

INDEX TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unaudited Condensed Consolidated Financial Statements of Tata Consultancy Services Limited	<u>Page</u>
Unaudited Condensed Consolidated Statements of Financial Position as of June 30, 2015 and March 31, 2015	F-2
Unaudited Condensed Consolidated Statements of Comprehensive Income for the three month periods ended June 30, 2015 and 2014	F-3
Unaudited Condensed Consolidated Statements of Changes in Equity for the three month periods ended June 30, 2014 and 2015	F-4
Unaudited Condensed Consolidated Statements of Cash Flows for the three month periods ended June 30, 2015 and 2014	F-5
Notes to the Unaudited Condensed Consolidated Financial Statements	F-7

Tata Consultancy Services Limited
Unaudited Condensed Consolidated Statements of Financial Position
As of June 30, 2015 and March 31, 2015

	Note	As of June 30, 2015	As of March 31, 2015
(In millions of USD)			
ASSETS:			
Current assets:			
Cash and cash equivalents	4	383.9	297.6
Bank deposits		2,356.5	2,618.0
Trade receivables	5	3,429.7	3,266.3
Investments	6(a)	935.9	239.9
Unbilled revenue		633.4	611.6
Other current financial assets	7(a)	326.7	433.7
Current income tax assets		7.7	12.0
Other current assets	8(a)	366.2	335.4
Total current assets		8,440.0	7,814.5
Non-current assets:			
Bank deposits		78.5	79.9
Investments	6(b)	40.2	40.5
Other non-current financial assets	7(b)	310.5	370.1
Non-current income tax assets		637.0	654.1
Deferred income tax assets (net)		423.0	417.9
Property, plant and equipment	9	1,826.4	1,849.2
Intangible assets	10	31.9	35.0
Goodwill		593.9	593.1
Other non-current assets	8(b)	121.9	144.9
Total non-current assets		4,063.3	4,184.7
TOTAL ASSETS		12,503.3	11,999.2
LIABILITIES AND EQUITY:			
Liabilities:			
Current liabilities:			
Trade and other payables	11	956.9	1,411.3
Borrowings		47.3	38.9
Other current financial liabilities	12(a)	949.0	189.8
Unearned and deferred revenue		175.1	169.8
Employee benefit obligations		230.3	216.7
Other provisions		15.0	16.5
Current income tax liabilities		177.4	87.2
Other current liabilities	13(a)	446.8	214.3
Total current liabilities		2,997.8	2,344.5
Non-current liabilities:			
Borrowings		14.9	18.3
Other non-current financial liabilities	12(b)	95.4	105.8
Employee benefit obligations		35.4	32.5
Other provisions		16.0	15.1
Deferred income tax liabilities (net)		86.6	87.5
Other non-current liabilities	13(b)	66.1	64.5
Total non-current liabilities		314.4	323.7
TOTAL LIABILITIES		3,312.2	2,668.2
Equity:			
Share capital		43.6	43.6
Share premium		427.5	427.5
Retained earnings		10,679.0	10,669.7
Accumulated other comprehensive losses		(2,111.8)	(1,955.9)
Equity attributable to shareholders		9,038.3	9,184.9
Non-controlling interests		152.8	146.1
TOTAL EQUITY		9,191.1	9,331.0
TOTAL LIABILITIES AND EQUITY		12,503.3	11,999.2

See accompanying notes to consolidated financial statements

Tata Consultancy Services Limited
Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income
For three month periods ended June 30, 2015 and 2014

	<u>Note</u>	<u>Three month period ended June 30, 2015</u>	<u>Three month period ended June 30, 2014</u>
(In millions of USD, except shares and per share data)			
Revenue:			
Information technology and consultancy services		3,925.2	3,641.1
Sale of equipment and software licences		111.2	53.2
Total revenue		4,036.4	3,694.3
Cost of revenue:			
Cost of information technology and consultancy services	14	2,171.5	1,991.1
Cost of equipment and software licences	14	103.6	54.5
Total cost of revenue		2,275.1	2,045.6
Gross profit		1,761.3	1,648.7
Operating expenses:			
Selling, general and administrative expenses	14	700.0	677.2
Operating profit		1,061.3	971.5
Other income:			
Finance and other income	15	71.6	84.9
Finance costs	16	(1.2)	(1.4)
Other gains, (net)	17	50.8	52.8
Other income (net)		121.2	136.3
Profit before taxes		1,182.5	1,107.8
Income tax expense	18	274.7	255.8
Profit for the period		907.8	852.0
Other comprehensive (losses) / income, net of taxes:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(126.8)	1.2
Net change in fair value of intrinsic value of cash flow hedges		(17.7)	(2.4)
Net change in fair value of time value of cash flow hedges		(8.1)	(13.0)
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined employee benefit plans		(1.5)	(2.7)
Total other comprehensive losses, net of taxes		(154.1)	(16.9)
Total comprehensive income for the period, net of taxes		753.7	835.1
Profit for the period attributable to:			
Shareholders of TCS Limited		897.8	845.1
Non-controlling interests		10.0	6.9
		907.8	852.0
Total comprehensive income attributable to:			
Shareholders of TCS Limited		740.4	828.2
Non-controlling interests		13.3	6.9
		753.7	835.1
Weighted average number of shares used in computing basic and diluted earnings per share		1,958,727,979	1,958,727,979
Basic and diluted earnings per share in USD		0.46	0.43

See accompanying notes to consolidated financial statements

Tata Consultancy Services Limited
Unaudited Condensed Consolidated Statements of Changes in Equity
For the three month periods ended June 30, 2014 and 2015

(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, 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				845.1	-	-	-	-	845.1	6.9	852.0
Other comprehensive income				(2.7)	1.2	(2.4)	(13.0)	-	(16.9)	-	(16.9)
Total comprehensive income	-	-	-	842.4	1.2	(2.4)	(13.0)	-	828.2	6.9	835.1
Dividend (including tax on dividend of \$111.6 million)				(762.0)	-	-	-	-	(762.0)	(6.6)	(768.6)
Net assets received from entity under common control				3.3	-	-	-	-	3.3	-	3.3
Balance as of June 30, 2014	1,958,727,979	43.6	427.5	10,372.8	(1,536.3)	(8.5)	(17.0)	0.1	9,282.2	115.3	9,397.5
Balance as of April 1, 2015	1,958,727,979	43.6	427.5	10,669.7	(1,962.8)	11.2	(4.8)	0.5	9,184.9	146.1	9,331.0
Profit for the period				897.8	-	-	-	-	897.8	10.0	907.8
Other comprehensive income				(1.5)	(130.1)	(17.7)	(8.1)	-	(157.4)	3.3	(154.1)
Total comprehensive income	-	-	-	896.3	(130.1)	(17.7)	(8.1)	-	740.4	13.3	753.7
Dividend (including tax on dividend of \$147.8 million)				(887.0)	-	-	-	-	(887.0)	(6.6)	(893.6)
Balance as of June 30, 2015	1,958,727,979	43.6	427.5	10,679.0	(2,092.9)	(6.5)	(12.9)	0.5	9,038.3	152.8	9,191.1

See accompanying notes to consolidated financial statements

Tata Consultancy Services Limited
Unaudited Condensed Consolidated Statements of Cash Flows
For the three month periods ended June 30, 2015 and 2014

	Three month period ended June 30, 2015	Three month period ended June 30, 2014
	(In millions of USD)	
Cash flows from operating activities:		
Profit for the period	907.8	852.0
Adjustments to reconcile profit or loss to net cash provided by operating activities:		
Depreciation and amortisation	71.3	92.2
Gain on disposal of property, plant and equipment	(0.3)	-
Income tax expense	274.7	255.8
Gain on disposal of investments	(9.5)	(5.6)
Interest accrued on investments	-	(1.1)
Non-cash interest on put-call option liability	0.5	-
Bad debts, provision for trade receivables and advances (net)	6.2	6.2
Unrealised gain	(9.9)	(6.5)
Operating profit before working capital changes	1,240.8	1,193.0
Net change in:		
Trade receivables	(158.5)	(167.4)
Unbilled revenue	(18.6)	(48.4)
Other financial assets	6.3	(30.8)
Other assets	(25.0)	(40.9)
Trade and other payables	(498.1)	11.7
Unearned and deferred revenue	4.6	(9.4)
Other financial liabilities	16.1	14.4
Other liabilities	115.3	64.3
Cash generated from operations	682.9	986.5
Taxes paid	(180.9)	(192.1)
Net cash provided by operating activities	502.0	794.4

Tata Consultancy Services Limited
Unaudited Condensed Consolidated Statements of Cash Flows
For the three month periods ended June 30, 2015 and 2014

	Three month period ended June 30, 2015	Three month period ended June 30, 2014
	(In millions of USD)	
Cash flows from investing activities:		
Bank deposits placed	(3.1)	(18.4)
Inter-corporate deposits placed	(20.3)	(4.4)
Purchase of investments*	(2,423.5)	(2,445.0)
Purchase of property, plant and equipment	(81.1)	(133.7)
Purchase of intangible assets	-	(0.1)
Proceeds from bank deposits	213.9	324.9
Proceeds from inter-corporate deposits	138.7	10.6
Proceeds from disposal of investments*	1,726.3	1,598.8
Proceeds from disposal of property, plant and equipment	0.3	0.2
Proceeds from restricted cash	22.9	-
Net cash used in investing activities	(425.9)	(667.1)
Cash flows from financing activities:		
Short-term borrowings (net)	9.1	(20.5)
Repayment of long-term borrowings	(0.1)	(0.1)
Dividend paid to non-controlling interests	(6.6)	(5.6)
Repayment of finance lease obligations	(3.8)	(0.9)
Net cash used in financing activities	(1.4)	(27.1)
Net change in cash and cash equivalents	74.7	100.2
Effect of foreign exchange on cash and cash equivalents	11.6	0.4
Cash and cash equivalents, beginning of the period	297.6	244.5
Cash and cash equivalents, end of the period	383.9	345.1
Supplementary cash flow information:		
Interest paid	0.7	1.3
Interest received	45.4	41.0
Dividend received	0.7	0.5
Supplementary disclosure of non-cash investing activities:		
Investment in shares at cost received in settlement of trade receivables	-	10.0

See accompanying notes to consolidated financial statements

* Purchase of investments include \$15.7 million and NIL as on June 30, 2015 and 2014, respectively, and Proceeds from disposal of investments include \$0.7 million and NIL as on June 30, 2015 and 2014, respectively, held by TCS Foundation, formed for conducting corporate social responsibility activities of the Group.

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

1. Background and operations

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

The Company is a public limited company incorporated and domiciled in India. The address of its corporate office is TCS House, Raveline Street, Fort, Mumbai 400001. As of June 30, 2015, 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 IAS 19 – Defined Benefit Plans: Employee Contributions

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

3. Summary of significant accounting policies

a. Statement of compliance

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

b. Basis of preparation

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

c. Basis of consolidation

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

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

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

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

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

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

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

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

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

e. Use of estimates and judgments

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

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

Key source of estimation of uncertainty at June 30, 2015, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of goodwill, useful lives of property, plant and equipment and valuation of deferred tax assets.

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.

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

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 on a straight line basis over the lease term in the statement of comprehensive income.

h. Cost recognition

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

Cost of information technology and consultancy services

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

Cost of equipment and software licences

These costs primarily include the cost of resold computer equipment and re-licenced 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

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

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 dates 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 income taxes payable by Tata Consultancy Services Limited, its overseas branches and its subsidiaries in India and overseas. The current tax payable by Tata Consultancy Services Limited and its subsidiaries in India is Indian income tax payable for their worldwide income after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

Current income tax payable by overseas branches of Tata Consultancy Services Limited is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of Tata Consultancy Services Limited's on its worldwide income.

The current income tax expense for overseas subsidiaries has been computed based on the tax laws applicable to each subsidiary in the respective jurisdiction in which it 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.

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

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 is likely to give future economic benefits in the form of availability of set off against future income tax liability. 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.

1. Financial instruments

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

Cash and cash equivalents

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

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

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 exchange forward, option and future contracts as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges.

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

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

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

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

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

m. Property, plant and equipment

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

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

<u>Type of asset</u>	<u>Method</u>	<u>Useful lives</u>
Buildings, including leasehold buildings	Straight line	Lower of lease period and 20 years
Computer equipments	Straight line	4 years
Furniture, fixtures, office equipments and other assets	Straight line	4-10 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.

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.

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

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, technology-related rights and rights under licensing agreement and software licences. Following table summarises the nature of intangibles and the estimated useful lives.

<u>Nature of intangible</u>	<u>Useful lives</u>
Customer-related intangibles	3 years
Acquired contract rights	3-12 years
Technology-related rights	5 years
Rights under licensing agreement and software licences	Lower of licence period and 2-5 year

o. Impairment

A. Financial assets (other than at fair value)

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

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

B. Non-financial assets

(i) Tangible and intangible assets

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

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

(ii) Goodwill

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

p. Employee benefits

Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the date of each statement of financial position. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Past service cost both vested and unvested is

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

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 obligations recognised in the statement of financial position represents the present value of the defined benefit obligations 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 TCS Limited by the weighted average number of equity shares outstanding during the period. TCS Limited did not have any potentially dilutive securities in any of the periods presented.

4. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As of June 30, 2015	As of March 31, 2015
	(In millions of USD)	
Cash at banks and in hand	347.7	241.2
Bank deposits (original maturity less than three months)	36.2	56.4
Total	383.9	297.6
Held within India	38.9	46.6
Held outside India	345.0	251.0
Total	383.9	297.6

5. Trade receivables

Trade receivables consist of the following:

	As of June 30, 2015	As of March 31, 2015
	(In millions of USD)	
Trade receivables	3,507.4	3,337.8
Less: Allowance for doubtful trade receivables	(77.7)	(71.5)
Total	3,429.7	3,266.3

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

6. Investments

Investments consist of the following:

(a) Investments – Current

	As of June 30, 2015	As of March 31, 2015
	(In millions of USD)	
Investments carried at fair value through profit or loss		
Mutual fund units	935.9	239.9
	935.9	239.9
Investments carried at amortised cost		
Corporate debentures and bonds	-	-
	-	-
	935.9	239.9
Total investments – Current	935.9	239.9

Mutual fund units include \$15.0 million and NIL as on June 30, 2015 and March 31, 2015, respectively, held by TCS Foundation, formed for conducting corporate social responsibility activities of the Group.

(b) Investments – Non-current

	As of June 30, 2015	As of March 31, 2015
	(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	26.4	26.5
	26.4	26.5
Investments carried at amortised cost		
Corporate debentures and bonds	4.0	4.0
Government securities	8.7	8.9
	12.7	12.9
	40.2	40.5
Total investments – Non-current	40.2	40.5

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

7. Other financial assets

Other financial assets consist of the following:

(a) Other current financial assets

	As of June 30, 2015	As of March 31, 2015
	(In millions of USD)	
Accrued interest	73.5	54.6
Employee loans and advances	57.5	53.6
Inter-corporate deposits	125.8	184.4
Foreign exchange derivative assets	20.6	58.4
Restricted cash	20.0	50.0
Premises deposits	18.0	19.1
Others	11.3	13.6
Total	326.7	433.7

Restricted cash mainly includes amounts restricted for Corporate Social Responsibility activities and margin money deposit for derivative contracts.

(b) Other non-current financial assets

	As of June 30, 2015	As of March 31, 2015
	(In millions of USD)	
Accrued interest	8.7	3.9
Premises deposits	95.9	93.1
Employee loans and advances	1.4	1.4
Inter-corporate deposits	184.8	251.2
Others	19.7	20.5
Total	310.5	370.1

8. Other assets

Other assets consist of the following:

(a) Other current assets

	As of June 30, 2015	As of March 31, 2015
	(In millions of USD)	
Prepaid expenses	262.6	241.6
Indirect tax recoverable	54.9	49.3
Advances to suppliers	22.7	17.5
Others	26.0	27.0
Total	366.2	335.4

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

(b) Other non-current assets

	As of June 30, 2015	As of March 31, 2015
	(In millions of USD)	
Prepaid expenses	68.4	85.4
Prepaid rent	37.7	38.5
Others	15.8	21.0
Total	121.9	144.9

9. Property, plant and equipment

Property, plant and equipment consist of the following:

	Freehold land	Buildings	Leasehold improve- ments	Computer equipment	Furniture, fixtures, office equipments and other assets	Total
	(In millions of USD)					
Cost as of April 1, 2015	55.5	771.9	267.6	810.8	714.4	2,620.2
Additions	-	74.1	6.1	23.7	50.7	154.6
Disposals	-	-	(0.2)	(3.6)	(2.6)	(6.4)
Translation exchange difference	(0.9)	(13.5)	(4.0)	(10.3)	(11.5)	(40.2)
Cost as of June 30, 2015	54.6	832.5	269.5	820.6	751.0	2,728.2
Accumulated depreciation as of April 1, 2015	-	(136.7)	(128.2)	(566.0)	(408.6)	(1,239.5)
Disposals	-	-	0.2	3.6	2.6	6.4
Depreciation for the period	-	(10.2)	(7.7)	(29.9)	(19.8)	(67.6)
Translation exchange difference	-	2.4	1.7	7.5	6.4	18.0
Accumulated depreciation as of June 30, 2015	-	(144.5)	(134.0)	(584.8)	(419.4)	(1,282.7)
Net carrying amount as of June 30, 2015	54.6	688.0	135.5	235.8	331.6	1,445.5
Capital work-in-progress						380.9
Total						1,826.4

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

	Freehold land	Buildings	Leasehold improvements	Computer equipment	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	601.2	2,154.4
Additions	-	213.4	43.1	156.9	140.4	553.8
Acquisition through a business combination	-	-	28.2	12.4	6.3	46.9
Disposals	-	(0.1)	(0.7)	(9.9)	(2.3)	(13.0)
Translation exchange difference	(2.2)	(28.3)	(17.8)	(42.4)	(31.2)	(121.9)
Cost as of March 31, 2015	55.5	771.9	267.6	810.8	714.4	2,620.2
Accumulated depreciation as of April 1, 2014	-	(102.7)	(105.2)	(482.4)	(326.2)	(1,016.5)
Disposals	-	-	0.5	9.6	2.0	12.1
Depreciation for the year	-	(38.9)	(30.2)	(120.9)	(101.4)	(291.4)
Translation exchange difference	-	4.9	6.7	27.7	17.0	56.3
Accumulated depreciation as of March 31, 2015	-	(136.7)	(128.2)	(566.0)	(408.6)	(1,239.5)
Net carrying amount as of March 31, 2015	55.5	635.2	139.4	244.8	305.8	1,380.7
Capital work-in-progress						468.5
Total						1,849.2

10. Intangible assets

Intangible assets consist of the following:

	Customer-related intangibles	Technology-related rights	Acquired contract rights	Rights under licensing agreement and software licences	Total
	(In millions of USD)				
Cost as of April 1, 2015	13.6	2.1	58.1	22.7	96.5
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Translation exchange difference	0.5	-	2.4	(0.3)	2.6
Cost as of June 30, 2015	14.1	2.1	60.5	22.4	99.1
Accumulated amortisation as of April 1, 2015	(9.2)	(2.1)	(33.7)	(16.5)	(61.5)
Amortisation for the period	(0.8)	-	(2.5)	(0.4)	(3.7)
Disposals	-	-	-	-	-
Translation exchange difference	(0.4)	-	(1.8)	0.2	(2.0)
Accumulated amortisation as of June 30, 2015	(10.4)	(2.1)	(38.0)	(16.7)	(67.2)
Net carrying amount as of June 30, 2015	3.7	-	22.5	5.7	31.9

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

	Customer- related intangibles	Technology- related rights	Acquired contract rights	Rights under licensing agreement and software licences	Total
(In millions of USD)					
Cost as of April 1, 2014	14.6	2.2	42.0	23.6	82.4
Additions	-	-	-	0.3	0.3
Acquisition through a business combination	1.6	-	20.8	-	22.4
Translation exchange difference	(2.6)	(0.1)	(4.7)	(1.2)	(8.6)
Cost as of March 31, 2015	13.6	2.1	58.1	22.7	96.5
Accumulated amortisation as of April 1, 2014	(7.1)	(2.1)	(28.5)	(15.2)	(52.9)
Amortisation for the year	(3.5)	(0.1)	(8.6)	(2.2)	(14.4)
Translation exchange difference	1.4	0.1	3.4	0.9	5.8
Accumulated amortisation as of March 31, 2015	(9.2)	(2.1)	(33.7)	(16.5)	(61.5)
Net carrying amount as of March 31, 2015	4.4	-	24.4	6.2	35.0

11. Trade and other payables

Trade and other payables consist of the following:

	As of June 30, 2015	As of March 31, 2015
(In millions of USD)		
Trade payables	757.9	736.0
Accrued payroll	191.1	666.7
Others	7.9	8.6
Total	956.9	1,411.3

12. Other financial liabilities

Other financial liabilities consist of the following:

(a) Other current financial liabilities

	As of June 30, 2015	As of March 31, 2015
(In millions of USD)		
Foreign exchange derivative liabilities	13.9	3.2
Capital creditors	51.6	53.9
Liabilities for cost related to customer contracts	125.4	116.3
Others	758.1	16.4
Total	949.0	189.8

Other current financial liabilities – Others include an amount of \$738.0 million as of June 30, 2015 towards liability for dividend.

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

(b) Other non-current financial liabilities

	As of June 30, 2015	As of March 31, 2015
	(In millions of USD)	
Capital creditors	5.6	10.8
Others	89.8	95.0
Total	95.4	105.8

Others includes advance taxes paid of \$55.6 million and \$53.3 million as of June 30, 2015 and March 31, 2015, respectively, by the seller of TCS e-Serve Limited which on refund by tax authorities, is payable to the seller.

13. Other liabilities

Other liabilities consist of the following:

(a) Other current liabilities

	As of June 30, 2015	As of March 31, 2015
	(In millions of USD)	
Indirect tax payable and other statutory liabilities	412.5	183.1
Advances received from customers	23.4	20.9
Others	10.9	10.3
Total	446.8	214.3

(b) Other non-current liabilities

	As of June 30, 2015	As of March 31, 2015
	(In millions of USD)	
Operating lease liabilities	57.0	55.1
Others	9.1	9.4
Total	66.1	64.5

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

14. Expenses by nature

	Three month period ended June 30, 2015	Three month period ended June 30, 2014
	(In millions of USD)	
Employee cost	2,090.2	1,918.2
Fees to external consultants	290.0	242.0
Facility expenses	127.8	117.5
Cost of equipment and software licences	103.6	54.5
Travel expenses	94.8	102.3
Depreciation and amortisation	71.3	92.2
Communication	44.2	39.6
Education, recruitment and training	7.3	7.8
Marketing and sales promotion	14.9	17.5
Bad debts, provision for trade receivable and advances (net)	6.2	6.2
Other expenses	124.8	125.0
Total	2,975.1	2,722.8

The change in the useful lives and the depreciation method of property, plant and equipment resulted in an additional one time impact of \$29.2 million in quarter ended June 30, 2014 relating to property, plant and equipment with nil remaining useful life as of April 1, 2014 and does not affect future periods.

15. Finance and other income

	Three month period ended June 30, 2015	Three month period ended June 30, 2014
	(In millions of USD)	
Interest income on bank balances	58.5	59.1
Interest on financial assets carried at amortised cost	11.6	24.5
Rental revenue	0.8	0.8
Dividend received	0.7	0.5
Total	71.6	84.9

16. Finance costs (at effective interest rate method)

	Three month period ended June 30, 2015	Three month period ended June 30, 2014
	(In millions of USD)	
Interest on bank overdrafts and loans	0.8	0.9
Other interest expenses	0.4	0.5
Total	1.2	1.4

17. Other gains, (net)

	Three month period ended June 30, 2015	Three month period ended June 30, 2014
	(In millions of USD)	
Net gains on disposal of property, plant and equipment	0.3	-
Net gains on disposal of investments carried at fair value	9.5	5.6
Net foreign exchange gains	30.9	40.0
Others	10.1	7.2
Total	50.8	52.8

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

18. Income taxes

	Three month period ended June 30, 2015	Three month period ended June 30, 2014
	(In millions of USD)	
Current tax expenses	282.5	269.1
Deferred tax expenses	(7.8)	(13.3)
	274.7	255.8

19. Financial instruments

(a) Financial assets and liabilities

The carrying value of financial instruments by categories as of June 30, 2015 is as follows:

	Fair value through profit or loss	Fair value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total carrying value
	(In millions of USD)					
Financial assets:						
Cash and cash equivalents	-	-	-	-	383.9	383.9
Bank deposits	-	-	-	-	2,435.0	2,435.0
Investments	937.0	26.4	-	-	12.7	976.1
Other financial assets	-	-	10.9	9.7	616.6	637.2
Total	937.0	26.4	10.9	9.7	3,448.2	4,432.2
Financial liabilities:						
Borrowings	-	-	-	-	62.2	62.2
Other financial liabilities	-	-	2.2	11.7	1,030.5	1,044.4
Total	-	-	2.2	11.7	1,092.7	1,106.6

The fair value of investments is \$976.5 million.

The carrying value of financial instruments by categories as of March 31, 2015 is as follows:

	Fair value through profit or loss	Fair value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total carrying value
	(In millions of USD)					
Financial assets:						
Cash and cash equivalents	-	-	-	-	297.6	297.6
Bank deposits	-	-	-	-	2,697.9	2,697.9
Investments	241.0	26.5	-	-	12.9	280.4
Other financial assets	-	-	29.7	28.7	745.4	803.8
Total	241.0	26.5	29.7	28.7	3,753.8	4,079.7
Financial liabilities:						
Borrowings	-	-	-	-	57.2	57.2
Other financial liabilities	-	-	-	3.2	292.4	295.6
Total	-	-	-	3.2	349.6	352.8

The fair value of investments is \$281.0 million.

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

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 June 30, 2015:	Level 1	Level 2	Level 3	Total
	(In millions of USD)			
Financial assets:				
Mutual fund units	937.0	-	-	937.0
Equity shares	0.7	-	25.7	26.4
Corporate debentures and bonds	-	4.0	-	4.0
Government securities	8.7	-	-	8.7
Derivative financial assets	-	20.6	-	20.6
Total	946.4	24.6	25.7	996.7
Financial liabilities:				
Derivative financial liabilities	-	13.9	-	13.9
Total	-	13.9	-	13.9
As of March 31, 2015:	Level 1	Level 2	Level 3	Total
	(In millions of USD)			
Financial assets:				
Mutual fund units	241.0	-	-	241.0
Equity shares	0.6	-	25.9	26.5
Corporate debentures and bonds	-	4.0	-	4.0
Government securities	8.9	-	-	8.9
Derivative financial assets	-	58.4	-	58.4
Total	250.5	62.4	25.9	338.8
Financial liabilities:				
Derivative financial liabilities	-	3.2	-	3.2
Total	-	3.2	-	3.2

(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, Singapore Dollar, Saudi Arabian Riyal, Danish Kroner and Brazilian Real. Given the nature of the business, a large portion of the costs are denominated in Indian Rupee. This exposes TCS Limited to currency fluctuations.

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

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

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

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

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

Foreign currency	June 30, 2015		
	No. of contracts	Notional amount of currency option contracts (In millions)	Fair value (In millions of USD)
US Dollar	21	960.0	4.7
Sterling Pound	24	285.0	(2.1)
Australian Dollar	15	123.0	4.0
Euro	21	198.0	2.1

Foreign currency	March 31, 2015		
	No. of contracts	Notional amount of currency option contracts (In millions)	Fair value (In millions of USD)
Sterling Pound	18	297.0	10.7
Australian Dollar	6	97.0	5.0
Euro	9	171.0	14.0

The movement in accumulated other comprehensive income for three month period ended June 30, 2015 and the year ended March 31, 2015 for derivatives designated as cash flow hedges is as follows:

	Period ended June 30, 2015		Year ended March 31, 2015	
	Intrinsic value	Time value	Intrinsic value	Time value
	(In millions of USD)			
Balance at the beginning of the period	11.2	(4.8)	(6.1)	(4.0)
(Gains)/ Losses transferred to profit or loss on occurrence of forecasted hedge transaction	(12.7)	11.4	(126.0)	71.0
Deferred tax on (gains)/ losses transferred to profit or loss on occurrence of forecasted hedge transaction	1.8	(1.5)	14.9	(10.2)
Change in the fair value of effective portion of cash flow hedges	(7.9)	(20.7)	146.5	(72.3)
Deferred tax on fair value of effective portion of cash flow hedges	1.1	2.7	(18.1)	10.7
Balance at the end of the period	(6.5)	(12.9)	11.2	(4.8)

In addition to the above cash flow hedges, TCS Limited has outstanding foreign exchange forwards, currency option and futures contracts with notional amounts aggregating \$3,417.5 million and \$3,187.9 million, whose fair value showed a net loss of \$2.0 million and a net gain of \$25.5 million as of June 30, 2015 and March 31, 2015, respectively. Although these contracts are effective as hedges from an economic perspective, they do not qualify for hedge accounting.

Exchange loss of \$37.9 million and exchange gain of \$29.3 million on foreign exchange forward exchange contracts and currency option and futures contracts have been recognised in earnings for three month periods ended June 30, 2015 and 2014, respectively.

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

20. 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 comprise banking, finance and insurance services, manufacturing, retail and consumer packaged goods, telecom, media and entertainment and others such as energy, resources and utilities, Hi-Tech, 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 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 month periods ended June 30, 2015 and 2014 is as follows:

	Three month period ended June 30, 2015					
	(In millions of USD)					
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertain- ment	Others	Total
Revenue	1,637.0	399.5	557.5	446.0	996.4	4,036.4
Segment result	489.8	102.6	143.8	122.7	267.7	1,126.6
Depreciation						65.3
Total Unallocable expenses						65.3
Operating profit						1,061.3
Other income (net)						121.2
Profit before taxes						1,182.5
Income tax expense						274.7
Net profit						907.8
As on June 30, 2015						
Segment assets						
Allocable assets	1,979.1	396.4	532.9	543.8	1,414.8	4,867.0
Unallocable assets						7,636.3
Total assets						12,503.3
Segment liabilities						
Allocable liabilities	259.6	23.4	30.9	35.0	189.9	538.8
Unallocable liabilities						2,773.4
Total liabilities						3,312.2

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

Three month period ended June 30, 2014

(In millions of USD)

	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertain- ment	Others	Total
Revenue	1,540.1	316.8	508.4	448.9	880.1	3,694.3
Segment result	465.0	91.1	152.3	117.7	229.1	1,055.2
Depreciation						83.7
Total Unallocable expenses						83.7
Operating profit						971.5
Other income (net)						136.3
Profit before taxes						1,107.8
Income tax expense						255.8
Net profit						852.0
As on June 30, 2014						
Segment assets						
Allocable assets	2,017.2	369.8	534.7	561.6	1,403.9	4,887.2
Unallocable assets						7,544.0
Total assets						12,431.2
Segment liabilities						
Allocable liabilities	248.4	22.7	23.6	30.6	168.0	493.3
Unallocable liabilities						2,540.4
Total liabilities						3,033.7

21. Commitments and contingencies

Commitments and contingent liabilities are as follows:

Capital commitments

As of June 30, 2015, \$280.2 million was contractually committed for purchase of property, plant and equipment.

Contingencies

Direct tax matters

As of June 30, 2015, 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 \$613.1 million. In respect of tax contingencies of \$38.2 million, not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited.

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 June 30, 2015, Tata Consultancy Services Limited and its subsidiaries in India have demands on appeal amounting to \$26.9 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 \$1.3 million, not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited.

Tata Consultancy Services Limited
Notes to Consolidated Financial Statements

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 June 30, 2015, claims aggregating \$38.4 million against the Group (individually insignificant) have not been acknowledged as debts.

22. Subsequent events

The Board of Directors at its meeting held on July 9, 2015 has recommended an interim dividend of \$0.09 (₹5.50) per equity share.