

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements of Tata Consultancy Services Limited	Page
Independent Auditors' Report	F-2
Consolidated Statements of Financial Position as of March 31, 2014, March 31, 2013 and April 1, 2012	F-3
Consolidated Statements of Profit or Loss and Other Comprehensive Income for the years ended March 31, 2014, 2013 and 2012	F-4
Consolidated Statements of Changes in Equity for the years ended March 31, 2013 and 2014	F-5
Consolidated Statements of Cash Flows for the years ended March 31, 2014, 2013 and 2012	F-6
Notes to the Consolidated Financial Statements	F-8

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Tata Consultancy Services Limited
Mumbai, India

We have audited the accompanying consolidated financial statements of Tata Consultancy Services Limited and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as of March 31, 2014, March 31, 2013 and April 1, 2012, and the related statements of changes in equity for the years ended March 31, 2014 and 2013 and the consolidated statements of profit or loss and other comprehensive income and cash flows for each of three years in the period ended March 31, 2014, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tata Consultancy Services Limited and its subsidiaries as of March 31, 2014, March 31, 2013 and April 1, 2012, and the results of their operations and their cash flows for each of three years in the period ended March 31, 2014, in accordance with the International Financial Reporting Standards as issued by International Accounting Standards Board.

Emphasis of matter

As discussed in Note 2, the Company has elected to change the accounting for financial instruments by electing to early adopt IFRS 9 (2013), Financial Instruments. Our opinion is not modified with respect to this matter.

/s/ Deloitte Haskins & Sells LLP
CHARTERED ACCOUNTANTS

Mumbai, India

Date: June 25, 2014

Consolidated Statements of Financial Position
As of March 31, 2014, March 31, 2013 and April 1, 2012

	Note	As of March 31, 2014	As of March 31, 2013	As of April 1, 2012*
(In millions of USD)				
ASSETS:				
Current assets:				
Cash and cash equivalents	6	244.5	339.3	391.4
Bank deposits		2,160.3	915.4	752.0
Trade receivables	7	3,035.2	2,594.4	2,258.0
Investments	8(a)	193.7	200.1	157.8
Unbilled revenue		666.9	578.1	441.3
Other current financial assets	9(a)	570.6	900.0	305.0
Current income tax assets		5.6	0.9	-
Other current assets	10(a)	275.8	270.2	197.3
Total current assets		7,152.6	5,798.4	4,502.8
Non-current assets:				
Bank deposits		245.9	446.0	542.8
Investments	8(b)	382.7	175.4	132.4
Other non-current financial assets	9(b)	290.9	117.3	170.5
Non-current income tax assets		510.9	356.1	291.3
Deferred income tax assets (net)	17	383.9	394.3	346.4
Property, plant and equipment	11	1,725.6	1,508.3	1,267.1
Intangible assets	12	29.5	26.3	34.1
Goodwill	13	662.6	619.1	652.5
Other non-current assets	10(b)	88.6	121.7	121.1
Total non-current assets		4,320.6	3,764.5	3,558.2
TOTAL ASSETS		11,473.2	9,562.9	8,061.0
LIABILITIES AND EQUITY:				
Liabilities:				
Current liabilities:				
Trade and other payables	14	921.8	786.2	607.4
Borrowings		28.2	18.6	2.2
Mandatorily redeemable preference shares	18	-	18.4	19.6
Other current financial liabilities	15(a)	210.8	203.0	171.9
Unearned and deferred revenue		174.9	177.9	161.6
Employee benefit obligations	21(a)	174.3	148.0	125.9
Other provisions		6.3	-	-
Current income tax liabilities		111.6	75.0	79.6
Other current liabilities	16(a)	216.0	187.8	144.2
Total current liabilities		1,843.9	1,614.9	1,312.4
Non-current liabilities:				
Borrowings		21.2	24.1	22.7
Other non-current financial liabilities	15(b)	72.9	63.7	67.6
Employee benefit obligations	21(b)	45.8	64.2	42.7
Other provisions		18.4	-	-
Deferred income tax liabilities (net)	17	92.5	89.8	85.0
Other non-current liabilities	16(b)	50.8	48.6	38.4
Total non-current liabilities		301.6	290.4	256.4
TOTAL LIABILITIES		2,145.5	1,905.3	1,568.8
Equity:				
Share capital	19	43.6	43.6	43.6
Share premium		427.5	427.4	427.4
Retained earnings		10,289.1	8,025.3	6,522.7
Accumulated other comprehensive losses		(1,547.5)	(959.4)	(605.0)
Equity attributable to shareholders of TCS Limited		9,212.7	7,536.9	6,388.7
Non-controlling interests		115.0	120.7	103.5
TOTAL EQUITY		9,327.7	7,657.6	6,492.2
TOTAL LIABILITIES AND EQUITY		11,473.2	9,562.9	8,061.0

*Refer Note 2.

See accompanying notes to consolidated financial statements

**Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the years ended March 31, 2014, 2013 and 2012**

	Note	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
(In millions of USD, except shares and per share data)				
Revenue:				
Information technology and consultancy services		13,167.0	11,243.8	9,852.1
Sale of equipment and software licences		275.2	324.6	318.7
Total revenue		13,442.2	11,568.4	10,170.8
Cost of revenue:				
Cost of information technology and consultancy services	22	6,836.8	5,948.6	5,231.4
Cost of equipment and software licenses	22	242.6	280.5	278.0
Total cost of revenue		7,079.4	6,229.1	5,509.4
Gross profit		6,362.8	5,339.3	4,661.4
Operating expenses:				
Selling, general and administrative expenses	22	2,456.9	2,215.7	1,855.3
Operating profit		3,905.9	3,123.6	2,806.1
Other income:				
Finance and other income	23	227.2	196.9	171.9
Finance costs	24	(11.8)	(13.0)	(10.0)
Other gains / (losses), (net)	25	48.7	14.8	(63.4)
Other income (net)		264.1	198.7	98.5
Profit before taxes		4,170.0	3,322.3	2,904.6
Income tax expense	17	996.1	740.7	656.9
Profit for the year		3,173.9	2,581.6	2,247.7
Other comprehensive (losses) / income, net of taxes:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		(591.4)	(393.8)	(644.2)
Net change in fair value of intrinsic value of cash flow hedges		(5.4)	27.2	(38.5)
Net change in fair value of time value of cash flow hedges		(3.0)	6.6	(8.9)
Items that will not be reclassified subsequently to profit or loss:				
Net (losses) / gains on financial assets carried at fair value		(0.5)	(0.2)	0.2
Remeasurement of defined employee benefit plans		3.1	(7.5)	2.6
Total other comprehensive losses, net of taxes		(597.2)	(367.7)	(688.8)
Total comprehensive income for the year, net of taxes		2,576.7	2,213.9	1,558.9
Profit for the year attributable to:				
Shareholders of TCS Limited		3,138.9	2,554.2	2,223.3
Non-controlling interests		35.0	27.4	24.4
		3,173.9	2,581.6	2,247.7
Total comprehensive income attributable to:				
Shareholders of TCS Limited		2,553.8	2,192.2	1,545.5
Non-controlling interests		22.9	21.7	13.4
		2,576.7	2,213.9	1,558.9
Weighted average number of shares used in computing basic and diluted earnings per share		1,958,100,069	1,957,220,996	1,957,220,996
Basic and diluted earnings per share in USD		1.60	1.31	1.14

See accompanying notes to consolidated financial statements

**Consolidated Statements of Changes in Equity
For the years ended March 31, 2013 and 2014**

(In millions of USD, except share data)

Number of shares	Share capital	Share premium	Retained earnings	Foreign currency translation reserve	Cash flow hedging reserve		Investment revaluation reserve	Equity attributable to shareholders of TCS Limited	Non-controlling interests	Total equity
					Intrinsic value	Time value				
1,957,220,996	43.6	427.4	6,515.1	(570.7)	(27.3)	-	0.6	6,388.7	103.5	6,492.2
-	-	-	7.6	-	-	(7.6)	-	-	-	-
1,957,220,996	43.6	427.4	6,522.7	(570.7)	(27.3)	(7.6)	0.6	6,388.7	103.5	6,492.2
-	-	-	2,554.2	-	-	-	-	2,554.2	27.4	2,581.6
-	-	-	(7.6)	(387.5)	26.6	6.6	(0.1)	(362.0)	(5.7)	(367.7)
-	-	-	2,546.6	(387.5)	26.6	6.6	(0.1)	2,192.2	21.7	2,213.9
-	-	-	(1,015.9)	-	-	-	-	(1,015.9)	(4.5)	(1,020.4)
-	-	-	(28.1)	-	-	-	-	(28.1)	-	(28.1)
1,957,220,996	43.6	427.4	8,025.3	(958.2)	(0.7)	(1.0)	0.5	7,536.9	120.7	7,657.6
1,957,220,996	43.6	427.4	8,025.3	(958.2)	(0.7)	(1.0)	0.5	7,536.9	120.7	7,657.6
-	-	-	3,138.9	-	-	-	-	3,138.9	35.0	3,173.9
-	-	-	3.0	(579.3)	(5.4)	(3.0)	(0.4)	(585.1)	(12.1)	(597.2)
-	-	-	3,141.9	(579.3)	(5.4)	(3.0)	(0.4)	2,553.8	22.9	2,576.7
-	-	-	(900.1)	-	-	-	-	(900.1)	(6.5)	(906.6)
1,506,983	-	0.1	(0.1)	-	-	-	-	-	-	-
-	-	-	22.1	-	-	-	-	22.1	(22.1)	-
1,958,727,979	43.6	427.5	10,289.1	(1,537.5)	(6.1)	(4.0)	0.1	9,212.7	115.0	9,327.7

**Balance as of April 1, 2012
(as previously reported)**

Adjustments on change in accounting policy (Refer note 2)

Restated balance as of April 1, 2012

Profit for the year

Other comprehensive income

Total comprehensive income

Dividend (including tax on dividend of \$141.0 million)

Excess of consideration transferred over net assets received from entity under common control

Balance as of March 31, 2013

Balance as of April 1, 2013

Profit for the year

Other comprehensive income

Total comprehensive income

Dividend (including tax on dividend of \$93.3 million)

Adjustment of equity of merged entity

Issue of shares and adjustment to non-controlling interest on merger

Balance as of March 31, 2014

See accompanying notes to consolidated financial statements

Consolidated Statements of Cash Flows
For the years ended March 31, 2014, 2013 and 2012

	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
(In millions of USD)			
Cash flows from operating activities:			
Profit for the year	3,173.9	2,581.6	2,247.7
Adjustments to reconcile profit or loss to net cash provided by operating activities:			
Depreciation and amortisation	217.7	198.2	188.4
(Gain) / loss on disposal of property, plant and equipment	(0.8)	-	0.1
Income tax expense	996.1	740.7	656.9
Gain on disposal of investments carried at fair value	(28.3)	(7.8)	(6.6)
Interest accrued on investments	(5.2)	(3.8)	(9.5)
Impairment of goodwill	-	-	4.2
Bad debts, provision for trade receivables and advances (net)	15.6	10.3	5.3
Unrealised (gain) / loss	(7.2)	3.1	(6.2)
Operating profit before working capital changes	4,361.8	3,522.3	3,080.3
Net change in:			
Trade receivables	(525.0)	(441.5)	(566.6)
Unbilled revenue	(106.7)	(155.3)	(161.9)
Other financial assets	(80.5)	(39.5)	(109.8)
Other assets	(0.9)	(85.5)	(29.7)
Trade and other payables	68.2	181.4	61.2
Unearned and deferred revenue	(1.8)	24.3	1.3
Other financial liabilities	(7.3)	42.5	29.3
Other liabilities	63.6	102.5	77.3
Cash generated from operations	3,771.4	3,151.2	2,381.4
Taxes paid	(1,158.4)	(885.9)	(848.8)
Net cash provided by operating activities	2,613.0	2,265.3	1,532.6

**Consolidated Statements of Cash Flows
For the years ended March 31, 2014, 2013 and 2012**

	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
(In millions of USD)			
Cash flows from investing activities:			
Bank deposits placed	(2,093.1)	(873.1)	(858.6)
Inter-corporate deposits placed	(438.8)	(665.2)	(360.5)
Purchase of investments	(13,556.3)	(5,207.4)	(3,474.1)
Purchase of property, plant and equipment	(508.3)	(476.3)	(416.0)
Purchase of intangible assets	(1.2)	(2.7)	(2.4)
Purchase of subsidiaries and business, net of cash of \$8.9 million, \$0.2 million and NIL respectively (including additional consideration and purchase price adjustment)	(75.2)	(29.2)	-
Proceeds from bank deposits	972.6	713.8	728.2
Proceeds from inter-corporate deposits	573.9	156.5	215.9
Proceeds from disposal of investments	13,353.7	5,138.0	3,564.8
Proceeds from disposal of property, plant and equipment	2.3	1.5	4.0
Net cash used in investing activities	(1,770.4)	(1,244.1)	(598.7)
Cash flows from financing activities:			
Short-term borrowings (net)	1.4	14.0	(6.8)
Proceeds from issue of long-term borrowings	-	0.4	-
Repayment of long-term borrowings	(0.2)	(0.6)	(0.3)
Proceeds from other borrowings	19.5	-	-
Issue of shares to non-controlling interests	-	-	1.8
Dividend paid to non-controlling interests	(6.5)	(4.5)	(4.3)
Dividend paid including dividend tax	(900.1)	(1,015.9)	(836.7)
Repayment of put-call option liability to non-controlling interests	-	-	(47.9)
Repayment of inter-corporate deposits	-	(4.2)	-
Repayment of other borrowings	(23.2)	-	-
Repayment of finance lease obligations	(5.0)	(3.5)	-
Redemption of preference shares	(16.6)	-	-
Net cash used in financing activities	(930.7)	(1,014.3)	(894.2)
Net change in cash and cash equivalents	(88.1)	6.9	39.7
Effect of foreign exchange on cash and cash equivalents	(6.7)	(59.0)	3.2
Cash and cash equivalents, beginning of the year	339.3	391.4	348.5
Cash and cash equivalents, end of the year	244.5	339.3	391.4
Supplementary cash flow information:			
Interest paid	9.9	13.5	7.0
Interest received	227.6	147.8	89.1
Dividend received	1.5	1.2	1.3
Supplementary disclosure of cash flow non-cash investing activities:			
Increase in payables for property, plant and equipment and finance lease obligation	52.3	29.3	18.7

See accompanying notes to consolidated financial statements

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

1. Background and operations

Tata Consultancy Services Limited (the "Company") and its subsidiaries (collectively "TCS Limited" or the "Group") provide consulting-led integrated portfolio of information technology (IT) and IT-enabled services delivered through a network of locations around the globe. The Group's full services portfolio consists of IT and Assurance Services, Business Intelligence and Performance Management, Business Process Services, Cloud Services, Connected Marketing Solutions, Consulting, Eco-sustainability Services, Engineering and Industrial Services, Enterprise Security and Risk Management, Enterprise Solutions, iON -Small and Medium Businesses, IT Infrastructure Services, Mobility Products and Services and Platform Solutions.

The Company is a public limited company incorporated and domiciled in India. The address of its corporate office is TCS House, Raveline Street, Fort, Mumbai 400001. As of March 31, 2014, Tata Sons Limited owned 73.69% of Tata Consultancy Services Limited's equity share capital and is the holding company.

The consolidated financial statements were approved by the Board of Directors and authorised for issue on June 25, 2014.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

The Group has adopted the following new standards and amendments to standards:

Amendments to IFRS 7 Financial Instruments: Disclosures

The Group has applied the amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IFRS 7 require entities to disclose information and rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendment has been applied retrospectively. As the Group does not have any offsetting arrangements, the application of the amendment has had no impact on the disclosures or on the amounts recognised in the consolidated financial statements.

IFRS 9 (2013) Financial Instruments

The Group has elected to early adopt IFRS 9 (2013). IFRS 9 (2013) has introduced new requirements for classification, measurement and derecognition of financial assets, liabilities and hedge accounting.

On early adoption of IFRS 9 (2013), debt instruments that are held by the Company under a business model whose objective is to collect contractual cash flows which constitute solely payments of principal and interest on the principal outstanding will be measured at amortised cost at the end of subsequent accounting periods. Additionally, the Company has made an irrevocable election to present changes in the fair value of equity investments in other comprehensive income with only dividend income recognised in profit or loss. All other debt and equity investments including mutual funds will be measured at fair values at the end of subsequent accounting periods and changes in fair values will be recognised in profit or loss. The effect of change in measurement of financial instruments on the Company's financial position and results is immaterial in all the periods presented and therefore the change has not been applied retrospectively.

Hedge accounting

In accordance with the requirements of hedge accounting under IFRS 9 (2013), change in fair value of time value of derivative instruments designated as hedge instrument for forecasted sales is recognised in other comprehensive income and accumulated in a separate component of equity and the amount accumulated will be reclassified to profit or loss in the same period during which the hedged items affect profit or loss. Changes in fair values of time value of derivative instruments designated as hedge instrument were previously recognised immediately in profit or loss.

The change in accounting for time value of derivative instruments designated as hedge instruments has been retrospectively applied as of April 1, 2012. Accordingly, changes in fair values amounting to \$7.6 million in respect of time value of derivative instruments which had been designated as hedge instrument

as of April 1, 2012 and previously expensed in Other gains / (losses) have now been accounted in cash flow reserve-time value. In the year ended March 31, 2014 and 2013 profits increased by \$3.0 million and decreased by \$6.6 million, respectively and correspondingly other comprehensive income decreased by \$3.0 million and increased by \$6.6 million, respectively as a result of this change. The effect on basic and diluted earnings for the years March 31, 2014 and March 31, 2013 is immaterial.

IFRS 10 Consolidated Financial Statements

Effective April 1, 2013, Company adopted IFRS 10. IFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has the power over the investee; (b) it is exposed or has rights to variable returns from its investment with the investee and (c) it has the ability to use its power to affect its returns. Previously control was considered as power to govern the financial and operating policies of an investee to obtain benefits from its activities. On adoption of IFRS 10, the Company evaluated that it has control over its subsidiaries and it is appropriate to continue to consolidate these entities in accordance with IFRS 10. There were no new consolidating entities identified.

IFRS 11 Joint Arrangements

Under IFRS 11, a joint operation is a joint arrangement where the parties that have joint control and the management has rights to the joint arrangement assets and obligations for the liabilities. Investments in joint operations are accounted for such that each joint operator recognises its assets, liabilities, revenues and expenses. A joint venture is a joint arrangement in which parties that have joint control of the arrangement have right to the net assets of the arrangement.

Adoption of IFRS 11 did not have any effect on the financial position and results of the Company because the Company did not have any joint arrangements in any of the years presented.

IFRS 12 Disclosure of Interests in Other Entities

The Group has adopted the standard and the disclosures as required have been incorporated in the financial statements.

IFRS 13 Fair Value Measurement

On April 1, 2013, the Group adopted, IFRS 13, "Fair Value Measurement" which establishes a single source of guidance for fair value measurement and disclosure about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date. Fair value under IFRS 13 is an exit price. Application of IFRS 13 has not had any material impact on the amounts recognised in the financial statements.

Amendment to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

In May, 2013, the IASB issued "Amendment to IAS 36 Impairment of Assets", requiring disclosure of recoverable amount only when an impairment loss has been recognised or reversed. The amendments apply retrospectively for annual periods beginning on or after January 1, 2014 with an option to early adopt.

Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income

In accordance with the amendment, the presentation of items of other comprehensive income has been modified in the consolidated statements of comprehensive income of the Group, to present separately (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Other than these changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

IAS 19 Employee Benefits (as revised in 2011)

The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used previously are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures. Other than these disclosure changes, the application of the amendments to IAS 19 does not result in any material impact on profit or loss, other comprehensive income and total comprehensive income, hence the same has not been restated.

Amendments to IAS 1 – Presentation of Financial Statements

(as part of the Annual Improvements to IFRSs 2009-2011 Cycle issued in May 2012)

The annual improvements to IFRSs 2009-2011 have made a number of amendments to IFRSs. The amendments that are relevant to the Group are the amendments to IAS 1 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when (a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and (b) the retrospective application, restatement or reclassification has an effect on the information in the third statement of financial position.

In the current year, the Group has applied IFRS 9 (see the discussion above), which has resulted in effects on the information in the consolidated statement of financial position as at April 1, 2012. In accordance with the amendments to IAS 1, the Group has presented a third statement of financial position as at April 1, 2012 without the related notes except for the disclosure requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors as detailed below.

3. Summary of significant accounting policies**a. Statement of compliance**

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

b. Basis of preparation

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

c. Basis of consolidation

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

The Company establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity's returns by using its power over the entity.

Subsidiaries are consolidated from the date control commences until the date control ceases.

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

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

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

d. Business combinations

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

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

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

Business combinations arising from transfers of interests in entities that are under the common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

e. Use of estimates and judgments

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

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

Key source of estimation of uncertainty at March 31, 2014, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of goodwill, useful lives of property, plant and equipment and valuation of deferred tax assets.

Impairment of Goodwill

TCS Limited performed an annual impairment test on goodwill of \$662.6 million as on March 31, 2014. The Group estimated the value in use of the cash generating units (CGUs) based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and anticipated future economic and regulatory conditions. The estimated cash flows were developed using internal forecasts. The discount rates used for the CGUs represented the weighted-average cost of capital based on the historical market returns of comparable companies.

Useful lives of property, plant and equipment

The Company reviews the carrying amount of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods. The carrying amount of property, plant and equipment at March 31, 2014 is \$1,725.6 million.

f. Revenue recognition

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

TCS Limited recognises revenue as follows:

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

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

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

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

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

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

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

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

g. Leases

Finance lease

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

Operating lease

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

h. Cost recognition

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

Cost of information technology and consultancy services

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

Cost of equipment and software licenses

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

Selling, general and administrative expenses

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

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

i. Foreign currency

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

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

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

j. Finance and other income

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

k. Income taxes

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

Current income taxes

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

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

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

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

Deferred income taxes

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

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

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

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

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

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

The Group recognises interest levied and penalties related to income tax assessments in income tax expenses.

I. Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

TCS Limited considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consists of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value

Financial asset not measured at amortised cost is carried at fair value through profit or loss on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised to profit or loss.

The Company on initial application of IFRS 9 (2013) has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

Financial liabilities

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

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

Hedge accounting

TCS Limited designates certain foreign currency forward, option and future contracts as hedge instruments in respect of foreign currency risks. These hedges are accounted for as cash flow hedges.

TCS Limited uses hedging instruments that are governed by the policies of the Company and its subsidiaries which are approved by their respective Board of Directors, which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company and its subsidiaries.

The hedge instruments are designated and documented as hedges at the inception of the contract. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. The ineffective portion of designated hedges are recognised immediately in the profit or loss.

The effective portion of change in the fair value of the designated hedging instrument is recognised in the other comprehensive income and accumulated under the heading cash flow hedge reserve.

The Group separates the intrinsic value and time value of an option and designates as hedging instruments only the change in intrinsic value of the option. The change in fair value of the time value and intrinsic value of an option is recognised in the statement of other comprehensive income and accounted as a separate component of equity. Such amounts are reclassified into the profit or loss when the related hedged items affect profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and is recognised in profit or loss when the forecasted transaction ultimately affects the profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the profit or loss.

m. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment so as to expense the cost less residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives are as mentioned below:

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

Leasehold improvements are amortised over the lease term. Assets held under finance leases are depreciated over the shorter of the lease term and their useful lives. Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

n. Goodwill and intangible assets

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

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

Intangible assets are amortised on a straight line basis.

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

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

o. Impairment

A. Financial assets (other than at fair value)

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

Impairment loss on financial assets carried at amortised cost is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. In a subsequent period, if the amount of impairment loss decreases and the decreases can be related objectively to an event, the previously recognised impairment is reversed through profit or loss.

B. Non-financial assets**(i) Tangible and intangible assets**

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

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

(ii) Goodwill

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

p. Employee benefits***Defined benefit plans***

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the date of each statement of financial position. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

Defined contribution plans

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

Compensated absences

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

q. Earnings per share

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

4. Recent accounting standards

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities- Consolidation relief ¹
Amendments to IAS 38	Intangible Assets ³
IFRIC 21	Levies ¹
IFRS 14	Regulatory Deferral Accounts ³
IFRS 15	Revenue from contracts with Customers ⁴
Amendments to IFRS 11	Joint Arrangements ³
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions ²
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Annual Improvements to IFRSs 2010-2012 Cycle	IFRS 3, IFRS 8, IAS 16, IAS 24 ²
Annual Improvements to IFRSs 2011-2013 Cycle	IFRS 3 ²

¹ Effective for annual periods beginning on or after January 1, 2014.

² Effective for annual periods beginning on or after July 1, 2014.

³ Effective for annual periods beginning on or after January 1, 2016.

⁴ Effective for annual periods beginning on or after January 1, 2017.

Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities- Consolidation relief

In October 2012, the IASB issued “Investment Entities”, an amendment to IFRS 10, IFRS 12 and IAS 27. This amendment is effective for annual periods beginning on or after January 1, 2014. An investment entity is an entity meeting specific criteria; in particular its corporate purpose is to invest funds solely in order to obtain returns in the form of capital appreciation or investment income. The amendment requires investment entities to account for their investment in the entities they control at fair value through profit or loss; this is an exception to the IFRS 10 consolidation requirements. TCS Limited does not expect this amendment to have any impact on its financial statements.

Amendment to IAS 38 – Intangible Assets

In May 2014, the IASB issued “Amendment to IAS 38 Intangible Assets”, clarifying that the use of methods based on revenue to calculate the depreciation of an intangible asset is not appropriate because revenue generated by an activity that includes the use of an intangible asset typically reflects factors that are not directly linked to the consumption of the economic benefits embodied in the intangible asset. Revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

IFRIC 21 – Levies

In May 2013, the IASB issued IFRIC 21 (Levies). This IFRIC is effective for annual periods beginning on or after January 1, 2014. The interpretation is applied on a retrospective basis. This interpretation clarifies that the trigger event for the recognition of a liability for levies (i.e. miscellaneous taxes, duties and other levies not within the scope of IAS 12) is determined by reference to the terms of the relevant legislation, and not at an earlier date even if it has no realistic opportunity to avoid the triggering event. Consequently, a liability for payment of a levy cannot be recognised progressively in interim financial statements if there is no present obligation at the interim reporting date. The interpretation will achieve greater comparability between entities that operate in the same market within the same jurisdiction. TCS Limited is evaluating the impact, if any, of this interpretation on its financial statements.

IFRS 14 – Regulatory Deferral Accounts

The standard permits eligible first-time adopters of IFRSs to continue their previous GAAP rate-regulated accounting policies, with limited changes. The standard requires separate presentation of regulatory deferral account balances in the statement of financial position and movements in those balances in the statement of profit or loss and other comprehensive income.

IFRS 15 – Revenue from contracts with Customers

The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the new standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Amendments to IFRS 11 – Joint Arrangements

When an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3, it shall apply, to the extent of its share in accordance with this standard, all of the principles on business combinations accounting in IFRS 3, and other IFRSs, that do not conflict with the guidance in this standard and disclose the information that is required in those IFRSs in relation to business combinations.

Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions

In November 2013, IASB issued an Amendment to IAS 19 to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in those contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. This amendment is effective for annual periods beginning on or after July 1, 2014. TCS Limited is evaluating the impact, if any, of this amendment on its financial statements.

Amendments to IAS 32 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments to IAS 32 are not effective until annual periods beginning on or after January 1, 2014, with retrospective application required. TCS Limited anticipates that the application of these amendments to IAS 32 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

Annual Improvements to IFRSs 2010-2012 and 2011-2013 Cycle

In December 2013, the IASB issued "Annual Improvements to IFRSs: 2010-2012 Cycle" and "Annual Improvements to IFRSs: 2011-2013 Cycle", as part of its annual process of revising and improving existing standards. These are effective for annual periods beginning on or after July 1, 2014. TCS Limited does not expect a material impact on the financial statements from these amendments, which apply mainly to the following standards:

- IFRS 8 (Operating Segments): requires disclosure of judgments made by management in applying aggregation criteria to segments.
- IAS 16 (Property, Plant and Equipment) and IAS 38 (Intangible Assets): clarifies the method used to determine accumulated depreciation and amortisation under the revaluation model.
- IAS 24 (Related Party Disclosures): expand the definition of "related party" to include an entity, or any member of a group of which it is a part, that provides key management personnel services to the reporting entity.
- IFRS 3 (Business Combinations) and IFRS 13 (Fair Value Measurement): clarifies some definitions.

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

5. Acquisitions

On August 16, 2012, the Company acquired 100% equity share capital of Computational Research Laboratories Limited ("CRL") along with its subsidiary, Computational Research Laboratories Inc. from Tata Sons Limited. The transaction has been accounted using the historical cost method because it is a combination of entities under common control. The excess of consideration paid over the net asset value received of \$28.1 million has been accounted in the statement of changes in equity. Prior period amounts have not been adjusted because the amounts are not material.

On June 28, 2013, Tata Consultancy Services Netherlands BV, a wholly owned subsidiary of Tata Consultancy Services Limited, acquired 100 percent share capital of Alti S.A., an information technology services company in France, for a consideration of \$84.1 million (€64.5 million). Transaction cost related to acquisition of subsidiary of \$2.2 million (€1.7 million) was incurred which is included in 'Other expenses' in selling, general and administrative expenses (Refer note 22). Purchase price allocated to the fair values of assets acquired and liabilities assumed includes value of customer relationships, an intangible asset, which has been valued at \$9.5 million (€7.3 million), to be amortised over the period of 3 years. The excess of purchase consideration over net assets and the indentified intangible asset of \$80.4 million (€61.6 million) has been recognised as goodwill.

Purchase consideration paid for this acquisition has been allocated as follows:

	(In millions of USD)
Net assets acquired, at fair value	
Property, plant and equipment	1.5
Fair value of intangible assets	9.9
Net working capital	(7.3)
Other non-current financial assets	0.4
Other non-current assets	0.7
Other non-current financial liabilities	(1.5)
Fair value of net assets as on date of acquisition	3.7
Goodwill	80.4
Purchase Consideration	84.1

Alti S.A. is an information technology services company incorporated in France. The acquisition of this entity shall enhance the customer base of TCS Limited in France and other regions in Europe in various business verticals. Alti S.A. is one of the top five system integrators of enterprise solutions in France. Its key customers comprise several top French corporations in the banking, financial services, manufacturing and utilities sectors. Alti S.A. has strong employees base having varied skill sets in France, Belgium and Switzerland.

Revenues and net profit of the acquiree included in the consolidated financial statements and proforma revenue and net profit information as at the beginning of April 1, 2013 has not been presented because the amounts are immaterial.

6. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As of March 31, 2014	As of March 31, 2013
(In millions of USD)		
Cash at banks and in hand	155.0	224.4
Bank deposits (original maturity less than three months)	89.5	114.9
Total	244.5	339.3
Held within India	20.4	24.3
Held outside India	224.1	315.0
Total	244.5	339.3

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

7. Trade receivables

Trade receivables consist of the following:

	As of March 31, 2014	As of March 31, 2013
	(In millions of USD)	
Trade receivables	3,084.9	2,629.5
Less: Allowances for doubtful trade receivables	(49.7)	(35.1)
Total	<u>3,035.2</u>	<u>2,594.4</u>

Movements in allowance for doubtful trade receivables are as follows:

	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
	(In millions of USD)		
Balance at the beginning of the year	35.1	38.0	52.4
Common control transfer	-	0.3	-
Expense incurred during the year	26.6	12.2	4.1
Amounts written off as uncollectible	(1.7)	(9.1)	(4.4)
Amounts recovered during the year	(9.9)	(4.9)	(9.4)
Foreign currency exchange (gain) / loss	(0.4)	(1.4)	(4.7)
Balance at the end of the year	<u>49.7</u>	<u>35.1</u>	<u>38.0</u>

8. Investments

Investments consist of the following:

(a) Investments – Current

	As of March 31, 2014	As of March 31, 2013	As of April 1, 2012
	(In millions of USD)		
Investments carried at fair value through profit or loss			
Mutual fund units	70.6	109.0	47.3
	<u>70.6</u>	<u>109.0</u>	<u>47.3</u>
Investments carried at amortised cost			
Corporate debentures and bonds	123.1	91.1	110.5
	<u>123.1</u>	<u>91.1</u>	<u>110.5</u>
Total investments – Current	<u>193.7</u>	<u>200.1</u>	<u>157.8</u>

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

(b) Investments – Non-current

	As of March 31, 2014	As of March 31, 2013	As of April 1, 2012
(In millions of USD)			
Investments carried at fair value through profit or loss			
Mutual fund units	1.1	1.0	0.4
	1.1	1.0	0.4
Investments carried at fair value through OCI			
Equity shares	9.0	5.2	4.9
	9.0	5.2	4.9
Investments carried at amortised cost			
Corporate debentures and bonds	366.0	161.9	119.3
Government securities	6.6	7.3	7.8
	372.6	169.2	127.1
Total investments – Non-current	382.7	175.4	132.4

The contractual maturities of investments as of March 31, 2014 are as follows:

Investments carried at amortised cost:

Year ending March 31,	Carried at amortised cost (In millions of USD)
2015	123.1
2016	223.1
2017	11.8
2018	69.3
2019	20.4
Thereafter	48.0
Total	495.7

9. Other financial assets

Other financial assets consist of the following:

(a) Other current financial assets

	As of March 31, 2014	As of March 31, 2013
(In millions of USD)		
Accrued interest	122.5	120.2
Employee loans and advances (net of allowances of \$7.4 million and \$7.0 million, respectively)	51.6	37.3
Inter-corporate deposits	317.9	678.2
Foreign currency derivative assets	58.6	34.6
Restricted cash	4.3	3.0
Premises deposits (net of allowances of \$0.6 million and \$0.4 million, respectively)	11.5	16.7
Others (net of allowances of \$0.7 million and \$0.5 million, respectively)	4.2	10.0
Total	570.6	900.0

Restricted cash mainly includes amounts reserved towards unclaimed equity dividends.

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

(b) Other non-current financial assets

	As of March 31, 2014	As of March 31, 2013
(In millions of USD)		
Accrued interest	5.8	7.1
Premises deposits (net of allowances of \$0.1 million and NIL, respectively)	88.5	85.2
Employee loans and advances	1.2	1.5
Inter-corporate deposits	163.9	4.0
Others (net of allowances of NIL and \$0.1 million, respectively)	31.5	19.5
Total	290.9	117.3

10. Other assets

Other assets consist of the following:

(a) Other current assets

	As of March 31, 2014	As of March 31, 2013
(In millions of USD)		
Prepaid expenses	186.9	175.5
Indirect tax recoverable	61.8	51.0
Advances to suppliers	12.7	12.8
Others	14.4	30.9
Total	275.8	270.2

(b) Other non-current assets

	As of March 31, 2014	As of March 31, 2013
(In millions of USD)		
Prepaid expenses	36.2	65.9
Prepaid rent	40.2	42.3
Others	12.2	13.5
Total	88.6	121.7

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

11. Property, plant and equipment

Property, plant and equipment consist of the following:

	Freehold land	Buildings	Leasehold improvements	Computer equipment	Auto-mobiles	Furniture, fixtures, office equipments and other assets	Total
(In millions of USD)							
Cost as of April 1, 2013	63.3	535.0	201.2	651.7	5.0	527.2	1,983.4
Additions	0.1	101.1	45.1	111.7	0.5	112.4	370.9
Acquisition through a business combination	-	-	-	0.6	-	0.9	1.5
Disposals	-	-	(7.8)	(22.3)	(0.4)	(8.4)	(38.9)
Translation exchange difference	(5.7)	(49.2)	(23.7)	(47.9)	(0.4)	(35.6)	(162.5)
Cost as of March 31, 2014	57.7	586.9	214.8	693.8	4.7	596.5	2,154.4
Accumulated depreciation as of April 1, 2013	-	(88.8)	(105.7)	(442.9)	(2.9)	(274.9)	(915.2)
Disposals	-	-	6.6	21.8	0.3	8.4	37.1
Depreciation for the year	-	(22.0)	(20.7)	(93.4)	(0.5)	(72.2)	(208.8)
Translation exchange difference	-	8.1	14.6	32.1	0.2	15.4	70.4
Accumulated depreciation as of March 31, 2014	-	(102.7)	(105.2)	(482.4)	(2.9)	(323.3)	(1,016.5)
Net carrying amount as of March 31, 2014	57.7	484.2	109.6	211.4	1.8	273.2	1,137.9
Capital work-in-progress							587.7
Total							1,725.6

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

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

Net carrying amount of property, plant and equipment under finance lease arrangements were as follows:

	As of March 31, 2014	As of March 31, 2013
(In millions of USD)		
Leasehold improvements	17.5	19.4
Computer equipment	21.1	13.9
Leased assets	38.6	33.3
Less: Accumulated depreciation	(13.1)	(7.1)
Leased assets (net)	25.5	26.2

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

12. Intangible assets

Intangible assets consist of the following:

	Customer-related intangibles	Technology-related intangibles	Acquired contract rights	Software licenses	Intellectual property rights and Others	Total
(In millions of USD)						
Cost as of April 1, 2013	4.3	2.3	38.3	13.4	11.6	69.9
Additions	-	0.1	-	1.2	-	1.3
Acquisition through business combination	9.5	-	-	0.4	-	9.9
Disposals	-	-	-	(0.6)	-	(0.6)
Translation exchange difference	0.8	(0.2)	3.7	(1.3)	(1.1)	1.9
Cost as of March 31, 2014	14.6	2.2	42.0	13.1	10.5	82.4
Accumulated amortisation as of April 1, 2013	(4.3)	(2.2)	(22.8)	(11.4)	(2.9)	(43.6)
Amortisation for the year	(2.5)	(0.1)	(3.4)	(1.8)	(1.1)	(8.9)
Disposals	-	-	-	0.6	-	0.6
Translation exchange difference	(0.3)	0.2	(2.3)	0.4	1.0	(1.0)
Accumulated amortisation as of March 31, 2014	(7.1)	(2.1)	(28.5)	(12.2)	(3.0)	(52.9)
Net carrying amount as of March 31, 2014	7.5	0.1	13.5	0.9	7.5	29.5
Cost as of April 1, 2012	4.5	2.5	40.4	11.6	11.6	70.6
Additions	-	-	-	3.2	-	3.2
Common control transfer	-	-	-	-	0.7	0.7
Disposals	-	-	-	(0.6)	-	(0.6)
Translation exchange difference	(0.2)	(0.2)	(2.1)	(0.8)	(0.7)	(4.0)
Cost as of March 31, 2013	4.3	2.3	38.3	13.4	11.6	69.9
Accumulated amortisation as of April 1, 2012	(2.7)	(2.3)	(20.3)	(9.5)	(1.7)	(36.5)
Amortisation for the year	(1.7)	-	(3.3)	(2.7)	(0.7)	(8.4)
Common control transfer	-	-	-	-	(0.6)	(0.6)
Disposals	-	-	-	0.3	-	0.3
Translation exchange difference	0.1	0.1	0.8	0.5	0.1	1.6
Accumulated amortisation as of March 31, 2013	(4.3)	(2.2)	(22.8)	(11.4)	(2.9)	(43.6)
Net carrying amount as of March 31, 2013	-	0.1	15.5	2.0	8.7	26.3

Function wise amortisation of intangible assets is as follows:

	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
(In millions of USD)			
Cost of information technology and consultancy services	2.0	2.4	2.9
Selling, general and administrative expenses	6.9	6.0	6.4
Total	8.9	8.4	9.3

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

The estimated amortisation for each of the five fiscal years subsequent to March 31, 2014 is as follows:

Year ending March 31,

2015
2016
2017
2018
2019
Thereafter
Total

Amortisation expenses	
(In millions of USD)	
9.2	9.2
8.2	8.2
5.6	5.6
4.6	4.6
1.1	1.1
0.8	0.8
29.5	29.5

13. Goodwill

Goodwill consists of the following:

Balance at the beginning of the year

Additional amount recognised from business combination during the year

Foreign currency exchange loss

Balance at the end of the year

Year ended March 31, 2014	Year ended March 31, 2013
(In millions of USD)	
619.1	652.5
80.4	-
(36.9)	(33.4)
662.6	619.1

TCS Limited tests goodwill annually for impairment. Acquired subsidiaries to which goodwill relates have been identified as CGUs.

Goodwill of \$356.5 million and \$390.0 million as of March 31, 2014 and 2013 has been allocated to TCS business process services (BPS) CGU. TCS Limited estimated the value in use of TCS BPS based on future cash flows of this CGU using a 5.00% annual growth rate for periods subsequent to the forecast period of 5 years and discount rate of 15.00%. An analysis of the sensitivity of the computation to a combined change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonably probable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

Goodwill also includes \$84.6 million and NIL as of March 31, 2014 and 2013 on account of investment in Alti S.A. by Tata Consultancy Services Netherlands BV, a wholly owned subsidiary of Tata Consultancy Services Limited. The estimated value-in-use of Alti S.A. is based on future cash flows of this subsidiary using a 2.00% annual growth rate for periods subsequent to the forecast period of 3 years and discount rate of 8.80%. An analysis of the sensitivity of the computation to a combined change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonably probable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

The remaining amount of goodwill of \$221.5 million (relating to different CGUs individually immaterial) has been evaluated based on the cash flow forecasts of the related CGUs and the recoverable amounts of these CGUs exceeded their carrying amounts.

Allocation of goodwill by segments as of March 31, 2014 and 2013 is as follows:

Industry practice

Banking, Financial Services and Insurance

Others

Total

As of March 31, 2014	As of March 31, 2013
(In millions of USD)	
561.2	600.5
101.4	18.6
662.6	619.1

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

14. Trade and other payables

Trade and other payables consist of the following:

Trade payables
Accrued payroll
Others
Total

As of March 31, 2014	As of March 31, 2013
(In millions of USD)	
674.3	646.5
237.7	137.6
9.8	2.1
<u>921.8</u>	<u>786.2</u>

15. Other financial liabilities

Other financial liabilities consist of the following:

(a) Other current financial liabilities

Foreign currency derivative liabilities
Capital creditors
Others
Total

As of March 31, 2014	As of March 31, 2013
(In millions of USD)	
3.8	13.3
81.2	46.0
125.8	143.7
<u>210.8</u>	<u>203.0</u>

On February 22, 2013, the Company entered into an agreement to settle a class action suit filed in the United States of America Court relating to payments to employees on deputation for an amount of \$29.8 million. The Court has granted preliminary approval to the settlement agreement. The amount of settlement has been included in 'Others' in other current financial liabilities and 'Other expenses' in selling, general and administrative expenses for the year ended March 31, 2013 (Refer note 22). The amount has been subsequently paid during fiscal 2014.

(b) Other non-current financial liabilities

Foreign currency derivative liabilities
Capital creditors
Others
Total

As of March 31, 2014	As of March 31, 2013
(In millions of USD)	
-	-
15.4	10.0
57.5	53.7
<u>72.9</u>	<u>63.7</u>

16. Other liabilities

Other liabilities consist of the following:

(a) Other current liabilities

Indirect tax payable and other statutory liabilities
Advances received from customers
Others
Total

As of March 31, 2014	As of March 31, 2013
(In millions of USD)	
197.6	160.8
10.5	20.3
7.9	6.7
<u>216.0</u>	<u>187.8</u>

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

(b) Other non-current liabilities

	As of March 31, 2014	As of March 31, 2013
	(In millions of USD)	
Operating lease liabilities	48.7	46.0
Others	2.1	2.6
Total	50.8	48.6

17. Income taxes

The income tax expense consists of the following:

	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
	(In millions of USD)		
Current tax:			
Current tax expense for current year	1,016.9	817.0	805.6
Current tax benefit pertaining to prior years	(8.4)	(13.0)	(8.3)
	1,008.5	804.0	797.3
Deferred tax benefit	(12.4)	(63.3)	(140.4)
Total income tax expense recognised in current year	996.1	740.7	656.9

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in statement of comprehensive income is as follows:

	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
	(In millions of USD)		
Profit before income taxes	4,170.0	3,322.3	2,904.6
Indian statutory income tax rate	33.99%	32.45%	32.45%
Expected income tax expense	1,417.4	1,078.1	942.5
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:			
Tax holidays	(580.0)	(437.1)	(376.5)
Income exempt from tax	(2.8)	(4.5)	(4.0)
Undistributed earnings in branches and subsidiaries	60.8	44.2	52.1
Tax on income at different rates	18.2	24.4	51.1
Tax pertaining to prior years	51.7	2.1	(24.0)
Others (net)	30.8	33.5	15.7
Total income tax expense	996.1	740.7	656.9

Tata Consultancy Services Limited and its certain subsidiaries in India benefit from the tax holiday available for units set up under the Special Economic Zone Act, 2005. These tax holidays are available for a period of fifteen years from the date of commencement of operations. Under the SEZ scheme, the unit which begins providing services on or after April 1, 2005 will be eligible for deductions of 100% of profits or gains derived from export of services for the first five years, 50% of such profits or gains for a further period of five years and 50% of such profits or gains for the balance period of five years subject to fulfillment of certain conditions. From April 1, 2011 units set up under SEZ scheme are subject to Minimum Alternate Tax (MAT).

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2014 are as follows:

	Opening balance	Recognised in profit or loss	Recognised in / reclassified from other comprehensive income	Acquisitions / disposals	Exchange difference	Closing balance
(In millions of USD)						
Deferred tax assets / (liabilities) in relation to:						
Property, plant and equipment and intangible assets	(27.3)	(2.4)	-	-	2.6	(27.1)
Retirement benefits and compensated absences	32.2	4.8	0.3	0.5	(2.5)	35.3
Cash flow hedges	(1.0)	-	0.4	-	(0.2)	(0.8)
Receivables, financial assets at amortised cost	14.0	5.9	-	-	(1.1)	18.8
MAT credit entitlement	339.5	8.2	-	-	(32.1)	315.6
Operating loss carry forward	1.0	0.9	-	-	(0.1)	1.8
Branch profit tax	(29.5)	(9.9)	-	-	3.1	(36.3)
Undistributed earnings of subsidiaries	(45.0)	1.5	-	-	4.6	(38.9)
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income	(0.2)	(0.1)	0.2	-	0.1	-
Others	20.8	3.5	-	0.2	(1.5)	23.0
Net deferred tax assets / (liabilities)	304.5	12.4	0.9	0.7	(27.1)	291.4

Gross deferred tax assets and liabilities are as follows:

As of March 31, 2014

	Assets	Liabilities	Net
(In millions of USD)			
Deferred tax assets / (liabilities) in relation to:			
Property, plant and equipment and intangible assets	(11.8)	15.3	(27.1)
Retirement benefits and compensated absences	35.0	(0.3)	35.3
Cash flow hedges	-	0.8	(0.8)
Receivables, financial assets at amortised cost	18.8	-	18.8
MAT credit entitlement	315.6	-	315.6
Operating loss carry forward	1.8	-	1.8
Branch profit tax	-	36.3	(36.3)
Undistributed earnings of subsidiaries	-	38.9	(38.9)
Others	24.5	1.5	23.0
Net deferred tax assets / (liabilities)	383.9	92.5	291.4

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2013 are as follows:

	Opening balance	Recognised in profit or loss	Recognised in / reclassified from other comprehensive income	Acquisitions / disposals	Exchange difference	Closing balance
(In millions of USD)						
Deferred tax assets / (liabilities) in relation to:						
Property, plant and equipment and intangible assets	(10.3)	(17.9)	-	-	0.9	(27.3)
Retirement benefits and compensated absences	25.3	6.4	1.9	-	(1.4)	32.2
Cash flow hedges	5.9	-	(6.5)	-	(0.4)	(1.0)
Receivables, financial assets at amortised cost	13.9	0.8	-	-	(0.7)	14.0
MAT credit entitlement	289.8	67.4	-	-	(17.7)	339.5
Operating loss carry forward	0.3	0.7	-	-	-	1.0
Branch profit tax	(20.2)	(10.5)	-	-	1.2	(29.5)
Undistributed earnings of subsidiaries	(48.1)	0.4	-	-	2.7	(45.0)
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income	(0.3)	-	0.1	-	-	(0.2)
Others	5.1	16.0	-	-	(0.3)	20.8
Net deferred tax assets / (liabilities)	261.4	63.3	(4.5)	-	(15.7)	304.5

Gross deferred tax assets and liabilities are as follows:

As of March 31, 2013

	Assets	Liabilities	Net
(In millions of USD)			
Deferred tax assets / (liabilities) in relation to:			
Property, plant and equipment and intangible assets	(15.1)	12.2	(27.3)
Retirement benefits and compensated absences	32.1	(0.1)	32.2
Cash flow hedges	0.4	1.4	(1.0)
Receivables, financial assets at amortised cost	14.0	-	14.0
MAT credit entitlement	339.5	-	339.5
Operating loss carry forward	1.0	-	1.0
Branch profit tax	-	29.5	(29.5)
Undistributed earnings of subsidiaries	-	45.0	(45.0)
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income	(0.1)	0.1	(0.2)
Others	22.5	1.7	20.8
Net deferred tax assets / (liabilities)	394.3	89.8	304.5

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2012 are as follows:

	Opening balance	Recognised in profit or loss	Recognised in / reclassified from other comprehensive income	Acquisitions / disposals	Exchange difference	Closing balance
(In millions of USD)						
Deferred tax assets / (liabilities) in relation to:						
Property, plant and equipment and intangible assets	(6.5)	(4.2)	-	-	0.4	(10.3)
Retirement benefits and compensated absences	16.1	11.2	0.1	-	(2.1)	25.3
Cash flow hedges	(3.3)	-	9.3	-	(0.1)	5.9
Receivables, financial assets at amortised cost	10.8	4.3	-	-	(1.2)	13.9
MAT credit entitlement	231.4	92.2	-	-	(33.8)	289.8
Operating loss carry forward	1.7	(0.4)	-	-	(1.0)	0.3
Branch profit tax	(13.5)	(9.4)	-	-	2.7	(20.2)
Undistributed earnings of subsidiaries	(99.5)	42.5	-	-	8.9	(48.1)
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income	(0.3)	-	(0.1)	-	0.1	(0.3)
Others	1.1	4.2	-	-	(0.2)	5.1
Net deferred tax assets / (liabilities)	<u>138.0</u>	<u>140.4</u>	<u>9.3</u>	<u>-</u>	<u>(26.3)</u>	<u>261.4</u>

Under the Indian Income Tax Act, 1961, unabsorbed business losses expire 8 years after the year in which they originate. In respect of certain foreign subsidiaries, business losses can be carried forward indefinitely unless there is a substantial change in the ownership.

Unrecognised deferred tax assets relate primarily to business losses.

These losses will expire based on the year of origination as follows:

March 31,

2015
2016
2017
2018
2019
2020
Thereafter
Total

Unabsorbed business losses	
(In millions of USD)	
	4.7
	10.8
	15.9
	16.0
	14.1
	2.0
	40.2
	<u>103.7</u>

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

Under the Indian Income Tax Act, 1961, Tata Consultancy Services Limited and its subsidiaries in India are liable to pay Minimum Alternate Tax in the tax holiday period. MAT paid can be carried forward for a period of 10 years and can be set off against the future tax liabilities. Consequently, Tata Consultancy Services Limited and its subsidiaries in India have recognised a deferred tax asset of \$315.6 million as of March 31, 2014.

Deferred tax liability on undistributed earnings of \$896.4 million of certain subsidiaries has not been recognised, as it is the intention of Tata Consultancy Services Limited to reinvest the earnings of these subsidiaries for the foreseeable future.

Tata Consultancy Services Limited and its subsidiaries in India have ongoing disputes with Indian Income Tax authorities relating to tax treatment of certain items. These mainly include disallowed expenses, tax treatment of certain expenses claimed by the Company and its subsidiaries in India as deductions, and computation of, or eligibility of, certain tax incentives or allowances. As of March 31, 2014, the Company and its subsidiaries in India have contingent liability in respect of demands from direct tax authorities in India, which are being contested by the Company and its subsidiaries in India on appeal amounting \$649.1 million. In respect of tax contingencies of \$53.0 million, not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited (subsidiary of the Company which has been subsequently merged with the Company with effect from September 6, 2013) which is to be adjusted to the purchase price consideration.

Tata Consultancy Services Limited believes that its position on these claims made by tax authorities will more likely than not sustain upon examination by the relevant authorities.

The number of years that are subject to tax assessments varies depending on tax jurisdiction. The major tax jurisdictions of Tata Consultancy Services Limited include India, United States of America and United Kingdom. In India, tax filings from fiscal 2011 are generally subject to examination by the tax authorities. In United States of America, the federal statute of limitation applies to fiscals 2010 and earlier and applicable state statutes of limitation vary by state. In United Kingdom, the statute of limitation generally applies to fiscal 2012 and earlier.

18. Mandatorily redeemable preference shares to Tata Sons Limited

In fiscal 2008, Tata Consultancy Services Limited arranged an unsecured long-term debt of \$24.9 million (₹1,000.0 million) by issuance and allotment of 1,000,000,000 Redeemable preference shares of face value of \$0.02 (₹1) each to Tata Sons Limited. This debt was redeemable at par at the end of six years from the date of allotment but was repayable at any time after 3 years from the date of allotment at par at the option of the debt holder. This debt 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 par value of equity shares of Tata Consultancy Services Limited and the average rate of dividend declared on the par value of equity shares of Tata Consultancy Services Limited for three years preceding the year of issue of the above debt.

On March 28, 2014, the redeemable preference shares of face value of \$0.02 (₹1) each allotted to Tata Sons Limited has been redeemed at par.

19. Authorised and issued share capital

	As of March 31, 2014	As of March 31, 2013
	(In millions of USD)	
(a) Authorised		
4,200,500,000 (2,250,000,000 as of March 31, 2013 and 2012) equity shares of ₹1 each	79.5	50.1
	79.5	50.1
(b) Issued, Subscribed and Paid up		
1,957,220,996 equity shares of ₹1 each	43.6	43.6
1,506,983 equity shares of ₹1 each issued during the year	-*	-
Total	43.6	43.6

*Share capital increase having value of less than \$50,000.

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

Fully paid equity shares, which have a par value of \$0.02 (₹1) each, carry one vote per share and have a right to dividend. Dividend can be declared out of retained profits only after the transfer to a general reserve of a specified percentage of net profit computed in accordance with the Indian Companies Act, 1956. Subject to the buy-back of shares, under the Indian Companies Act, equity shares are not redeemable. In the event of liquidation of the Company, the holders of shares are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

1,506,983 equity shares of \$0.02 (₹1) each have been issued to the shareholders of TCS e-Serve Limited having non-controlling interest, without payment being received in cash, in terms of the composite scheme of arrangement (the "Scheme") sanctioned by the High Court of Judicature at Bombay through their order dated September 6, 2013.

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated.

20. Other components of equity

Other components of equity consist of the following:

(a) Investment revaluation reserve

	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
(In millions of USD)			
Balance at the beginning of the year	0.5	0.6	0.4
Net (losses) / gains arising on revaluation of financial assets carried at fair value	(0.7)	1.3	1.8
Deferred tax relating to (losses) / gains arising on revaluation of financial assets carried at fair value	0.2	(0.4)	(0.5)
Cumulative gain reclassified to profit or loss on sale of financial assets carried at fair value	-	(1.6)	(1.5)
Deferred tax relating to cumulative gain reclassified to profit or loss on sale of financial assets carried at fair value	-	0.5	0.4
Transferred to non controlling interests	0.1	0.1	-
Balance at the end of the year	0.1	0.5	0.6

(b) Cash flow hedging reserve

Refer note 27(b) for movements in hedging reserve.

(c) Foreign currency translation reserve

Refer statements of change in equity for movements in foreign currency translation reserve.

21. Employee benefits

Function wise employee cost is as follows:

	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
(In millions of USD)			
Cost of information technology and consultancy services	4,984.0	4,377.3	3,916.6
Selling, general and administrative expenses	1,676.8	1,475.9	1,226.3
Total	6,660.8	5,853.2	5,142.9

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

(a) Current employee benefit obligations

	As of March 31, 2014	As of March 31, 2013
	(In millions of USD)	
Compensated absences	171.8	145.9
Other employee benefit obligations	2.5	2.1
Total	174.3	148.0

(b) Non-current employee benefit obligations

	As of March 31, 2014	As of March 31, 2013
	(In millions of USD)	
Gratuity liability	26.3	48.3
Foreign defined benefit plans	12.5	8.7
Other employee benefit obligations	7.0	7.2
Total	45.8	64.2

Defined benefit plan

Gratuity and pension

In accordance with Indian law, Tata Consultancy Services Limited and its subsidiaries in India provide to the eligible employees defined benefit plans such as gratuity 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. Vesting occurs upon completion of five continuous 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 pension plans in accordance with the local laws.

The following table sets out the details of the defined benefit retirement plans and the amounts recognised in the financial statements:

	Year ended March 31, 2014				Year ended March 31, 2013				Year ended March 31, 2012						
	Domestic plans		Foreign plans		Domestic plans		Foreign plans		Domestic plans		Foreign plans				
	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded			
Change in benefit obligations:															
Benefit obligation, beginning of the year	162.0	0.5	62.5	2.9	227.9	141.9	0.3	52.6	1.1	195.9	134.8	0.4	49.9	-	185.1
Exchange (gain) / loss on translation	(14.9)	(0.4)	5.3	-	(10.0)	(8.8)	-	(3.6)	-	(12.4)	(18.2)	(0.1)	(0.1)	-	(18.4)
Plans assumed on acquisitions	-	-	-	1.4	1.4	-	-	-	-	-	-	-	-	-	-
Plan participants' contribution	-	-	1.2	-	1.2	-	-	1.4	-	1.4	-	-	1.4	-	1.4
Service cost	25.3	-	4.8	0.9	31.0	21.6	0.1	4.0	1.2	26.9	21.0	0.2	4.1	0.9	26.2
Interest cost	11.6	-	2.2	0.2	14.0	12.2	-	2.0	0.2	14.4	11.3	-	2.0	0.1	13.4
Remeasurement of the net defined benefit liability*	(3.8)	-	3.4	0.3	(0.1)	3.4	0.1	9.1	-	12.6	0.5	(0.2)	(0.8)	0.3	(0.2)
Past service cost / (credit)	0.6	-	(3.2)	-	(2.6)	-	-	(0.4)	0.7	0.3	-	-	-	-	-
Benefits paid	(11.5)	-	(4.6)	(0.1)	(16.2)	(8.3)	-	(2.6)	(0.3)	(11.2)	(7.5)	-	(3.9)	(0.2)	(11.6)
Benefit obligation, end of the year	169.3	0.1	71.6	5.6	246.6	162.0	0.5	62.5	2.9	227.9	141.9	0.3	52.6	1.1	195.9

* As per revised IAS 19 (Refer note 2).

	Year ended March 31, 2014				Year ended March 31, 2013				Year ended March 31, 2012						
	Domestic plans		Foreign plans		Domestic plans		Foreign plans		Domestic plans		Foreign plans				
	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded			
Change in plan assets:															
Fair value of plan assets, beginning of the year	114.6	-	57.5	-	172.1	111.7	-	52.9	-	164.6	116.4	-	47.9	-	164.3
Exchange (loss) / gain on translation	(10.4)	-	5.1	-	(5.3)	(7.0)	-	(3.0)	-	(10.0)	(15.1)	-	-	-	(15.1)
Interest income*	7.9	-	2.7	-	10.6	9.1	-	2.2	-	11.3	8.9	-	2.2	-	11.1
Employers' contributions	38.3	-	4.3	-	42.6	8.4	-	4.1	-	12.5	7.6	-	4.4	-	12.0
Plan participants' contribution	-	-	1.2	-	1.2	-	-	1.4	-	1.4	-	-	1.4	-	1.4
Benefits paid	(11.5)	-	(4.6)	-	(16.1)	(8.3)	-	(2.6)	-	(10.9)	(7.5)	-	(3.9)	-	(11.4)
Remeasurement - return on plan assets excluding amount included in interest income*	4.2	-	(1.5)	-	2.7	0.7	-	2.5	-	3.2	1.4	-	0.9	-	2.3
Fair value of plan assets, end of the year	143.1	-	64.7	-	207.8	114.6	-	57.5	-	172.1	111.7	-	52.9	-	164.6

* As per revised IAS 19 (Refer note 2).

Net periodic gratuity / pension cost, included in employee cost (Refer note 22), consists of the following components:

	Year ended March 31, 2014				Year ended March 31, 2013				Year ended March 31, 2012						
	Domestic plans		Foreign plans		Domestic plans		Foreign plans		Domestic plans		Foreign plans		Total		
	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded			
Service cost	25.3	-	4.8	0.9	31.0	21.6	0.1	4.0	1.2	26.9	21.0	0.2	4.1	0.9	26.2
Net interest on net defined benefit liability / (asset)*	3.7	-	(0.5)	0.2	3.4	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Interest cost	NA	NA	NA	NA	NA	12.2	-	2.0	0.2	14.4	11.3	-	2.0	0.1	13.4
Past service cost / (credit)	0.6	-	(3.2)	-	(2.6)	-	-	(0.4)	0.7	0.3	-	-	-	-	-
Expected return on plan assets	NA	NA	NA	NA	NA	(9.1)	-	(2.2)	-	(11.3)	(8.9)	-	(2.2)	-	(11.1)
Net periodic gratuity / pension cost	29.6	-	1.1	1.1	31.8	24.7	0.1	3.4	2.1	30.3	23.4	0.2	3.9	1.0	28.5
Actual return on plan assets	12.1	-	1.2	-	13.3	9.8	-	4.7	-	14.5	10.3	-	3.1	-	13.4

(In millions of USD)

* As per revised IAS 19 (Refer note 2).

Remeasurement of the net defined benefit liability / (asset):

	Year ended March 31, 2014				Total
	Domestic plans Funded	Domestic plans Unfunded	Foreign plans Funded	Foreign plans Unfunded	
	(In millions of USD)				
Actuarial (gains) and losses arising from changes in demographic assumptions	(1.4)	-	0.2	0.5	(0.7)
Actuarial (gains) and losses arising from changes in financial assumptions	(12.3)	-	3.7	(0.2)	(8.8)
Actuarial (gains) and losses arising from changes in experience adjustments*	9.9	-	(0.5)	-	9.4
Remeasurement of the net defined benefit liability	(3.8)	-	3.4	0.3	(0.1)
Remeasurement - return on plan assets excluding amount included in interest income	4.2	-	(1.5)	-	2.7
Total	(8.0)	-	4.9	0.3	(2.8)

* As per revised IAS 19 (Refer note 2).

The assumptions used in accounting for the gratuity plan are set out below:

	Year ended March 31, 2014		Year ended March 31, 2013		Year ended March 31, 2012	
	Domestic plans	Foreign plans	Domestic plans	Foreign plans	Domestic plans	Foreign plans
Discount rate	9.00%	2.25% - 7.60%	8.00%	2.25% - 7.00%	8.25% - 8.50%	2.50% - 7.00%
Rate of increase in compensation levels of covered employees	4.00% - 7.00%	1.50% - 4.64%	4.00% - 7.00%	1.50% - 4.64%	4.00% - 9.00%	1.50% - 3.60%
Rate of return on plan assets	NA	NA	8.60% - 8.70%	2.25% - 4.70%	8.00% - 9.00%	3.50% - 5.45%
Weighted average duration of defined benefit obligation*	9 years	6.33 - 29.3 years	NA	NA	NA	NA

* As per revised IAS 19 (Refer note 2).

The expected benefits are based on the same assumptions as are used to measure TCS Limited's defined benefit plan obligations as of March 31, 2014. TCS Limited is expected to contribute \$51.7 million to defined benefit plan obligations funds in fiscal 2015 comprising domestic component of \$49.3 million and foreign component of \$2.4 million.

Remeasurement of defined employee benefit plans in other comprehensive income for the fiscal 2014 is \$2.8 million and loss recognised in other comprehensive income for the fiscal 2013 is \$9.4 million and gain recognised in other comprehensive income for the fiscal 2012 is \$2.5 million.

The significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increases (decreases) by 0.50%, the defined benefit obligation would decrease by \$13.5 million (increase by \$15.1 million) as of March 31, 2014.

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

If the expected salary growth increases (decreases) by 0.50%, the defined benefit obligation would increase by \$6.7 million (decrease by \$5.9 million) as of March 31, 2014.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

Each year an Asset - Liability matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk and return profiles. Investment and contribution policies are integrated within this study.

The defined benefit obligation shall mature after year ended March 31, 2014 as follows:

Year ending March 31,

	Defined benefit obligation
	(In millions of USD)
2015	17.4
2016	19.5
2017	23.0
2018	27.8
2019	29.0
Thereafter	184.1

Defined contribution plans

Superannuation

In addition to gratuity benefits, all eligible employees are entitled to benefits under Superannuation, a defined contribution plan. TCS Limited makes monthly contributions until retirement or resignation of the employee. TCS Limited recognises such contributions as an expense when incurred. TCS Limited has no further obligation beyond its monthly contribution.

TCS Limited contributed \$31.5 million, \$31.0 million and \$24.9 million to the Employees' Superannuation Fund in fiscals 2014, 2013 and 2012, respectively.

Provident fund

In accordance with Indian law, all eligible employees of Tata Consultancy Services Limited and its subsidiaries are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and employer (at a determined rate) contribute monthly. Tata Consultancy Services Limited and its subsidiaries in India are liable for future provident fund benefits to the extent of its annual contribution and any shortfall in fund assets based on government specified minimum rates of return relating to current period service and recognises such contributions and shortfall, if any, as an expense in the year incurred.

Tata Consultancy Services Limited and its subsidiaries contributed \$92.8 million, \$97.9 million and \$86.1 million to the provident fund in fiscals 2014, 2013 and 2012, respectively.

Foreign Defined Contribution Plan

Tata Consultancy Services Limited and its subsidiaries contributed \$88.8 million, \$49.8 million and \$41.8 million in fiscals 2014, 2013 and 2012, respectively, towards foreign defined contribution plan.

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

22. Expenses by nature

	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
(In millions of USD)			
Employee cost	6,660.8	5,853.2	5,142.9
Fees to external consultants	883.3	695.8	511.2
Facility expenses	456.6	426.6	407.8
Cost of equipment and software licenses	242.6	280.5	278.0
Travel expenses	335.6	297.9	254.0
Depreciation and amortisation	217.7	198.2	188.4
Communication	144.0	140.8	135.7
Education, recruitment and training	48.7	44.7	46.3
Marketing and sales promotion	59.1	46.2	46.8
Bad debts, provision for trade receivable and advances (net)	15.6	10.3	5.3
Other expenses	472.3	450.6	348.3
Total	9,536.3	8,444.8	7,364.7

Research and development expenditure aggregating \$32.7 million, \$29.6 million and \$27.5 million, incurred during the years ended March 31, 2014, 2013 and 2012, respectively, is included in the above expenses.

Refer note 21 for function wise bifurcation of employee cost.

Transaction cost related to acquisition of subsidiary of \$2.2 million, NIL and NIL for fiscals 2014, 2013 and 2012, respectively, has been included in other expenses (Refer note 5).

23. Finance and other income

	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
(In millions of USD)			
Interest income on bank balances	122.7	123.0	123.2
Interest on financial assets carried at amortised cost	100.0	69.8	43.8
Rental revenue	3.0	2.9	3.6
Dividend received	1.5	1.2	1.3
Total	227.2	196.9	171.9

24. Finance costs (at effective interest rate method)

	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
(In millions of USD)			
Interest on bank overdrafts and loans	5.6	6.5	4.1
Other interest expenses	6.2	6.5	5.9
Total	11.8	13.0	10.0

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

25. Other gains / (losses), (net)

	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
(In millions of USD)			
Net gains / (losses) on disposal of property, plant and equipment	0.8	-	(0.1)
Net gains on disposal of investments carried at fair value	28.3	7.8	6.6
Net foreign exchange gains / (losses)	6.6	2.5	(77.0)
Others	13.0	4.5	7.1
Total	48.7	14.8	(63.4)

26. Leases

TCS Limited has taken on lease property and equipment under operating lease arrangements. Most of the leases include renewal and escalation clauses. Operating lease rent expenses were \$234.3 million, \$214.5 million and \$201.4 million in fiscals 2014, 2013 and 2012, respectively.

The following is a summary of future minimum lease rental commitments towards non-cancellable operating leases and finance leases:

Operating lease

	As of March 31, 2014	As of March 31, 2013
(In millions of USD)		
Within one year of balance sheet date	117.7	124.3
Due in a period between one year and five years	302.6	340.5
Due after five years	184.3	187.1
Total minimum lease commitments	604.6	651.9

Finance lease

	As of March 31, 2014		As of March 31, 2013	
	Minimum lease commitments	Present value of minimum lease commitments	Minimum lease commitments	Present value of minimum lease commitments
(In millions of USD)				
Within one year of balance sheet date	9.6	7.0	6.7	3.7
Due in a period between one year and five years	20.6	14.5	24.0	15.8
Due after five years	9.3	6.5	12.4	8.1
Total minimum lease commitments	39.5	28.0	43.1	27.6
Less: Interest	(11.5)		(15.5)	
Present value of minimum lease commitments	28.0		27.6	

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

Receivables under sub leases

Within one year of balance sheet date	
Due in a period between one year and five years	
Due after five years	
Total	

As of March 31, 2014	As of March 31, 2013
(In millions of USD)	
3.1	2.9
8.9	11.7
-	-
12.0	14.6

Income from sub leases of \$3.0 million, \$2.9 million and \$3.6 million have been recognised in the statement of profit or loss and other comprehensive income for the periods ended March 31, 2014, 2013 and 2012, respectively.

27. Financial instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3(l) to the consolidated financial statements.

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as of March 31, 2014 is as follows:

	Fair value through profit or loss	Fair value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total carrying value
(In millions of USD)						
Financial assets:						
Cash and cash equivalents	-	-	-	-	244.5	244.5
Bank deposits	-	-	-	-	2,406.2	2,406.2
Investments	71.7	9.0	-	-	495.7	576.4
Other financial assets*	-	-	10.3	48.3	802.9	861.5
Total	71.7	9.0	10.3	48.3	3,949.3	4,088.6
Financial liabilities:						
Borrowings	-	-	-	-	49.4	49.4
Other financial liabilities	-	-	-	3.8	279.9	283.7
Total	-	-	-	3.8	329.3	333.1

*Other financial assets include inter-corporate deposits of \$481.8 million, with original maturity period within 24 months.

The fair value of investments is \$579.0 million.

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

The carrying value of financial instruments by categories as of March 31, 2013 is as follows:

	Fair value through profit or loss	Fair value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total carrying value
(In millions of USD)						
Financial assets:						
Cash and cash equivalents	-	-	-	-	339.3	339.3
Bank deposits	-	-	-	-	1,361.4	1,361.4
Investments	110.0	5.2	-	-	260.3	375.5
Other financial assets*	-	-	23.2	11.4	982.7	1,017.3
Total	<u>110.0</u>	<u>5.2</u>	<u>23.2</u>	<u>11.4</u>	<u>2,943.7</u>	<u>3,093.5</u>
Financial liabilities:						
Borrowings	-	-	-	-	42.7	42.7
Mandatorily redeemable preference shares	-	-	-	-	18.4	18.4
Other financial liabilities	-	-	11.5	1.8	253.4	266.7
Total	<u>-</u>	<u>-</u>	<u>11.5</u>	<u>1.8</u>	<u>314.5</u>	<u>327.8</u>

*Other financial assets include inter-corporate deposits of \$682.2 million, with original maturity period within 24 months.

The fair value of investments is \$390.9 million.

The carrying value of financial instruments by categories as of April 1, 2012 is as follows:

	Fair value through profit or loss	Fair value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total carrying value
(In millions of USD)						
Financial assets:						
Cash and cash equivalents	-	-	-	-	391.4	391.4
Bank deposits	-	-	-	-	1,294.8	1,294.8
Investments	47.7	4.9	-	-	237.6	290.2
Other financial assets*	-	-	27.2	2.7	445.6	475.5
Total	<u>47.7</u>	<u>4.9</u>	<u>27.2</u>	<u>2.7</u>	<u>2,369.4</u>	<u>2,451.9</u>
Financial liabilities:						
Borrowings	-	-	-	-	24.9	24.9
Mandatorily redeemable preference shares	-	-	-	-	19.6	19.6
Other financial liabilities	-	-	36.1	21.4	182.0	239.5
Total	<u>-</u>	<u>-</u>	<u>36.1</u>	<u>21.4</u>	<u>226.5</u>	<u>284.0</u>

*Other financial assets include inter-corporate deposits of \$183.2 million, with original maturity period within 24 months.

The fair value of investments is \$293.5 million.

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The investments included in Level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market. The investments included in Level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a range of possible fair value measurements and the cost represents estimate of fair value within that range.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required):

As of March 31, 2014

	Level 1	Level 2	Level 3	Total
(In millions of USD)				
Financial assets:				
Mutual fund units	71.7	-	-	71.7
Equity shares	-	-	9.0	9.0
Corporate debentures and bonds	-	489.1	-	489.1
Government securities	6.6	-	-	6.6
Derivative financial assets	-	58.6	-	58.6
Total	<u>78.3</u>	<u>547.7</u>	<u>9.0</u>	<u>635.0</u>
Financial liabilities:				
Derivative financial liabilities	-	3.8	-	3.8
Total	<u>-</u>	<u>3.8</u>	<u>-</u>	<u>3.8</u>

As of March 31, 2013

	Level 1	Level 2	Level 3	Total
(In millions of USD)				
Financial assets:				
Mutual fund units	110.0	-	-	110.0
Equity shares	-	-	5.2	5.2
Corporate debentures and bonds	-	253.0	-	253.0
Government securities	7.3	-	-	7.3
Derivative financial assets	-	34.6	-	34.6
Total	<u>117.3</u>	<u>287.6</u>	<u>5.2</u>	<u>410.1</u>
Financial liabilities:				
Derivative financial liabilities	-	13.3	-	13.3
Total	<u>-</u>	<u>13.3</u>	<u>-</u>	<u>13.3</u>

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

As of April 1, 2012

	Level 1	Level 2	Level 3	Total
	(In millions of USD)			
Financial assets:				
Mutual fund units	47.7	-	-	47.7
Equity shares	-	-	4.9	4.9
Corporate debentures and bonds	-	229.8	-	229.8
Government securities	7.8	-	-	7.8
Derivative financial assets	-	29.9	-	29.9
Total	<u>55.5</u>	<u>259.7</u>	<u>4.9</u>	<u>320.1</u>
Financial liabilities:				
Derivative financial liabilities	-	57.5	-	57.5
Total	<u>-</u>	<u>57.5</u>	<u>-</u>	<u>57.5</u>

(b) Derivative financial instruments and hedging activity

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

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

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

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

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

Foreign currency	March 31, 2014		
	No. of contracts	Notional amount of forward contracts (In millions)	Fair value (In millions of USD)
US Dollar	-	-	-
Sterling Pound	-	-	-
Australian Dollar	-	-	-

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

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

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

Foreign currency	March 31, 2014		
	No. of contracts	Notional amount of currency option contracts (In millions)	Fair value (In millions of USD)
US Dollar	4	410.0	3.5
Sterling Pound	6	177.0	3.0
Australian Dollar	3	75.0	0.5
Euro	3	120.0	3.3

Foreign currency	March 31, 2013		
	No. of contracts	Notional amount of currency option contracts (In millions)	Fair value (In millions of USD)
US Dollar	56	1150.0	(0.1)
Sterling Pound	12	123.0	11.5
Euro	15	102.0	2.9

The movement in accumulated other comprehensive income for the years ended March 31, 2014, 2013 and 2012 for derivatives designated as cash flow hedges is as follows:

	Year ended March 31, 2014		Year ended March 31, 2013		Year ended March 31, 2012	
	Intrinsic value	Time value	Intrinsic value	Time value	Intrinsic value	Time value
	(In millions of USD)					
Balance at the beginning of the year	(0.7)	(1.0)	(27.3)	(7.6)	10.3	1.3
Losses transferred to profit or loss on occurrence of forecasted hedge transaction	95.0	23.9	14.6	65.9	141.0	-
Deferred tax on (gains) / losses transferred to profit or loss on occurrence of forecasted hedge transaction	(12.5)	(3.1)	(8.5)	-	0.2	-
Change in the fair value of effective portion of cash flow hedges	(100.4)	(27.2)	19.1	(59.3)	(188.8)	(8.9)
Deferred tax on fair value of effective portion of cash flow hedges	12.6	3.4	2.0	-	9.1	-
Amount transferred to non-controlling interests during the year	(0.1)	-	(0.6)	-	0.9	-
Balance at the end of the year	(6.1)	(4.0)	(0.7)	(1.0)	(27.3)	(7.6)

In addition to the above cash flow hedges, TCS Limited has outstanding foreign currency forwards, currency option and futures contracts with notional amounts aggregating \$2644.4 million, \$1,963.2 million and \$1,669.9 million, whose fair value showed a net gain of \$44.5 million, \$9.6 million and loss of \$18.7 million as of March 31, 2014, 2013 and 2012, respectively. Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting.

Exchange loss of \$15.3 million, exchange gain of \$49.9 million and exchange loss of \$44.1 million on foreign currency forward exchange contracts and currency option and futures contracts have been recognised in earnings in fiscals 2014, 2013 and 2012, respectively.

Net gain on derivative instruments of \$2.8 million, recognised in accumulated other comprehensive income as of March 31, 2014, is expected to be reclassified into earnings by March 31, 2015. The maximum period over which the exposure to cash flow variability has been hedged is through calendar year 2014.

10% appreciation of the underlying foreign currencies would have resulted in an approximate gain of \$0.3 million in Group's other comprehensive income for the year ended March 31, 2014.

10% depreciation of the underlying foreign currencies would have resulted in an approximate gain of \$85.2 million in Group's other comprehensive income for the year ended March 31, 2014.

10% appreciation of the underlying foreign currencies would have resulted in an approximate loss of \$28.0 million in Group's other comprehensive income for the year ended March 31, 2013.

10% depreciation of the underlying foreign currencies would have resulted in an approximate gain of \$148.4 million in Group's other comprehensive income for the year ended March 31, 2013.

10% appreciation of the underlying foreign currencies would have resulted in an approximate loss of \$34.7 million in Group's other comprehensive income for the year ended March 31, 2012.

10% depreciation of the underlying foreign currencies would have resulted in an approximate gain of \$175.7 million in Group's other comprehensive income for the year ended March 31, 2012.

(c) Financial risk management:

TCS Limited is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments. The Group has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Group.

i. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group's exposure to market risk is primarily on account of foreign currency exchange rate risk.

i. (a) Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities.

Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Euro, Great Britain Pound and Australian Dollar against the respective functional currencies of Tata Consultancy Services Limited and its subsidiaries.

The Group, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. Further, any movement in the functional currencies of the various operations of the Group against major foreign currencies may impact the Group's revenue in international business.

The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the respective functional currencies of Tata Consultancy Services Limited and its subsidiaries.

The following analysis has been worked out based on the net exposures for each of the subsidiaries and Tata Consultancy Services Limited as of the date of statements of financial position which could affect the statements of profit or loss and other comprehensive income and equity. Further the exposure as indicated below is mitigated by some of the derivative contracts entered into by the Group as disclosed in note 27(b).

The following table sets forth information relating to foreign currency exposure as of March 31, 2014:

	USD	EUR	GBP	AUD	CAD	ZAR	SAR	Others*
	(In millions of USD)							
Net financial assets	110.4	20.2	87.6	4.2	3.3	-	18.3	95.8
Net financial liabilities	(244.0)	(3.9)	(0.8)	(4.5)	(0.1)	(1.2)	-	(29.9)

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of Tata Consultancy Services Limited and its subsidiaries would result in decrease / increase in the Group's profit before tax by approximately \$5.5 million for the year ended March 31, 2014.

The following table sets forth information relating to foreign currency exposure as of March 31, 2013:

	USD	EUR	GBP	AUD	CAD	ZAR	SAR	Others*
	(In millions of USD)							
Net financial assets	122.9	28.3	69.6	3.1	4.0	-	26.7	93.0
Net financial liabilities	(149.2)	(0.4)	-	(8.1)	-	(5.9)	-	(5.4)

10% appreciation / depreciation of the respective foreign currencies with respect to functional currency of Tata Consultancy Services Limited and its subsidiaries would result in decrease / increase in the Group's profit before tax by approximately \$17.9 million for the year ended March 31, 2013.

*Others include currencies such as Singapore Dollars, Swiss Franc, Norwegian Kroner, Danish Kroner etc.

i. (b) Interest rate risk

The Group's investments are primarily in fixed rate interest bearing investments. Hence the Group is not significantly exposed to interest rate risk.

ii. Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled revenue, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. Inter-corporate deposits include an amount of \$401.1 million with a financial institution with a high credit-rating assigned by credit-rating agencies. Bank deposits includes an amount of \$1,337.8 million held with three Indian banks having high quality credit rating which are individually in excess of 10% or more of the Group's total bank deposits in fiscal 2014. None of the other financial instruments of the Group result in material concentration of credit risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was \$7,781.3 million and \$6,260.4 million as of March 31, 2014 and 2013, respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables, unbilled revenue, other financial assets and investments excluding equity and preference investments.

TCS Limited's exposure to customers is diversified and no single customer contributes to more than 10% of outstanding accounts receivable and unbilled revenue as of March 31, 2014 and 2013.

Financial assets that are neither past due nor impaired

Cash and cash equivalents, financial assets carried at fair value and interest-bearing deposits with corporates are neither past due nor impaired. Cash and cash equivalents with banks and interest-bearing deposits placed with corporates, which have high credit-rating assigned by international and domestic credit-rating agencies. Financial assets carried at fair value substantially include investment in liquid mutual fund units. Trade receivables and other financial assets that are past due but not impaired, there were no indications as of March 31, 2014, that defaults in payment obligations will occur except as described in note 7 and 9 on allowances for impairment of trade receivables and other financial assets, respectively. The Group does not hold any collateral for trade receivables and other financial assets. Trade receivables and other financial assets that are neither past due nor impaired relate to new and existing customers and counter parties with no significant defaults in past.

Financial assets that are past due but not impaired

The age wise breakup of the trade receivables, net of allowances that are past due, is given below:

Period (days)	As of March 31, 2014	As of March 31, 2013
(In millions of USD)		
Trade receivables that are neither past due nor impaired	1,993.8	1,679.0
Trade receivables that are past due but not impaired:		
Past due upto 90 days	697.7	558.0
Past due for more than 90 days and upto 180 days	100.5	94.6
Past due for more than 180 days	243.2	262.8
Total trade receivables that are past due but not impaired	1,041.4	915.4
Total Trade receivables	3,035.2	2,594.4

TCS Limited also has a geographic concentration of credit risk as given below:

	As of March 31, 2014	As of March 31, 2013
(In %)		
United States of America	38.9	39.7
India	17.5	21.6
United Kingdom	17.1	15.3

Geographical concentration of credit risk is allocated based on the location of the customers.

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

iii. Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Group consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

The tables below provide details regarding the contractual maturities of significant financial liabilities as of:

As of March 31, 2014	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
(In millions of USD)					
Non-derivative financial liabilities:					
Trade and other payables	921.8	-	-	-	921.8
Borrowings	28.2	8.4	6.3	6.5	49.4
Other financial liabilities	207.0	11.9	60.9	0.1	279.9
Total	1,157.0	20.3	67.2	6.6	1,251.1
Derivative financial liabilities	3.8	-	-	-	3.8
Total	1,160.8	20.3	67.2	6.6	1,254.9

As of March 31, 2013	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5th year	Total
(In millions of USD)					
Non-derivative financial liabilities:					
Trade and other payables	786.2	-	-	-	786.2
Borrowings	18.6	4.6	11.5	8.0	42.7
Mandatorily redeemable preference shares	18.4	-	-	-	18.4
Other financial liabilities	189.7	8.7	55.0	-	253.4
Total	1,012.9	13.3	66.5	8.0	1,100.7
Derivative financial liabilities	13.3	-	-	-	13.3
Total	1,026.2	13.3	66.5	8.0	1,114.0

28. Segment information

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

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

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

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

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

Summarised segment information for the years ended March 31, 2014, 2013 and 2012 is as follows:

	Year ended March 31, 2014					
	(In millions of USD)					
	Banking, Financial Services and Insurance	Manufac- turing	Retail and Consumer Packaged Goods	Telecom, media and entertain- ment	Others	Total
Revenue	5,769.4	1,148.3	1,858.8	1,579.7	3,086.0	13,442.2
Segment result	1,895.6	336.5	601.1	449.4	824.4	4,107.0
Depreciation						201.1
Total Unallocable expenses						201.1
Operating profit						3,905.9
Other income (net)						264.1
Profit before taxes						4,170.0
Income tax expense						996.1
Net profit						3,173.9
Depreciation and amortisation	12.2	-	-	-	4.4	16.6
Significant non-cash items	3.1	0.7	(0.2)	4.4	7.6	15.6
As of March 31, 2014						
Segment assets:						
Allocable assets	1,979.6	351.9	506.1	519.8	1,335.0	4,692.4
Unallocable assets						6,780.8
Total assets						11,473.2
Segment liabilities						
Allocable liabilities	250.3	27.9	21.8	28.6	203.2	531.8
Unallocable liabilities						1,613.7
Total liabilities						2,145.5

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

Year ended March 31, 2013						
(In millions of USD)						
	Banking, Financial Services and Insurance	Manufac- turing	Retail and Consumer Packaged Goods	Telecom, media and entertain- ment	Others	Total
Revenue	4,985.7	957.9	1,542.9	1,384.5	2,697.4	11,568.4
Segment result	1,478.8	250.3	474.0	356.9	735.7	3,295.7
Depreciation						172.1
Total Unallocable expenses						172.1
Operating profit						3,123.6
Other income (net)						198.7
Profit before taxes						3,322.3
Income tax expense						740.7
Net profit						2,581.6
Depreciation and amortisation	20.9	0.1	0.1	0.2	4.8	26.1
Significant non-cash items	1.6	0.5	0.6	3.3	4.3	10.3
As of March 31, 2013						
Segment assets:						
Allocable assets	2,092.4	289.2	392.8	459.6	1,213.6	4,447.6
Unallocable assets						5,115.3
Total assets						9,562.9
Segment liabilities						
Allocable liabilities	229.5	22.5	16.9	33.3	140.9	443.1
Unallocable liabilities						1,462.2
Total liabilities						1,905.3

Year ended March 31, 2012						
(In millions of USD)						
	Banking, Financial Services and Insurance	Manufac- turing	Retail and Consumer Packaged Goods	Telecom, media and entertain- ment	Others	Total
Revenue	4,382.9	790.0	1,237.1	1,294.0	2,466.8	10,170.8
Segment result	1,346.1	204.4	360.6	393.3	663.7	2,968.1
Depreciation						162.0
Total Unallocable expenses						162.0
Operating profit						2,806.1
Other income (net)						98.5
Profit before taxes						2,904.6
Income tax expense						656.9
Net profit						2,247.7
Depreciation and amortisation	19.1	0.1	2.0	0.3	4.9	26.4
Significant non-cash items	4.7	1.1	0.5	0.8	2.4	9.5

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

Geographical revenue is allocated based on the location of the customers.

Information regarding geographical revenue is as follows:

Geography	Year ended	Year ended	Year ended
	March 31, 2014	March 31, 2013	March 31, 2012
(In millions of USD)			
Americas (1)	7,439.6	6,473.4	5,711.7
Europe (2)	3,846.1	3,087.6	2,597.9
India	903.8	898.5	875.5
Others	1,252.7	1,108.9	985.7
Total	13,442.2	11,568.4	10,170.8

Geographical non-current assets (property, plant and equipment, goodwill, intangible assets, advance income-tax and other non-current assets) are allocated based on the location of the assets. Information regarding geographical non-current assets is as follows:

Geography	As of	As of
	March 31, 2014	March 31, 2013
(In millions of USD)		
Americas (3)	378.7	364.5
Europe (4)	300.3	190.2
India	2,199.4	1,933.8
Others	138.8	143.0
Total	3,017.2	2,631.5

- i. (1) and (3) are substantially related to operations in the United States of America.
- ii. (2) includes revenue from operations in the United Kingdom of \$2,340.8 million, \$1,976.1 million and \$1,551.5 million for the years ended March 31, 2014, 2013 and 2012, respectively.
- iii. (4) includes non-current assets from operations in the United Kingdom of \$105.0 million and \$99.1 million as of March 31, 2014 and 2013, respectively.

Information about major customers:

No single customer represents 10% or more of the Group's total revenue in fiscals 2014, 2013 and 2012.

29. Commitments and contingencies

Commitments and contingent liabilities are as follows:

Capital commitments

As of March 31, 2014, \$476.6 million was contractually committed for purchase of property, plant and equipment.

The Company has a purchase commitment of \$7.5 million towards an investment in a limited liability company.

Contingencies

Direct tax matters

Refer note 17.

Indirect tax matters

Tata Consultancy Services Limited and its subsidiaries in India have ongoing disputes with Indian tax authorities mainly relating to treatment of characterisation and classification of certain items. As of March 31, 2014, Tata Consultancy Services Limited and its subsidiaries in India have demands on appeal amounting to \$22.0 million from various indirect tax authorities in Indian jurisdiction, which are being contested by the Company and its subsidiaries in India. In respect of indirect tax contingencies of \$1.4 million, not included

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited (subsidiary of the Company which has been subsequently merged with the Company w.e.f. September 6, 2013).

Other claims

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

As of March 31, 2014, claims aggregating \$27.9 million against the Group (individually insignificant) have not been acknowledged as debts.

30. List of direct and indirect subsidiaries, place of incorporation and percentage of voting power

Name of the Company	Country of incorporation	% of voting power as at March 31, 2014	% of voting power as at March 31, 2013
Subsidiaries (held directly)			
APOne 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 (merged w.e.f. September 6, 2013)	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. (w.e.f. August 16, 2012)	USA	100.00	100.00
TCS e-Serve International Limited (w.e.f. September 6, 2013)	India	100.00	96.26
Subsidiaries (held indirectly)			
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 (merged w.e.f. November 5, 2013)	China	-	100.00
Tata Consultancy Services (China) Co., Ltd. (w.e.f. November 5, 2013)	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 LIMITED

Notes to Consolidated Financial Statements

Name of the Company	Country of incorporation	% of voting power as at March 31, 2014	% of voting power as at March 31, 2013
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
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. June 28, 2013) (Refer note 5)	France	100.00	-
Planaxis Technologies Inc. (w.e.f. June 28, 2013) (Refer note 5)	Canada	100.00	-
Alti HR S.A.S. (w.e.f. June 28, 2013) (Refer note 5)	France	100.00	-
Alti Infrastructures Systemes & Reseaux S.A.S. (w.e.f. June 28, 2013) (Refer note 5)	France	100.00	-
Alti NV (w.e.f. June 28, 2013) (Refer note 5)	Belgium	100.00	-
Tescom (France) Software Systems Testing S.A.R.L. (w.e.f. June 28, 2013) (Refer note 5)	France	100.00	-
Alti Switzerland S.A. (w.e.f. June 28, 2013) (Refer note 5)	Switzerland	100.00	-
Tealink (w.e.f. June 28, 2013) (Refer note 5)	Belgium	100.00	-

There are no non-wholly owned subsidiaries that have material non-controlling interests.

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

31. Related party transactions

Tata Consultancy Services Limited's principal related parties consist of its holding company Tata Sons Limited and its subsidiaries, its own subsidiaries, affiliates and its key managerial personnel. TCS Limited routinely enters into transactions with its related parties in the ordinary course of business.

Transactions and balances with its own subsidiaries are eliminated on consolidation.

Transactions with related parties are as follows:

	Year ended March 31, 2014				
	With Tata Sons Limited	With subsidiaries of Tata Sons Limited	With associates / joint ventures of Tata Sons Limited	With other related parties	Total
	(In millions of USD)				
Revenue from sale of services and licenses	0.3	32.2	226.7	-	259.2
Interest income	20.8	9.1	8.3	-	38.2
Purchases of goods and services (including reimbursement)	0.2	43.0	56.5	-	99.7
Brand equity contribution	19.4	-	-	-	19.4
Dividend paid	593.0	1.1	-	-	594.1
Purchase of property, plant and equipment	-	6.6	20.7	-	27.3
Inter-corporate deposits placed	-	55.8	-	-	55.8
Inter-corporate deposits realisation	-	0.8	-	-	0.8
Contribution to employees post employment benefit plans	-	-	-	130.5	130.5
Interest expense	4.8	-	-	-	4.8
(Write back) / allowances for doubtful accounts receivables and advances (net)	-	0.1	-	-	0.1
Rent expense	0.1	0.7	0.7	-	1.5
Loans and advances given	-	-	2.1	-	2.1
Loans and advances recovered	-	-	0.8	-	0.8
Purchase of investments	-	4.0	-	-	4.0
Redemption of investments	79.7	-	-	-	79.7
Preference shares redeemed	16.6	-	-	-	16.6

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

	Year ended March 31, 2013				Total
	With Tata Sons Limited	With subsidiaries of Tata Sons Limited	With associates / joint ventures of Tata Sons Limited	With other related parties	
	(In millions of USD)				
Revenue from sale of services and licenses	0.1	90.3	37.5	-	127.9
Other income	-	0.1	-	-	0.1
Interest income	18.0	6.8	2.8	-	27.6
Purchases of goods and services (including reimbursement)	0.1	66.8	36.8	-	103.7
Contribution to employees post employment benefit plans	-	-	-	98.9	98.9
Brand equity contribution	20.1	-	-	-	20.1
Dividend paid	661.6	0.9	-	-	662.5
Purchase of property, plant and equipment	-	10.6	12.3	-	22.9
Inter-corporate deposits placed	-	34.0	9.2	-	43.2
Inter-corporate deposits realisation	-	51.2	9.2	-	60.4
Interest expense	3.5	-	-	-	3.5
Bad debts written off	-	0.1	0.2	-	0.3
(Write back) / allowances for doubtful accounts receivables and advances (net)	-	-	(0.1)	-	(0.1)
Rent expense	0.2	0.8	0.8	-	1.8
Loans and advances recovered	-	0.6	-	-	0.6
Purchase of investments	29.4	-	-	-	29.4
Guarantee	-	-	0.1	-	0.1
Redemption of investment	61.8	0.9	-	-	62.7

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

	Year ended March 31, 2012				Total
	With Tata Sons Limited	With subsidiaries of Tata Sons Limited	With associates / joint ventures of Tata Sons Limited	With other related parties	
	(In millions of USD)				
Revenue from sale of services and licenses	0.3	98.0	31.1	-	129.4
Other income	-	0.1	-	-	0.1
Interest income	18.2	6.9	2.3	-	27.4
Purchases of goods and services (including reimbursement)	0.3	63.4	31.6	-	95.3
Contribution to employees post employment benefit plans	-	-	-	81.2	81.2
Brand equity contribution	16.3	-	-	-	16.3
Dividend paid	510.5	0.7	0.1	-	511.3
Purchase of property, plant and equipment	-	5.3	12.3	-	17.6
Inter-corporate deposits placed	-	38.5	23.9	-	62.4
Inter-corporate deposits realisation	-	38.5	20.8	-	59.3
Interest expense	2.3	-	-	-	2.3
Bad debts written off	-	0.8	0.1	-	0.9
(Write back) / allowances for doubtful accounts receivables and advances (net)	-	(1.1)	-	-	(1.1)
Rent expense	0.2	0.9	0.3	-	1.4
Loans and advances recovered	-	0.4	-	-	0.4
Redemption of investment	66.2	-	-	-	66.2

Balances receivable from related parties are as follows:

	As of March 31, 2014			
	With Tata Sons Limited	With subsidiaries of Tata Sons Limited	With associates / joint ventures of Tata Sons Limited	Total
	(In millions of USD)			
Trade receivables and unbilled revenue (net)	0.2	13.9	89.4	103.5
Loans, advances and deposits	12.2	75.7	26.8	114.7
Investments	182.9	48.6	71.7	303.2
Total	195.3	138.2	187.9	521.4

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

As of March 31, 2013				
With Tata Sons Limited	With subsidiaries of Tata Sons Limited	With associates / joint ventures of Tata Sons Limited	Total	
(In millions of USD)				
Trade receivables and unbilled revenue (net)	0.1	28.3	17.8	46.2
Loans, advances and deposits	6.9	17.8	24.7	49.4
Investments	163.7	36.9	41.6	242.2
Total	170.7	83.0	84.1	337.8

Balances payable to related parties are as follows:

As of March 31, 2014				
With Tata Sons Limited	With subsidiaries of Tata Sons Limited	With associates / joint ventures of Tata Sons Limited	Total	
(In millions of USD)				
Trade payables, unearned and deferred revenue	18.0	2.5	16.8	37.3
Interest payable on preference shares	4.8	-	-	4.8
Total	22.8	2.5	16.8	42.1
Guarantees and commitments	-	6.7	27.1	33.8

As of March 31, 2013				
With Tata Sons Limited	With subsidiaries of Tata Sons Limited	With associates / joint ventures of Tata Sons Limited	Total	
(In millions of USD)				
Trade payables, unearned and deferred revenue	20.3	6.2	9.3	35.8
Mandatorily redeemable preference shares	18.4	-	-	18.4
Interest payable on preference shares	3.5	-	-	3.5
Total	42.2	6.2	9.3	57.7
Guarantees and commitments	-	8.5	23.9	32.4

Compensation of key management personnel is as follows:

	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
(In millions of USD)			
Short-term benefits	3.3	2.9	2.4
Post-employment benefits	0.1	0.1	0.2
Dividend paid during the year	-	0.1	0.1
Total	3.4	3.1	2.7

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

TATA CONSULTANCY SERVICES LIMITED

Notes to Consolidated Financial Statements

32. Dividends

Dividends paid during fiscal 2014 include an amount of \$0.21 (₹13) per equity share towards final dividend for fiscal 2013 and an amount of \$0.20 (₹12) per equity share towards interim dividend for fiscal 2014. Dividends paid during fiscal 2013 include an amount of \$0.29 (₹16) per equity share towards final dividend for fiscal 2012 and an amount of \$0.17 (₹9) per equity share towards interim dividend for fiscal 2013.

The dividends declared by Tata Consultancy Services Limited are in Indian Rupees and are based on the profits available for distribution as reported in the unconsolidated statutory financial statements of Tata Consultancy Services Limited prepared in accordance with Indian GAAP. Accordingly, the retained earnings reported in these financial statements may not be fully distributable. As of March 31, 2014, March 31, 2013 and April 1, 2012, income (net of dividend tax) available for distribution were \$6,469.9 million (₹394,337.4 million), \$5,186.3 million (₹282,494.2 million) and \$4,672.2 million (₹224,665.2 million), respectively. Subsequent to March 31, 2014, the Board of Directors of Tata Consultancy Services Limited have proposed a final dividend of \$0.33 (₹20) per share in respect of fiscal 2014. The proposal is subject to the approval of shareholders at the Annual General Meeting, and if approved, would result in a cash outflow of approximately \$650.0 million, inclusive of corporate dividend tax of \$110.5 million. Remittance of dividend within India is exempt from tax in the hands of shareholders.