

TATA CONSULTANCY SERVICES LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2015

(₹ crores)

	Note	As at June 30, 2015	As at March 31, 2015
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	195.87	195.87
(b) Reserves and surplus	4	54827.72	50438.89
		55023.59	50634.76
Minority interest			
		1143.39	1127.76
Non-current liabilities			
(a) Long-term borrowings	5	94.79	114.27
(b) Deferred tax liabilities (net)	6 (a)	340.00	342.96
(c) Other long-term liabilities	7	821.66	825.02
(d) Long-term provisions	8	327.45	297.87
		1583.90	1580.12
Current liabilities			
(a) Short-term borrowings	9	243.14	185.56
(b) Trade payables		6094.37	8830.93
(c) Other current liabilities	10	10061.71	3646.59
(d) Short-term provisions	11	3991.94	7655.16
		20391.16	20318.24
TOTAL		78142.04	73660.88
II. ASSETS			
Non-current assets			
(a) Fixed assets	12		
(i) Tangible assets		9916.38	9376.12
(ii) Intangible assets		165.27	168.83
(iii) Capital work-in-progress		2266.09	2766.37
		12347.74	12311.32
(b) Non-current investments	13	171.24	169.18
(c) Deferred tax assets (net)	6 (b)	652.92	593.94
(d) Long-term loans and advances	14	8625.46	9154.92
(e) Other non-current assets	15	557.11	525.30
(f) Goodwill (on consolidation)		2151.18	2093.22
		24505.65	24847.88
Current assets			
(a) Current investments	16	5925.81	1492.60
(b) Inventories	17	19.55	16.07
(c) Unbilled revenue	18	4034.18	3827.08
(d) Trade receivables	19	21842.83	20437.94
(e) Cash and bank balances	20	17580.43	18556.04
(f) Short-term loans and advances	21	3723.48	4146.45
(g) Other current assets	22	510.11	336.82
		53636.39	48813.00
TOTAL		78142.04	73660.88

III. NOTES FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 1-35

As per our report attached

For and on behalf of the Board

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

P. R. Ramesh
Partner

N. Chandrasekaran
CEO and Managing Director

Aarthi Subramanian
Executive Director

Rajesh Gopinathan
Chief Financial Officer

Suprakash Mukhopadhyay
Company Secretary

Mumbai, July 9, 2015

Mumbai, July 9, 2015

TATA CONSULTANCY SERVICES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ crores)

	Note	For the quarter ended June 30, 2015	For the quarter ended June 30, 2014
I. Revenue from operations (Net of excise duty of ₹ 0.16 crores (June 30, 2014 ₹ 1.32 crores))	23	25668.11	22111.03
II. Other income (net)	24	740.26	787.15
TOTAL REVENUE		26408.37	22898.18
III. Expenses:			
(a) Employee benefit expense	25	9976.03	8532.11
(b) Operation and other expenses	26	8496.93	7226.37
(c) Finance costs	27	4.30	8.67
(d) Depreciation and amortisation expense	12	470.76	417.49
TOTAL EXPENSES		18948.02	16184.64
IV. PROFIT BEFORE EXCEPTIONAL ITEM AND TAX		7460.35	6713.54
V. Exceptional item		-	489.75
VI. PROFIT BEFORE TAX		7460.35	7203.29
VII. Tax expense:			
(a) Current tax	28	1789.39	1604.49
(b) Deferred tax		(59.73)	(4.82)
(c) MAT credit entitlement	28	(10.16)	(1.02)
		1719.50	1598.65
VIII. PROFIT FOR THE PERIOD BEFORE MINORITY INTEREST		5740.85	5604.64
IX. Minority interest		56.73	36.96
X. PROFIT FOR THE PERIOD		5684.12	5567.68
XI. Earnings per equity share :- Basic and diluted (₹)		29.02	28.42
Weighted average number of equity shares (face value of ₹ 1 each)		1,95,87,27,979	1,95,87,27,979

XII. NOTES FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 1-35

As per our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells LLP**
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Mumbai, July 9, 2015

Mumbai, July 9, 2015

TATA CONSULTANCY SERVICES LIMITED
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(₹ crores)

	Note	For the period ended June 30, 2015	For the period ended June 30, 2014
I NET CASH PROVIDED BY OPERATING ACTIVITIES		2906.16	4513.74
II CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(540.39)	(808.10)
Proceeds from sale of fixed assets		2.01	1.04
Purchase of mutual funds and other investments*		(15384.81)	(14615.99)
Redemption of mutual funds and sale of other investments*		10984.13	9551.13
Inter-corporate deposits placed		(116.00)	(10.00)
Inter-corporate deposits matured		868.00	50.00
Fixed deposit placed with banks having original maturity over three months		(19.94)	(110.07)
Fixed deposit with banks matured having original maturity over three months		1360.65	1936.69
Earmarked deposits with banks matured		145.44	-
Dividends received from current investments (mutual funds)		4.23	3.26
Interest received		286.46	244.59
Net cash used in investing activities		(2410.22)	(3757.45)
III CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term borrowings		(0.47)	(0.47)
Short-term borrowings (net)		57.58	(123.04)
Dividend paid to minority shareholders of subsidiaries and dividend tax on dividend paid by subsidiaries		(46.79)	(33.52)
Interest paid		(4.34)	(7.68)
Net cash provided by / (used in) financing activities		5.98	(164.71)
Net increase in cash and cash equivalents		501.92	591.58
Cash and cash equivalents at the beginning of the period		1861.89	1467.86
Exchange difference on translation of foreign currency cash and cash equivalents		80.81	13.20
Cash and cash equivalents at the end of the period	20	2444.62	2072.64
Earmarked balances with banks		127.18	27.92
Short-term bank deposits		15008.63	12203.81
Cash and bank balances at the end of the period	20	17580.43	14,304.37
Supplementary disclosure of cash flow non-cash investing activities:			
Investment in shares at cost received in settlement of trade receivables		-	58.87

*Purchase of mutual funds and other investments include ₹ 99.15 crores (June 30, 2014: ₹ Nil) and redemption of mutual funds and sale of other investments include ₹ 4.25 crores (June 30, 2014: ₹ Nil) of TCS Foundation, formed for conducting corporate social responsibility activities of the Group.

IV NOTES FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 1-35

As per our report attached

For and on behalf of the Board

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

P. R. Ramesh
Partner

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Suprakash Mukhopadhyay
Company Secretary

Mumbai, July 9, 2015

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TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

1) CORPORATE INFORMATION

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

As at June 30, 2015, Tata Sons Limited owned 73.69 % of the Company’s equity share capital and has the ability to control its operating and financial policies. The Company’s registered office is in Mumbai and it has 60 subsidiaries across the globe.

2) SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with Accounting Standard 25 “Interim Financial Reporting” (AS-25) specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. These condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended and as at March 31, 2015. In the opinion of the management, all adjustments which are necessary for a fair presentation have been included. The accounting policies followed in preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements. The results of interim periods are not necessarily indicative of the results that may be expected for any interim period or for the full year.

b) Principles of consolidation

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

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

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

c) Use of estimates

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

d) Fixed Assets

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

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

e) Depreciation / Amortisation

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

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

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

f) Leases

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

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

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

g) Impairment

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

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

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

h) Investments

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

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

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

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

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

ii) Other employee benefits

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

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

j) Revenue recognition

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

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

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

Revenue from sale of software licenses are recognised upon delivery.

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

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

Revenue is reported net of discounts.

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

k) Taxation

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

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

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

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

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

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

l) Foreign currency transactions

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

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

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

m) Derivative instruments and hedge accounting

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

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

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

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

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

n) Inventories

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

o) Government grants

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

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

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

p) Provisions, Contingent liabilities and Contingent assets

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

q) Cash and cash equivalents

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

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

3) **SHARE CAPITAL**

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

	(₹ crores)	
	As at June 30, 2015	As at March 31, 2015
Authorised		
(i) 420,05,00,000 equity shares of ₹ 1 each (March 31, 2015 : 420,05,00,000 equity shares of ₹ 1 each)	420.05	420.05
(ii) 105,02,50,000 redeemable preference shares of ₹ 1 each (March 31, 2015 : 105,02,50,000 redeemable preference shares of ₹ 1 each)	105.03	105.03
	525.08	525.08
Issued, Subscribed and Fully paid-up		
195,87,27,979 equity shares of ₹ 1 each (March 31, 2015 : 195,87,27,979 equity shares of ₹ 1 each)	195.87	195.87
	195.87	195.87

144,34,51,698 equity shares (March 31, 2015 : 144,34,51,698 equity shares) are held by Tata Sons Limited, the holding company.

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

4) RESERVES AND SURPLUS

Reserves and surplus consist of the following:

	(₹ crores)	
	As at June 30, 2015	As at March 31, 2015
(a) Capital reserve (on consolidation)		
(i) Opening balance	75.26	24.50
(ii) Addition during the period (net)	-	50.76
	<u>75.26</u>	<u>75.26</u>
(b) Capital redemption reserve		
(i) Opening balance	413.09	157.52
(ii) Transferred from surplus in statement of profit and loss*	110.48	255.57
	<u>523.57</u>	<u>413.09</u>
(c) Securities premium reserve	1918.87	1918.87
(d) Foreign currency translation reserve		
(i) Opening balance	1051.17	1547.78
(ii) Addition / (Deduction) during the period (net)	191.25	(496.61)
	<u>1242.42</u>	<u>1051.17</u>
(e) Hedging reserve (Refer Note 33)		
(i) Opening balance	150.75	29.64
(ii) (Deduction) / Addition during the period (net)	(189.93)	121.11
	<u>(39.18)</u>	<u>150.75</u>
(f) General reserve		
(i) Opening balance	7697.18	5742.39
(ii) Adjustment on amalgamation	-	1.15
(iii) Transferred from surplus in statement of profit and loss	27.58	1953.64
	<u>7724.76</u>	<u>7697.18</u>
(g) Statutory reserve		
(i) Opening balance	119.92	73.68
(ii) Transferred from surplus in statement of profit and loss	-	46.24
	<u>119.92</u>	<u>119.92</u>
(h) Surplus in statement of profit and loss		
(i) Opening balance	39012.65	39504.51
(ii) Add : Profit for the period	5684.12	19852.18
	<u>44696.77</u>	<u>59356.69</u>
(iii) Less : Appropriations		
(a) Interim dividends on equity shares	1077.30	10772.92
(b) Proposed final dividend on equity shares	-	4700.95
(c) Tax on dividend	219.31	2635.69
(d) Write back of tax on dividend of prior years	-	(20.97)
(e) Capital redemption reserve*	110.48	255.57
(f) General reserve	27.58	1953.64
(g) Statutory reserve	-	46.24
	<u>43262.10</u>	<u>39012.65</u>
	<u>54827.72</u>	<u>50438.89</u>

* On June 25, 2015, Diligenta Limited, a wholly owned subsidiary redeemed 1,10,00,000 redeemable preference shares of GBP 1 each. Accordingly an amount of ₹ 110.48 crores has been transferred to Capital redemption reserve during the quarter.

The Board of Directors at their meeting held on July 9, 2015 declared an interim dividend of ₹ 5.50 per equity share.

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

5) **LONG-TERM BORROWINGS**

Long-term borrowings consist of the following:

	(₹ crores)	
	As at June 30, 2015	As at March 31, 2015
(a) Secured loans		
Long-term maturities of obligations under finance lease	94.50	113.69
(b) Unsecured loans		
Borrowings from entity other than banks	0.29	0.58
	94.79	114.27

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

6) **DEFERRED TAX BALANCES**

Deferred tax balances consist of the following:

	(₹ crores)	
	As at June 30, 2015	As at March 31, 2015
(a) Deferred tax liabilities (net)		
(i) Foreign branch profit tax	259.65	256.03
(ii) Depreciation and amortisation	25.05	25.11
(iii) Employee benefits	(0.65)	(0.61)
(iv) Provision for doubtful receivables, loans and advances	(0.17)	(0.17)
(v) Others	56.12	62.60
	340.00	342.96
(b) Deferred tax assets (net)		
(i) Depreciation and amortisation	(110.42)	(129.55)
(ii) Employee benefits	293.58	293.57
(iii) Operating lease liabilities	85.40	83.10
(iv) Provision for doubtful receivables, loans and advances	169.93	158.07
(v) Others	214.43	188.75
	652.92	593.94

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

7) OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of the following:

	(₹ crores)	
	As at June 30, 2015	As at March 31, 2015
(a) Capital creditors	35.48	67.53
(b) Operating lease liabilities	362.94	344.51
(c) Others	423.24	412.98
	821.66	825.02

Others include advance taxes paid of ₹ 354.17 crores (March 31, 2015: ₹ 333.28 crores) by the seller of TCS e-serve Limited which, on refund by tax authorities, is payable to the seller.

8) LONG-TERM PROVISIONS

Long-term provisions consist of the following:

	(₹ crores)	
	As at June 30, 2015	As at March 31, 2015
(a) Provision for employee benefits		
(i) Gratuity	20.46	21.50
(ii) Foreign defined benefit plans	161.64	140.42
(iii) Other post retirement benefits	43.48	41.47
(b) Provision for foreseeable loss on a long-term contract	101.87	94.48
	327.45	297.87

9) SHORT-TERM BORROWINGS

Short-term borrowings consist of the following:

	(₹ crores)	
	As at June 30, 2015	As at March 31, 2015
(a) Secured loans		
Overdraft from banks	33.34	-
(b) Unsecured loans		
Overdraft from bank	209.80	185.56
	243.14	185.56

Secured overdraft from banks are secured against trade receivables.

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

10) OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	(₹ crores)	
	As at June 30, 2015	As at March 31, 2015
(a) Current maturities of long-term debt	0.29	0.47
(b) Current maturities of obligations under finance lease	58.06	57.40
(c) Interest accrued but not due on borrowings	0.44	0.48
(d) Income received in advance	1115.49	1062.31
(e) Unclaimed dividends	19.66	19.77
(f) Advance received from customers	149.36	130.76
(g) Operating lease liabilities	57.39	57.50
(h) Fair values of foreign exchange forward, option and future contracts secured against trade receivables	88.68	19.75
(i) Statutory liabilities	1683.48	1143.66
(j) Capital creditors	328.59	337.41
(k) Liabilities for cost related to customer contracts	798.98	727.79
(l) Final dividend on equity shares	4700.95	-
(m) Tax on dividend	941.72	-
(n) Other payables	118.62	89.29
	10061.71	3646.59

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

11) SHORT-TERM PROVISIONS

Short-term provisions consist of the following:

	(₹ crores)	
	As at June 30, 2015	As at March 31, 2015
(a) Provision for employee benefits	1467.00	1356.15
(b) Proposed final dividend on equity shares	-	4700.95
(c) Interim Dividend	1077.30	-
(d) Tax on dividend	220.17	947.68
(e) Current income taxes (net)	1131.83	547.34
(f) Provision for foreseeable loss on a long-term contract	95.64	103.04
	3991.94	7655.16

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

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

12) **FIXED ASSETS**

Fixed assets consist of the following:

(₹ crores)

Description	Freehold land	Leasehold land	Freehold buildings	Factory buildings	Leasehold buildings	Leasehold Improvements	Plant and machinery	Computer equipment	Vehicles	Office equipment	Electrical installations	Furniture and fixtures	Total
Gross block as at April 1, 2015	347.26	217.59	4812.98	2.77	14.62	1678.04	126.68	5072.69	28.37	1768.86	1294.77	1259.32	16623.95
	346.13	216.58	3508.02	2.77	14.62	1289.89	10.29	4166.29	27.80	1513.11	1050.35	1016.55	13162.40
Additions	-	-	471.30	-	-	39.03	66.42	150.41	0.06	61.73	138.89	55.35	983.19
	0.30	1.01	1302.64	-	-	260.68	116.40	964.06	4.72	237.28	245.36	255.84	3388.29
Assets acquired on acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	164.04	-	71.98	-	31.37	4.52	0.74	272.65
Deletions/Adjustments	-	-	(0.03)	-	-	(1.36)	-	(22.82)	(0.86)	(10.28)	(1.96)	(3.92)	(41.23)
	-	-	(0.34)	-	-	1.94	(0.01)	(65.49)	(3.95)	(10.15)	(0.82)	0.70	(78.12)
Translation exchange difference	0.37	-	1.22	-	-	4.26	-	25.35	0.03	2.16	1.15	4.21	38.75
	0.83	-	2.66	-	-	(38.51)	-	(64.15)	(0.20)	(2.75)	(4.64)	(14.51)	(121.27)
Gross block as at June 30, 2015	347.63	217.59	5285.47	2.77	14.62	1719.97	193.10	5225.63	27.60	1822.47	1432.85	1314.96	17604.66
	347.26	217.59	4812.98	2.77	14.62	1678.04	126.68	5072.69	28.37	1768.86	1294.77	1259.32	16623.95
Accumulated depreciation as at April 1, 2015	-	(19.35)	(502.74)	(1.51)	(13.04)	(805.04)	(16.25)	(3541.19)	(19.80)	(966.99)	(486.58)	(875.34)	(7247.83)
	-	(16.28)	(602.45)	(1.43)	(12.63)	(634.31)	(10.27)	(2894.92)	(17.78)	(672.31)	(484.14)	(781.07)	(6127.59)
Depreciation for the period	-	(0.76)	(71.86)	(0.02)	(0.10)	(49.00)	(3.73)	(190.10)	(1.10)	(71.42)	(40.20)	(27.81)	(456.10)
	-	(3.07)	100.13	(0.08)	(0.41)	(182.39)	(5.99)	(743.06)	(6.03)	(301.35)	(3.97)	(100.98)	(1247.20)
Deletions/Adjustments	-	-	0.03	-	-	1.18	-	22.73	0.86	10.23	1.86	3.92	40.81
	-	-	0.08	-	-	0.18	0.01	61.57	3.82	6.41	0.41	1.65	74.13
Translation exchange difference	-	-	(0.26)	-	-	(3.51)	-	(16.00)	(0.03)	(1.35)	(0.99)	(3.02)	(25.16)
	-	-	(0.50)	-	-	11.48	-	35.22	0.19	0.26	1.12	5.06	52.83
Accumulated depreciation as at June 30, 2015	-	(20.11)	(574.83)	(1.53)	(13.14)	(856.37)	(19.98)	(3724.56)	(20.07)	(1029.53)	(525.91)	(902.25)	(7688.28)
	-	(19.35)	(502.74)	(1.51)	(13.04)	(805.04)	(16.25)	(3541.19)	(19.80)	(966.99)	(486.58)	(875.34)	(7247.83)
Net book value as at June 30, 2015	347.63	197.48	4710.64	1.24	1.48	863.60	173.12	1501.07	7.53	792.94	906.94	412.71	9916.38
	347.26	198.24	4310.24	1.26	1.58	873.00	110.43	1531.50	8.57	801.87	808.19	383.98	9376.12

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

12) FIXED ASSETS (contd.)

Description	Goodwill on acquisition	Acquired contract rights	Intellectual property / distribution rights	Rights under licensing agreement and software licenses	Total
Gross block as at April 1, 2015	303.55	233.90	13.45	141.20	692.10
	<i>327.64</i>	<i>252.46</i>	<i>13.51</i>	<i>141.40</i>	<i>735.01</i>
Additions	-	-	-	0.23	0.23
	-	-	-	<i>1.97</i>	<i>1.97</i>
Deletions/Adjustments	-	-	-	-	-
	-	-	-	<i>(0.17)</i>	<i>(0.17)</i>
Translation exchange difference	25.13	20.77	0.02	0.46	46.38
	<i>(24.09)</i>	<i>(18.56)</i>	<i>(0.06)</i>	<i>(2.00)</i>	<i>(44.71)</i>
Gross block as at June 30, 2015	328.68	254.67	13.47	141.89	738.71
	<i>303.55</i>	<i>233.90</i>	<i>13.45</i>	<i>141.20</i>	<i>692.10</i>
Accumulated amortisation as at April 1, 2015	(228.16)	(175.85)	(13.11)	(106.15)	(523.27)
	<i>(218.97)</i>	<i>(168.76)</i>	<i>(12.43)</i>	<i>(94.11)</i>	<i>(494.27)</i>
Amortisation for the period	(6.70)	(5.16)	(0.10)	(2.70)	(14.66)
	<i>(26.91)</i>	<i>(20.74)</i>	<i>(0.68)</i>	<i>(13.41)</i>	<i>(61.74)</i>
Translation exchange difference	(19.02)	(16.07)	-	(0.42)	(35.51)
	<i>17.72</i>	<i>13.65</i>	-	<i>1.37</i>	<i>32.74</i>
Accumulated amortisation as at June 30, 2015	(253.88)	(197.08)	(13.21)	(109.27)	(573.44)
	<i>(228.16)</i>	<i>(175.85)</i>	<i>(13.11)</i>	<i>(106.15)</i>	<i>(523.27)</i>
Net book value as at June 30, 2015	74.80	57.59	0.26	32.62	165.27
	<i>75.39</i>	<i>58.05</i>	<i>0.34</i>	<i>35.05</i>	<i>168.83</i>
(iii) Capital work-in-progress					2266.09
					<i>2766.37</i>

Previous years' figures are in italics.

Notes

- (i) Freehold buildings include ₹ 2.67 crores (March 31, 2015: ₹ 2.67 crores) being value of investment in shares of Co-operative Housing Societies and Limited Companies.
- (ii) Legal formalities relating to conveyance of freehold buildings having net book value ₹ 0.07 crores (March 31, 2015: ₹ 5.18 crores) are pending completion.
- (iii) Net book value of computer equipment of ₹ 77.54 crores (March 31, 2015: ₹ 78.84 crores), leasehold improvements of ₹ 54.05 crores (March 31, 2015: ₹ 56.65 crores), office equipment of ₹ 1.89 crores (March 31, 2015: ₹ 2.11 crores) and electrical installations of ₹ 2.73 crores (March 31, 2015: ₹ 3.01 crores) are under finance lease.
- (iv) In previous year fixed assets acquired on acquisition of IT Frontier Corporation which was renamed as Tata Consultancy Services Japan, Ltd., include Capital work in progress of ₹ 54.77 crores, which was subsequently capitalised.

TATA CONSULTANCY SERVICES LIMITED
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13) **NON-CURRENT INVESTMENTS**

Non-current investments consist of the following:

	(₹ crores)	
	As at June 30, 2015	As at March 31, 2015
(a) TRADE INVESTMENTS (at cost)		
Fully paid equity shares (unquoted)		
National Power Exchange Limited	1.40	1.40
Philippine Dealing System Holdings Corporation	5.73	5.63
Taj Air Limited	19.00	19.00
ALMC HF*	-	-
KOOH Sports Private Limited	3.00	3.00
RuralShores Business Services Private Limited*	-	-
FCM LLC	47.77	46.93
Fully paid preference shares (unquoted)		
RuralShores Business Services Private Limited	25.00	25.00
Mozido LLC	63.70	62.58
Fully paid equity shares (quoted)		
Yodlee, Inc.	-	-
(b) OTHER INVESTMENTS		
Debentures and bonds (unquoted)	0.12	0.12
Mutual funds and other funds (unquoted)	7.04	7.04
	172.76	170.70
Less: Provision for diminution in value of investments	(1.52)	(1.52)
	171.24	169.18
(i) Market value of quoted investments	4.26	3.91
(ii) Book value of quoted investments	-	-
(iii) Book value of unquoted investments (net of provision)	171.24	169.18

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

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

14) LONG-TERM LOANS AND ADVANCES

Long-term loans and advances consist of the following:

	(₹ crores)	
	As at June 30, 2015	As at March 31, 2015
(a) Secured, considered good		
Loans and advances to employees	0.14	0.15
(b) Unsecured, considered good		
(i) Capital advances	201.28	206.71
(ii) Security deposits	692.40	665.02
(iii) Loans and advances to employees	8.97	8.90
(iv) Loans and advances to related parties	3.13	3.13
(v) Advance tax (including refunds receivable) (net)	4057.03	4092.34
(vi) MAT credit entitlement	1910.17	1899.76
(vii) Indirect tax recoverable	9.95	52.49
(viii) Inter-corporate deposits	1177.00	1572.00
(ix) Prepaid expenses	435.52	534.25
(x) Other amounts recoverable in cash or kind or for value to be received	129.87	120.17
(c) Unsecured, considered doubtful		
Security deposits	0.32	0.31
Less : Provision for doubtful security deposits	(0.32)	(0.31)
	8625.46	9154.92
Loans and advances to related parties comprise:		
Tata Sons Limited	2.74	2.74
Tata Realty and Infrastructure Limited	0.39	0.39

15) OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

	(₹ crores)	
	As at June 30, 2015	As at March 31, 2015
(a) Interest receivable	55.16	24.37
(b) Long-term bank deposits	500.00	500.08
(c) Earmarked balances with banks	0.41	0.41
(d) Other non-current assets	1.54	0.44
	557.11	525.30

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

16) **CURRENT INVESTMENTS (At cost)**

Current investments consist of the following:

	(₹ crores)	
	As at June 30, 2015	As at March 31, 2015
Investment in mutual funds (unquoted)	5925.81	1492.60
	5925.81	1492.60

Mutual funds include ₹ 94.94 crores (March 31, 2015: ₹ Nil) held by TCS Foundation, formed for conducting corporate social responsibility activities of the Group.

17) **INVENTORIES**

Inventories consist of the following:

	(₹ crores)	
	As at June 30, 2015	As at March 31, 2015
(a) Raw materials, sub-assemblies and components	15.70	12.17
(b) Finished goods and Work-in-progress	2.12	2.16
(c) Stores and spares	1.73	1.74
	19.55	16.07

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

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Notes forming part of the Condensed Consolidated Financial Statements

18) UNBILLED REVENUE

Unbilled revenue as at June 30, 2015, amounting to ₹ 4034.18 crores (March 31, 2015 : ₹3827.08 crores) primarily includes revenue recognised in relation to efforts incurred on turnkey contracts priced on a fixed time, fixed price basis.

19) TRADE RECEIVABLES

Trade receivables (unsecured) consist of the following:

	(₹ crores)	
	As at June 30, 2015	As at March 31, 2015
(a) Over six months from the date they were due for payment		
(i) Considered good	1531.57	1469.78
(ii) Considered doubtful	468.81	422.94
(b) Others		
(i) Considered good	20311.26	18968.16
(ii) Considered doubtful	26.12	24.67
	22337.76	20885.55
Less: Provision for doubtful receivables	(494.93)	(447.61)
	21842.83	20437.94

20) CASH AND BANK BALANCES

Cash and bank balances consist of the following:

	(₹ crores)	
	As at June 30, 2015	As at March 31, 2015
(a) Cash and cash equivalents		
(i) Balances with banks		
In current accounts	2046.92	1443.19
In deposit accounts with original maturity less than three months	230.56	352.86
(ii) Cheques on hand	2.83	50.85
(iii) Cash on hand	1.76	1.43
(iv) Remittances in transit	162.55	13.56
	2444.62	1861.89
(b) Other bank balances		
(i) Earmarked balances with banks	127.18	312.67
(ii) Short-term bank deposits	15008.63	16381.48
	17580.43	18556.04

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

21) SHORT-TERM LOANS AND ADVANCES

Short-term loans and advances consist of the following:

	(₹ crores)	
	As at June 30, 2015	As at March 31, 2015
(a) Secured, considered good		
Loans and advances to employees	0.15	0.16
(b) Unsecured, considered good		
(i) Loans and advances to employees	366.29	335.48
(ii) Loans and advances to related parties	12.17	0.01
(iii) Advance tax (including refunds receivable) (net)	48.77	74.93
(iv) MAT credit entitlement	5.00	5.25
(v) Security deposits	123.53	126.94
(vi) Indirect tax recoverable	349.38	308.76
(vii) Inter-corporate deposits	726.00	1083.00
(viii) Prepaid expenses	1672.58	1512.13
(ix) Advance to Suppliers	144.27	109.57
(x) Fair values of foreign exchange forward, option and future contracts	131.38	365.38
(xi) Other amounts recoverable in cash or kind or for value to be received	143.96	224.84
(c) Unsecured, considered doubtful		
(i) Loans and advances to employees	51.69	51.46
(ii) Security Deposits	4.66	4.65
(iii) Indirect tax recoverable	1.74	1.74
(iv) Advance to suppliers	4.79	4.79
(v) Other amounts recoverable in cash or kind or for value to be received	3.30	3.29
Less : Provision for doubtful loans and advances	(66.18)	(65.93)
	3723.48	4146.45
Loans and advances to related parties comprise:		
Tata AIG General Insurance Company Limited	0.39	0.01
Tata AIA Life Insurance Company Limited	11.78	-

22) OTHER CURRENT ASSETS

Other current assets consist of the following:

	(₹ crores)	
	As at June 30, 2015	As at March 31, 2015
(a) Interest receivable	455.90	331.93
(b) Other current assets	54.21	4.89
	510.11	336.82

23) REVENUE FROM OPERATIONS

Revenue from operations consist of revenues from:

	(₹ crores)	
	For the quarter ended June 30, 2015	For the quarter ended June 30, 2014
(a) Information technology and consultancy services	24961.11	21792.84
(b) Sale of equipment and software licences	707.00	318.19
	25668.11	22111.03

24) OTHER INCOME (NET)

Other income (net) consist of the following:

	(₹ crores)	
	For the quarter ended June 30, 2015	For the quarter ended June 30, 2014
(a) Interest income	441.22	496.89
(b) Dividend from current investments (mutual funds)	4.23	3.26
(c) Profit on redemption of mutual funds and sale of other investments (net)	60.36	33.77
(d) Rent	5.15	4.67
(e) Profit on sale of fixed assets (net)	1.59	0.22
(f) Exchange gain (net)	196.64	239.71
(g) Miscellaneous income	31.07	8.63
	740.26	787.15

Interest income comprise :

Interest on bank deposits	369.56	350.13
Interest on inter-corporate deposits	50.47	69.81
Interest on long-term bonds and debentures	-	75.64
Others	21.19	1.31

Profit on redemption of mutual funds and sale of other investments (net) comprise:

From other long-term investments (net)	-	4.41
From current investments (net)	60.36	29.36

Exchange gain (net)

Gain/ (loss) on foreign exchange forward and currency option contracts which have been designated as Cash Flow Hedges (Refer Note 33)	7.89	(20.13)
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TATA CONSULTANCY SERVICES LIMITED
Notes forming part of the Condensed Consolidated Financial Statements

25) **EMPLOYEE BENEFIT EXPENSE**

Employee benefit expense consist of the following:

	(₹ crores)	
	For the quarter ended June 30, 2015	For the quarter ended June 30, 2014
(a) Salaries and incentives	8726.65	7478.36
(b) Contributions to-		
(i) Provident fund and pension fund	165.67	149.10
(ii) Superannuation scheme	60.36	56.22
(iii) Gratuity fund	52.34	60.96
(iv) Social security and other plans for overseas employees	451.94	322.12
(c) Staff welfare expenses	519.07	465.35
	9976.03	8532.11

26) OPERATION AND OTHER EXPENSES

Operation and other expenses consist of the following:

	(₹ crores)	
	For the quarter ended June 30, 2015	For the quarter ended June 30, 2014
(a) Overseas business expenses	3579.28	3282.73
(b) Services rendered by business associates and others	1742.20	1331.80
(c) Software, hardware and material costs	1036.24	767.17
(d) Communication expenses	280.84	237.24
(e) Travelling and conveyance expenses	350.42	297.21
(f) Rent	403.76	352.04
(g) Legal and professional fees	139.83	146.18
(h) Repairs and maintenance	164.49	129.86
(i) Electricity expenses	147.21	144.60
(j) Bad debts (recovered) / written-off (net)	(2.08)	3.52
(k) Advances (recovered)(net)	-	(0.01)
(l) Provision for doubtful receivables (net)	41.28	33.16
(m) Provision for doubtful advances (net)	0.27	0.73
(n) Recruitment and training expenses	78.38	76.48
(o) Printing and stationery	24.54	29.34
(p) Insurance	18.02	18.85
(q) Rates and taxes	35.84	28.85
(r) Entertainment	18.55	16.76
(s) Other expenses	437.86	329.86
	8496.93	7226.37

(i) Overseas business expenses comprise:

Travel expenses	252.96	315.09
Employee allowances	3326.32	2967.64

(ii) Repairs and maintenance includes:

Buildings	56.90	69.48
Office and computer equipment	105.88	59.11

27) FINANCE COSTS

Finance costs consist of the following:

	(₹ crores)	
	For the quarter ended June 30, 2015	For the quarter ended June 30, 2014
Interest expense	4.30	8.67
	4.30	8.67

28) Current tax is adjusted for the effect of write back of provision (net) of ₹ 19.27 crores (June 30, 2014: write back of provision (net) ₹ 17.81 crores) in domestic and certain overseas jurisdictions relating to earlier years. The impact of MAT entitlement of earlier period is ₹ Nil (March 31, 2015: ₹ 8.83 crores).

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

- 29) At their respective meetings held on October 16, 2014, the Boards of the Company and of its subsidiary, CMC Limited have approved a Scheme of Amalgamation of CMC Limited with the Company. The appointed date for the proposed Scheme is April 1, 2015. The Scheme is subject to sanction of the Hon'ble High Courts and all other statutory approvals as may be required under law.
- 30) The Company has given letter of comfort to various banks for credit and/or foreign exchange hedging facilities availed by its subsidiaries (a) Tata America International Corporation, (b) Tata Consultancy Services Switzerland Limited, (c) Tata Consultancy Services Sverige AB, (d) Tata Consultancy Services Belgium S.A., (e) Tata Consultancy Services Deutschland GmbH, (f) Tata Consultancy Services De Mexico S.A. De CV, (g) Tata Consultancy Services Netherlands B V (h) Tata Consultancy Services Asia Pacific Pte Ltd, (i) Tata Consultancy Services Qatar S.S.C. (j) Tata Consultancy Services Italia SRL, (k) Tata Consultancy Services France S.A.S., (l) Tata Consultancy Services Malaysia Sdn Bhd, and (m) Tata Consultancy Services Luxembourg S.A. As per the terms of letter of comfort, the Company undertakes not to divest its ownership interest directly or indirectly in the subsidiaries and provide such managerial, technical and financial assistance to ensure continued successful operations of the subsidiaries.

31) SEGMENT REPORTING

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

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 a specific segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

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

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

TATA CONSULTANCY SERVICES LIMITED

Notes forming part of the Condensed Consolidated Financial Statements

Quarter ended June 30, 2015

(₹ crores)

Particulars	Business segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Revenue	10409.78	2540.65	3545.24	2836.07	6336.37	25668.11
	<i>9217.83</i>	<i>1896.07</i>	<i>3042.61</i>	<i>2686.96</i>	<i>5267.56</i>	<i>22111.03</i>
Segment result	3107.21	651.84	913.16	778.92	1700.09	7151.22
	<i>2772.57</i>	<i>543.89</i>	<i>908.61</i>	<i>701.97</i>	<i>1386.43</i>	<i>6313.47</i>
Unallocable expenses (net)						431.13
						<i>387.08</i>
Operating income						6720.09
						<i>5926.39</i>
Other income (net)						740.26
						<i>787.15</i>
Profit before Exceptional item and tax						7460.35
						<i>6713.54</i>
Exceptional item						-
						<i>489.75</i>
Profit before tax						7460.35
						<i>7203.29</i>
Tax expense						1719.50
						<i>1598.65</i>
Profit before minority interest						5740.85
						<i>5604.64</i>
Minority interest						56.73
						<i>36.96</i>
Profit for the period						5684.12
						<i>5567.68</i>

As at June 30, 2015

(₹ crores)

Particulars	Business segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Segment assets	10600.13	2572.97	3409.74	3489.87	9222.68	29295.39
	<i>9893.85</i>	<i>2269.29</i>	<i>3227.02</i>	<i>3399.79</i>	<i>8337.09</i>	<i>27127.04</i>
Unallocable assets						48846.65
						<i>46338.94</i>
Total assets						78142.04
						<i>73465.98</i>
Segment liabilities	1652.17	149.28	196.56	222.67	1209.37	3430.05
	<i>1491.47</i>	<i>136.52</i>	<i>141.63</i>	<i>184.10</i>	<i>1008.13</i>	<i>2961.85</i>
Unallocable liabilities						18545.01
						<i>25419.66</i>
Total liabilities						21975.06
						<i>28381.51</i>

Previous periods' figures are in italics.

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32) CONTINGENT LIABILITIES

	(₹ crores)	
Particulars	As at June 30, 2015	As at March 31, 2015
Claims against the Group not acknowledged as debt	244.34	191.75
Income tax demands (See (a) below)	3904.91	3904.63
Indirect tax demands (See (b) below)	171.28	170.31
Other contingencies	-	0.34

- a) In respect of income tax demands of ₹ 318.20 crores (March 31, 2015: ₹ 318.20 crores), not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited.
- b) In respect of indirect tax demands of ₹ 8.53 crores (March 31, 2015: ₹ 8.53 crores), not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited.
- c) The Group has examined the social security and tax aspects of contracts with legal entities which provide services to overseas subsidiaries and, based on legal opinion, concludes that the subsidiaries are in compliance with the related statutory requirements.

33) DERIVATIVE FINANCIAL INSTRUMENTS

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

The Group has following outstanding foreign exchange option contracts, which have been designated as Cash Flow Hedges, as at:

	June 30, 2015			March 31, 2015		
	No. of contracts	Notional amount of contracts (million)	Fair value (₹ crores)	No. of contracts	Notional amount of contracts (million)	Fair value (₹ crores)
U.S. Dollar	21	960.00	29.30	-	-	-
Sterling Pound	24	285.00	(13.17)	18	297.00	67.05
Euro	21	198.00	13.66	9	171.00	87.78
Australian Dollar	15	123.00	25.57	6	97.00	31.15

The movement in Hedging Reserve for derivatives designated as Cash Flow Hedges is as follows:

Particulars	Period ended June 30, 2015		Year ended March 31, 2015	
	Intrinsic value	Time value	Intrinsic Value	Time Value
Balance at the beginning of the period	151.42	(0.67)	24.88	4.76
Changes in the fair value of effective portion of cash flow hedges	(50.12)	(131.92)	905.89	(440.18)
(Gain)/loss transferred to statement of profit and loss on occurrence of forecasted hedge transactions	(80.69)	72.80	(779.35)	434.75
Balance at the end of the period	20.61	(59.79)	151.42	(0.67)

Net loss on derivative instruments of ₹ 39.18 crores recognised in Hedging Reserve as of June 30, 2015, is expected to be transferred to the statement of profit and loss by June 30, 2016.

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In addition to the above Cash Flow Hedges, the Group has outstanding foreign exchange forward, option and futures contracts with notional amount aggregating ₹ 22111.70 crores (March 31, 2015: ₹ 19949.03 crores) whose fair value showed a loss of ₹ 12.66 crores as at June 30, 2015 (March 31, 2015 : gain of ₹ 159.65 crores). Exchange loss of ₹ 240.78 crores (June 30, 2014 : exchange gain of ₹ 175.34 crores) on foreign exchange forward, option and futures contracts for the quarter ended June 30, 2015, have been recognised in the statement of profit and loss.

- 34) Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Group financial statements.
- 35) Previous period/year's figures have been recast / restated.