

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

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

(₹ crores)

	Note	As at March 31, 2014	As at 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	43856.01	32266.53
		44051.88	32562.25
<b>Non - current liabilities</b>			
(a) Long - term borrowings	5	89.69	83.10
(b) Deferred tax liabilities (net)	6(a)	226.87	168.49
(c) Other long - term liabilities	7	690.44	251.87
(d) Long - term provisions	8	279.61	269.52
		1286.61	772.98
<b>Current liabilities</b>			
(a) Short - term borrowings	9	-	80.02
(b) Trade payables		3977.55	3349.94
(c) Other current liabilities	10	2460.32	2172.71
(d) Short - term provisions	11	5827.83	3896.14
		12265.70	9498.81
<b>TOTAL</b>		<b>57604.19</b>	<b>42834.04</b>
<b>II. ASSETS</b>			
<b>Non - current assets</b>			
(a) Fixed assets	12		
(i) Tangible assets		5887.09	5059.48
(ii) Intangible assets		42.10	44.80
(iii) Capital work-in-progress		3047.53	1763.85
		8976.72	6868.13
(b) Non - current investments	13	5098.55	5975.73
(c) Deferred tax assets (net)	6(b)	273.58	148.23
(d) Long - term loans and advances	14	6875.54	4630.21
(e) Other non - current assets	15	1544.99	1881.20
		22769.38	19503.50
<b>Current assets</b>			
(a) Current investments	16	733.87	348.65
(b) Inventories	17	8.57	6.34
(c) Unbilled revenues	18	2626.08	2303.35
(d) Trade receivables	19	14471.89	11202.32
(e) Cash and bank balances	20	12566.26	4054.16
(f) Short - term loans and advances	21	3688.12	4733.38
(g) Other current assets	22	740.02	682.34
		34834.81	23330.54
<b>TOTAL</b>		<b>57604.19</b>	<b>42834.04</b>
<b>III. NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>	1-47		

*As per our report attached*

*For Deloitte Haskins & Sells LLP  
Chartered Accountants*

*For and on behalf of the Board*

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

**Cyrus Mistry**  
*Chairman*

**S. Ramadorai**  
*Vice Chairman*

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

**Aman Mehta**  
*Director*

**V. Thyagarajan**  
*Director*

**Prof. Clayton M. Christensen**  
*Director*

**Dr. Ron Sommer**  
*Director*

**Dr. Vijay Kelkar**  
*Director*

**Rajesh Gopinathan**  
*Chief Financial Officer*

**Phiroz Vandrevalla**  
*Director*

**Ishaat Hussain**  
*Director*

**O.P. Bhatt**  
*Director*

**Suprakash Mukhopadhyay**  
*Company Secretary*

**TATA CONSULTANCY SERVICES LIMITED**  
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(₹ crores)

	Note	2014	2013
I. Revenue from operations (Net of excise duty of ₹ 3.15 crores (Previous year : ₹ 0.82 crore))	23	64672.93	48426.14
II. Other income (net)	24	3114.71	2230.39
<b>TOTAL REVENUE</b>		<b>67787.64</b>	<b>50656.53</b>
III. <b>Expenses:</b>			
(a) Employee benefit expenses	25	21466.56	17081.72
(b) Operation and other expenses	26	21672.65	17038.15
(c) Finance costs	27	23.41	30.62
(d) Depreciation and amortisation expense	12	1080.55	802.86
<b>TOTAL EXPENSES</b>		<b>44243.17</b>	<b>34953.35</b>
IV. <b>PROFIT BEFORE TAX</b>		<b>23544.47</b>	<b>15703.18</b>
V. <b>Tax expense:</b>			
(a) Current tax	28	5130.03	3197.40
(b) Deferred tax		(22.18)	44.02
(c) MAT credit entitlement		(38.30)	(324.58)
		5069.55	2916.84
VI. <b>PROFIT FOR THE YEAR</b>		<b>18474.92</b>	<b>12786.34</b>
VII. <b>Earnings per equity share: - Basic and diluted ( ₹ )</b>	34	94.15	65.22
Weighted average number of equity shares (face value of ₹ 1 each)		195,87,27,979	195,72,20,996
VIII. <b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>	1-47		

*As per our report attached*

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

*For and on behalf of the Board*

**P. R. Ramesh**  
Partner

**Cyrus Mistry**  
Chairman

**S. Ramadorai**  
Vice Chairman

**N.Chandrasekaran**  
CEO and Managing Director

**Aman Mehta**  
Director

**V. Thyagarajan**  
Director

**Prof. Clayton M.Christensen**  
Director

**Dr. Ron Sommer**  
Director

**Dr. Vijay Kelkar**  
Director

**Rajesh Gopinathan**  
Chief Financial Officer

**Phiroz Vandrevala**  
Director

**Ishaat Hussain**  
Director

**O.P.Bhatt**  
Director

**Suprakash Mukhopadhyay**  
Company Secretary

Mumbai, April 16, 2014

Mumbai, April 16, 2014

**TATA CONSULTANCY SERVICES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**

	Note	2014	2013
(₹ crores)			
<b>I CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before taxes</b>		23544.47	15703.18
Adjustments for:			
Depreciation and amortisation expense		1080.55	802.86
Bad Debts written off		2.37	15.64
Provision / (write back of provision) for doubtful receivables		68.26	17.81
Provision for doubtful advances		8.78	16.89
Advances (written back) / written-off		(0.12)	2.54
Interest expense		23.41	30.62
(Profit) / Loss on sale of fixed assets (net)		(2.01)	(0.66)
Unrealised exchange gain		(173.12)	(65.80)
Exchange difference on translation of foreign currency cash and cash equivalents		(43.66)	16.68
Dividend income (including exchange gain)		(1570.70)	(1110.92)
Interest income		(1280.07)	(837.02)
Profit on redemption of mutual funds and sale of other current investments (net)		(162.77)	(20.23)
<b>Operating Profit before working capital changes</b>		21495.39	14571.59
Inventories		(2.23)	(2.20)
Unbilled revenues		(320.84)	(735.61)
Trade receivables		(2976.90)	(2116.83)
Loans and advances and other assets		(66.41)	(449.53)
Trade payables, other liabilities and provisions		908.34	1527.69
<b>Cash generated from operations</b>		19037.35	12795.11
Taxes paid		(6095.42)	(3638.16)
<b>Net cash provided by operating activities</b>		12941.93	9156.95
<b>II CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(2702.41)	(2252.72)
Proceeds from sale of fixed assets		7.97	2.30
Acquisition of subsidiaries		-	(163.92)
Purchase of trade investments		(25.00)	(2.80)
Proceeds from sale / redemption of trade investments		54.66	5.00
Purchase of mutual funds and other investments		(75191.82)	(22054.70)
Proceeds from redemption of mutual funds and sale of other investments		73705.98	21890.95
Advance towards investment		-	(13.90)
Loans repaid by subsidiaries		8.30	5.12
Inter-corporate deposits placed		(2588.00)	(3091.12)
Inter-corporate deposits matured		3454.77	515.75
Fixed deposit placed with banks having original maturity over three months		(11744.00)	(3060.55)
Fixed deposit with banks matured having original maturity over three months		4960.33	2971.00
Dividend received from subsidiaries (including exchange gain)		1551.10	1109.44
Dividend received from other investments		0.35	1.48
Interest received		1318.45	655.69
<b>Net cash used in investing activities</b>		(7189.32)	(3482.98)

**TATA CONSULTANCY SERVICES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**

(Continued)	Note	2014	(₹ crores) 2013.00
<b>III CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term borrowings		(1.24)	(1.24)
Short term borrowings (net)		(80.02)	80.02
Repayment of Inter-corporate deposits		-	(5.00)
Dividend paid (including dividend tax and dividend paid to minority shareholders of TCS e-Serve Limited)		(5480.07)	(5703.16)
Interest paid		(22.99)	(26.42)
Redemption of preference shares		(100.00)	-
<b>Net cash used in financing activities</b>		<b>(5684.32)</b>	<b>(5655.80)</b>
<b>Net increase in cash and cash equivalents</b>		<b>68.29</b>	<b>18.17</b>
Cash and cash equivalents at beginning of the year		323.85	318.97
Add: Transferred as on April 1, 2013 consequent to amalgamation of companies		2.57	3.39
Exchange difference on translation of foreign currency cash and cash equivalents		43.66	(16.68)
<b>Cash and cash equivalents at end of the year</b>		<b>438.37</b>	<b>323.85</b>
Earmarked balances with banks		14.99	10.53
Short - term bank deposits		12112.90	3719.78
<b>Cash and Bank balances at the end of the year</b>	20	<b>12566.26</b>	<b>4054.16</b>

**IV NOTES FORMING PART OF THE FINANCIAL STATEMENTS** 1-47

Cash flows have been adjusted for the balances transferred from TCS e-Serve Limited and TCS e-Serve International Limited.

*As per our report attached*

*For Deloitte Haskins & Sells LLP  
Chartered Accountants*

*For and on behalf of the Board*

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

**Cyrus Mistry**  
*Chariman*

**S. Ramadorai**  
*Vice Chairman*

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

**Aman Mehta**  
*Director*

**V. Thyagarajan**  
*Director*

**Prof. Clayton M.Christensen**  
*Director*

**Dr. Ron Sommer**  
*Director*

**Dr.Vijay Kelkar**  
*Director*

**Rajesh Gopinathan**  
*Chief Financial Officer*

**Phiroz Vandrevala**  
*Director*

**Ishaat Hussain**  
*Director*

**O.P.Bhatt**  
*Director*

**Suprakash Mukhopadhyay**  
*Company Secretary*

Mumbai, April 16, 2014

Mumbai, April 16, 2014

**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**1) CORPORATE INFORMATION**

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

As of March 31, 2014, Tata Sons owned 73.69% of the Company’s equity share capital and has the ability to control its operating and financial policies. The Company’s registered office is in Mumbai and it has 64 subsidiaries across the globe.

**2) SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of preparation**

These 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.

Comparative figures do not include the figures of erstwhile TCS E-Serve Limited and the discontinued operations of e-Serve International Limited which is amalgamated with the Company effective April 1, 2013. Consequently, the comparative figures are not comparable with the figures for the year ended March 31, 2014.

**b) Use of estimates**

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

**c) Fixed Assets**

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

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

**d) Depreciation / Amortisation**

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

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

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

**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**e) Leases**

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

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

**f) Impairment**

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

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

**g) Investments**

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

**h) Employee benefits**

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

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

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

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

**(ii) Other employee benefits**

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

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

**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**i) Revenue recognition**

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

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

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

Revenues from sale of software licences are recognised upon delivery.

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

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

Revenues are reported net of discounts.

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

**j) Taxation**

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

Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognised as an asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and is likely to reverse in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty 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 taxes paid and income tax provisions arising in the same tax jurisdiction for relevant tax paying units and where the Company is able to and intends to settle the asset and liability on a net basis.

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

**k) Foreign currency transactions**

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



**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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

**l) Derivative instruments and hedge accounting**

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

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

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

**m) Inventories**

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

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

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

**o) Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

**TATA CONSULTANCY SERVICES LIMITED**  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**3) SHARE CAPITAL**

The Authorised, Issued, Subscribed and Fully paid-up share capital comprises of equity shares and redeemable preference shares having a par value of ₹ 1 each as follows:

	(₹ crores)	
	As at March 31, 2014	As at March 31, 2013
<b>Authorised</b>		
(i) 420,05,00,000 equity shares of ₹ 1 each (March 31, 2013 : 225,00,00,000 equity shares of ₹ 1 each)	420.05	225.00
(ii) 105,02,50,000 redeemable preference shares of ₹ 1 each (March 31, 2013 : 100,00,00,000 redeemable preference shares of ₹ 1 each)	105.03	100.00
	525.08	325.00
<b>Issued, Subscribed and Fully paid up</b>		
(i) 195,72,20,996 equity shares of ₹ 1 each (March 31, 2013 : 195,72,20,996 equity shares of ₹ 1 each)	195.72	195.72
Issued during the year (15,06,983 equity shares of ₹ 1 each)	0.15	-
	195.87	195.72
(ii) Nil redeemable preference shares of ₹ 1 each (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 Limited were redeemed on March 28, 2014. Consequently, an amount of Rs. 100 crores has been transferred from the surplus in the profit and loss account to Capital Redemption Reserve as 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 shares	Amount (₹ crores)	Number of shares	Amount (₹ crores)
<b>Equity shares</b>				
Opening balance	195,72,20,996	195.72	195,72,20,996	195.72
Changes 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
Changes during the year *	(100,00,00,000)	(100.00)	-	-
Closing balance	-	-	100,00,00,000	100.00

**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**(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 carry 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, its subsidiaries and associates**

	(₹ crores)	
	As at March 31, 2014	As at 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) are 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>	144.52	144.52
<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>	-	100.00

**(d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

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

**TATA CONSULTANCY SERVICES LIMITED**  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**(e) Shares allotted as fully paid up by way of bonus shares (during 5 years preceding March 31, 2014)**

15,06,983 equity shares issued to the shareholders of TCS e-Serve Limited in terms of the composite scheme of arrangement (Scheme) sanctioned by the High Court of Judicature at Bombay vide their Order dated September 6, 2013.

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 a shareholder's resolution passed by postal ballot on June 12, 2009.

**4) RESERVES AND SURPLUS**

Reserves and surplus consist of the following reserves:

	(₹ crores)	
	As at March 31, 2014	As at March 31, 2013
(a) Capital redemption reserve		
(i) Opening balance	-	-
(ii) Addition during the year (net)	100.00	-
	100.00	-
(b) Securities premium reserve		
(i) Opening balance	1918.47	1918.47
(ii) Transferred on account of Amalgamation (Refer Note 29)	0.40	-
	1918.87	1918.47
(c) Foreign currency translation reserve		
(i) Opening balance	174.61	152.46
(ii) Addition during the year (net)	51.24	22.15
	225.85	174.61
(d) Hedging reserve account (Refer Note 38)		
(i) Opening balance	55.49	(25.96)
(ii) Adjustment on amalgamation	(8.33)	-
(iii) Addition / (deduction) during the year (net)	(17.52)	81.45
	29.64	55.49
(e) General reserve		
(i) Opening balance	5515.11	4280.74
(ii) Adjustment on amalgamation (Refer Note 29)	(2201.40)	(44.26)
(iii) Transferred from surplus in statement of profit and loss	1847.49	1278.63
	5161.20	5515.11
(f) Surplus in statement of profit and loss		
(i) Opening balance	24602.85	18235.20
(ii) Add: Transferred on amalgamation (Refer Note 29)	2375.22	(103.00)
(ii) Add : Profit for the year	18474.92	12786.34
	45452.99	30918.54
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	788.96	712.18
(e) General reserve	1847.49	1278.63
(f) Capital redemption reserve	100.00	-
	36420.45	24602.85
	43856.01	32266.53

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 FINANCIAL STATEMENTS**

**5) LONG - TERM BORROWINGS**

Long - term borrowings consist of the following:

	(₹ crores)	
	As at	As at
	March 31, 2014	March 31, 2013
(a) Secured loans		
Long term maturities of obligations under finance lease	88.64	81.58
(b) Unsecured loans		
Other borrowings (from entities other than banks)	1.05	1.52
	89.69	83.10

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

**6) DEFERRED TAX BALANCES**

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

	(₹ crores)	
	As at	As at
	March 31, 2014	March 31, 2013
<b>(a) Deferred tax liabilities (net)</b>		
(i) Foreign branch profit tax	217.88	160.27
(ii) Depreciation and amortisation	8.99	8.22
	226.87	168.49
<b>(b) Deferred tax assets (net)</b>		
(i) Depreciation and amortisation	(57.57)	(74.99)
(ii) Employee benefits	152.74	126.96
(iii) Provision for doubtful receivables, loans and advances	93.68	67.03
(iv) Operating lease liabilities	55.47	34.37
(v) Others	29.26	(5.14)
	273.58	148.23

**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	254.18	147.72
(c) Others	343.99	49.81
	690.44	251.87

**TATA CONSULTANCY SERVICES LIMITED**  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**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 :		
(i) Gratuity	137.70	237.78
(ii) Others	31.23	31.74
(b) Provision for other payables	110.68	-
	279.61	269.52

**9) SHORT – TERM BORROWINGS**

Short - term borrowings consist of the following:

	(₹ crores)	
	As at	As at
	March 31, 2014	March 31, 2013
Secured Loans		
<u>From Banks</u>		
Overdraft	-	80.02
	-	80.02

Bank Overdrafts are secured against book debts.

**10) OTHER CURRENT LIABILITIES**

Other current liabilities consist of the following:

	(₹ crores)	
	As at	As at
	March 31, 2014	March 31, 2013
(a) Current maturities of long-term debt	0.47	1.24
(b) Current maturities of finance lease obligations	25.32	7.58
(c) Interest accrued but not due on borrowings	0.03	0.05
(d) Income received in advance	753.74	683.59
(e) Unpaid dividends	13.49	9.81
(f) Advance received from customers	21.96	46.46
(g) Operating lease liabilities	26.26	14.54
(h) Other payables	1619.05	1409.44
	2460.32	2172.71

Other payables comprises of :

Fair value of foreign exchange forward and currency option contracts secured against trade receivables	22.95	57.86
Statutory liabilities	585.98	498.96
Capital creditors	418.74	226.35
Class action suit settlement consideration	-	161.63
Others	591.38	464.64

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

**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**11) SHORT - TERM PROVISIONS**

Short - term provisions consist of the following:

	(₹ crores)	
	As at March 31, 2014	As at March 31, 2013
(a) Provision for employee benefits	761.99	639.95
(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	670.66	435.65
(iv) Current income taxes (net)	411.35	257.15
(v) Provision for other payables	37.61	-
	5827.83	3896.14

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





**TATA CONSULTANCY SERVICES LIMITED**  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**12) FIXED ASSETS (Contd.)**

Fixed assets consist of the following:

(₹ in crores)			
(ii) Intangible assets	Intellectual property / Distribution rights	Rights under licensing agreement	Total
Description			
Gross Block as at April 1, 2013	<b>12.63</b>	<b>63.21</b>	<b>75.84</b>
	12.63	59.00	71.63
Additions	<b>0.58</b>	<b>60.96</b>	<b>61.54</b>
	-	4.21	4.21
Deletions/ Adjustments	-	<b>0.34</b>	<b>0.34</b>
	-	-	-
Gross Block as at March 31, 2014	<b>13.21</b>	<b>124.51</b>	<b>137.72</b>
	12.63	63.21	75.84
Accumulated Depreciation / Amortisation as at April 1, 2013	<b>(11.82)</b>	<b>(19.22)</b>	<b>(31.04)</b>
	(11.44)	(8.73)	(20.17)
Depreciation / Amortisation for the year	<b>(0.61)</b>	<b>(14.64)</b>	<b>(15.25)</b>
	(0.38)	(6.97)	(7.35)
Deletions/ Adjustments	-	<b>(49.33)</b>	<b>(49.33)</b>
	-	(3.52)	(3.52)
Accumulated Depreciation / Amortisation as at March 31, 2014	<b>(12.43)</b>	<b>(83.19)</b>	<b>(95.62)</b>
	(11.82)	(19.22)	(31.04)
Net book value as at March 31, 2014	<b>0.78</b>	<b>41.32</b>	<b>42.10</b>
	0.81	43.99	44.80

- (a) Addition include Fixed Assets of ₹ 512.45 crores transferred on the amalgamation of TCS e-Serve Limited and TCS e-Serve International Limited (erstwhile subsidiaries of the Company), with the Company.
- (b) Deletion/Adjustments in respect of depreciation include ₹ 410.29 crores being the amount of Accumulated depreciation transferred on the amalgamation of TCS e-Serve Limited and TCS e-Serve International Limited (erstwhile subsidiaries of the Company), with the Company.
- (c) Freehold buildings include ₹ 2.67 crores (March 31, 2013 : ₹ 2.67 crores) being value of investment in shares of Co-operative Housing Societies and Limited Companies.
- (d) Leasehold improvements under finance lease have a net book value of ₹ 67.13 crores (March 31, 2013: ₹ 77.60 crores)
- (e) Computer equipment under finance lease have a net book value of ₹ 30.54 crores (March 31, 2013: ₹ Nil)
- (f) Legal formalities relating to conveyance of freehold building having net book value ₹ 9.81 crores (March 31, 2013 : ₹ 10.73 crores) are pending completion.

**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**13) NON - CURRENT INVESTMENTS**

Non - current investments consist of the following:

In Numbers	Currency	Face value per share		(₹ in crores)	
				As at March 31, 2014	As at March 31, 2013
<b>(A) TRADE INVESTMENTS (at cost)</b>					
<b>(i) <u>Subsidiary companies</u></b>					
<b>(a) Fully paid equity shares (quoted)</b>					
1,54,89,922	INR	10	CMC Limited	379.89	379.89
<b>(b) Fully paid equity shares (unquoted)</b>					
2,08,19,92,200	Peso	1	TCS Iberoamerica S.A.	461.31	461.31
15,75,300	INR	10	APOnline Limited	-	-
1,300	EUR	-	Tata Consultancy Services Belgium S.A.	1.06	1.06
66,000	EUR	1000	Tata Consultancy Services Netherlands B.V.	402.87	402.87
1,000	SEK	100	Tata Consultancy Services Sverige AB	18.89	18.89
1	EUR	-	Tata Consultancy Services Deutschland GmbH	1.72	1.72
20,000	USD	10	Tata America International Corporation	452.92	452.92
75,82,820	SGD	1	Tata Consultancy Services Asia Pacific Pte Ltd.	18.69	18.69
10,48,500	INR	10	WTI Advanced Technology Limited	38.52	38.52
3,72,58,815	AUD	1	TCS FNS Pty Limited	211.72	211.72
10,00,001	GBP	1	Diligenta Limited	429.05	429.05
1,000	USD	-	Tata Consultancy Services Canada Inc *	-	-
100	CAD	70653.61	Tata Consultancy Services Canada Inc.	31.25	31.25
51,00,000	INR	10	C-Edge Technologies Limited	5.10	5.10
8,90,000	INR	10	MP Online Limited	0.89	0.89
14,76,000	Dirhams	10	Tata Consultancy Services Morocco SARL AU	8.17	8.17
84,00,000	RAND	1	Tata Consultancy Services (Africa) (PTY) Ltd.	4.92	4.92
-	INR	-	TCS E-Serve Limited (Shares cancelled on amalgamation)	-	2,426.20
18,89,000	INR	10	MahaOnline Limited	1.89	1.89
-	QAR	-	Tata Consultancy Services Qatar S.S.C.	2.44	2.44
1	USD	1	Computational Research Laboratories Inc.*	-	-
10,00,000	INR	100	TCS E-serve International Limited (10,00,000 shares transferred during the year on amalgamation)	10.00	-
<b>(c) Fully paid preference shares (unquoted)</b>					
3,60,00,000	GBP	1	Diligenta Limited 10% cumulative redeemable preference shares (60,00,000 cumulative preference shares redeemed during the year)	359.45	363.04

**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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

In Numbers	Currency	Face value per share		(₹ in crores)	
				As at March 31, 2014	As at March 31, 2013
<b>(ii) Others</b>					
<b>Fully paid equity shares (unquoted)</b>					
4,63,865	USD	0.001	Yodlee, Inc.	-	-
25,00,000	INR	10	National Power Exchange Limited	2.50	2.50
190,00,000	INR	10	Taj Air Limited	19.00	19.00
69	EUR	297	ALMC HF *	-	-
20,00,000	INR	1	KOOH Sports Private Limited	3.00	3.00
1	INR	10	Ruralshores Business Services Private Limited* (1 share subscribed during the year)	-	-
<b>Fully paid preference shares (unquoted)</b>					
4,86,617	INR	10	Ruralshores Business Services Private Limited (486,617 shares subscribed during the year)	25.00	-
<b>(B) OTHERS</b>					
<b>(i) Mutual and other funds (unquoted)</b>					
1,000	INR	100000	India Innovation Fund ( ₹ 63,554 paid up per share )	6.36	5.26
<b>(ii) Government securities (unquoted)</b>					
25,00,000	INR	100	8.26% Government of India Bond (2027)	25.00	-
<b>(iii) Bonds and Debentures (unquoted)</b>					
10	INR	100000	8% Bonds (2018)	0.10	0.10
<b>Infrastructure Development Finance Company Limited</b>					
1,000	INR	1000000	9.225% non-convertible debentures (2015)	98.08	-
200	INR	1000000	8.49% non-convertible debentures (2016)	19.05	-
500	INR	1000000	9.15% non-convertible debentures (2016)	48.63	-
<b>LIC Housing Finance Limited</b>					
300	INR	1000000	8.76% non-convertible debentures (2015)	29.36	-
1,000	INR	1000000	9.02% non-convertible debentures (2015)	97.32	-
300	INR	1000000	9.21% non-convertible debentures (2015)	29.35	-
250	INR	1000000	9.38% non-convertible debentures (2015)	24.36	-
500	INR	1000000	9.39% non-convertible debentures (2015)	49.25	-
750	INR	1000000	9.60% non-convertible debentures (2015)	73.83	-
150	INR	1000000	9.62% non-convertible debentures (2015)	14.76	-
100	INR	1000000	9.62% non-convertible debentures (2015)	9.92	-
250	INR	1000000	9.90% non-convertible debentures (2015)	24.70	-
50	INR	1000000	9.75% non-convertible debentures (2015)	4.93	-
200	INR	1000000	9.75% non-convertible debentures (2016)	19.85	-
<b>Panatone Finvest Limited</b>					
2,000	INR	1000000	9.50% non-convertible debentures (2016)	200.00	200.00
<b>Power Finance Corporation Limited</b>					
250	INR	1000000	9.46% non-convertible debentures (2015)	24.45	-
<b>State Bank of India</b>					
334	INR	1000000	9.05% Bonds (2020)	33.40	-
<b>Tata Capital Housing Finance Limited</b>					
250	INR	1000000	10.05% non-convertible debentures (2017)	25.00	-
<b>Tata Chemicals Limited</b>					
250	INR	1000000	10% non-convertible debentures (2019)	25.00	-
<b>Tata Housing Development Company Limited</b>					
700	INR	1000000	10.20% non-convertible debentures (2017)	66.98	-

**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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

In Numbers	Currency	Face value per share		(₹ in crores)	
				As at March 31, 2014	As at March 31, 2013
<b>Tata Motors Limited</b>					
1,000	INR	1000000	9.05% non-convertible debentures (2015)	96.84	-
450	INR	1000000	9.15% non-convertible debentures (2015)	43.67	-
250	INR	1000000	9.22% non-convertible debentures (2015)	24.10	-
750	INR	1000000	9.69% non-convertible debentures (2019)	75.00	75.00
1,250	INR	1000000	10% non-convertible debentures (2019)	125.00	125.00
<b>Tata Sons Limited</b>					
550	INR	1000000	8.80% non-convertible debentures (2015)	53.48	-
1,450	INR	1000000	9.98% non-convertible debentures (2015)	144.78	90.00
50	INR	1000000	9.30% non-convertible debentures (2015)	4.89	-
600	INR	1000000	9.67% non-convertible debentures (2015)	58.95	-
1,750	INR	1000000	9.78% non-convertible debentures (2015)	172.80	50.00
70	INR	1000000	9.75% non-convertible debentures (2016)	7.00	-
1,300	INR	1000000	9.68% non-convertible debentures (2017)	127.12	-
200	INR	1000000	9.85% non-convertible debentures (2017)	19.76	-
870	INR	1000000	9.87% non-convertible debentures (2017)	86.61	62.00
1,150	INR	1000000	9.87% non-convertible debentures (2017)	114.44	90.00
500	INR	1000000	8.85% non-convertible debentures (2018)	47.35	-
500	INR	1000000	8.97% non-convertible debentures (2020)	50.00	-
150	INR	1000000	9.10% non-convertible debentures (2020)	15.00	-
			10% Housing Urban Development Corporation Limited Bonds (2014)	-	1.50
69	EUR	297	0 % ALMC HF (2014)	0.12	0.12
				5106.84	5984.02
Provision for diminution in value of investments				(8.29)	(8.29)
				<u>5098.55</u>	<u>5975.73</u>
Book value of quoted investments				379.89	379.89
Book value of unquoted investments (net of provision)				4718.66	5595.84
Market value of quoted investments				2531.91	2093.70

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

The Company has given an undertaking to the Government of Maharashtra not to divest its shareholding in MahaOnline Limited except to an affiliate. This equity investment is subject to the restriction as per terms of contractual agreement. The restriction is valid as on March 31, 2014.

The Company has given an undertaking to the investors of KOOH Sports Private Limited not to transfer its shareholding prior to the expiry of thirty-six months from the completion date of the investment agreement except with the prior written consent of the other parties to the agreement. The restriction is valid as on March 31, 2014.

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.

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

On June 28, 2013, Tata Consultancy Services Netherlands BV, a wholly owned subsidiary of the Company, has acquired 100 percent share capital of Alti S.A., an information technology services company in France.

**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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

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

	(₹ crores)	
	As at March 31, 2014	As at March 31, 2013
(a) Considered good		
(i) Capital advances	351.99	476.44
(ii) Security deposits	548.23	449.06
(iii) Loans and advances to employees	7.04	7.82
(iv) Loans and advances to related parties	138.41	58.92
(v) Advance tax (including refunds receivable (net))	2913.02	1459.78
(vi) MAT Credit entitlement	1810.61	1772.31
(vii) Other loans and advances	1106.24	405.88
(b) Considered doubtful		
(i) Security Deposits	0.15	-
(ii) Loans and advances to related parties	19.37	20.22
Less : Provision for doubtful loans and advances	(19.52)	(20.22)
	6875.54	4630.21
Loans and advances to related parties, considered good, comprise:		
Tata Sons Limited	2.74	2.74
TCS FNS Pty Limited	10.02	10.19
CMC Limited	0.26	0.60
Tata Realty And Infrastructure Limited	45.39	45.39
Tata Capital Financial Services Limited	80.00	-
Other loans and advances comprise:		
Indirect tax recoverable	54.76	52.30
Inter - corporate deposits	858.00	-
Other amounts recoverable in cash or kind for value to be received	193.48	353.58
Loans and advances to related parties, considered doubtful, comprise:		
Tata Consultancy Services Morocco SARL AU	19.37	20.22

**15) OTHER NON-CURRENT ASSETS**

Other non-current assets consist of the following:

	(₹ crores)	
	As at March 31, 2014	As at March 31, 2013
(a) Interest receivable	34.52	29.30
(b) Long - term bank deposits	1477.00	1851.90
(c) Earmarked balances with banks	25.00	-
(d) Others	8.47	-
	1544.99	1881.20

Others include discount on bonds and debentures receivable on maturity.

**TATA CONSULTANCY SERVICES LIMITED**  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**16) CURRENT INVESTMENTS**

Current investments consist of the following:

In Numbers	Currency	Face value per share		(₹ crores)	
				As at March 31, 2014	As at March 31, 2013
<b>(A) TRADE INVESTMENTS (at cost)</b>					
<b>Fully paid preference shares (unquoted)</b>					
28,00,000	INR	10	APOnline Limited 6% cumulative redeemable preference shares	-	2.80
<b>(B) OTHERS</b>					
<b>(i) Mutual and other funds (unquoted)</b>					
-	INR	-	TATA Liquid Super High Investment Fund	-	7.72
60,00,000	INR	10	HDFC Debt Fund for Cancer Cure - 50% Dividend Donation Option	6.00	3.00
<b>(ii) Bonds and Debentures (unquoted)</b>					
353	INR	1000000	9.2% Housing Development Finance Corporation Limited (2015)	34.83	-
15	INR	1000000	10% Housing Urban Development Corporation Limited (2014)	1.50	-
-	INR	-	8% IDBI Bonds (2013)	-	1.80
<b>Infrastructure Development Finance Company Limited</b>					
500	INR	1000000	9.20% non-convertible debentures (2015)	49.20	-
750	INR	1000000	9.36% non-convertible debentures (2015)	73.42	-
<b>LIC Housing Finance Limited</b>					
200	INR	1000000	9.8% non-convertible debentures (2015)	19.84	-
<b>National Housing Bank</b>					
400	INR	1000000	9.37% non-convertible debentures (2015)	39.15	-
<b>Power Finance Corporation Limited</b>					
350	INR	1000000	8.6% non-convertible debentures (2014)	34.26	-
700	INR	1000000	8.85% non-convertible debentures (2014)	68.15	-
1,000	INR	1000000	9.63% non-convertible debentures (2014)	98.19	-
500	INR	1000000	9.55% non-convertible debentures (2015)	49.03	-
<b>Rural Electrification Corporation</b>					
200	INR	1000000	8.84% non-convertible debentures (2014)	19.45	-
<b>Tata Motors Limited</b>					
400	INR	1000000	9.85% non-convertible debentures (2015)	39.43	-
<b>Tata Sons Limited</b>					
250	INR	1000000	8.5% non-convertible debentures (2014)	-	333.33
1,650	INR	1000000	10.25% non-convertible debentures (2014)	25.00	-
1,650	INR	1000000	9.78% non-convertible debentures (2015)	164.13	-
			Pre-acquisition interest	12.29	-
				<b>733.87</b>	<b>348.65</b>

**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**17) INVENTORIES**

Inventories consist of the following:

	(₹ crores)	
	As at	As at
	March 31, 2014	March 31, 2013
(a) Raw materials, sub-assemblies and components	7.23	5.63
(b) Finished goods and Work-in-progress	0.61	0.54
(c) Goods-in-transit (raw materials)	0.73	0.17
	8.57	6.34

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

**18) UNBILLED REVENUE**

Unbilled revenue as at March 31, 2014 amounting to ₹ 2626.08 crores (March 31, 2013: ₹ 2303.35 crores) primarily comprises of the revenue recognised in relation to efforts incurred on turnkey contracts priced on a fixed time, fixed price basis of ₹ 1839.01 crores (March 31, 2013: ₹ 1509.25 crores).

**19) TRADE RECEIVABLES**

Trade receivables (Unsecured) 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	1658.48	1557.94
(ii) Considered doubtful	224.68	146.92
(b) Others		
(i) Considered good	12813.41	9644.38
	14696.57	11349.24
Less: Provision for doubtful receivables	(224.68)	(146.92)
	14471.89	11202.32

**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	264.69	192.48
In deposit accounts with original maturity less than 3 months	141.85	103.77
(ii) Cheques on hand	14.81	17.25
(iii) Cash on hand	1.00	0.77
(iv) Remittances in transit	16.02	9.58
	438.37	323.85
(b) Other Bank balances		
(i) Earmarked balances with banks	14.99	10.53
(ii) Short - term bank deposits	12112.90	3719.78
	12566.26	4054.16

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**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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

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

	(₹ crores)	
	As at	As at
	March 31, 2014	March 31, 2013
(a) Considered good		
(i) Loans and advances to employees	260.20	162.54
(ii) Loans and advances to related parties	348.71	107.20
(iii) Other loans and advances	3079.21	4463.64
(b) Considered doubtful		
(i) Loans and advances to employees	42.28	36.19
(ii) Other loans and advances	9.96	4.40
Less : Provision for doubtful loans and advances	(52.24)	(40.59)
	3688.12	4733.38

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

TCS FNS Pty Limited	39.46	49.46
Tata Realty and Infrastructure Limited	50.00	50.00
CMC America Inc.	0.01	-
Tata Consultancy Services Asia Pacific Pte Ltd.	1.02	-
CMC Limited	0.68	3.48
Tata Teleservices Limited	-	0.04
Tata AIG General Insurance Company Limited	0.02	-
Tata Capital Financial Services Limited	200.00	-
Tata Teleservices (Maharashtra) Limited	-	0.01
Infiniti Retail Limited	0.04	-
Tata Housing Development Company Limited	50.00	-
Tata Consultancy Services Qatar S.S.C	-	0.01
TCS e-Serve Limited	-	3.98
Tata Consultancy Services (Africa) (PTY) Ltd.	-	0.22
C-Edge Technologies Limited	7.48	-

Other loans and advances, considered good, comprise:

Security deposits	63.07	93.65
Inter - corporate deposits	1500.00	3116.77
Indirect tax recoverable	183.88	151.95
Fair value of foreign exchange forward and currency option contracts	346.34	178.51
Advance to suppliers	56.40	34.04
Other amounts recoverable in cash or kind for value to be received	929.52	888.72

Other loans and advances, considered doubtful, comprise:

Security deposits	3.11	2.30
Advance to suppliers	3.89	1.27
Other amounts recoverable in cash or kind for value to be received	2.96	0.83



**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**22) OTHER CURRENT ASSETS**

Other current assets consist of the following:

	(₹ crores)	
	As at March 31, 2014	As at March 31, 2013
(a) Interest receivable	715.61	667.74
(b) Dividend receivable	19.25	-
(c) Others	5.16	14.60
	740.02	682.34

Others include discount on bonds and debentures receivable on maturity.

**23) REVENUE FROM OPERATIONS**

Revenue from operations consist of revenues from:

	(₹ crores)	
	2014	2013
(a) Information technology and consultancy services	63332.83	46874.72
(b) Sale of equipment and software licenses	1340.10	1551.42
	64672.93	48426.14

**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**24) OTHER INCOME (NET)**

Other income (net) consist of the following:

	(₹ crores)	
	2014	2013
(a) Interest income	1280.07	837.02
(b) Dividend income	1610.95	1108.88
(c) Profit on redemption of mutual funds and sale of other investments (net)	162.77	20.23
(d) Rent	4.70	3.08
(e) Profit on sale of fixed assets (net)	2.01	0.66
(f) Exchange gain (net)	5.00	223.05
(g) Miscellaneous income	49.21	37.47
	3114.71	2230.39

Interest income comprise:

Interest on bank deposits	676.84	515.47
Interest on inter - corporate deposits	330.50	186.03
Interest on long - term bonds and debentures	254.05	108.17
Interest on loan given to subsidiary	2.48	5.77
Other interest	16.20	21.58

Dividend income comprise:

Dividends from subsidiaries (non-current trade investments)	1610.60	1107.40
Dividends from other non-current investments (trade investments)	-	0.63
Dividends from mutual funds (current investments)	0.35	0.85

Exchange gain (net) include:

Loss on foreign exchange forward and currency option contracts which have been designated as Cash Flow Hedges. (Refer Note 38)	(749.49)	(246.46)
--	----------	----------

**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**25) EMPLOYEE BENEFIT EXPENSES**

Employee benefit expenses consist of the following:

	(₹ crores)	
	2014	2013
(a) Salaries and incentives	19039.28	15067.12
(b) Contributions to -		
(i) Provident fund (Refer Note 30)	514.91	430.24
(ii) Superannuation scheme	136.29	106.36
(iii) Gratuity fund (Refer Note 30)	130.02	139.07
(iv) Social security and other plans for overseas employees	382.66	294.65
(c) Staff welfare expenses	1263.40	1044.28
	<u>21466.56</u>	<u>17081.72</u>

**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**26) OPERATION AND OTHER EXPENSES**

Operation and other expenses consist of the following:

	(₹ crores)	
	2014	2013
(a) Overseas business expenses	10149.37	7487.55
(b) Services rendered by business associates and others	4398.42	3653.10
(c) Software, hardware and material costs	2442.64	2244.88
(d) Communication expenses	529.48	417.27
(e) Travelling and conveyance expenses	671.40	485.32
(f) Rent	1044.05	792.60
(g) Legal and professional fees	277.84	242.69
(h) Repairs and maintenance	404.36	271.93
(i) Electricity expenses	463.25	375.61
(j) Bad debts written off	2.37	15.64
(k) Provision for doubtful debts	68.26	17.81
(l) Provision for doubtful advances	8.78	16.89
(m) Advances (written back) / written off	(0.12)	2.54
(n) Recruitment and training expenses	205.06	166.06
(o) Commission and brokerage	30.63	35.07
(p) Printing and stationery	40.91	24.99
(q) Insurance	22.32	17.02
(r) Rates and taxes	79.05	75.66
(s) Entertainment	40.04	29.57
(t) Other expenses (refer Note 35)	794.54	665.95
	21672.65	17038.15
(i) Overseas business expenses comprise:		
Travel expenses	833.09	669.68
Employee allowances	9316.28	6817.87
(ii) Repairs and maintenance comprise:		
Buildings	207.17	123.27
Office and computer equipment	197.19	148.66
(iii) Software, hardware and material costs include:		
Material costs		
(a) Raw materials, sub-assemblies and components consumed	39.84	25.02
(b) Opening stock:		
Finished goods and work-in-progress	0.54	0.54
(c) Less: Closing stock:		
Finished goods and work-in-progress	0.61	0.54
	(0.07)	-
	39.77	25.02
(iv) Other expenses include:		
Stores and spare parts consumed	0.02	0.02

**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**27) FINANCE COSTS**

Finance costs consist of the following:

	(₹ crores)	
	2014	2013
Interest expense	23.41	30.62
	23.41	30.62

- 28)** Current tax includes additional provision (net) of ₹ 467.62 crores (*March 31, 2013: additional provision (net) ₹ 39.12 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*)

**29) AMALGAMATION OF COMPANIES**

a) Nature of business

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

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

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

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

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

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

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

**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(₹ crores)

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

**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**30) RETIREMENT BENEFIT PLANS**

**(a) Defined contribution plans**

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a trust by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year it is incurred.

The Company recognised ₹ 514.91 crores (March 31, 2013: ₹ 430.24 crores) for provident fund contributions and ₹ 136.29 crores (March 31, 2013: ₹ 106.36 crores) for superannuation contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

The Company has contributed ₹ 177.75 crores (March 31, 2013: ₹ 123.86 crores) towards foreign defined contribution plans.

**(b) Defined benefit plans**

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for eligible employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for service less than 15 years, three-fourth month's salary for service of 15 years to 19 years and one month salary for service of 20 years and more, 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 present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

The following table sets out funded status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2014.

	(₹ crores)	
	As at March 31, 2014	As at March 31, 2013
<b>i) Change in benefit obligations:</b>		
Project benefit obligation, beginning of the year	830.16	679.25
Service cost	151.72	112.16
Interest cost	68.46	62.54
Liabilities transferred on amalgamation	21.58	0.61
Actuarial (gain) / loss	(21.14)	16.50
Benefits paid	(67.48)	(40.90)
Past service cost	3.92	-
<b>Projected benefit obligation, end of the year</b>	<b>987.22</b>	<b>830.16</b>

**TATA CONSULTANCY SERVICES LIMITED**  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**ii) Change in plan assets:**

Fair value of plan assets, beginning of the year	593.50	542.04
Expected return on plan assets	51.04	47.46
Employers' contributions	227.88	40.90
Assets transferred on amalgamation	22.68	-
Benefits paid	(67.48)	(40.90)
Actuarial gain	21.90	4.00
Fair value of plan assets, end of the year	849.52	593.50
Excess of obligation over plan assets	(137.70)	(236.66)
<b>Accrued liability</b>	(137.70)	(236.66)

(₹ crores)

**iii) Net gratuity and other cost:**

	2014	2013
Service cost	151.72	112.16
Interest on defined benefit obligation	68.46	62.54
Expected return on plan assets	(51.04)	(47.46)
Net Actuarial (gains)/ losses recognised in the year	(43.04)	12.50
Past service cost	3.92	-
<b>Net gratuity and other cost</b>	130.02	139.74
<b>Actual return on plan assets</b>	72.94	51.46

(₹ crores)

**iv) Category of assets:**

	As at March 31, 2014	As at March 31, 2013
Insurer managed funds	849.49	593.43
Others	0.04	0.07
<b>Total</b>	849.53	593.50

**v) Assumptions used in accounting for gratuity plan:**

	%	%
Discount rate	9.00	8.00
Salary escalation rate	6.00	6.00
Expected rate of return on plan assets	9.00	8.60

The estimate of future salary increase considered in actuarial valuation takes account of 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 risk of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.



**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	(₹ crores)				
	2014	2013	2012	2011	2010
Experience adjustment					
On plan liabilities	(56.09)	(18.10)	43.75	35.00	4.93
On plan assets	21.90	4.00	6.63	5.67	3.91
Present value of benefit obligation	987.22	830.16	679.25	552.80	452.49
Fair value of plan assets	849.52	593.50	542.04	494.42	420.14
Excess of obligation over plan assets	(137.70)	(236.66)	(137.21)	(58.38)	(32.35)

The expected contribution is based on the same assumptions used to measure the Company's gratuity obligations as of March 31, 2014. The Company is expected to contribute ₹ 288.77 crores for the year ended March 31, 2015

### 31) SEGMENT REPORTING

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

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

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

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

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



**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**As at March 31, 2014**

(₹ crores)

Particulars	Business Segments					
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	Total
Segment assets	<b>5534.01</b>	<b>1518.29</b>	<b>2366.27</b>	<b>2729.88</b>	<b>5653.86</b>	<b>17802.31</b>
	<i>4559.27</i>	<i>1194.70</i>	<i>1640.52</i>	<i>2185.93</i>	<i>4655.03</i>	<i>14235.45</i>
Unallocable assets						<b>39801.88</b>
						<i>28598.59</i>
Total assets						<b>57604.19</b>
						<i>42834.04</i>
Segment liabilities	<b>774.45</b>	<b>135.37</b>	<b>114.71</b>	<b>145.11</b>	<b>505.71</b>	<b>1675.35</b>
	<i>674.88</i>	<i>96.86</i>	<i>83.75</i>	<i>158.72</i>	<i>469.42</i>	<i>1483.63</i>
Unallocable liabilities						<b>11876.96</b>
						<i>8788.16</i>
Total liabilities						<b>13552.31</b>
						<i>10271.79</i>
Capital Expenditure ( unallocable)						<b>3594.50</b>
						<i>2330.45</i>
Depreciation and amortisation (unallocable)						<b>1080.55</b>
						<i>802.86</i>
Other significant non cash expense (allocable)	<b>9.67</b>	<b>2.90</b>	<b>1.96</b>	<b>27.12</b>	<b>37.64</b>	<b>79.29</b>
	<i>7.76</i>	<i>4.70</i>	<i>3.47</i>	<i>18.66</i>	<i>18.29</i>	<i>52.88</i>
Other significant non cash expense (net) (unallocable)						-
						-

The following Geographic segments individually contribute 10 percent or more of the Company's revenues and segment assets:

Geographic Segments	(₹ crores)	
	Revenues for the year ended March 31, 2014	Segment Assets as at March 31, 2014
Americas	<b>37315.21</b>	<b>7210.97</b>
	<i>28077.52</i>	<i>5247.38</i>
Europe	<b>17159.39</b>	<b>5856.30</b>
	<i>11996.17</i>	<i>4081.90</i>
India	<b>4420.91</b>	<b>4062.84</b>
	<i>3810.44</i>	<i>3884.63</i>

*Previous period figures are in italics.*

**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**32) OBLIGATIONS TOWARDS OPERATING LEASES**

	(₹ crores)	
	As at	As at
	March 31, 2014	March 31, 2013
<b>Non-cancellable operating lease obligation</b>		
Not later than one year	528.77	484.02
Later than one year but not later than five years	1325.51	1413.60
Later than five years	1214.37	1175.37
<b>Total</b>	<b>3068.65</b>	<b>3072.99</b>

Rent expenses of ₹ 507.83 crores ( Previous year: ₹ 505.38 crores ) in respect of obligation under non-cancellable operating leases and ₹ 536.22 crores ( Previous year ₹ 287.22 crores) in respect of cancellable operating leases have been charged to the statement of profit and loss.

**33) OBLIGATIONS TOWARDS FINANCE LEASES**

	(₹ crores)	
	As at	As at
	March 31, 2014	March 31, 2013
<b>Assets acquired under finance lease</b>		
(i) Minimum lease payments:		
Not later than one year	38.24	21.27
Later than one year but not later than five years	83.39	76.87
Later than five years	55.80	67.23
<b>Total</b>	<b>177.43</b>	<b>165.37</b>
(ii) Present value of minimum lease payments:		
Not later than one year	25.32	7.58
Later than one year but not later than five years	49.67	37.71
Later than five years	38.97	43.87
	113.96	89.16
Add : Future finance charges	63.47	76.21
<b>Total</b>	<b>177.43</b>	<b>165.37</b>

**34) EARNINGS PER EQUITY SHARE (EPS)**

	2014	2013
Net profit for the year	18474.92	12786.34
Less : Preference share dividend (including dividend tax)	33.65	22.23
Amount available for equity shareholders	18441.27	12764.11
Weighted average number of shares	1,958,727,979	195,72,20,996
Earning per share basic and diluted (₹)	94.15	65.22
Face value per Equity share (₹)	1.00	1.00

**TATA CONSULTANCY SERVICES LIMITED**  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**35) AUDITOR'S REMUNERATION**

	(₹ crores)	
	2014	2013
For services as auditors, including quarterly audits	3.75	2.52
For Tax audit	0.53	0.42
For Other services	3.95	2.54
Reimbursement of out-of-pocket expenses	0.13	0.14
For service tax	1.03	0.70

Service tax credit has been/will be availed.

In addition to the above, fees amounting to ₹ 2.24 crores ( Previous year: ₹ 1.77 crores) for attest and other professional services rendered have been paid to firms of chartered accountants in which some of the partners are also partners in the firm of statutory auditors.

**36) CONTINGENT LIABILITIES**

	(₹ crores)	
	As at March 31, 2014	As at March 31, 2013
Claims against the Company not acknowledged as debts	29.57	23.67
Income Tax demands	3827.58	2589.73
Indirect Tax demands	63.27	62.59
Guarantees given by the Company on behalf of subsidiaries (See (c) and (d) below)	4082.31	4627.42

- a) In respect of income tax contingencies of ₹ 318.20 crores (March 31, 2013: ₹ Nil), not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited, which has been amalgamated with the Company effective April 1, 2013.
- b) In respect of indirect tax contingencies of ₹ 8.53 crores (March 31, 2013: ₹ Nil), not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited, which has been amalgamated with the Company effective April 1, 2013.
- c) The Company has provided guarantees aggregating to ₹ 3167.02 crores (GBP 317.20 million) (March 31, 2013: ₹ 2910.88 crores) (GBP 353.65 million) to third parties on behalf of its subsidiary Diligenta Limited. The Company does not expect any outflow of resources in respect of the above.
- d) The Company has provided guarantees aggregating to ₹ 83.91 crores (USD 13.97 million) (March 31, 2013: ₹ 1208.41 crores) (USD 222.42 million) to third parties on behalf of its subsidiary Tata America Corporation Limited. The Company does not expect any outflow of resources in respect of the above.

**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**37) CAPITAL AND OTHER COMMITMENTS**

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 2811.44 crores (March 31, 2013: ₹ 3328.51crores).
- b) The Company has undertaken to provide continued financial support to its subsidiaries APOne Limited and TCS FNS Pty Limited.
- c) The Company has a purchase commitment towards India Innovation Fund for the uncalled amount of balance ₹ 36445.78 per unit of 1000 units aggregating to ₹ 3.64 crores (March 31, 2013: ₹ 4.74 crores).

**38) DERIVATIVE FINANCIAL INSTRUMENTS**

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

The Company has outstanding foreign currency option contracts, which have been designated as Cash Flow Hedges, as at:

		March 31, 2014		March 31, 2013		
		Notional amount of Currency Options contracts (million)	Fair Value (₹ crores)	No. of Contracts	Notional amount of Currency Options contracts (million)	Fair Value (₹ crores)
Foreign Currency	No. of Contracts					
U.S. Dollar	4	410.00	21.36	47	1090.00	(8.81)
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, and the year ended March 31, 2013 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	55.49	(25.96)
Transferred on amalgamation	(8.33)	-
Changes in the fair value of effective portion of Cash Flow Hedges (includes a net time value adjustment of ₹ 140.11 crores; March 31, 2013 : ₹ Nil)	(759.76)	161.04
Losses / (Gains) transferred to the statement of profit and loss on occurrence of forecasted hedge transaction (includes a net time value adjustment of ₹ 144.87 crores; March 31, 2013 : ₹ Nil)	742.24	(79.59)
Balance at the end of the year (includes a net time value adjustment of ₹ 4.76 crores; March 31, 2013 : ₹ Nil)	29.64	55.49

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.

In addition to the above Cash Flow Hedges, the Company has outstanding foreign exchange forward, options and future contracts with notional amount aggregating ₹ 15774.90 crores (March 31, 2013: ₹ 10427.63 crores) whose fair value showed a gain of ₹ 261.23 crores as on March 31, 2014 (March 31, 2013: gain of ₹ 51.21 crores). Exchange loss of ₹ 66.60 crores (March 31, 2013: Exchange gain of ₹ 271.95 crores) on foreign exchange forward, options and future contracts for the year ended March 31, 2014 have been recognised in the statement of profit and loss in respect of these hedges.

**TATA CONSULTANCY SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**39) MICRO AND SMALL ENTERPRISES**

	(₹ crores)			
	As at March 31, 2014		As at March 31, 2013	
	Principal	Interest	Principal	Interest
Amount due to vendor	9.79	0.04	5.02	0.08
Principal amount paid (includes unpaid) beyond the appointed date	138.71	-	49.74	-
Interest due and payable for the year	-	0.44	-	0.27
Interest accrued and remaining unpaid (includes interest disallowable of ₹ 1.41 crores ( Previous year: ₹ 0.97 crore))	-	1.41	-	0.97

Dues to Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

**40) INCOME IN FOREIGN CURRENCY**

	(₹ crores)	
	2014	2013
(a) Consultancy services	60373.81	44721.22
(b) FOB value of exports of equipment and licenses	261.15	130.02
(c) Interest income	6.76	10.46
(d) Dividend income	1582.38	1049.05
(e) Other income (net)	36.74	31.81

**41) EXPENDITURE IN FOREIGN CURRENCY**

	(₹ crores)	
	2014	2013
(a) Royalty	2.57	2.08
(b) Legal and professional fees	181.32	148.25
(c) Interest	1.47	3.90
(d) Overseas employee costs	3713.91	2987.17
(e) Overseas business expenses	9670.58	7091.22
(f) Services rendered by business associates and others	3940.66	3148.52
(g) Software, hardware and material cost	753.32	563.96
(h) Communication expenses	239.96	185.55
(i) Travelling and conveyance expenses	192.01	147.30
(j) Other operating expenses	882.55	827.75
(k) Foreign taxes	697.05	496.48

**42) VALUE OF IMPORTS CALCULATED ON CIF BASIS**

	(₹ crores)	
	2014	2013
Raw materials, sub-assemblies and components	32.96	20.35
Capital goods	589.60	352.42
Stores and spare parts	-	0.01

**TATA CONSULTANCY SERVICES LIMITED**  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**43) VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, SUB-ASSEMBLIES AND COMPONENTS, STORES AND SPARE PARTS CONSUMED**

	2014		2013	
	( ₹ crores)	%	( ₹ crores)	%
Raw materials, sub-assemblies and components				
Imported:	31.40	78.96	18.62	74.42
Indigenous:	8.37	21.04	6.40	25.58
	<u>39.77</u>	<u>100.00</u>	<u>25.02</u>	<u>100.00</u>
Stores and spare parts				
Imported:	-	-	0.01	50.00
Indigenous:	0.02	100.00	0.01	50.00
	<u>0.02</u>	<u>100.00</u>	<u>0.02</u>	<u>100.00</u>

Consumption figures shown above are after adjusting excess and shortages ascertained on physical count, unserviceable items, etc.

**44) REMITTANCE IN FOREIGN CURRENCIES FOR DIVIDENDS**

The Company has remitted ₹ Nil (March 31, 2013: ₹ Nil ) in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittance, if any, in foreign currencies on account of dividends have been made by / on behalf of non-resident shareholders. The particulars of dividends declared and paid to non-resident shareholders for the year ended March 31, 2013 and interim dividends for the year ended March 31, 2014, are as under:

	Number of non-resident shareholders	Number of equity shares held	Gross amount of dividend	
			( ₹ crores)	
			2014	2013
Final and special dividend for 2011-12 declared in June 2012	10437	28,81,44,188		461.03
Interim dividend declared in July 2012	10459	29,09,13,339		87.27
Interim dividend declared in October 2012	10270	29,44,78,942		88.34
Interim dividend declared in January 2013	10382	29,42,30,815		88.27
Final dividend for 2012-13 declared in June 2013	10062	31,07,28,113	403.95	
Interim dividend declared in July 2013	9970	31,38,30,865	125.53	
Interim dividend declared in October 2013	10009	31,98,81,202	127.95	
Interim dividend declared in January 2014	10276	33,24,19,506	128.97	



**TATA CONSULTANCY SERVICES LIMITED**  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**45) DISCLOSURE UNDER CLAUSE 32 OF THE LISTING AGREEMENT**

Amount of loans and advances in nature of loans outstanding from subsidiaries as at March 31, 2014:

Subsidiary Company	(₹ crores)	
	Outstanding as at March 31, 2014	Maximum amount outstanding during the year
TCS FNS Pty Limited *	<b>45.32</b> <i>52.91</i>	<b>53.52</b> <i>255.11</i>
TCS Iberoamerica SA **	-	-
Tata Consultancy Services Morocco SARL AU	<b>5.47</b> <i>6.32</i>	<b>7.72</b> <i>6.51</i>

	<u>No. of Shares</u>
* TCS FNS Pty Limited has made the following investments in its subsidiaries:	
(a) TCS Financial Solutions Australia Holdings Pty Limited	65,58,424
(b) TCS Management Pty Ltd.	4,91,712
** TCS Iberoamerica SA has made the following investments in its subsidiaries:	
(a) TCS Solution Centre S.A.	15,50,00,000
(b) Tata Consultancy Services Argentina S.A.	42,127,767
(c) Tata Consultancy Services Do Brasil Ltda	12,24,71,226
(d) Tata Consultancy Services De Mexico S.A., De C.V.	49,500
(e) TCS Inversiones Chile Limitada	3,10,10,000
(f) Tata Consultancy Services Chile S.A.	1
(g) TCS Uruguay S.A.	5,40,000

*Previous year's figures are in italics*

**46)** Research and development expenditure aggregating to ₹ 176.31 crores (Previous year: ₹ 151.36 crores including capital expenditure) was incurred during the year.

**47)** Previous year figures have been recast / restated.