b>                                      | -             | -   | -                                      | <b>26.69</b>  | <b>127.60</b>  |
|   | <i>117.45</i>                                      | -             | -   | -                                      | <i>24.12</i>  | <i>141.57</i>  |
| Depreciation (unallocable)                              |  |               |   |  |               | <b>1221.55</b> |
|   |  |               |   |  |               | <i>938.35</i>  |
| Other significant non cash expenses (allocable)         | <b>18.26</b>                                       | <b>4.70</b>   | <b>(1.44)</b>                               | <b>27.20</b>                           | <b>46.58</b>  | <b>95.30</b>   |
|   | <i>8.70</i>  | <i>2.90</i>   | <i>3.20</i>                                 | <i>17.81</i>                           | <i>23.27</i>  | <i>55.88</i>   |
| Other significant non cash expenses (net) (unallocable) |  |               |   |  |               | -              |
|   |  |               |   |  |               | <i>(0.22)</i>  |

The following geographic segments individually contribute 10 percent or more of the Group's revenues or segment assets:

| Geographic segments | Revenue for the year |                                     |
|---------------------|----------------------|-------------------------------------|
|                     | ended March 31, 2014 | Segment assets as at March 31, 2014 |
| Americas            | <b>45259.43</b>      | <b>10774.01</b>                     |
|                     | <i>35247.16</i>      | <i>9959.55</i>                      |
| Europe              | <b>23432.70</b>      | <b>9148.15</b>                      |
|                     | <i>16813.41</i>      | <i>6035.49</i>                      |
| India               | <b>5487.80</b>       | <b>5045.06</b>                      |
|                     | <i>4890.26</i>       | <i>5229.28</i>                      |

Previous year's figures are in italics.

**35) Obligation towards operating lease obligation**

| (₹ crores)  |                         |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| Non-cancellable operating lease obligation        |                         |                         |
| Not later than one year                           | 707.22                  | 675.30                  |
| Later than one year but not later than five years | 1817.41                 | 1850.00                 |
| Later than five years                             | 1107.12                 | 1016.77                 |
| <b>Total</b>                                      | <b>3631.75</b>          | <b>3542.07</b>          |

Rental expenses of ₹ 694.63 crores (March 31, 2013: ₹ 611.61 crores) in respect of obligation under non-cancellable operating leases and ₹ 726.64 crores (March 31, 2013: ₹ 553.56 crores) in respect of cancellable operating leases have been charged to the statement of profit and loss.

**36) Finance lease**

a) Group as lessor

| (₹ crores)  |                         |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| Particulars   |                         |                         |
| (i) Gross investment                                    |                         |                         |
| Not later than one year                                 | -                       | 0.96                    |
| Later than one year but not later than five years       | -                       | -                       |
| Later than five years                                   | -                       | -                       |
| <b>Total</b>  | <b>-</b>                | <b>0.96</b>             |
| (ii) Present value of minimum lease payments receivable |                         |                         |
| Not later than one year                                 | -                       | 0.93                    |
| Later than one year but not later than five years       | -                       | -                       |
| Later than five years                                   | -                       | -                       |
| <b>Total</b>  | <b>-</b>                | <b>0.93</b>             |
| Add: Unearned finance income                            | -                       | 0.03                    |
| <b>Total</b>  | <b>-</b>                | <b>0.96</b>             |

b) Group as lessee

| (₹ crores)  |                         |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| Obligations towards finance lease                 |                         |                         |
| Assets acquired under finance lease               |                         |                         |
| i) Minimum lease payments:                        |                         |                         |
| Not later than one year                           | 57.56                   | 36.38                   |
| Later than one year but not later than five years | 124.00                  | 130.46                  |
| Later than five years                             | 55.80                   | 67.23                   |
| <b>Total</b>                                      | <b>237.36</b>           | <b>234.07</b>           |
| ii) Present value of minimum lease payments:      |                         |                         |
| Not later than one year                           | 42.05                   | 20.03                   |
| Later than one year but not later than five years | 87.24                   | 85.59                   |
| Later than five years                             | 38.97                   | 43.87                   |
| <b>Total</b>                                      | <b>168.26</b>           | <b>149.49</b>           |
| Add: Future finance charges                       | 69.10                   | 84.58                   |
| <b>Total</b>                                      | <b>237.36</b>           | <b>234.07</b>           |

**37) Receivables under sub leases**

| (₹ crores)  |                         |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| Sub lease receivables                             |                         |                         |
| Not later than one year                           | 18.71                   | 15.52                   |
| Later than one year but not later than five years | 53.44                   | 63.80                   |
| Later than five years                             | -                       | -                       |
| <b>Total</b>                                      | <b>72.15</b>            | <b>79.32</b>            |

The total amount recognised in the statement of profit and loss for the year ended March 31, 2014 is ₹ 17.62 crores (March 31, 2013: ₹ 16.41 crores).

**38) Earnings per share [EPS]**

| (₹ crores)   |   |   |
|--|---|---|
|  | For the year<br>ended<br>March 31, 2014 | For the year<br>ended<br>March 31, 2013 |
| Profit for the year  | 19163.87                                | 13917.31                                |
| Less: Dividend on preference shares (including dividend tax) | 33.65                                   | 22.23                                   |
| Amount available for equity shareholders                     | 19130.22                                | 13895.08                                |
| Weighted average number of equity shares                     | 195,87,27,979                           | 195,72,20,996                           |
| Earning per share basic and diluted (₹)                      | 97.67                                   | 70.99                                   |
| Face value per equity share (₹)                              | 1.00                                    | 1.00                                    |

**39) Contingent liabilities**

| (₹ crores)   |                         |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
| Claims against the Group not acknowledged as debt  | 167.64                  | 120.17                  |
| Income tax demands (See note (a) below)            | 3835.81                 | 2763.54                 |
| Indirect tax demands (See note (b) below)          | 132.31                  | 136.89                  |
| Guarantees given by the Group (See note (c) below) | 477.75                  | 493.86                  |
| Other contingencies                                | 0.56                    | 0.66                    |

Notes:

- a) In respect of income tax demands of ₹ 318.20 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.
- b) In respect of indirect tax demands of ₹ 8.53 crores (March 31, 2013: 63.26 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.
- c) The Group has provided guarantees aggregating ₹ 477.75 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.
- d) 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.

**40) Capital and other commitments**

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 2862.86 crores (March 31, 2013: ₹ 3406.17 crores).
- b) The Group has a purchase commitment of 45.05 crores (USD 7.5 millions) towards an investment in a limited liability company.
- c) The Company has a purchase commitment towards India Innovation Fund for the uncalled amount of balance ₹ 36445.78 per unit for 1000 units aggregating ₹ 3.64 crores (March 31, 2013: ₹ 4.74 crores).

**41) Derivative financial instruments**

The Company and its subsidiaries, in accordance with its risk management policies and procedures, enter into foreign currency forward, option and futures 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 March 31, 2014:

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

|                   | March 31, 2014   |  |                       | 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:

|                   | March 31, 2014   |  |                       | 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       | 4                | 410.00   | 21.36                 | 56               | 1150.00  | (0.62)                |
| Sterling Pound    | 6                | 177.00   | 18.23                 | 12               | 123.00   | 62.59                 |
| Euro              | 3                | 120.00   | 19.87                 | 15               | 102.00   | 15.66                 |
| Australian Dollar | 3                | 75.00  | 2.71                  | -                | -  | -                     |

The movement in Hedging Reserve during the year ended March 31, 2014, for derivatives designated as Cash Flow Hedges is as follows:

|   | (₹ crores)                |                           |
|---|---------------------------|---------------------------|
|   | Year ended March 31, 2014 | 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 (includes net time value adjustment of ₹ 140.11 crores (March 31, 2013: Nil))                                | (760.20)                  | 103.01                    |
| Losses transferred to statement of profit and loss on occurrence of forecasted hedge transactions (includes net time value adjustment of ₹ 144.87 crores (March 31, 2013: Nil)) | 744.09                    | 79.99                     |
| Amount transferred from minority interest during the year   | (0.36)                    | (3.80)                    |
| Balance at the end of the year (includes net time value adjustment of ₹ 4.76 crores (March 31, 2013: Nil))  | 29.64                     | 46.11                     |

Net gain on derivative instruments of ₹ 21.15 crores recognised in Hedging Reserve as of March 31, 2014, is expected to be reclassified to the statement of profit and loss by March 31, 2015.

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In addition to the above Cash Flow Hedges, the Group has outstanding foreign currency forward, option and futures contracts with notional amount aggregating ₹ 15883.01 crores (March 31, 2013: ₹ 10665.98 crores) whose fair value showed a gain of ₹ 267.07 crores as at March 31, 2014 (March 31, 2013 : gain of ₹ 51.94 crores).

Exchange loss of ₹ 60.54 crores (March 31, 2013 : exchange gain of ₹ 271.52 crores) on foreign currency forward, option and futures contracts for the year ended March 31, 2014, have been recognised in the statement of profit and loss.

- 42) Research and development expenditure (including capital expenditure) aggregating ₹ 198.91 crores (March 31, 2013: ₹ 164.18 crores) was incurred during the year.
- 43) Trade payables include payable to micro, small and medium enterprises ₹ 11.28 crores (March 31, 2013: ₹ 6.15 crores).
- 44) Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Group financial statements.
- 45) Previous year's figures have been recast / restated to conform to the classification of the current year.