

INDEX TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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Tata Consultancy Services Limited
Unaudited Condensed Consolidated Statements of Financial Position
As of September 30, 2014 and March 31, 2014

	Note	As of September 30, 2014	As of March 31, 2014
(In millions of USD)			
ASSETS:			
Current assets:			
Cash and cash equivalents	5	230.9	244.5
Bank deposits		1,727.1	2,160.3
Trade receivables	6	3,226.2	3,035.2
Investments	7(a)	74.9	193.7
Unbilled revenue		737.3	666.9
Other current financial assets	8(a)	683.4	570.6
Current income tax assets		9.1	5.6
Other current assets	9(a)	292.6	275.8
Total current assets		6,981.5	7,152.6
Non-current assets:			
Bank deposits		81.1	245.9
Investments	7(b)	36.0	382.7
Other non-current financial assets	8(b)	128.7	290.9
Non-current income tax assets		521.1	510.9
Deferred income tax assets (net)		387.1	383.9
Property, plant and equipment	10	1,808.4	1,725.6
Intangible assets	11	23.9	29.5
Goodwill		633.6	662.6
Other non-current assets	9(b)	119.9	88.6
Total non-current assets		3,739.8	4,320.6
TOTAL ASSETS		10,721.3	11,473.2
LIABILITIES AND EQUITY:			
Liabilities:			
Current liabilities:			
Trade and other payables	12	1,041.4	921.8
Borrowings		20.2	28.2
Other current financial liabilities	13(a)	216.1	210.8
Unearned and deferred revenue		149.3	174.9
Employee benefit obligations		200.4	174.3
Other provisions		5.9	6.3
Current income tax liabilities		148.4	111.6
Other current liabilities	14(a)	253.5	216.0
Total current liabilities		2,035.2	1,843.9
Non-current liabilities:			
Borrowings		22.8	21.2
Other non-current financial liabilities	13(b)	115.9	72.9
Employee benefit obligations		55.4	45.8
Other provisions		18.7	18.4
Deferred income tax liabilities (net)		71.3	92.5
Other non-current liabilities	14(b)	49.0	50.8
Total non-current liabilities		333.1	301.6
TOTAL LIABILITIES		2,368.3	2,145.5
Equity:			
Share capital		43.6	43.6
Share premium		427.5	427.5
Retained earnings		9,540.8	10,289.1
Accumulated other comprehensive losses		(1,793.6)	(1,547.5)
Equity attributable to shareholders of TCS Limited		8,218.3	9,212.7
Non-controlling interests		134.7	115.0
TOTAL EQUITY		8,353.0	9,327.7
TOTAL LIABILITIES AND EQUITY		10,721.3	11,473.2

See accompanying notes to unaudited condensed consolidated financial statements

Tata Consultancy Services Limited
Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
For three and six month periods ended September 30, 2014 and 2013

	Note	Three month period ended September 30, 2014	Three month period ended September 30, 2013	Six month period ended September 30, 2014	Six month period ended September 30, 2013
(In millions of USD, except shares and per share data)					
Revenue:					
Information technology and consultancy services		3,853.6	3,266.4	7,494.7	6,354.5
Sale of equipment and software licences		75.4	70.6	128.5	147.2
Total revenue		3,929.0	3,337.0	7,623.2	6,501.7
Cost of revenue:					
Cost of information technology and consultancy services	15	2,121.7	1,672.8	4,112.7	3,303.3
Cost of equipment and software licenses	15	62.6	61.9	117.1	132.7
Total cost of revenue		2,184.3	1,734.7	4,229.8	3,436.0
Gross profit		1,744.7	1,602.3	3,393.4	3,065.7
Operating expenses:					
Selling, general and administrative expenses	15	689.9	595.4	1,367.0	1,203.2
Operating profit		1,054.8	1,006.9	2,026.4	1,862.5
Other income:					
Finance and other income	16	71.5	49.2	156.3	108.3
Finance costs	17	(11.5)	(3.1)	(12.9)	(5.6)
Other gains / (losses), (net)	18	33.4	(60.5)	86.2	(39.3)
Other income (net)		93.4	(14.4)	229.6	63.4
Profit before taxes		1,148.2	992.5	2,256.0	1,925.9
Income tax expense	19	264.7	247.6	520.5	464.3
Profit for the period		883.5	744.9	1,735.5	1,461.6
Other comprehensive losses, net of taxes:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		(248.3)	(284.2)	(247.3)	(895.9)
Net change in fair value of intrinsic value of cash flow hedges		12.5	(4.6)	10.1	(28.0)
Net change in fair value of time value of cash flow hedges		(1.8)	7.6	(14.8)	(25.9)
Items that will not be reclassified subsequently to profit or loss:					
Net gains on financial assets carried at fair value		-	(0.3)	-	(0.2)
Remeasurement of defined employee benefit plans		(1.2)	(0.6)	(3.9)	(2.2)
Total other comprehensive losses, net of taxes		(238.8)	(282.1)	(255.9)	(952.2)
Total comprehensive income for the period, net of taxes		644.7	462.8	1,479.6	509.4
Profit for the period attributable to:					
Shareholders of TCS Limited		872.4	740.3	1,717.5	1,441.7
Non-controlling interests		11.1	4.6	18.0	19.9
		883.5	744.9	1,735.5	1,461.6
Total comprehensive income attributable to:					
Shareholders of TCS Limited		639.3	463.3	1,467.4	503.9
Non-controlling interests		5.4	(0.5)	12.2	5.5
		644.7	462.8	1,479.6	509.4
Weighted average number of shares used in computing basic and diluted earnings per share		1,958,727,979	1,958,727,979	1,958,727,979	1,958,727,979
Basic and diluted earnings per share in USD		0.45	0.38	0.88	0.74

See accompanying notes to unaudited condensed consolidated financial statements

Tata Consultancy Services Limited
Unaudited Condensed Consolidated Statements of Changes in Equity
For six month periods ended September 30, 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				
Balance as of April 1, 2013	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
Profit for the period				1,441.7	-	-	-	-	1,441.7	19.9	1,461.6
Other comprehensive income				(2.3)	(881.5)	(28.0)	(25.9)	(0.1)	(937.8)	(14.4)	(952.2)
Total comprehensive income				1,439.4	(881.5)	(28.0)	(25.9)	(0.1)	503.9	5.5	509.4
Dividend (including tax on dividend of \$94.3 million)				(647.6)	-	-	-	-	(647.6)	(6.5)	(654.1)
Adjustment of equity of merged entity				0.1	-	-	-	-	-	-	-
Issue of shares and adjustment to non-controlling interest on merger	1,506,983	-	-	21.6	-	-	-	-	21.6	(21.6)	-
Balance as of September 30, 2013	1,958,727,979	43.6	427.5	8,838.6	(1,839.7)	(28.7)	(26.9)	0.4	7,414.8	98.1	7,512.9
Balance as of April 1, 2014	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
Profit for the period				1,717.5	-	-	-	-	1,717.5	18.0	1,735.5
Other comprehensive income				(4.0)	(241.4)	10.1	(14.8)	-	(250.1)	(5.8)	(255.9)
Total comprehensive income				1,713.5	(241.4)	10.1	(14.8)	-	1,467.4	12.2	1,479.6
Dividend (including tax on dividend of \$352.6 million)				(2,465.3)	-	-	-	-	(2,465.3)	(6.7)	(2,472.0)
Excess of fair value over carrying cost of subsidiary transferred to non-controlling interests				6.9	-	-	-	-	6.9	57.3	64.2
Net assets received under common control				3.3	-	-	-	-	3.3	-	3.3
Purchase of non-controlling interests				(6.7)	-	-	-	-	(6.7)	(6.1)	(12.8)
Obligation to acquire non-controlling interests (Refer note 4(a))				-	-	-	-	-	-	(37.0)	(37.0)
Balance as of September 30, 2014	1,958,727,979	43.6	427.5	9,540.8	(1,778.9)	4.0	(18.8)	0.1	8,218.3	134.7	8,353.0

See accompanying notes to unaudited condensed consolidated financial statements

Tata Consultancy Services Limited
Unaudited Condensed Consolidated Statements of Cash Flows
For the six month periods ended September 30, 2014 and 2013

	Six month period ended September 30, 2014	Six month period ended September 30, 2013
(In millions of USD)		
Cash flows from operating activities:		
Profit for the period	1,735.5	1,461.6
Adjustments to reconcile profit or loss to net cash provided by operating activities:		
Depreciation and amortisation	160.6	100.3
Gain on disposal of property, plant and equipment	(0.2)	(0.4)
Income tax expense	520.5	464.3
Gain on disposal of investments	(15.3)	(5.0)
Interest accrued on investments	(1.4)	(1.9)
Provision for diminution in value of investments	0.2	-
Non cash interest on put-call option liability	0.5	-
Bad debts, provision for trade receivables and advances (net)	14.3	8.4
Unrealised loss / (gain)	1.1	(7.4)
Operating profit before working capital changes	2,415.8	2,019.9
Net change in:		
Trade receivables	(254.9)	(212.6)
Unbilled revenue	(84.5)	(144.9)
Other financial assets	(46.5)	(10.1)
Other assets	(11.4)	(28.3)
Trade and other payables	100.5	(158.3)
Unearned and deferred revenue	(21.4)	(19.2)
Other financial liabilities	28.1	8.6
Other liabilities	72.3	9.6
Cash generated from operations	2,198.0	1,464.7
Taxes paid	(527.6)	(456.4)
Net cash provided by operating activities	1,670.4	1,008.3

Tata Consultancy Services Limited
Unaudited Condensed Consolidated Statements of Cash Flows
For the six month periods ended September 30, 2014 and 2013

	Six month period ended September 30, 2014	Six month period ended September 30, 2013
	(In millions of USD)	
Cash flows from investing activities:		
Bank deposits placed	(58.3)	(517.1)
Inter-corporate deposits placed	(5.2)	(45.9)
Purchase of investments	(3,425.5)	(4,731.9)
Purchase of property, plant and equipment	(257.7)	(254.6)
Purchase of intangible assets	(0.1)	(1.2)
Purchase of subsidiaries and business, net of cash of \$4.2 million and \$8.9 million respectively (including additional consideration and purchase price adjustment)	(43.9)	(74.8)
Proceeds from bank deposits	611.9	770.7
Proceeds from inter-corporate deposits	86.0	50.9
Proceeds from disposal of investments	3,908.2	4,694.0
Proceeds from disposal of property, plant and equipment	0.7	1.6
Net cash provided by / (used in) investing activities	816.1	(108.3)
Cash flows from financing activities:		
Short-term borrowings (net)	(19.8)	(11.3)
Repayment of long-term borrowings	(0.1)	(0.1)
Dividend paid to non-controlling interests	(6.7)	(6.5)
Dividend paid including dividend tax	(2,465.3)	(647.6)
Purchase of non-controlling interests	(12.3)	-
Proceeds from other borrowings	-	19.5
Repayment of other borrowings	-	(23.2)
Repayment of finance lease obligations	(4.8)	(1.2)
Net cash used in financing activities	(2,509.0)	(670.4)
Net change in cash and cash equivalents	(22.5)	229.6
Effect of foreign exchange on cash and cash equivalents	8.9	(289.6)
Cash and cash equivalents, beginning of the period	244.5	339.3
Cash and cash equivalents, end of the period	230.9	279.3
Supplementary cash flow information:		
Interest paid	17.9	7.0
Interest received	118.1	104.7
Dividend received	0.9	0.7
Supplementary disclosure of cash flow non-cash investing activities:		
Decrease / (Increase) in payables for property, plant and equipment and finance lease obligation	12.6	(5.9)
Investment in shares at cost received in settlement of trade receivables.	10.0	-
Issue of shares on acquisition of subsidiary	9.8	-

See accompanying notes to unaudited condensed consolidated financial statements

Tata Consultancy Services Limited
Notes to Unaudited Condensed 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 September 30, 2014, Tata Sons Limited owned 73.69% of Tata Consultancy Services Limited’s equity share capital and is the holding company.

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 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. This amendment does not have any impact on the financial statements of TCS Limited.

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 has no material impact on adoption of this interpretation on its financial statements.

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 effective for annual periods beginning on or after January 1, 2014, with retrospective application. TCS Limited has provided necessary disclosures required to be made with regard to offsetting financial assets and financial liabilities.

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.

Tata Consultancy Services Limited
Notes to Unaudited Condensed Consolidated Financial Statements

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 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 as of the reporting period, which may cause a material adjustment to the carrying amounts of assets and liabilities, is in respect of impairment of goodwill, useful lives of property, plant and equipment and valuation of deferred tax assets.

Tata Consultancy Services Limited
Notes to Unaudited Condensed Consolidated Financial Statements

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 services 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 services 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:

Tata Consultancy Services Limited
Notes to Unaudited Condensed Consolidated Financial Statements

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 re-sold 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. Statement of profit or loss and other 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.

Tata Consultancy Services Limited
Notes to Unaudited Condensed Consolidated Financial Statements

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.

Tata Consultancy Services Limited
Notes to Unaudited Condensed Consolidated Financial Statements

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 consist 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.

Tata Consultancy Services Limited
Notes to Unaudited Condensed Consolidated Financial Statements

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	Straight line	Lower of lease period and 20 years
Computer equipments	Straight line	4 years
Automobiles	Straight line	4 years
Furniture, fixtures, office equipments and other assets	Straight line	5-10 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.

The Group has reviewed and revised the useful lives and the depreciation method of property, plant and equipment. Accordingly, the Company has recognised an additional depreciation expense of \$1.7 million and \$34.8 million in the three month and six month periods ended September 30, 2014, respectively. The additional depreciation includes \$29.2 million relating to property, plant and equipment with nil remaining useful life as of April 1, 2014 and does not affect future periods.

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 years
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.

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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.

Tata Consultancy Services Limited
Notes to Unaudited Condensed Consolidated Financial Statements

4. Acquisitions

- (a) In July 2014, the Company acquired a controlling interest in IT Frontier Corporation (referred to as “ITF”) from Mitsubishi Corporation (referred to as “Non-controlling interests”) in Japan. The total purchase consideration of \$57.9 million consists of the fair value of shares in a subsidiary of \$9.8 million transferred to Mitsubishi Corporation and cash consideration of \$48.1 million.

Net assets of \$57.7 million have been recognised at provisional amounts resulting in goodwill of \$1.2 million.

Additionally, the Company has a call option and the non-controlling interest has a put option on 15 percent of the non-controlling interest’s equity ownership in ITF. The option is exercisable from June 2019. The call and put options collectively contains an obligation for the Company to acquire 15 percent of the non-controlling interests and accordingly financial liability for the present value of the redemption amount has been recognised.

- (b) On September 16, 2014, the Company acquired the remaining 40 percent equity shares of Tata Consultancy Services (Africa) (PTY) Ltd for a cash consideration of \$10.0 million.

5. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	<u>As of</u> <u>September 30, 2014</u>	<u>As of</u> <u>March 31, 2014</u>
	(In millions of USD)	
Cash at banks and in hand	196.6	155.0
Bank deposits (original maturity less than three months)	34.3	89.5
Total	230.9	244.5
Held within India	55.5	20.4
Held outside India	175.4	224.1
Total	230.9	244.5

6. Trade receivables

Trade receivables consist of the following:

	<u>As of</u> <u>September 30, 2014</u>	<u>As of</u> <u>March 31, 2014</u>
	(In millions of USD)	
Trade receivables	3,287.2	3,084.9
Less: Allowances for doubtful trade receivables	(61.0)	(49.7)
Total	3,226.2	3,035.2

Tata Consultancy Services Limited
Notes to Unaudited Condensed Consolidated Financial Statements

7. Investments

Investments consist of the following:

(a) Investments – Current

	<u>As of</u> <u>September 30, 2014</u>	<u>As of</u> <u>March 31, 2014</u>
	(In millions of USD)	
Investments carried at fair value through profit or loss		
Mutual fund units	69.6	70.6
	69.6	70.6
Investments carried at amortised cost		
Corporate debentures and bonds	5.3	123.1
	5.3	123.1
Total investments – Current	74.9	193.7

(b) Investments – Non-current

	<u>As of</u> <u>September 30, 2014</u>	<u>As of</u> <u>March 31, 2014</u>
	(In millions of USD)	
Investments carried at fair value through profit or loss		
Mutual fund units	1.1	1.1
	1.1	1.1
Investments carried at fair value through OCI		
Equity shares	26.0	9.0
	26.0	9.0
Investments carried at amortised cost		
Corporate debentures and bonds	-	366.0
Government securities	8.9	6.6
	8.9	372.6
Total investments – Non-current	36.0	382.7

8. Other financial assets

Other financial assets consist of the following:

(a) Other current financial assets

	<u>As of</u> <u>September 30, 2014</u>	<u>As of</u> <u>March 31, 2014</u>
	(In millions of USD)	
Accrued interest	154.5	122.5
Employee loans and advances	53.1	51.6
Inter-corporate deposits	388.8	317.9
Foreign currency derivative assets	51.9	58.6
Restricted cash	4.6	4.3
Premises deposits	17.5	11.5
Others	13.0	4.2
Total	683.4	570.6

Restricted cash mainly includes amounts reserved towards unclaimed equity dividend.

Tata Consultancy Services Limited
Notes to Unaudited Condensed Consolidated Financial Statements

(b) Other non-current financial assets

	As of September 30, 2014	As of March 31, 2014
	(In millions of USD)	
Accrued interest	4.0	5.8
Premises deposits	97.6	88.5
Employee loans and advances	1.0	1.2
Inter-corporate deposits	0.8	163.9
Others	25.3	31.5
Total	128.7	290.9

9. Other assets

Other assets consist of the following:

(a) Other current assets

	As of September 30, 2014	As of March 31, 2014
	(In millions of USD)	
Prepaid expenses	211.6	186.9
Indirect tax recoverable	41.2	61.8
Advances to suppliers	22.5	12.7
Others	17.3	14.4
Total	292.6	275.8

(b) Other non-current assets

	As of September 30, 2014	As of March 31, 2014
	(In millions of USD)	
Prepaid expenses	60.9	36.2
Prepaid rent	39.3	40.2
Others	19.7	12.2
Total	119.9	88.6

Tata Consultancy Services Limited
Notes to Unaudited Condensed Consolidated Financial Statements

10. 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, 2014	57.7	586.9	214.8	693.8	4.7	596.5	2,154.4
Additions	-	136.7	13.2	85.8	0.6	64.5	300.8
Acquisition through a business combination	-	-	28.0	12.3	-	6.3	46.6
Disposals	-	-	(0.4)	(4.4)	(0.3)	(0.5)	(5.6)
Translation exchange difference	(1.4)	(18.4)	(8.6)	(22.5)	(0.1)	(17.8)	(68.8)
Cost as of September 30, 2014	56.3	705.2	247.0	765.0	4.9	649.0	2,427.4
Accumulated depreciation as of April 1, 2014	-	(102.7)	(105.2)	(482.4)	(2.9)	(323.3)	(1,016.5)
Disposals	-	-	0.2	4.2	0.3	0.4	5.1
Depreciation for the period	-	(19.4)	(14.6)	(59.6)	(0.8)	(61.5)	(155.9)
Translation exchange difference	-	3.2	3.4	15.1	0.1	10.2	32.0
Accumulated depreciation as of September 30, 2014	-	(118.9)	(116.2)	(522.7)	(3.3)	(374.2)	(1,135.3)
Net carrying amount as of September 30, 2014	56.3	586.3	130.8	242.3	1.6	274.8	1,292.1
Capital work-in-progress							516.3
Total							1,808.4
(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 period	-	(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 Unaudited Condensed Consolidated Financial Statements

11. 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, 2014	14.6	2.2	42.0	13.1	10.5	82.4
Additions	-	-	-	0.1	-	0.1
Disposals	-	-	-	-	-	-
Translation exchange difference	(0.9)	(0.1)	(1.0)	(0.4)	(0.3)	(2.7)
Cost as of September 30, 2014	13.7	2.1	41.0	12.8	10.2	79.8
Accumulated amortisation as of						
April 1, 2014	(7.1)	(2.1)	(28.5)	(12.2)	(3.0)	(52.9)
Amortisation for the period	(1.6)	(0.1)	(1.8)	(0.3)	(0.9)	(4.7)
Disposals	-	-	-	-	-	-
Translation exchange difference	0.4	0.1	0.7	0.4	0.1	1.7
Accumulated amortisation as of September 30, 2014	(8.3)	(2.1)	(29.6)	(12.1)	(3.8)	(55.9)
Net carrying amount as of September 30, 2014	5.4	-	11.4	0.7	6.4	23.9
(In millions of USD)						
	Customer- related intangibles	Technology- related intangibles	Acquired contract rights	Software licenses	Intellectual property rights and Others	Total
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 period	(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

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Notes to Unaudited Condensed Consolidated Financial Statements

12. Trade and other payables

Trade and other payables consist of the following:

	As of September 30, 2014	As of March 31, 2014
	(In millions of USD)	
Trade payables	772.6	674.3
Accrued payroll	259.0	237.7
Others	9.8	9.8
Total	1,041.4	921.8

13. Other financial liabilities

Other financial liabilities consist of the following:

(a) Other current financial liabilities

	As of September 30, 2014	As of March 31, 2014
	(In millions of USD)	
Foreign currency derivative liabilities	11.8	3.8
Capital creditors	63.6	81.2
Others	140.7	125.8
Total	216.1	210.8

(b) Other non-current financial liabilities

	As of September 30, 2014	As of March 31, 2014
	(In millions of USD)	
Capital creditors	13.2	15.4
Others	102.7	57.5
Total	115.9	72.9

14. Other liabilities

Other liabilities consist of the following:

(a) Other current liabilities

	As of September 30, 2014	As of March 31, 2014
	(In millions of USD)	
Indirect tax payable and other statutory liabilities	222.8	197.6
Advances received from customers	22.8	10.5
Others	7.9	7.9
Total	253.5	216.0

(b) Other non-current liabilities

	As of September 30, 2014	As of March 31, 2014
	(In millions of USD)	
Operating lease liabilities	48.8	48.7
Others	0.2	2.1
Total	49.0	50.8

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Notes to Unaudited Condensed Consolidated Financial Statements

15. Expenses by nature

	For three-month period ended September 30, 2014	For three-month period ended September 30, 2013	For six-month period ended September 30, 2014	For six-month period ended September 30, 2013
	(In millions of USD)			
Employee cost	2,000.6	1,635.0	3,918.9	3,257.7
Fees to external consultants	286.4	223.5	528.4	431.0
Facility expenses	135.7	108.0	253.2	221.8
Cost of equipment and software licenses	62.6	61.9	117.1	132.7
Travel expenses	105.1	78.2	207.4	158.5
Depreciation and amortisation	68.4	49.2	160.6	100.3
Communication	45.3	34.7	84.9	72.5
Education, recruitment and training	10.8	12.8	18.6	23.0
Marketing and sales promotion	17.9	14.5	35.4	26.2
Bad debts, provision for trade receivable and advances (net)	8.0	4.8	14.3	8.4
Other expenses	133.4	107.5	258.0	207.1
Total	2,874.2	2,330.1	5,596.8	4,639.2

Refer note 3(e) for impact on depreciation and amortisation as a result of change in estimates.

16. Finance and other income

	For three-month period ended September 30, 2014	For three-month period ended September 30, 2013	For six-month period ended September 30, 2014	For six-month period ended September 30, 2013
	(In millions of USD)			
Interest income on bank balances	51.9	24.4	111.0	60.7
Interest on financial assets carried at amortised cost	18.4	23.8	42.8	45.5
Rental revenue	0.8	0.7	1.6	1.4
Dividend received	0.4	0.3	0.9	0.7
Total	71.5	49.2	156.3	108.3

17. Finance costs (at effective interest rate method)

	For three-month period ended September 30, 2014	For three-month period ended September 30, 2013	For six-month period ended September 30, 2014	For six-month period ended September 30, 2013
	(In millions of USD)			
Interest on bank overdrafts and loans	10.4	2.0	11.3	3.1
Other interest expenses	1.1	1.1	1.6	2.5
Total	11.5	3.1	12.9	5.6

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

	For three-month period ended September 30, 2014	For three-month period ended September 30, 2013	For six-month period ended September 30, 2014	For six-month period ended September 30, 2013
	(In millions of USD)			
Net gains on disposal of property, plant and equipment	0.2	0.1	0.2	0.4
Net gains on disposal of investments carried at fair value	6.1	1.6	11.8	5.0
Net gains on disposal of investments carried at amortised cost	3.5	-	3.5	-
Net foreign exchange gains	27.0	(67.6)	67.0	(52.5)
Others	(3.4)	5.4	3.7	7.8
Total	33.4	(60.5)	86.2	(39.3)

19. Income taxes

The income tax expense consists of the following:

Income tax expenses

	For three-month period ended September 30, 2014	For three-month period ended September 30, 2013	For six-month period ended September 30, 2014	For six-month period ended September 30, 2013
	(In millions of USD)			
Current tax expenses	268.8	290.9	537.9	506.4
Deferred tax expenses	(4.1)	(43.3)	(17.4)	(42.1)
	264.7	247.6	520.5	464.3

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Notes to Unaudited Condensed Consolidated Financial Statements

20. Financial instruments

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as of September 30, 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
Financial assets:						
Cash and cash equivalents	-	-	-	-	230.9	230.9
Bank deposits	-	-	-	-	1,808.2	1,808.2
Investments	70.7	26.0	-	-	14.2	110.9
Other financial assets	-	-	29.4	22.5	760.2	812.1
Total	70.7	26.0	29.4	22.5	2,813.5	2,962.1
Financial liabilities:						
Borrowings	-	-	-	-	43.0	43.0
Other financial liabilities	-	-	-	11.8	320.2	332.0
Total	-	-	-	11.8	363.2	375.0

The fair value of investments is \$111.0 million.

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
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

The fair value of investments is \$579.0 million.

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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 disclosure are required):

As of September 30, 2014:	Level 1	Level 2	Level 3	Total
	(In millions of USD)			
Financial assets:				
Mutual fund units	70.7	-	-	70.7
Equity shares	-	-	26.0	26.0
Corporate debentures and bonds	-	5.3	-	5.3
Government securities	8.9	-	-	8.9
Derivative financial assets	-	51.9	-	51.9
Total	79.6	57.2	26.0	162.8
Financial liabilities:				
Derivative financial liabilities	-	11.8	-	11.8
Total	-	11.8	-	11.8
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	78.3	547.7	9.0	635.0
Financial liabilities:				
Derivative financial liabilities	-	3.8	-	3.8
Total	-	3.8	-	3.8

(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.

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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. The Company 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:

September 30, 2014			
Foreign currency	No. of contracts	Notional amount of forward contracts (In millions)	Fair value (In millions of USD)
US Dollar	-	-	-
Sterling Pound	-	-	-
Australian Dollar	-	-	-
March 31, 2014			
Foreign currency	No. of contracts	Notional amount of forward contracts (In millions)	Fair value (In millions of USD)
US Dollar	-	-	-
Sterling Pound	-	-	-
Australian Dollar	-	-	-

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

September 30, 2014			
Foreign currency	No. of contracts	Notional amount of currency option contracts (In millions)	Fair value (In millions of USD)
US Dollar	48	1455.0	2.2
Sterling Pound	33	408.0	12.8
Australian Dollar	15	126.0	5.0
Euro	36	255.0	9.4
March 31, 2014			
Foreign currency	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

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The movement in accumulated other comprehensive income for six month period ended September 30, 2014 and the year ended March 31, 2014 for derivatives designated as cash flow hedges is as follows:

	Period ended		Year ended	
	September 30, 2014		March 31, 2014	
	Intrinsic value	Time value	Intrinsic value	Time value
	(In millions of USD)			
Balance at the beginning of the period	(6.1)	(4.0)	(0.7)	(1.0)
(Gains) / Losses transferred to profit or loss on occurrence of forecasted hedge transaction	(17.7)	34.3	95.0	23.9
Deferred tax on (gains) / losses transferred to profit or loss on occurrence of forecasted hedge transaction	3.0	(5.4)	(12.5)	(3.1)
Change in the fair value of effective portion of cash flow hedges	29.8	(51.9)	(100.4)	(27.2)
Deferred tax on fair value of effective portion of cash flow hedges	(5.0)	8.2	12.6	3.4
Amount transferred to non-controlling interests during the period	-	-	(0.1)	-
Balance at the end of the period	4.0	(18.8)	(6.1)	(4.0)

As described in annual financial statements for the year ended and as of March 31, 2014 the Group elected to adopt IFRS 9 (2013) financial instruments in the quarter ended June 30, 2013.

Accordingly, changes in fair values of derivative instruments designated in hedging relationship amounting to \$7.6 million and \$25.9 million for the three and six month periods ended September 30, 2013, respectively, and previously expensed has now been accounted in cash flow reserve – time value. As a result, profit after tax is lower by \$7.6 million and higher by \$25.9 million as compared to that previously reported for three and six month periods ended September 30, 2013, respectively.

In addition to the above cash flow hedges, TCS Limited has outstanding foreign currency forwards, currency option and futures contracts with notional amounts aggregating \$2,836.5 million and \$2,644.4 million, whose fair value showed a net gain of \$10.7 million and \$44.5 million as of September 30, 2014 and March 31, 2014, respectively. Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting.

Exchange gain of \$35.3 million and exchange loss of \$64.0 million on foreign currency forward exchange contracts and currency option and futures contracts have been recognised in earnings for three month periods ended September 30, 2014 and 2013, respectively.

Exchange gain of \$64.6 million and exchange loss of \$134.7 million on foreign currency forward exchange contracts and currency option and futures contracts have been recognised in earnings for six month periods ended September 30, 2014 and 2013, respectively.

21. 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.

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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 three and six month periods ended September 30, 2014 is as follows:

	Three month period ended September 30, 2014					Total
	(In millions of USD)					
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertain- ment	Others	
Revenue	1,585.6	396.2	531.3	456.7	959.2	3,929.0
Segment result	469.6	97.6	147.2	130.2	273.1	1,117.7
Depreciation						62.9
Total Unallocable expenses						62.9
Operating profit						1,054.8
Other income (net)						93.4
Profit before taxes						1,148.2
Income tax expense						264.7
Net profit						883.5

	Six month period ended September 30, 2014					Total
	(In millions of USD)					
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertain- ment	Others	
Revenue	3,125.7	713.0	1,039.7	905.6	1,839.2	7,623.2
Segment result	934.6	188.7	299.5	247.9	502.2	2,172.9
Depreciation						146.5
Total Unallocable expenses						146.5
Operating profit						2,026.4
Other income (net)						229.6
Profit before taxes						2,256.0
Income tax expense						520.5
Net profit						1,735.5

As on September 30, 2014

Segment assets:						
Allocable assets	1,945.5	399.3	523.9	569.0	1,382.0	4,819.7
Unallocable assets						5,901.6
Total assets						10,721.3
Segment liabilities						
Allocable liabilities	237.6	19.5	28.2	30.9	182.6	498.8
Unallocable liabilities						1,869.5
Total liabilities						2,368.3

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Summarised segment information for three and six month periods ended September 30, 2013 is as follows:

Three month period ended September 30, 2013						
(In millions of USD)						
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertain- ment	Others	Total
Revenue	1,438.7	279.4	465.4	384.4	769.1	3,337.0
Segment result	479.2	80.1	162.1	111.3	219.5	1,052.2
Depreciation						45.3
Total Unallocable expenses						45.3
Operating profit						1,006.9
Other income (net)						(14.4)
Profit before taxes						992.5
Income tax expense						247.6
Net profit						744.9

Six month period ended September 30, 2013						
(In millions of USD)						
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertain- ment	Others	Total
Revenue	2,798.4	546.8	911.3	754.3	1,490.9	6,501.7
Segment result	894.3	156.3	290.0	203.1	411.0	1,954.7
Depreciation						92.2
Total Unallocable expenses						92.2
Operating profit						1,862.5
Other income (net)						63.4
Profit before taxes						1,925.9
Income tax expense						464.3
Net profit						1,461.6

As on September 30, 2013

Segment assets:						
Allocable assets	1,896.0	316.8	428.2	490.7	1,307.1	4,438.8
Unallocable assets						5,087.2
Total assets						9,526.0
Segment liabilities						
Allocable liabilities	218.4	27.9	18.8	29.0	171.3	465.4
Unallocable liabilities						1,547.7
Total liabilities						2,013.1

22. Commitments and contingencies

Commitments and contingent liabilities are as follows:

Capital commitments

As of September 30, 2014, \$479.7 million was contractually committed for purchase of property, plant and equipment.

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Contingencies

Direct tax matters

As of September 30, 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 \$630.8 million. In respect of tax contingencies of \$51.6 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 w.e.f. September 6, 2013).

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 September 30, 2014, Tata Consultancy Services Limited and its subsidiaries in India have demands on appeal amounting to \$21.0 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 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 September 30, 2014, claims aggregating \$29.2 million against the Group (individually insignificant) have not been acknowledged as debts.

23. Subsequent events

The Board of Directors at its meeting held on October 16, 2014 has recommended an interim dividend of \$0.08 (₹5) per equity share.