

**TATA CONSULTANCY SERVICES LIMITED**  
CONDENSED CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2014

(₹ crores)

	Note	As at September 30, 2014	As at March 31, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	3	195.87	195.87
(b) Reserves and surplus	4	48265.84	48998.89
		48461.71	49194.76
<b>Minority interest</b>			
		1079.32	707.99
<b>Non-current liabilities</b>			
(a) Long-term borrowings	5	140.97	127.26
(b) Deferred tax liabilities (net)	6 (a)	333.58	308.80
(c) Other long-term liabilities	7	786.50	743.07
(d) Long-term provisions	8	457.21	385.59
		1718.26	1564.72
<b>Current liabilities</b>			
(a) Short-term borrowings	9	57.69	127.09
(b) Trade payables		6425.32	5536.02
(c) Other current liabilities	10	3883.93	3621.24
(d) Short-term provisions	11	3364.92	6385.96
		13731.86	15670.31
<b>TOTAL</b>		<b>64991.15</b>	<b>67137.78</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	12		
(i) Tangible assets		8767.08	7034.81
(ii) Intangible assets		209.44	240.74
(iii) Capital work-in-progress		2901.31	3168.48
		11877.83	10444.03
(b) Non-current investments	13	167.34	2275.27
(c) Deferred tax assets (net)	6 (b)	515.04	420.06
(d) Long-term loans and advances	14	6635.77	7286.62
(e) Other non-current assets	15	578.92	1545.33
(f) Goodwill (on consolidation)		2235.15	2268.78
		22010.05	24240.09
<b>Current assets</b>			
(a) Current investments	16	434.89	1158.47
(b) Inventories	17	24.53	15.21
(c) Unbilled revenue	18	4549.88	4005.61
(d) Trade receivables	19	19908.08	18230.40
(e) Cash and bank balances	20	12101.43	14441.84
(f) Short-term loans and advances	21	5010.40	4310.80
(g) Other current assets	22	951.89	735.36
		42981.10	42897.69
<b>TOTAL</b>		<b>64991.15</b>	<b>67137.78</b>

**III. NOTES FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 1-37**

As per our report attached

For and on behalf of the Board

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

**P. R. Ramesh**  
Partner

**N. Chandrasekaran**  
CEO and Managing Director

**Rajesh Gopinathan**  
Chief Financial Officer

**Suprakash Mukhopadhyay**  
Company Secretary

Mumbai, October 16, 2014

Mumbai, October 16, 2014

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

(₹ crores)

	Note	For the quarter ended September 30,		For the six months ended September 30,	
		2014	2013	2014	2013
I. Revenue from operations (Net of excise duty for quarter ended of ₹ 1.17 crores (September 30, 2013 ₹ 0.42 crores) six months ended ₹ 2.49 crores (September 30, 2013 ₹ 1.10 crores))	23	23816.48	20977.24	45927.51	38964.31
II. Other income (net) (Refer note 35)	24	662.63	(25.71)	1449.78	232.78
<b>TOTAL REVENUE</b>		<b>24479.11</b>	<b>20951.53</b>	<b>47377.29</b>	<b>39197.09</b>
III. Expenses:					
(a) Employee benefit expenses	25	9056.12	7609.56	17588.23	14574.81
(b) Operation and other expenses	26	7959.96	6734.73	15186.33	12612.43
(c) Finance costs	27	66.49	12.67	75.16	19.42
(d) Depreciation and amortisation expense (Refer note 34)	12	449.21	327.87	866.70	625.02
<b>TOTAL EXPENSES</b>		<b>17531.78</b>	<b>14684.83</b>	<b>33716.42</b>	<b>27831.68</b>
<b>IV. PROFIT BEFORE EXCEPTIONAL ITEM AND TAX</b>		<b>6947.33</b>	<b>6266.70</b>	<b>13660.87</b>	<b>11365.41</b>
V. Exceptional item	34	-	-	489.75	-
<b>VI. PROFIT BEFORE TAX</b>		<b>6947.33</b>	<b>6266.70</b>	<b>14150.62</b>	<b>11365.41</b>
VII. Tax expense:					
(a) Current tax	28	1603.15	1824.15	3207.53	3049.01
(b) Deferred tax		21.59	(87.75)	16.77	(66.40)
(c) Fringe benefit tax		0.07	0.03	0.18	0.08
(d) MAT credit entitlement	28	10.25	(141.78)	9.23	(162.19)
		<b>1635.06</b>	<b>1594.65</b>	<b>3233.71</b>	<b>2820.50</b>
<b>VIII. PROFIT FOR THE PERIOD BEFORE MINORITY INTEREST</b>		<b>5312.27</b>	<b>4672.05</b>	<b>10916.91</b>	<b>8544.91</b>
IX. Minority interest		67.99	38.72	104.95	72.08
<b>X. PROFIT FOR THE PERIOD</b>		<b>5244.28</b>	<b>4633.33</b>	<b>10811.96</b>	<b>8472.83</b>
XI. Earnings per equity share :- Basic and diluted (₹)		26.78	23.63	55.20	43.20
Weighted average number of equity shares (face value of ₹ 1 each)		195,87,27,979	195,87,27,979	195,87,27,979	195,87,27,979

**XII. NOTES FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 1-37**

As per our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells LLP**  
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Mumbai, October 16, 2014

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

(₹ crores)

	Note	For the six months ended September 30, 2014	For the six months ended September 30, 2013
<b>I NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>9478.63</b>	<b>5488.23</b>
<b>II CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(1516.59)	(1489.22)
Proceeds from sale of fixed assets		4.18	9.14
Acquisition of subsidiaries net of cash of ₹ 25.23 crores (September 30, 2013: ₹ 53.80 crores)		(263.59)	(450.22)
Purchase of shares from minority shareholders		(74.47)	-
Purchase of mutual funds and other investments		(20466.94)	(29824.42)
Redemption of mutual funds and sale of other investments		23475.84	27815.30
Inter-corporate deposits placed		(15.00)	(260.01)
Inter-corporate deposits matured		485.00	293.40
Fixed deposit placed with banks having original maturity over three months		(352.52)	(3003.72)
Fixed deposit with banks matured having original maturity over three months		3658.67	4518.17
Dividends received		5.44	3.98
Interest received		703.93	618.52
<b>Net cash provided by/(used in) investing activities</b>		<b>5643.95</b>	<b>(1769.08)</b>
<b>III CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term borrowings		(0.47)	(0.47)
Short-term borrowings (net)		(118.43)	(62.99)
Proceeds from other borrowings		-	117.67
Repayment of other borrowings		-	(140.02)
Dividend paid, including dividend tax		(14883.05)	(3913.08)
Dividend paid to minority shareholders of subsidiaries and dividend tax on dividend paid by subsidiaries		(73.96)	(39.96)
Interest paid		(74.51)	(19.82)
<b>Net cash used in financing activities</b>		<b>(15150.42)</b>	<b>(4058.67)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(27.84)</b>	<b>(339.52)</b>
Cash and cash equivalents at the beginning of the year		1467.86	1841.36
Exchange difference on translation of foreign currency cash and cash equivalents		(15.99)	244.05
<b>Cash and cash equivalents at the end of the period</b>	20	<b>1424.03</b>	<b>1745.89</b>
Earmarked balances with banks		28.22	18.55
Short-term bank deposits		10649.18	3588.41
<b>Cash and Bank balances at the end of the period</b>	20	<b>12101.43</b>	<b>5352.85</b>
<b>Supplementary disclosure of cash flow non-cash investing activities:</b>			
Decrease/(Increase) in payables and finance lease obligation in respect of purchase of fixed assets		107.59	(29.48)
Investment in shares at cost received in settlement of trade receivables		58.87	-
Issue of shares on acquisition of subsidiary		58.66	-
<b>IV NOTES FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 1-37</b>			

As per our report attached

For and on behalf of the Board

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

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Mumbai, October 16, 2014

Mumbai, October 16, 2014

## TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

### 1) CORPORATE INFORMATION

Tata Consultancy Services Limited (“the Company”) and its subsidiaries (collectively referred to as “the Group”) provide consulting-led integrated portfolio of information technology (IT) and IT-enabled services delivered through a network of multiple locations around the globe. The Group’s full services portfolio consists of 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.

As at September 30, 2014, Tata Sons Limited owned 73.69 % of the Company’s equity share capital and has the ability to control its operating and financial policies. The Company’s registered office is in Mumbai and it has 62 subsidiaries across the globe.

### 2) SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with Accounting Standard 25 “Interim Financial Reporting” (AS-25) notified under the Companies Act, 1956 (the “Act”), (which continues to be applicable in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013) and other accounting principles generally accepted in India. These condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended and as at March 31, 2014. In the opinion of the management, all adjustments which are necessary for a fair presentation have been included. The accounting policies followed in preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements. The results of interim periods are not necessarily indicative of the results that may be expected for any interim period or for the full year.

#### b) Principles of consolidation

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

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

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

#### c) Use of estimates

The preparation of financial statements requires the management of the Group to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the year. Example of such estimates include provision for doubtful receivables, employee benefits, provision for income taxes, accounting for contract costs expected to be incurred, the useful lives of depreciable fixed assets and provision for impairment. Future results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognised in the period in which the results are known/materialise.

**d) Fixed Assets**

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

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

**e) Depreciation / Amortisation**

In respect of fixed assets (other than freehold land and capital work-in-progress) acquired during the period, depreciation/ amortisation is charged on a straight line basis so as to write off the cost of the assets over the useful lives and for the assets acquired prior to April 1, 2014, the carrying amount as on April 1, 2014 is depreciated over the remaining useful life based on an evaluation.

Type of asset	Period
Leasehold land and buildings	Lease period
Freehold buildings	20 years
Factory buildings	20 years
Leasehold improvements	Lease period
Plant and machinery	10 years
Computer equipment	4 years
Vehicles	4 years
Office equipment	5 years
Electrical installations	10 years
Furniture and fixtures	5 years
Goodwill	12 years
Acquired contract rights	12 years
Intellectual property / distribution rights	5 Years
Software licenses	License period
	2-5 years
Rights under licensing agreement	License period

Fixed assets purchased for specific projects will be depreciated over the period of the project or the useful life stated above, whichever is shorter.

**f) Leases**

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

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

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

**g) Impairment**

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

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

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is indication for impairment. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

**h) Investments**

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

**i) Employee benefits****i) Post-employment benefit plans**

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

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

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

**ii) Other employee benefits**

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

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

**j) Revenue recognition**

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

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

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

Revenue from sale of software licenses are recognised upon delivery.

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

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

Revenue is reported net of discounts.

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

**k) Taxation**

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

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

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

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available to realise such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

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

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

**l) Foreign currency transactions**

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

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

For the purpose of consolidation, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. The net impact of such change is accumulated under foreign currency translation reserve.

**m) Derivative instruments and hedge accounting**

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

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

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders' funds and the ineffective portion is recognised immediately in the statement of profit and loss. The Group separates the intrinsic value and time value of an option and designates as hedging instruments, only the fair value change in the intrinsic value of the derivative instruments. The change in fair value of the time value of derivative instruments, which was previously recognised immediately in statement of profit and loss, is now accumulated in hedging reserve, a component of shareholders' funds and is classified to statement of profit and loss when the forecast transaction occurs.

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

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

**n) Inventories**

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

**o) Government grants**

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic and rational basis.

**p) Provisions, Contingent liabilities and Contingent assets**

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

**q) Cash and cash equivalents**

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



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

**3) SHARE CAPITAL**

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

	(₹ crores)	
	As at September 30, 2014	As at March 31, 2014
<b>Authorised</b>		
(i) 420,05,00,000 equity shares of ₹ 1 each (March 31, 2014 : 420,05,00,000 equity shares of ₹ 1 each)	420.05	420.05
(ii) 105,02,50,000 redeemable preference shares of ₹ 1 each (March 31, 2014 : 105,02,50,000 redeemable preference shares of ₹ 1 each)	105.03	105.03
	525.08	525.08
<b>Issued, Subscribed and Fully Paid-up</b>		
195,87,27,979 equity shares of ₹ 1 each (March 31, 2014 : 195,87,27,979 equity shares of ₹ 1 each)	195.87	195.87
	195.87	195.87

144,34,51,698 equity shares (March 31, 2014 : 144,34,51,698 equity shares) are held by Tata Sons Limited, the holding company.

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

**4) RESERVES AND SURPLUS**

Reserves and surplus consist of the following reserves:

	(₹ crores)	
	As at September 30, 2014	As at March 31, 2014
(a) Capital reserve (on consolidation)		
(i) Opening balance	24.50	24.50
(ii) Additions during the period (net)	41.52	-
	66.02	24.50
(b) Capital redemption reserve		
(i) Opening balance	157.52	0.40
(ii) Transferred from surplus in statement of profit and loss	255.57	157.12
	413.09	157.52
(c) Securities premium reserve		
(i) Opening Balance	1918.87	1918.47
(ii) Transferred on amalgamation	-	0.40
	1918.87	1918.87
(d) Foreign currency translation reserve		
(i) Opening balance	1547.78	972.11
(ii) (Deductions)/Additions during the period (net)	(88.27)	575.67
	1459.51	1547.78
(e) Hedging reserve (Refer note 33)		
(i) Opening balance	29.64	46.11
(ii) Deductions during the period (net)	(31.89)	(16.47)
	(2.25)	29.64
(f) General reserve		
(i) Opening balance	5742.39	5841.80
(ii) Adjustments on amalgamation	-	(1982.82)
(iii) Transferred from surplus in statement of profit and loss	-	1883.41
	5742.39	5742.39
(g) Statutory reserve		
(i) Opening balance	73.68	16.65
(ii) Transferred from surplus in statement of profit and loss	-	57.03
	73.68	73.68
(h) Surplus in statement of profit and loss		
(i) Opening balance	39504.51	29529.97
(ii) Add : Profit for the period	10811.96	19163.87
	50316.47	48693.84
(iii) Less : Appropriations		
(a) Interim dividends on equity shares	9793.56	2349.87
(b) Proposed final dividend on equity shares	-	3917.46
(c) Dividend on redeemable preference shares	-	28.76
(d) Tax on dividend	1693.78	795.68
(e) Write back of tax on dividend	(20.97)	-
(f) Capital Redemption Reserve	255.57	157.12
(g) General reserve	-	1883.41
(h) Statutory reserve	-	57.03
	38594.53	39504.51
	48265.84	48998.89

The Board of Directors at its meeting held on October 16, 2014 has recommended an interim dividend of ₹ 5 per equity share.

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

**5) LONG-TERM BORROWINGS**

Long-term borrowings consist of the following:

(₹ crores)		
	As at September 30, 2014	As at March 31, 2014
(a) Secured loans		
Long-term maturities of obligations under finance lease	140.39	126.21
(b) Unsecured loans		
Other borrowings (from entities other than banks)	0.58	1.05
	140.97	127.26

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

**6) DEFERRED TAX BALANCES**

Major components of deferred tax balances consist of the following:

(₹ crores)		
	As at September 30, 2014	As at March 31, 2014
<b>(a) Deferred tax liabilities (net)</b>		
(i) Foreign branch profit tax	241.98	217.88
(ii) Depreciation and amortisation	16.31	16.40
(iii) Employee benefits	(1.01)	(0.95)
(iv) Provision for doubtful receivables, loans and advances	(0.11)	(0.11)
(v) Others	76.41	75.58
	333.58	308.80
<b>(b) Deferred tax assets (net)</b>		
(i) Depreciation and amortisation	(35.18)	(57.98)
(ii) Employee benefits	232.48	211.20
(iii) Operating lease liabilities	71.21	72.19
(iv) Provision for doubtful receivables, loans and advances	115.10	112.70
(v) Others	131.43	81.95
	515.04	420.06

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

**7) OTHER LONG-TERM LIABILITIES**

Other long-term liabilities consist of the following:

	(₹ crores)	
	As at September 30, 2014	As at March 31, 2014
(a) Capital creditors	81.39	92.27
(b) Operating lease liabilities	301.02	292.71
(c) Other liabilities	404.09	358.09
	<u>786.50</u>	<u>743.07</u>

**8) LONG-TERM PROVISIONS**

Long-term provisions consist of the following:

	(₹ crores)	
	As at September 30, 2014	As at March 31, 2014
(a) Provision for employee benefits		
Gratuity	224.36	158.78
Foreign defined benefit plans	79.72	74.17
Other post retirement benefits	38.03	41.96
(b) Provision for other payables	115.10	110.68
	<u>457.21</u>	<u>385.59</u>

**9) SHORT-TERM BORROWINGS**

Short-term borrowings consist of the following:

	(₹ crores)	
	As at September 30, 2014	As at March 31, 2014
(a) Secured loans		
From other parties	-	33.58
(b) Unsecured loans		
Loans repayable on demand from banks	57.69	93.51
	<u>57.69</u>	<u>127.09</u>

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

**TATA CONSULTANCY SERVICES LIMITED**  
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**10) OTHER CURRENT LIABILITIES**

Other current liabilities consist of the following:

	(₹ crores)	
	As at September 30, 2014	As at March 31, 2014
(a) Current maturities of long-term debt	0.47	0.47
(b) Current maturities of obligations under finance lease	66.57	42.05
(c) Interest accrued but not due on borrowings	1.92	1.27
(d) Income received in advance	921.53	1050.73
(e) Unpaid dividends	19.85	13.82
(f) Advance received from customers	140.46	62.81
(g) Operating lease liabilities	41.89	37.09
(h) Other payables	2691.24	2413.00
	<b>3883.93</b>	<b>3621.24</b>
Other payables include :		
Fair values of foreign currency forward, option and future contracts secured against trade receivables	72.67	22.95
Statutory liabilities	1372.98	1179.52
Capital creditors	392.74	487.53

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

**11) SHORT-TERM PROVISIONS**

Short-term provisions consist of the following:

	(₹ crores)	
	As at September 30, 2014	As at March 31, 2014
(a) Provision for employee benefits	1236.69	1046.90
(b) Others		
(i) Proposed final dividend on equity shares	-	3917.46
(ii) Proposed dividend on redeemable preference share	-	28.76
(iii) Interim Dividend	979.36	-
(iv) Tax on dividend	195.22	683.13
(v) Current income taxes (net)	917.45	672.10
(vi) Provision for other payables	36.20	37.61
	<b>3364.92</b>	<b>6385.96</b>

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

**TATA CONSULTANCY SERVICES LIMITED**  
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**12) FIXED ASSETS**

**(i) Tangible assets**

Description	(₹ crores)												
	Freehold land	Leasehold land	Freehold buildings	Factory buildings	Leasehold buildings	Leasehold Improvements	Plant and machinery	Computer equipment	Vehicles	Office equipment	Electrical installations	Furniture and fixtures	Total
Gross block as at April 1, 2014	<b>346.13</b>	<b>216.58</b>	<b>3508.02</b>	<b>2.77</b>	<b>14.62</b>	<b>1289.89</b>	<b>10.29</b>	<b>4166.29</b>	<b>27.80</b>	<b>1513.11</b>	<b>1050.35</b>	<b>1016.55</b>	<b>13162.40</b>
	343.59	201.07	2889.61	2.77	14.59	1052.17	10.67	3547.79	26.79	1248.20	900.06	759.03	10996.34
Additions	<b>0.30</b>	-	<b>825.23</b>	-	-	<b>239.10</b>	<b>48.52</b>	<b>593.55</b>	<b>3.87</b>	<b>137.83</b>	<b>119.48</b>	<b>119.46</b>	<b>2087.34</b>
	0.64	15.51	612.44	-	0.03	273.53	-	681.54	3.31	265.53	166.17	255.54	2274.24
Deletions/Adjustments	-	-	-	-	-	<b>3.84</b>	-	<b>(31.45)</b>	<b>(1.87)</b>	<b>(6.42)</b>	<b>(0.74)</b>	<b>3.32</b>	<b>(33.32)</b>
	-	-	(0.08)	-	-	(51.12)	(0.38)	(112.62)	(2.39)	(8.46)	(13.88)	(8.29)	(197.22)
Translation exchange difference	<b>0.54</b>	-	<b>1.74</b>	-	-	<b>(6.92)</b>	-	<b>(8.84)</b>	<b>(0.06)</b>	<b>0.75</b>	<b>(0.36)</b>	<b>(0.91)</b>	<b>(14.06)</b>
	1.90	-	6.05	-	-	15.31	-	49.58	0.09	7.84	(2.00)	10.27	89.04
Gross block as at September 30, 2014	<b>346.97</b>	<b>216.58</b>	<b>4334.99</b>	<b>2.77</b>	<b>14.62</b>	<b>1525.91</b>	<b>58.81</b>	<b>4719.55</b>	<b>29.74</b>	<b>1645.27</b>	<b>1168.73</b>	<b>1138.42</b>	<b>15202.36</b>
	346.13	216.58	3508.02	2.77	14.62	1289.89	10.29	4166.29	27.80	1513.11	1050.35	1016.55	13162.40
Accumulated depreciation as at April 1, 2014	-	<b>(16.28)</b>	<b>(602.45)</b>	<b>(1.43)</b>	<b>(12.63)</b>	<b>(634.31)</b>	<b>(10.27)</b>	<b>(2894.92)</b>	<b>(17.78)</b>	<b>(672.31)</b>	<b>(484.14)</b>	<b>(781.07)</b>	<b>(6127.59)</b>
	-	(13.30)	(469.53)	(1.23)	(11.44)	(544.99)	(10.60)	(2411.87)	(16.36)	(545.32)	(407.83)	(572.16)	(5004.63)
Depreciation for the period*	-	<b>(1.53)</b>	<b>235.83</b>	<b>(0.04)</b>	<b>(0.20)</b>	<b>(85.39)</b>	<b>(1.33)</b>	<b>(361.80)</b>	<b>(3.44)</b>	<b>(148.98)</b>	<b>87.13</b>	<b>(64.73)</b>	<b>(344.48)</b>
	-	(2.98)	(132.20)	(0.20)	(1.21)	(131.97)	(0.05)	(566.28)	(3.16)	(136.52)	(96.81)	(212.60)	(1283.98)
Deletions/Adjustments	-	-	-	-	-	<b>(1.73)</b>	-	<b>27.99</b>	<b>1.73</b>	<b>3.05</b>	<b>0.20</b>	<b>(0.82)</b>	<b>30.42</b>
	-	-	0.05	-	0.02	50.10	0.38	108.19	1.83	12.72	17.89	7.45	198.63
Translation exchange difference	-	-	<b>(0.32)</b>	-	-	<b>1.42</b>	-	<b>5.59</b>	<b>0.05</b>	<b>(0.74)</b>	<b>0.34</b>	<b>0.03</b>	<b>6.37</b>
	-	-	(0.77)	-	-	(7.45)	-	(24.96)	(0.09)	(3.19)	2.61	(3.76)	(37.61)
Accumulated depreciation as at September 30, 2014	-	<b>(17.81)</b>	<b>(366.94)</b>	<b>(1.47)</b>	<b>(12.83)</b>	<b>(720.01)</b>	<b>(11.60)</b>	<b>(3223.14)</b>	<b>(19.44)</b>	<b>(818.98)</b>	<b>(396.47)</b>	<b>(846.59)</b>	<b>(6435.28)</b>
	-	(16.28)	(602.45)	(1.43)	(12.63)	(634.31)	(10.27)	(2894.92)	(17.78)	(672.31)	(484.14)	(781.07)	(6127.59)
Net book value as at September 30, 2014	<b>346.97</b>	<b>198.77</b>	<b>3968.05</b>	<b>1.30</b>	<b>1.79</b>	<b>805.90</b>	<b>47.21</b>	<b>1496.41</b>	<b>10.3</b>	<b>826.29</b>	<b>772.26</b>	<b>291.83</b>	<b>8767.08</b>
	346.13	200.30	2905.57	1.34	1.99	655.58	0.02	1271.37	10.02	840.80	566.21	235.48	7034.81

\* Refer Note 34

**TATA CONSULTANCY SERVICES LIMITED**  
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**(ii) Intangible assets**

Description	(₹ crores)					
	Goodwill on acquisition	Acquired contract rights	Intellectual property / distribution	Software licenses	Rights under licensing agreement	Total
Gross block as at April 1, 2014	<b>327.64</b>	<b>252.46</b>	<b>13.51</b>	<b>16.89</b>	<b>124.51</b>	<b>735.01</b>
	<i>270.10</i>	<i>208.12</i>	<i>12.93</i>	<i>72.29</i>	<i>63.21</i>	<i>626.65</i>
Additions	-	-	-	<b>0.77</b>	-	<b>0.77</b>
	-	-	<i>0.58</i>	<i>6.23</i>	<i>3.02</i>	<i>9.83</i>
Deletions/Adjustments	-	-	-	-	-	-
	-	-	-	<i>(61.50)</i>	<i>58.28</i>	<i>(3.22)</i>
Translation exchange difference	<b>0.64</b>	<b>0.49</b>	-	<b>(0.38)</b>	-	<b>0.75</b>
	<i>57.54</i>	<i>44.34</i>	-	<i>(0.13)</i>	-	<i>101.75</i>
Gross block as at September 30, 2014	<b>328.28</b>	<b>252.95</b>	<b>13.51</b>	<b>17.28</b>	<b>124.51</b>	<b>736.53</b>
	<i>327.64</i>	<i>252.46</i>	<i>13.51</i>	<i>16.89</i>	<i>124.51</i>	<i>735.01</i>
Accumulated amortisation as at April 1, 2014	<b>(218.97)</b>	<b>(168.76)</b>	<b>(12.43)</b>	<b>(10.92)</b>	<b>(83.19)</b>	<b>(494.27)</b>
	<i>(158.01)</i>	<i>(121.78)</i>	<i>(11.82)</i>	<i>(61.02)</i>	<i>(19.22)</i>	<i>(371.85)</i>
Amortisation for the period	<b>(13.81)</b>	<b>(10.64)</b>	<b>(0.34)</b>	<b>(1.79)</b>	<b>(5.89)</b>	<b>(32.47)</b>
	<i>(26.51)</i>	<i>(20.43)</i>	<i>(0.61)</i>	<i>(2.98)</i>	<i>(14.64)</i>	<i>(65.17)</i>
Deletions/Adjustments	-	-	-	-	-	-
	-	-	-	<i>52.75</i>	<i>(49.33)</i>	<i>3.42</i>
Translation exchange difference	<b>(0.33)</b>	<b>(0.26)</b>	-	<b>0.24</b>	-	<b>(0.35)</b>
	<i>(34.45)</i>	<i>(26.55)</i>	-	<i>0.33</i>	-	<i>(60.67)</i>
Accumulated amortisation as at September 30, 2014	<b>(233.11)</b>	<b>(179.66)</b>	<b>(12.77)</b>	<b>(12.47)</b>	<b>(89.08)</b>	<b>(527.09)</b>
	<i>(218.97)</i>	<i>(168.76)</i>	<i>(12.43)</i>	<i>(10.92)</i>	<i>(83.19)</i>	<i>(494.27)</i>
Net book value as at September 30, 2014	<b>95.17</b>	<b>73.29</b>	<b>0.74</b>	<b>4.81</b>	<b>35.43</b>	<b>209.44</b>
	<i>108.67</i>	<i>83.70</i>	<i>1.08</i>	<i>5.97</i>	<i>41.32</i>	<i>240.74</i>
<b>(iii) Capital work-in-progress</b>						<b>2901.31</b>
						<i>3168.48</i>

*Previous year's figures are in italics.*

**Notes**

- (i) Freehold buildings include ₹ 2.67 crores (March 31, 2014: ₹ 2.67 crores) being value of investment in shares of Co-operative Housing Societies and Limited Companies.
- (ii) Legal formalities relating to conveyance of freehold building having net book value ₹ 5.71 crores (March 31, 2014: ₹ 9.81 crores) are pending completion.
- (iii) Net book value of computer equipment of ₹ 106.97 crores (March 31, 2014: ₹ 86.01 crores), lease hold improvements of ₹ 61.88 crores (March 31, 2014: ₹ 67.13 crores), office equipment of ₹ 2.77 crores (March 31, 2014: ₹ Nil) and electrical installations of ₹ 3.84 crores (March 31, 2014: ₹ Nil) are under finance lease.
- (iv) Additions include ₹ 327.42 crores being value of fixed assets acquired on acquisition of IT Frontier Corporation which was renamed as Tata Consultancy Services Japan, Ltd.
- (v) Previous year's additions include ₹ 10.94 crores being value of fixed assets acquired on acquisition of Altis S.A.
- (vi) Previous year's deletions/adjustments include ₹ 10.89 crores arising on realignment of depreciation policies of TCS e-Serve Limited and TCS e-Serve International Limited's SEZ undertaking consequent to the amalgamation with the Company, primarily including adjustment to office equipment for ₹ 6.46 crore and electrical installations ₹ 6.22 crores.

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**13) NON-CURRENT INVESTMENTS**

Non-current investments consist of the following:

	(₹ crores)	
	As at September 30, 2014	As at March 31, 2014
<b>(a) TRADE INVESTMENTS (at cost)</b>		
<b>Fully paid equity shares (unquoted)</b>		
National Power Exchange Limited	1.40	1.40
Philippine Dealing System Holdings Corporation	5.55	5.41
Taj Air Limited	19.00	19.00
Yodlee, Inc.	-	-
ALMC HF*	-	-
KOOH Sports Private Limited	3.00	3.00
RuralShores Business Services Private Limited*	-	-
FCM LLC	46.28	-
<b>Fully paid preference shares (unquoted)</b>		
RuralShores Business Services Private Limited	25.00	25.00
Mozido LLC	61.71	-
<b>(b) OTHER INVESTMENTS</b>		
Debentures and bonds (unquoted)	0.12	2190.22
Government securities (unquoted)	-	25.00
Mutual funds and other funds (unquoted)	6.80	6.36
	168.86	2275.39
Less: Provision for diminution in value of investments	(1.52)	(0.12)
	167.34	2275.27

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



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

Long-term loans and advances consist of the following:

	(₹ crores)	
	As at September 30, 2014	As at March 31, 2014
(a) Secured, considered good		
Loans and advances to employees	0.23	0.22
(b) Unsecured, considered good		
(i) Capital advances	283.04	356.97
(ii) Security deposits	683.22	615.66
(iii) Loans and advances to employees	6.21	7.06
(iv) Loans and advances to related parties	48.18	128.13
(v) Advance tax (including refunds receivable) (net)	3214.06	3067.16
(vi) MAT credit entitlement	1880.12	1885.46
(vii) Other loans and advances	520.71	1225.96
(c) Unsecured, considered doubtful		
Security deposits	0.31	0.31
Less : Provision for doubtful security deposits	(0.31)	(0.31)
	6635.77	7286.62
Loans and advances to related parties pertain to:		
Tata Sons Limited	2.74	2.74
Tata Realty And Infrastructure Limited	45.39	45.39
Tata Capital Financial Services Limited	-	80.00
Infiniti Retail Limited	0.05	-
Other loans and advances considered good include:		
Inter-corporate deposits	5.00	858.00
Indirect tax recoverable	45.08	54.76
Prepaid expenses	375.80	217.66

**15) OTHER NON-CURRENT ASSETS**

Other non-current assets consist of the following:

	(₹ crores)	
	As at September 30, 2014	As at March 31, 2014
(a) Interest receivable	24.63	34.55
(b) Long-term bank deposits	500.44	1477.25
(c) Earmarked balances with banks	0.06	25.06
(d) Other non-current assets	53.79	8.47
	578.92	1545.33

Other non-current assets include discount on bonds and debentures receivable on maturity of ₹ Nil (March 31, 2014: ₹ 8.47 crores).

**16) CURRENT INVESTMENTS**

Current investments consist of the following:

	(₹ crores)	
	As at September 30, 2014	As at March 31, 2014
(a) Investment in mutual funds (unquoted)	428.63	423.63
(b) Investment in bonds (quoted)	1.28	6.97
(c) Investment in debentures and bonds (unquoted)	4.98	727.87
	434.89	1158.47
(i) Market value of quoted investments	1.36	7.58
(ii) Book value of quoted investments	1.28	6.97
(iii) Book value of unquoted investments	433.61	1151.50

**17) INVENTORIES**

Inventories consist of the following:

	(₹ crores)	
	As at September 30, 2014	As at March 31, 2014
(a) Raw materials, sub-assemblies and components	13.43	7.59
(b) Finished goods and Work-in-progress	7.29	5.63
(c) Stores and spares	3.81	1.99
	24.53	15.21

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

**18) UNBILLED REVENUE**

Unbilled revenue as at September 30, 2014, amounting to ₹ 4549.88 crores (March 31, 2014 : ₹ 4005.61 crores) primarily comprises of the revenue recognised in relation to efforts incurred on turnkey contracts priced on a fixed time, fixed price basis.

**19) TRADE RECEIVABLES (Unsecured)**

Trade receivables consist of the following:

	(₹ crores)	
	As at September 30, 2014	As at March 31, 2014
(a) Over six months from the date they were due for payment		
(i) Considered good	1518.45	1460.46
(ii) Considered doubtful	355.64	298.20
(b) Others		
(i) Considered good	18389.63	16769.94
(ii) Considered doubtful	20.83	-
	20284.55	18528.60
Less: Provision for doubtful receivables	(376.47)	(298.20)
	19908.08	18230.40

**20) CASH AND BANK BALANCES**

Cash and bank balances consist of the following:

	(₹ crores)	
	As at September 30, 2014	As at March 31, 2014
(a) Cash and cash equivalents		
(i) Balances with banks		
In current accounts	993.61	880.91
In deposit accounts with original maturity less than 3 months	211.37	537.34
(ii) Cheques on hand	19.64	16.59
(iii) Cash on hand	1.65	2.55
(iv) Remittances in transit	197.76	30.47
	1424.03	1467.86
(b) Other bank balances		
(i) Earmarked balances with banks	28.22	25.59
(ii) Short-term bank deposits	10649.18	12948.39
	12101.43	14441.84

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

Short-term loans and advances consist of the following:

	(₹ crores)	
	As at September 30, 2014	As at March 31, 2014
(a) Secured, considered good		
Loans and advances to employees	0.19	1.50
(b) Unsecured, considered good		
(i) Loans and advances to employees	327.77	309.74
(ii) Loans and advances to related parties	9.04	305.06
(iii) Advance tax (including refunds receivable) (net)	56.19	33.83
(iv) MAT credit entitlement	6.61	10.50
(v) Other loans and advances	4610.60	3650.17
(c) Unsecured, considered doubtful		
(i) Loans and advances to employees	47.67	44.57
(ii) Other loans and advances	14.65	15.27
Less : Provision for doubtful loans and advances	(62.32)	(59.84)
	5010.40	4310.80
Loans and advances to related parties pertain to:		
Tata Sons Limited	0.04	-
Tata Realty And Infrastructure Limited	-	50.00
Tata AIG General Insurance Company Limited	9.00	0.02
Tata Housing Development Company Limited	-	55.00
Tata Capital Financial Services Limited	-	200.00
Infiniti Retail Limited	-	0.04
Other loans and advances considered good include:		
Fair values of foreign currency forward, option and future contracts	319.80	352.19
Security deposits	121.86	87.11
Inter-corporate deposits	2335.00	1567.00
Prepaid expenses	1305.48	1122.53

**22) OTHER CURRENT ASSETS**

Other current assets consist of the following:

	(₹ crores)	
	As at September 30, 2014	As at March 31, 2014
(a) Interest receivable	945.64	727.41
(b) Other current assets	6.25	7.95
	951.89	735.36

Other current assets include discount on bonds and debentures receivable on maturity of ₹ Nil (March 31, 2014: ₹ 5.16 crores).

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**23) REVENUE FROM OPERATIONS**

Revenue from operations consist of revenues from:

	(₹ crores)			
	For the quarter ended September 30,		For the six months ended September 30,	
	2014	2013	2014	2013
(a) Information technology and consultancy services	23359.65	20533.23	45152.49	38085.01
(b) Sale of equipment and software licences	456.83	444.01	775.02	879.30
	<u>23816.48</u>	<u>20977.24</u>	<u>45927.51</u>	<u>38964.31</u>

**24) OTHER INCOME (NET)**

Other income (net) consist of the following:

	(₹ crores)			
	For the quarter ended September 30,		For the six months ended September 30,	
	2014	2013	2014	2013
(a) Interest income	423.21	300.37	920.10	627.10
(b) Dividend from current investments (mutual funds)	2.18	1.85	5.44	3.98
(c) Profit on redemption/sale of investments (net)	58.72	9.80	92.49	29.32
(d) Rent	4.76	4.58	9.43	8.44
(e) Profit on sale of fixed assets (net)	1.06	0.70	1.28	2.18
(f) Exchange gain/ (loss) (net) (Refer note 35)	164.40	(377.34)	404.11	(481.75)
(g) Miscellaneous income	8.30	34.33	16.93	43.51
	<u>662.63</u>	<u>(25.71)</u>	<u>1449.78</u>	<u>232.78</u>

**Interest income includes :**

Interest on bank deposits	310.81	150.16	660.94	353.13
Interest on inter-corporate deposits	66.77	88.91	136.58	179.24
Interest on long-term bonds and debentures	44.38	59.88	120.02	91.54

**Profit on redemption/sale of investments (net):**

From other long-term investments (net)	20.34	-	24.75	-
From current investments (net)	38.38	9.80	67.74	29.32

**Exchange gain/ (loss) (net) includes:**

Loss on foreign exchange forward and currency option contracts which have been designated as Cash Flow Hedges (Refer note 33)	(80.24)	(558.89)	(100.37)	(756.01)
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**TATA CONSULTANCY SERVICES LIMITED**  
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**25) EMPLOYEE BENEFIT EXPENSES**

Employee benefit expenses consist of the following:

	(₹ crores)			
	For the quarter ended September 30,		For the six months ended September 30,	
	2014	2013	2014	2013
(a) Salaries and incentives	7938.99	6675.45	15417.35	12805.50
(b) Contributions to-				
(i) Provident fund and pension fund	151.65	143.49	300.75	286.41
(ii) Superannuation scheme	56.41	53.62	112.63	103.11
(iii) Gratuity fund	55.38	48.20	116.34	98.09
(iv) Social security and other plans for overseas employees	367.98	257.77	690.10	471.90
(c) Staff welfare expenses	485.71	431.03	951.06	809.80
	9056.12	7609.56	17588.23	14574.81

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

Operation and other expenses consist of the following:

	(₹ crores)			
	For the quarter ended September 30,		For the six months ended September 30,	
	2014	2013	2014	2013
(a) Overseas business expenses	3396.47	2913.18	6679.20	5411.40
(b) Services rendered by business associates and others	1633.39	1301.18	2965.19	2363.44
(c) Software, hardware and material costs	871.49	779.50	1638.66	1540.99
(d) Communication expenses	274.43	218.23	511.67	433.00
(e) Travelling and conveyance expenses	320.71	259.94	617.92	485.35
(f) Rent	400.89	344.83	752.93	673.03
(g) Legal and professional fees	149.32	144.01	295.50	284.59
(h) Repairs and maintenance	186.70	134.65	316.56	243.87
(i) Electricity expenses	144.16	132.49	288.76	269.34
(j) Bad debts (recovered)/written-off (net)	(0.80)	3.22	2.72	4.93
(k) Advances written off/(recovered)(net)	0.26	-	0.25	(0.68)
(l) Provision for doubtful receivables (net)	47.29	25.47	80.45	44.41
(m) Provision for doubtful advances (net)	1.92	1.53	2.65	2.12
(n) Recruitment and training expenses	99.55	83.59	176.03	142.86
(o) Diminution in value of investments (net)	1.40	-	1.40	-
(p) Commission and brokerage	15.85	18.08	29.43	30.75
(q) Printing and stationery	30.94	21.55	60.28	39.76
(r) Insurance	17.91	15.09	36.76	28.80
(s) Rates and taxes	32.71	14.51	61.56	40.49
(t) Entertainment	18.17	13.80	34.93	25.64
(u) Other expenses	317.20	309.88	633.48	548.34
	<u>7959.96</u>	<u>6734.73</u>	<u>15186.33</u>	<u>12612.43</u>

(i) Overseas business expenses includes:

Travel expenses	316.55	237.45	631.58	468.44
Employee allowances	3079.90	2675.27	6047.54	4942.12

(ii) Repairs and maintenance includes:

Buildings	77.24	66.65	146.72	121.28
Office and computer equipment	106.87	65.12	165.98	119.52

**27) FINANCE COSTS**

Finance costs consist of the following:

	(₹ crores)			
	For the quarter ended September 30,		For the six months ended September 30,	
	2014	2013	2014	2013
Interest expense	66.49	12.67	75.16	19.42
	<u>66.49</u>	<u>12.67</u>	<u>75.16</u>	<u>19.42</u>

**28)** Current tax for the quarter ended and six months period ended September 30, 2014 is adjusted for the effect of write back of provision (net) of ₹ 13.28 crores (September 30, 2013: additional provision (net) of ₹ 38.98 crores) and write back (net) of ₹ 31.09 crores (September 30, 2013: additional provision (net) of ₹ 111.31 crores) respectively, in domestic and certain overseas jurisdictions relating to earlier years of which the impact on MAT entitlement of earlier period is ₹ 15.95 crores (September 30, 2013: ₹ 75.55 crores).

**29) Amalgamation/Divestments**

- a) At their respective meetings held on July 17, 2014, the Boards of the Company and of its wholly owned subsidiary, WTI Advanced Technology Limited (WTI) have approved a Scheme of Amalgamation of WTI with the Company. The appointed date for the proposed Scheme is April 1, 2014. The Scheme is subject to sanction of the Hon'ble High Courts and all other statutory approvals as may be required under law. Pending sanction of the Hon'ble High Courts and other approvals, no effect has been given in the financial results for the six months period ended September 30, 2014 in respect of the proposed amalgamation of WTI with the Company.
- b) On August 7, 2014, Tata Consultancy Services Morocco SARL AU, a wholly owned subsidiary, has been voluntarily liquidated.
- c) On July 1, 2014, the Company through its wholly owned subsidiary Tata Consultancy Services Asia Pacific pte Ltd., acquired a controlling interest (51%) in IT Frontier Corporation (referred to as ITF) from Mitsubishi Corporation in Japan in exchange for a total purchase consideration of ₹ 347.48 crores (USD 57.9 million) consisting of a transfer of 49% ownership interest in Tata Consultancy Services Japan Ltd. to Mitsubishi Corporation and a cash consideration aggregating to ₹ 288.82 crores (USD 48.1 million).
- d) On September 16, 2014, the Company acquired additional 40% ownership interest in Tata Consultancy Services Africa (Pty) Ltd. for a purchase consideration of ₹ 60.83 crores (USD 10 million) from Tata Africa Holdings (SA) Proprietary Limited and thereby making it a wholly owned subsidiary of the Company.

- 30) a) The Company has given an undertaking to the Government of Maharashtra not to divest its shareholding in MahaOnline Limited except to an affiliate. This equity investment is subject to the restriction as per terms of the contractual agreement. The restriction is valid as at September 30, 2014.

b) The Company has given an undertaking to the investors of KOOH Sports Private Limited not to transfer its shareholding prior to the expiry of thirty-six months from the completion date of the investment agreement except with the prior written consent of the other parties to the agreement. The restriction is valid as at September 30, 2014.

c) The Company has given letter of comfort to various banks for credit facilities availed by its subsidiaries (a) Tata America International Corporation, (b) Tata Consultancy Services Switzerland Ltd., (c) Tata Consultancy Services Sverige AB, (d) Tata Consultancy Services Belgium S.A., (e) Tata Consultancy Services Deutschland GmbH, (f) TCS Italia SRL (g) Tata Consultancy Services France SAS (h) Tata Consultancy Services Asia Pacific Pte Ltd. (i) Tata Consultancy Services Malaysia Sdn Bhd and (j) Tata Consultancy Services Japan, Ltd.. As per the terms of letter of comfort, the Company undertakes not to divest its ownership interest directly or indirectly in the subsidiaries and provide such managerial, technical and financial assistance to ensure continued successful operations of the subsidiary.

**31) Segment Reporting**

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

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

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

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

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



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

**Quarter ended September 30, 2014**

(₹ crores)

Particulars	Business segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Revenue	<b>9611.50</b>	<b>2401.75</b>	<b>3220.87</b>	<b>2768.22</b>	<b>5814.14</b>	<b>23816.48</b>
	9044.10	1756.47	2925.33	2416.32	4835.02	20977.24
Segment result	<b>2833.41</b>	<b>590.63</b>	<b>891.40</b>	<b>787.76</b>	<b>1658.17</b>	<b>6761.37</b>
	3002.98	502.91	1018.34	698.86	1378.27	6601.36
Unallocable expenses (net)						<b>476.67</b>
						308.95
Operating income						<b>6284.70</b>
						6292.41
Other income (net)						<b>662.63</b>
						(25.71)
Profit before tax						<b>6947.33</b>
						6266.70
Tax expense						<b>1635.06</b>
						1594.65
Profit before minority interest						<b>5312.27</b>
						4672.05
Minority interest						<b>67.99</b>
						38.72
Profit for the period						<b>5244.28</b>
						4633.33

**Six months period ended September 30, 2014**

(₹ crores)

Particulars	Business segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Revenue	<b>18829.33</b>	<b>4297.82</b>	<b>6263.48</b>	<b>5455.18</b>	<b>11081.70</b>	<b>45927.51</b>
	16772.08	3276.31	5459.52	4518.75	8937.65	38964.31
Segment result	<b>5605.98</b>	<b>1134.52</b>	<b>1800.01</b>	<b>1489.73</b>	<b>3044.60</b>	<b>13074.84</b>
	5352.80	934.92	1744.04	1219.27	2465.30	11716.33
Unallocable expenses (net)						<b>863.75</b>
						583.70
Operating income						<b>12211.09</b>
						11132.63
Other income (net)						<b>1449.78</b>
						232.78
Profit before Exceptional item and tax						<b>13660.87</b>
						11365.41
Exceptional item						<b>489.75</b>
						-
Profit before tax						<b>14150.62</b>
						11365.41
Tax expense						<b>3233.71</b>
						2820.50
Profit before minority interest						<b>10916.91</b>
						8544.91
Minority interest						<b>104.95</b>
						72.08
Profit for the period						<b>10811.96</b>
						8472.83

**TATA CONSULTANCY SERVICES LIMITED**

Notes forming part of the Condensed Consolidated Financial Statements

**As at September 30, 2014**

(₹ crores)

Particulars	Business segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Segment assets	<b>10022.87</b>	<b>2512.36</b>	<b>3248.29</b>	<b>3537.44</b>	<b>8738.67</b>	<b>28059.63</b>
	<i>9831.65</i>	<i>2029.17</i>	<i>2692.34</i>	<i>3094.15</i>	<i>8382.80</i>	<i>26030.11</i>
Unallocable assets						<b>36931.52</b>
						<i>31751.07</i>
Total assets						<b>64991.15</b>
						<i>57781.18</i>
Segment liabilities	<b>1466.43</b>	<b>120.48</b>	<b>174.04</b>	<b>190.74</b>	<b>1126.03</b>	<b>3077.72</b>
	<i>1365.65</i>	<i>174.68</i>	<i>117.44</i>	<i>181.40</i>	<i>1070.80</i>	<i>2909.97</i>
Unallocable liabilities						<b>12372.40</b>
						<i>10150.88</i>
Total liabilities						<b>15450.12</b>
						<i>13060.85</i>

*Previous period's figures are in italics.*

**32) Contingent liabilities**

(₹ crores)

Particulars	As at September 30, 2014	As at March 31, 2014
Claims against the Group not acknowledged as debt	180.11	167.64
Income tax demands (See (a) below)	3892.57	3898.43
Indirect tax demands (See (b) below)	129.53	132.31
Guarantees given by the Group (See (c) below)	-	477.75
Other contingencies	0.92	0.56

- In respect of income tax demands of ₹ 318.20 crores (March 31, 2014: ₹ 318.20 crores), not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited, which has been amalgamated with the Company w.e.f. April 1, 2013.
- In respect of indirect tax demands of ₹ 8.53 crores (March 31, 2014: ₹ 8.53 crores), not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited, which has been amalgamated with the Company w.e.f. April 1, 2013.
- The Group has provided guarantees aggregating ₹ Nil (GBP Nil) (March 31, 2014: 477.75 crores) (GBP 47.85 million) to third parties on behalf of its subsidiary Diligenta Limited. The Group does not expect any outflow of resources in respect of the above.
- The Group has examined the social security and tax aspects of contracts with legal entities which provide services to an overseas subsidiary and, based on legal opinion, concludes that the subsidiary is in compliance with the related statutory requirements.

### 33) Derivative financial instruments

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

The Group has following outstanding derivative instruments as at September 30, 2014:

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

	September 30, 2014			March 31, 2014		
	No. of contracts	Notional amount of currency option contracts (million)	Fair value (₹ crores)	No. of contracts	Notional amount of currency option contracts (million)	Fair value (₹ crores)
Foreign currency						
U.S. Dollar	48	1455.00	13.44	4	410.00	21.36
Sterling Pound	33	408.00	78.79	6	177.00	18.23
Euro	36	255.00	57.73	3	120.00	19.87
Australian Dollar	15	126.00	30.88	3	75.00	2.71

The movement in Hedging Reserve during the six month period ended September 30, 2014, for derivatives designated as Cash Flow Hedges is as follows:

	(₹ crores)			
	Period ended September 30, 2014		Year ended March 31, 2014	
	Intrinsic value	Time value	Intrinsic Value	Time Value
Balance at the beginning of the year	24.88	4.76	46.11	-
Changes in the fair value of effective portion of cash flow hedges	180.96	(313.22)	(620.09)	(140.11)
(Gain)/losses transferred to statement of profit and loss on occurrence of forecasted hedge transactions	(106.06)	206.43	599.22	144.87
Amount transferred from minority interest during the period	-	-	(0.36)	-
Balance at the end of the period	99.78	(102.03)	24.88	4.76

Net loss on derivative instruments of ₹ 2.25 crores recognised in Hedging Reserve as of September 30, 2014, is expected to be reclassified to the statement of profit and loss by September 30, 2015.

In addition to the above Cash Flow Hedges, the Group has outstanding foreign currency forward, option and futures contracts with notional amount aggregating ₹ 17503.54 crores (March 31, 2014: ₹ 15883.01 crores) whose fair value showed a gain of ₹ 66.29 crores as at September 30, 2014 (March 31, 2014 : gain of ₹ 267.07 crores).

Exchange gain of ₹ 213.71 crores (September 30, 2013 : exchange loss of ₹ 402.17 crores) and gain of ₹ 389.05 crores ( September 30, 2013: exchange loss of ₹ 884.73 crores) on foreign currency forward, option and futures contracts for the quarter ended and six months ended September 30, 2014, have been recognised in the statement of profit and loss.

- 34) The Group has revised its policy of providing depreciation on fixed assets effective April 1, 2014. Depreciation is now provided on a straight line basis for all assets as against the policy of providing on written down value basis for some assets and straight line basis for others. Further the remaining useful life has also been revised wherever appropriate based on an evaluation. The carrying amount as on April 1, 2014 is depreciated over the revised remaining useful life. As a result of these changes, the depreciation charge for the quarter ended and six months ended September 30, 2014 is higher by ₹ 41.96 crores and ₹ 102.59 crores respectively and the effect relating to the period prior to April 1, 2014 is net credit of ₹ 489.75 crores (excluding deferred tax of ₹ 118.90 crores) which has been shown as an 'Exceptional Item' in the statement of profit and loss.

**TATA CONSULTANCY SERVICES LIMITED**

Notes forming part of the Condensed Consolidated Financial Statements

- 35)** The accounting for change in fair value of the time value of options and forwards, which were previously recognised immediately in the statement of profit and loss, was revised in the quarter ended March 31, 2014 retrospectively with effect from April 1, 2013 to be accumulated in hedging reserve, a component of shareholders' funds and is reclassified to statement of profit and loss when the forecast transaction occurs. Had this change in accounting been given effect to in the quarter ended and six months period ended September 30, 2013, other income would have been lower by ₹ 47.90 crores and higher by 134.68 crores respectively.
- 36)** Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Group financial statements.
- 37)** Previous period/year's figures have been recast / restated to conform to the classification of the current period.