

ANNUAL REPORT  
2012-13



# Connect



*The Annual General Meeting will be held on Friday, June 28, 2013, at Birla Matushri Sabhagar, Sir V. T. Marg, New Marine Lines, Mumbai 400 020, at 3.30 p.m. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.*

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## Board of Directors



1



2



3



4



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10



11

**1** C P Mistry  
Chairman

**2** S Ramadorai  
Vice Chairman

**3** N Chandrasekaran  
Chief Executive Officer and  
Managing Director

**4** A Mehta  
Director

**5** C M Christensen  
Director

**6** I Hussain  
Director

**7** O P Bhatt  
Director

**8** P A Vandrevalla  
Director

**9** R Sommer  
Director

**10** V Kelkar  
Director

**11** V Thyagarajan  
Director

# Financial Highlights

29%

## Revenue

Up 29% @  
₹ 62,989 crore

25%

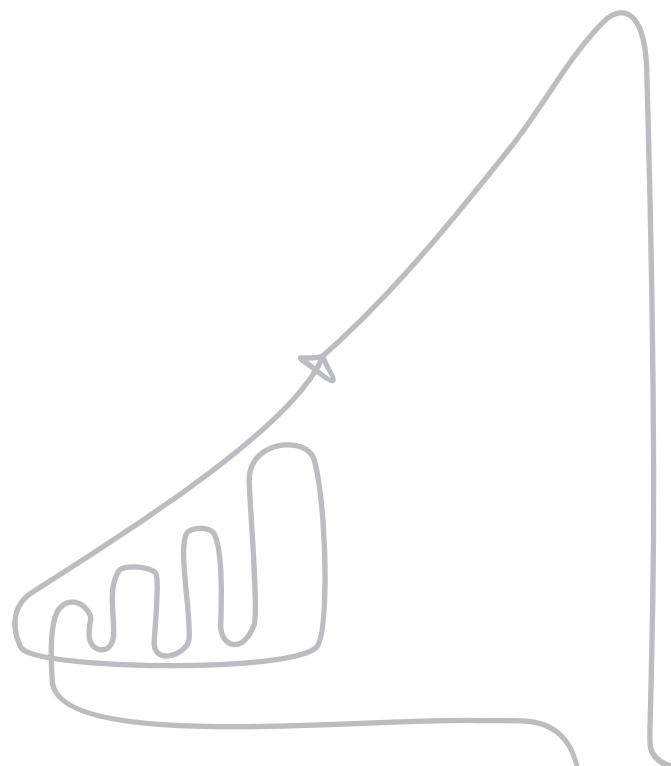
## EBITDA

Up 25% @  
₹ 18,040 crore

34%

## Net Profit

Up 34% @  
₹ 13,917 crore



## Dimensions of Diversity

32%

women

61%

with > 3 years  
experience

118

nationalities

70%

Gen Y professionals

# Our Leadership Team



**A Mukherjee**

Executive Vice President and Global Head - HR

**N Chandrasekaran**

Chief Executive Officer and Managing Director



**R Gopinathan**

Chief Financial Officer



## Letter from CEO

Dear Shareholders,

Your Company consolidated and strengthened its position in the global IT services industry in financial year 2012-13. Your Company's strategy of being relevant to the customer and providing holistic technology solutions continued to resonate with customers. It delivered tangible results for their business in the areas of optimisation, transformation and growth.

This is reflected in the strong, well rounded performance for FY13. On a consolidated basis, your Company achieved revenue of ₹ 62,989 crore, a growth of 28.8% over the previous year, driven by a strong volume growth of 16.8%. I am also happy to report that your Company sustained its profitability and posted a net profit of ₹ 13,917 crore, a growth of 33.6% over the previous year. The earnings per share of the Company increased to ₹ 70.99 in FY13 from ₹ 53.07 in FY12.

We continued to reward our shareholders with regular dividend. This year our total dividend payout is ₹ 22 per share including ₹ 13 proposed as final dividend.

Your Company's ability to deliver growth and sustain business momentum is attributable to its ability to (i) remain relevant to its customers' changing business needs (ii) extensive global presence across 44 countries and (iii) balanced end-to-end portfolio of services for many industries. Despite uncertain market and macro economic conditions in FY13, your Company was able to drive growth in all markets and industry segments in which it operates, growing at double digits during the year.

Our ability to co-create industry-leading solutions with customers and help them leverage new digital technologies is gaining traction across all customer segments. This momentum is reflected in strong metrics. During FY13, your Company added 80 (net) new customers across the globe to take its active customer base to 1,156. The movement of customers to higher revenue bands continued; while customers in band \$1 million increased by 34 to 556, customers in \$50 million band increased by five to 48 and those with over \$100 million increased by two to 16. Innovation through strong





research and development continues to be a major area of focus for your Company. This is resulting in more Intellectual Property Rights (IPR) being created by your Company. As of March 31, 2013, the Company has applied for 1,280 patents out of which 81 patents have been granted till date.

Your Company's approach to human resource management is being globally recognised for excellence in effective employee engagement and well structured careers. During the year, I am pleased to report that your Company not only added, trained and integrated almost 70,000 professionals but also launched an ambitious programme to build a truly connected organisation. During the year, new social platforms and a suite of mobile applications were adopted by TCSers as productivity increased through new forms of collaboration and social interaction. As TCSers feel more empowered and engaged, this is being reflected in all time high employee retention rates of more than 90% in the core IT business.

Your Company's continued success is due to the dedication, commitment and performance of 2,76,196 energetic professionals, who remain its biggest asset. Programme for employee development through training in new technologies, domains and processes continue to enhance their skills and expertise. Your Company also continues to place strong emphasis on the importance of value and ethics in the organisation. The Tata code of conduct and value system is being re-iterated to all employees to ensure that there is a strong culture of transparency and good governance across the enterprise as it grows.

Your Company continues to focus on other aspects that are extremely important for the development and wellbeing of all its employees. These include initiatives in the areas of wellness, personal safety and security. In the community, your Company continues to work with partners in the non-profit sector as well as schools and colleges in areas like education, affirmative action, healthcare and the environment. From Kashmir, India to Ohio, USA, your Company and its employees are engaged in community initiatives.

The leadership team of your Company remains confident that 2013-14 will bring better opportunities as technology

plays an increasing role in the re-imagination and transformation of many industries globally. As the trusted partner to many top global corporations, we believe our success will lie in being able to identify new growth engines. This will help us to sustain our momentum. However, we must continue to ensure cost discipline at an operational level while supporting diversified business growth.

At a time when technology is fast evolving and playing a bigger role to "grow the business", I believe we have the opportunity to shape the future by investing ahead of the curve in building the right skills and developing intellectual property in the right areas. Your Company is ready to anticipate and leverage the next big opportunity by identifying trends that impact business and society and shape them.

Your Company was recognised by industry, customers and the media for excellence and leadership along many dimensions including overall financial performance, human resources, sustainability and individual leadership and received over a hundred awards during the year.

Looking ahead to 2013-14, there are challenges in some markets with regard to regulatory changes. These include restrictions in the movement of highly skilled professionals between countries. Your Company remains conscious of these changes and will be taking steps to ensure total compliance and also mitigate any risks arising from such changes.

On behalf of the entire Company and its leadership team, I want to thank each shareholder for their support and commitment to the Company. It is the support of shareholders that has helped make TCS among the most valuable companies in India. I look forward to your continued support as your Company embarks on the next phase of its growth journey.

Warm regards

**N Chandrasekaran**

Chief Executive Officer and Managing Director

May 27, 2013



# Connecting with the Community



## Global Themes, Local Impact

Our programmes in the community are a reflection of the way we operate our business. Just as we create world-class solutions to help global corporations transform and grow, our core competencies and capabilities in technology and systems are leveraged to build solutions that empower and impact the community. Software to make adults literate in several languages, IT systems to help vulnerable sections of society or even an SMS-based service for Indian farmers have all sprung forward from the innovative minds of TCSers over the years.

As an organisation, we help our clients minimise uncertainties in their businesses and our intentions in the community are the same. There is a seamless continuum between what TCS does as a business and what TCS does in the community as we attempt to minimise the uncertainties of the future that can render communities and the environment vulnerable. This helps ensure that society as a whole can enable people to take the lead in improving their well-being.

Moreover, this process of empowerment is a two-way process – not only do our solutions and programmes help empower the communities but the TCSers who volunteer their time to work on these programmes and spend time in the community return with a tremendous experience of empowerment and satisfaction. As they take the lead in creating social value, our young professionals are greatly energised by their experience that produces a multiplier effect on organisational morale and spirit. It is exciting to note that TCSers spent a 100,000 hours last year volunteering for projects in the community.

As a global company, it is important that our community programmes retain a central core theme, while being extremely relevant to where the business is located. This close connection between the business and the community is part of the heritage of Tata companies. Business and society can always strengthen each other when they are connected in mutually reinforcing partnerships.



1st batch of trainees at the UDAAN initiative in Kolkata, India



2013 TCS World 10K, Bangalore, India

# Connecting with Associates

Real-time  
Responsive  
Dynamic  
Connected

## Building a High- Performing, Socially Collaborative Organisation

In today's rapidly evolving digital age, the key to sustaining a high performance organisation is to foster a culture of collaboration and co-creation among our dispersed global employee base. At TCS, we have been taking steps to build an organisation that is learning continuously and leverages its collective intelligence effectively. These form the building blocks for an open and transparent culture across employees of different generations as well as across all geographical locations and cultures. And more importantly, social collaboration is emerging as a key enabler to create a flat organisation.

The philosophy at the core of this initiative is to connect employees and enable them to tap into the collective wisdom of the organisation. At the core of this is our enterprise social networking platform that allows our employee base to tap into this collective wisdom on demand from any smart device. These social communities form hubs of knowledge sharing and learning programs for all TCSers who can ask questions, share ideas,

collaborate and share with their peers in real-time. These tools also help equip TCSers to perform at the highest level by providing information and knowledge to them in real-time, anytime, anywhere.

Building a truly digital organisation is also important for sustaining our momentum and business performance. TCS teams are often dispersed and teams working on the same project are based across multiple locations and using collaborative digital technology is imperative for success. We have also developed a suite of mobile apps to enhance employee productivity beyond the office.

With the proportion of Gen Y and Millennial employees increasing every year, there is a need for organisations to create a gamified work environment where communication, work and collaboration are woven into a single, familiar style of a social network. This helps create a culture of serendipitous discovery and promotes continuous learning in the organisation.

## Board of Directors

Cyrus Mistry (*Chairman*)

S Ramadorai (*Vice Chairman*)

N Chandrasekaran (*CEO and Managing Director*)

Aman Mehta

V Thyagarajan

Prof. Clayton M Christensen

Dr. Ron Sommer

Dr. Vijay Kelkar

Ishaat Hussain

Phiroz Vandrevala

O. P. Bhatt

## Company Secretary

Suprakash Mukhopadhyay

## Statutory Auditors

Deloitte Haskins & Sells

## IFRS Auditors

Deloitte Haskins & Sells

## Registered Office

9<sup>th</sup> Floor, Nirmal Building

Nariman Point, Mumbai 400 021

Tel : 91 22 6778 9595

Fax : 91 22 6778 9660

Website : [www.tcs.com](http://www.tcs.com)

## Corporate Office

TCS House

Raveline Street, Fort

Mumbai 400 001

Tel : 91 22 6778 9999

Fax : 91 22 6778 9000

E-mail: [investor.relations@tcs.com](mailto:investor.relations@tcs.com)

## Registrars & Transfer Agents

TSR DARASHAW Private Limited

6-10, Haji Moosa Patrawala Industrial Estate

20, Dr. E. Moses Road, Mahalaxmi

Mumbai 400 011

Tel : 91 22 6656 8484

Fax : 91 22 6656 8494

E-mail: [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)

Website: [www.tsrdarashaw.com](http://www.tsrdarashaw.com)

## Management Team

Function	Name
<b>Corporate</b>	
CEO	N Chandrasekaran
CFO	Rajesh Gopinathan
Global Human Resources	Ajoyendra Mukherjee
<b>Geography Heads</b>	
North America, UK and Europe	Surya Kant
Latin America	Henry Manzano
India, APAC, Middle-East & Africa	Ravi Viswanathan
	Ujjwal Mathur
	Vish Iyer
	Qi Qi Dong
	Masahiko Kaji
	Varun Kapur
<b>Functions</b>	
Marketing	John Lenzen
Corporate Communication	Pradipta Bagchi
R&D	K Ananth Krishnan
Human Resources	Ritu Anand
	Ashok Mukherjee
	K Ganesan
	Thomas Simon
	S Narasimhan
Delivery Governance	Aarthi Subramanian
Legal	Satya Hegde
Finance	B Sanyal
	Pauroos Karkaria
	V Ramakrishnan
	Dharmesh Gandhi
	G S Lakshminarayanan
Company Secretary & Treasury	Suprakash Mukhopadhyay
Chief Compliance Officer	Ravindra J Shah
Security	R K Raghavan

## Management Team

Function	Name
<b>Industry Service Units</b>	
Banking & Financial Services	K Krithivasan Ramanamurthy Magapu Susheel Vasudevan
Insurance and Healthcare	Suresh Muthuswami Syama Sundar
Life Sciences, Energy Resources and Manufacturing	Debashis Ghosh Jayanta Banerjee Milind Lakkad
Telecom, Media, Hi-Tech and Utilities	AS Lakshminarayanan N. Sivasamban Kamal Bhadada V. Rajanna Nagaraj Ijari Sudheer Warriar
Retail & CPG and Travel & Hospitality	Pratik Pal S Sukanya
Government	Tanmoy Chakrabarty
<b>Strategic Growth Units</b>	
TCS Financial Services, iON, Small and Medium Business and Platform BPO	N G Subramaniam Vijaya Deepti Venguswamy Ramaswamy Raj Agrawal
<b>Service Units</b>	
Global Consulting Practice	J Rajagopal
Engineering & Industrial Services	Regu Ayyaswamy
Infrastructure Services	P R Krishnan
BPO	Abid Ali Neemuchwala
Global Delivery Network	Gabriel Rozman
Assurance Services	Siva Ganesan
Enterprise Solutions	Krishnan Ramanujam
Alliances	Raman Venkatraman
Internal IT	Alok Kumar
Digital Solutions	Satya Ramaswamy

## Notice

Notice is hereby given that the eighteenth Annual General Meeting of Tata Consultancy Services Limited will be held on Friday, June 28, 2013 at 3.30 p.m. at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020 to transact the following business:

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2013 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To confirm the payment of Interim Dividends on Equity Shares for the financial year 2012-13 and to declare a Final Dividend on Equity Shares for the financial year 2012-13.
3. To declare Dividend on Redeemable Preference Shares for the financial year 2012-13.
4. To appoint a Director in place of Dr. Vijay Kelkar, who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Ishaat Hussain, who retires by rotation, and being eligible offers himself for re-appointment.
6. To appoint a Director in place of Mr. Aman Mehta, who retires by rotation, and being eligible offers himself for re-appointment.
7. To appoint Auditors and fix their remuneration.
8. **Revision in terms of remuneration of Mr. N. Chandrasekaran, Chief Executive Officer and Managing Director**

To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

“RESOLVED that in modification of Resolution No. 9 passed at the Annual General Meeting of the Company held on July 1, 2011 for revision in terms of remuneration of Mr. N. Chandrasekaran, Chief Executive Officer and Managing Director of the Company and pursuant to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (“Act”), as amended or re-enacted from time to time, read with Schedule XIII of the Act, the Company hereby approves of the revision in the terms of remuneration of Mr. N. Chandrasekaran, Chief Executive Officer and Managing Director of the Company by way of an increase in the maximum amount of his salary (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment), with authority to the Board of Directors or a Committee thereof to fix his salary within such maximum amount, increasing thereby, proportionately, all benefits related to the quantum of salary with effect from April 1, 2014, for the remainder of the tenure of his appointment i.e. up to October 5, 2014, as set out in the explanatory statement annexed to the Notice convening this Annual General Meeting.”

“RESOLVED FURTHER that the Board or a Committee thereof be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

**9. Re-appointment of Mr. S. Mahalingam as Chief Financial Officer and Executive Director of the Company until his retirement**

To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (“Act”), as amended or re-enacted from time to time, read with Schedule XIII to the Act, the Company hereby approves of the re-appointment and terms of remuneration of Mr. S. Mahalingam as the Chief Financial Officer and Executive Director of the Company for the period September 6, 2012 up to February 9, 2013 upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting.”

**10. Appointment of Branch Auditors**

To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956 (“Act”), as amended or re-enacted from time to time, the Board be and is hereby authorised to appoint as Branch Auditors of any branch office of the Company, whether existing or which may be opened/ acquired hereafter, in India or abroad, in consultation with the Company’s Auditors, any person(s) qualified to act as Branch Auditor within the provisions of Section 228 of the Act and to fix their remuneration.”

**Notes:**

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 (“Act”) in respect of the business under Item Nos. 8 to 10 above, is annexed hereto. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors under Item Nos. 4 to 6 of the Notice, are also annexed.
2. **A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company.** Proxies, in order to be effective, must be received at the Company’s Registered Office not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.
3. The Register of Members and Transfer Books of the Company will be closed from Saturday, June 8, 2013 to Friday, June 14, 2013, both days inclusive.
4. If the Final Dividend as recommended by the Board of Directors is approved at the Annual General Meeting, payment of such dividend will be made on Friday, July 5, 2013 as under:
  - a. To all Beneficial Owners in respect of shares held in dematerialised form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (India) Limited as of the close of business hours on June 7, 2013;
  - b. To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on June 7, 2013.

In respect of Redeemable Preference Shares (RPS), dividend will be paid to the holder(s) of RPS on the Company’s Register of Members as on June 14, 2013.



5. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, TSR DARASHAW Private Limited (TSRDPL) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to TSRDPL.
6. Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company or TSRDPL, for assistance in this regard.
7. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or TSRDPL, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the Meeting.
10. Transfer of Unclaimed/Unpaid amounts to the Investor Education and Protection Fund (IEPF):

Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Act, all unclaimed/unpaid dividend, application money, debenture interest and interest on deposits as well as the principal amount of debentures and deposits, as applicable, remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, in relation to the Company and erstwhile Tata Infotech Limited (TIL), which has merged with the Company, have been transferred to the IEPF established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred nor shall any payment be made in respect of such claim.

Members may please note that all unclaimed/unpaid amounts pertaining to TIL have been transferred to IEPF.

Members who have not yet encashed their dividend warrant(s) pertaining to the Final Dividend for the financial year 2005-06 and onwards are requested to make their claims without any delay to TSRDPL. It may be noted that the unclaimed Final Dividend for the financial year 2005-06 declared on June 29, 2006 can be claimed by the shareholders by June 28, 2013. Members' attention is particularly drawn to the "Corporate Governance" section of the Annual Report in respect of unclaimed dividend.

By Order of the Board of Directors

**SUPRAKASH MUKHOPADHYAY**  
*Vice President and Company Secretary*

Mumbai, May 27, 2013

**Registered Office:**  
9<sup>th</sup> Floor, Nirmal Building  
Nariman Point  
Mumbai 400 021

## Explanatory Statement

[Pursuant to Section 173(2) of the Companies Act, 1956]

As required by Section 173 of the Companies Act, 1956 ("Act") the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 8 to 10 of the accompanying Notice:

### Item No. 8:

At the Annual General Meeting of the Company held on July 1, 2011, the Members had approved the revision in terms of remuneration of Mr. N. Chandrasekaran, Chief Executive Officer and Managing Director, with the maximum amount of salary of ₹ 10,00,000 p.m. Taking into consideration the increased business activities of the Company and the responsibilities cast on Mr. N. Chandrasekaran, the Board has revised the maximum limit of salary of Mr. N. Chandrasekaran from ₹ 10,00,000 p.m. to ₹ 15,00,000 p.m., with effect from April 1, 2014, for the remainder of the tenure of his appointment i.e. up to October 5, 2014, with proportionate increase in the benefits related to his salary. The Board of Directors or a Committee thereof would fix the salary of Mr. N. Chandrasekaran within the above maximum amount.

The aggregate of the remuneration as aforesaid shall be within the maximum limits as laid down under Sections 198, 309, 310 and all other applicable provisions, if any, of the Act, read with Schedule XIII of the Act as amended from time to time.

All other terms and conditions relating to the appointment of Mr. N. Chandrasekaran as approved by the Members of the Company will remain unchanged.

In compliance with the provisions of Sections 198, 309, 310 and all other applicable provisions, if any, of the Act, read with Schedule XIII of the Act, the revised terms of remuneration of Mr. N. Chandrasekaran as specified above are now being placed before the Members for their approval.

Mr. N. Chandrasekaran is concerned or interested in Item No. 8 of the accompanying Notice.

This may be treated as an abstract of the draft agreement between the Company and Mr. N. Chandrasekaran for revision in his remuneration pursuant to Section 302 of the Act.

The Board commends the Resolution at Item No. 8 for approval by the Members.

### Item No.9:

The Board had re-appointed Mr. S. Mahalingam as Chief Financial Officer and Executive Director ("CFO & ED") with effect from September 6, 2012 up to February 9, 2013. He retired with effect from February 10, 2013 in accordance with the retirement age policy for Directors. Mr. S. Mahalingam has a Bachelor's degree in Commerce (Honours) and is a qualified Chartered Accountant. He joined the Company on November 9, 1970 and has over 40 years of experience in the software industry. The main terms and conditions of his re-appointment are as follows:

**A. Term:** September 6, 2012 to February 9, 2013

**B. Nature of Duties:**

The CFO & ED shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Managing Director and/or the Board from time to time and exercise such powers as may be assigned to him, subject to the superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its associated companies and/or subsidiaries, including performing duties as assigned by the Managing Director and/or the Board from time to time, by serving on the Boards of such associated companies and/or subsidiaries or any other executive body or any committee of such a company.

**C. Remuneration:**

- i. Remuneration – (a) Basic Salary up to a maximum of ₹ 5,00,000 per month, with authority to the Board or a Committee thereof to fix the salary within the said maximum amount; (b) commission based on performance criteria to be laid down by the Board; (c) benefits, perquisites and allowances as may be determined by the Board from time to time.
- ii. Minimum Remuneration – Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the CFO & ED, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of basic salary, benefits, perquisites and allowances, as specified above.

**D. Other terms of Appointment:**

- i. The CFO & ED shall not become interested or otherwise concerned, directly or through his spouse and/or children, in any selling agency of the Company.
- ii. The terms and conditions of the appointment of the CFO & ED may be altered and varied from time to time by the Board as it may, in its discretion deem fit, irrespective of the limits stipulated under Schedule XIII of the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and the CFO & ED, subject to such approvals as may be required.
- iii. The appointment may be terminated by either party by giving to the other party one month's notice of such termination or the Company paying one month's remuneration in lieu thereof.
- iv. The employment of the CFO & ED may be terminated by the Company without notice or payment in lieu of notice:
  - a. if the CFO & ED is found guilty of any gross negligence, default or misconduct in connection with or affecting the business of the Company or any subsidiary or associated company to which he is required by the Agreement to render services; or
  - b. in the event of any serious, repeated or continuing breach (after prior warning) or non-observance by the CFO & ED of any of the stipulations contained in the Agreement to be executed between the Company and the CFO & ED ( the "Agreement"); or
  - c. in the event the Board expresses its loss of confidence in the CFO & ED.
- v. In the event the CFO & ED is not in a position to discharge his official duties due to any physical or mental incapacity, the Board shall be entitled to terminate his contract on such terms as the Board may consider appropriate in the circumstances.
- vi. Upon the termination by whatever means of the CFO & ED's employment:
  - a. the CFO & ED shall immediately tender his resignation from offices held by him in any subsidiaries and associated companies and other entities without claim for compensation for loss of office;
  - b. the CFO & ED shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of the subsidiaries or associated companies.
- vii. The CFO & ED is appointed by virtue of his employment in the Company and his appointment shall be subject to the provisions of Section 283(1) (I) of the Act.
- viii. If and when the Agreement expires or is terminated for any reason whatsoever, Mr. S. Mahalingam will cease to be the Executive Director and also cease to be a Director of the Company. If at any time, Mr. S. Mahalingam ceases to be a Director of the Company for any reason whatsoever, he shall cease to be the Executive Director, and the Agreement shall forthwith terminate. If at any time, Mr. S. Mahalingam ceases to be in the employment of the Company for any reason whatsoever, he shall cease to be a Director and CFO & ED of the Company.

- ix. The terms and conditions of appointment of the CFO & ED also include clauses pertaining to adherence with the Tata Code of Conduct, no conflict of interest with the Company and maintenance of confidentiality.

An abstract of the terms of re-appointment of Mr. S. Mahalingam as CFO & ED pursuant to Section 302 of the Act was sent to the Members in September 2012.

In compliance with the provisions of Sections 198, 269 and 309 read with Schedule XIII of the Act, the terms of re-appointment and remuneration of Mr. S. Mahalingam as CFO & ED of the Company during the period September 6, 2012 to February 9, 2013, are now placed before the Members in the Annual General Meeting for their approval.

The Directors are of the view that the re-appointment of Mr. S. Mahalingam as CFO & ED was in the interest of the Company and the remuneration payable to him is commensurate with his abilities and experience.

The Board commends the Resolution at Item No. 9 for approval by the Members.

None of the Directors is concerned or interested in the Resolution at Item No. 9 of the accompanying Notice.

**Item No. 10:**

The Company has branches in India and abroad and may also open/acquire new branches in India and abroad in future. It may be necessary to appoint branch auditors for carrying out the audit of the accounts of such branches. The Members are requested to authorise the Board of Directors of the Company to appoint branch auditors in consultation with the Company's Auditors and fix their remuneration.

The Board commends the Resolution at Item No.10 for approval by the Members.

None of the Directors is concerned or interested in the Resolution at Item No. 10 of the accompanying Notice.

By Order of the Board of Directors

**SUPRAKASH MUKHOPADHYAY**  
*Vice President and Company Secretary*

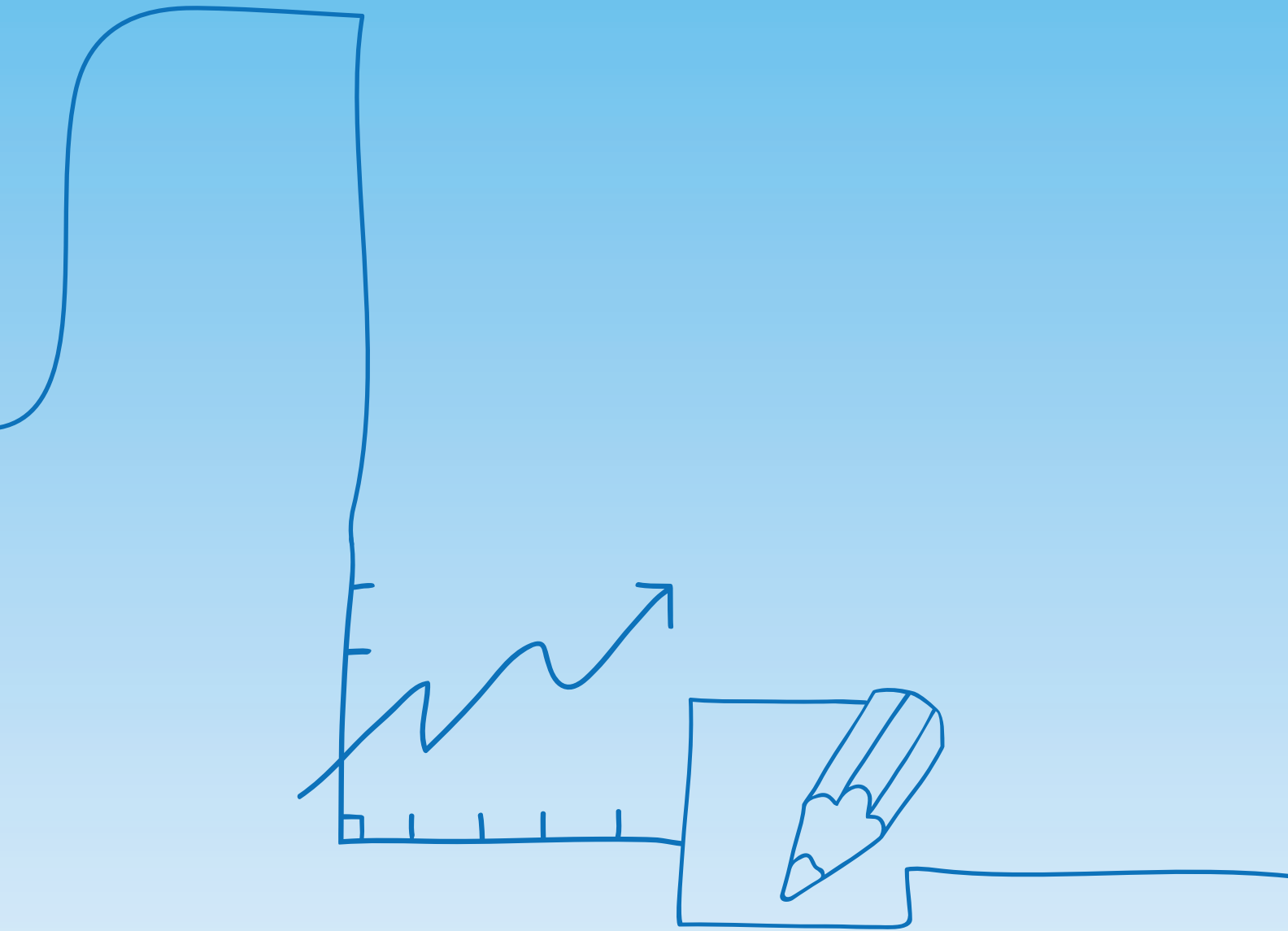
Mumbai, May 27, 2013

**Registered Office:**  
9<sup>th</sup> Floor, Nirmal Building  
Nariman Point  
Mumbai 400 021

**Details of Directors Seeking Appointment/Re-appointment at the Annual General Meeting**

Particulars	Dr. Vijay Kelkar	Mr. Ishaat Hussain	Mr. Aman Mehta
Date of Birth	May 15, 1942	September 2, 1947	September 1, 1946
Date of Appointment	January 5, 2010	January 5, 2010	May 5, 2004
Qualifications	B.S. from University of Pune, M. S. from University of Minnesota, U.S.A, PhD in Development Economics from the University of California at Berkeley	Bachelor's degree in Economics from Delhi University, Chartered Accountant from England and Wales, completed the Advanced Management Program conducted by Harvard University	Bachelor's degree in Economics from Delhi University
Expertise in specific functional areas	Retired senior bureaucrat in the Government of India	Wide experience in Finance	Wide experience in Banking and Finance
Directorships held in other public companies (excluding foreign companies and section 25 companies)	<ul style="list-style-type: none"> <li>Lupin Limited</li> <li>JSW Steel Limited</li> <li>Green Infra Limited</li> <li>JM Financial Limited</li> <li>Britannia Industries Limited</li> <li>Go Airlines (India) Limited</li> <li>Tata Chemicals Limited</li> </ul>	<ul style="list-style-type: none"> <li>Tata Sons Limited</li> <li>Tata Steel Limited</li> <li>Titan Industries Limited</li> <li>Voltas Limited</li> <li>Tata Teleservices Limited</li> <li>Tata Industries Limited</li> <li>Tata AIG General Insurance Company Limited</li> <li>Tata AIA Life Insurance Company Limited</li> <li>Tata Sky Limited</li> <li>Tata Capital Limited</li> <li>The Bombay Dyeing and Manufacturing Company Limited</li> <li>Viom Networks Limited</li> <li>Go Airlines (India) Limited</li> <li>Tata Capital Financial Services Limited</li> </ul>	<ul style="list-style-type: none"> <li>Wockhardt Limited</li> <li>Jet Airways Limited</li> <li>Godrej Consumer Products Limited</li> <li>Cairn India Limited</li> <li>Max India Limited</li> </ul>
Memberships/ Chairmanships of committees of other public companies (includes only Audit Committee and Shareholders/Investors Grievance Committee)	<b>Audit Committee</b> <ul style="list-style-type: none"> <li>JM Financial Limited</li> </ul> <b>Shareholders/Investors Grievance Committee</b> <ul style="list-style-type: none"> <li>Lupin Limited*</li> <li>JM Financial Limited</li> </ul>	<b>Audit Committee</b> <ul style="list-style-type: none"> <li>Tata Steel Limited</li> <li>Tata Industries Limited*</li> <li>Titan Industries Limited</li> <li>Tata AIG General Insurance Company Limited</li> <li>Tata Teleservices Limited*</li> <li>Tata AIA Life Insurance Company Limited</li> <li>Tata Sky Limited</li> <li>Go Airlines (India) Limited*</li> </ul> <b>Shareholders/Investors Grievance Committee</b> <ul style="list-style-type: none"> <li>Tata Steel Limited*</li> </ul>	<b>Audit Committee</b> <ul style="list-style-type: none"> <li>Wockhardt Limited</li> <li>Jet Airways Limited*</li> <li>Godrej Consumer Products Limited</li> <li>Cairn India Limited*</li> </ul> <b>Shareholders/Investors Grievance Committee</b> <ul style="list-style-type: none"> <li>Wockhardt Limited</li> </ul>
Number of shares held in the Company	Nil	1,740	Nil

\*Chairman of the Committee



## Directors' Report

## Directors' Report

To the Members,

The Directors submit the Annual Report of the Company along with the audited financial statements for the financial year ended March 31, 2013.

### 1. Financial results

(₹ crores)

	Unconsolidated		Consolidated	
	2012-2013	2011-2012	2012-2013	2011-2012
Revenue from operations	48,426.14	38,104.23	62,989.48	48,893.83
Operating expenditure	34,119.87	26,718.51	44,949.57	34,458.52
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>14,306.27</b>	11,385.72	<b>18,039.91</b>	14,435.31
Other income (net)	2,230.39	2,685.18	1,178.23	428.17
Finance costs	30.62	16.40	48.49	22.23
Depreciation and amortisation expense	802.86	688.17	1,079.92	917.94
<b>Profit before tax (PBT)</b>	<b>15,703.18</b>	13,366.33	<b>18,089.73</b>	13,923.31
Tax expense	2,916.84	2,390.35	4,014.04	3,399.86
Profit for the year before minority interest	12,786.34	10,975.98	14,075.69	10,523.45
Minority interest	-	-	158.38	109.96
<b>Profit for the year (PAT)</b>	<b>12,786.34</b>	10,975.98	<b>13,917.31</b>	10,413.49
Adjustment for amalgamation of Retail FullServe Limited and Computational Research Laboratories Limited	(103.00)	-	(126.22)	-
Balance brought forward from previous year	18,235.20	14,069.20	22,160.54	18,635.05
<b>Amount available for appropriation</b>	<b>30,918.54</b>	25,045.18	<b>35,951.63</b>	29,048.54
<b>Appropriations</b>				
Interim dividends on equity shares	1,761.49	1,761.49	1,761.49	1,761.49
Proposed final dividend on equity shares	2,544.39	1,565.77	2,544.39	1,565.77
Special dividend on equity shares	-	1,565.78	-	1,565.78
Proposed dividend on redeemable preference shares	19.00	22.00	19.00	22.00
Tax on dividends on equity & preference shares (interim and proposed)	712.18	797.34	727.34	806.86
General reserve	1,278.63	1,097.60	1,352.79	1,166.10
Statutory reserve	-	-	16.65	-
<b>Balance carried to balance sheet</b>	<b>24,602.85</b>	18,235.20	<b>29,529.97</b>	22,160.54
(₹ 1 crore = ₹ 10 million)				

### 2. Dividend

Based on the Company's performance, the Directors are pleased to recommend for approval of the members a final dividend of ₹ 13 per share for the financial year 2012-13 taking the total dividend to ₹ 22 per share (previous year ₹ 17 per share excluding special dividend of ₹ 8 per share) on the capital of 195,72,20,996 equity shares of ₹ 1 each. The final dividend on the equity shares, if approved by the members would involve a cash outflow of ₹ 2,976.81 crores including dividend tax. The total cash outflow on account of dividend (interim as well as proposed) including dividend tax for the financial year 2012-13 would aggregate ₹ 5,014.83 crores resulting in a payout of 39.29% of the unconsolidated profits of the Company.



The redeemable preference shares allotted on March 28, 2008 are entitled to a fixed cumulative dividend of 1% per annum and a variable non-cumulative dividend of 1% of the difference between the rate of dividend declared during the year on the equity shares of the Company and the average rate of dividend declared on the equity shares of the Company for the three years preceding the year of issue of the said redeemable preference shares. Accordingly, the Directors have recommended, for approval of the members, a dividend of nineteen paise (₹ 0.19) per share on 100,00,00,000 redeemable preference shares of ₹ 1 each for the financial year 2012-13.

### 3. Transfer to reserves

The Company proposes to transfer ₹ 1,278.63 crores to the general reserve out of the amount available for appropriation and an amount of ₹ 24,602.85 crores is proposed to be retained in the statement of profit and loss.

### 4. Company's performance

During the financial year 2012-13, the global economic environment was on a slow growth path. There were signs of faster growth in certain geographies, primarily in the emerging markets. The prevailing uncertainties were challenging, which called for much higher level of efficiency and preparedness for participants in the market.

In the financial year 2012-13, on consolidated basis, the Company has achieved well-rounded growth with steady profitability. The Company had excellent growth across markets - United Kingdom (44%), Latin America (40%), North America (27%), Europe (21%), Asia Pacific (27%), Middle East Africa (28%) and India (16%). All the industry segments have registered double digit growth.

For the first time, the Company crossed USD 3 billion revenue in a quarter during Q4 of the financial year 2012-13.

On consolidated basis, revenue from operations for the financial year 2012-13 at ₹ 62,989.48 crores was higher by 28.8% over last year (₹ 48,893.83 crores in 2011-12). Earnings before interest, tax, depreciation and amortisation (EBITDA) at ₹ 18,039.91 crores was higher by 25.0% over last year (₹ 14,435.31 crores in 2011-12). Profit after tax (PAT) for the year at ₹ 13,917.31 crores was higher by 33.7% over last year (₹ 10,413.49 crores in 2011-12).

On unconsolidated basis, revenue from operations for the financial year 2012-13 at ₹ 48,426.14 crores was higher by 27.1% over last year (₹ 38,104.23 crores in 2011-12). Earnings before interest, tax, depreciation and amortisation (EBITDA) at ₹ 14,306.27 crores was higher by 25.7% over last year (₹ 11,385.72 crores in 2011-12). Profit after tax (PAT) for the year at ₹ 12,786.34 crores was higher by 16.5% over last year (₹ 10,975.98 crores in 2011-12).

### 5. Strategic acquisition

The Company has made acquisitions over the past few years either directly or through its subsidiaries. During the year 2012-13, the Company acquired Computational Research Laboratories Limited (CRL). CRL was a wholly owned subsidiary of Tata Sons Limited. The acquisition of CRL, a pioneering start-up company in the area of high performance computing solutions in India, enabled the Company to extend its suite of solutions and offer integrated high performance computing applications and Cloud services to its large base of customers.

### 6. Status of restructuring of unlisted subsidiary companies

#### i. Retail FullServe Limited (RFL) and Computational Research Laboratories Limited (CRL):

RFL and CRL, both wholly owned subsidiaries engaged in similar business as that of the Company, have amalgamated with the Company with effect from the Appointed Date, i.e., April 1, 2012 and October 1, 2012 respectively, in terms of the scheme of amalgamation sanctioned by the High Court of Judicature at Bombay by its Order dated March 22, 2013. The amalgamation would lead to efficient utilisation of resources and enhanced growth of the consolidated entity.

#### ii. TCS e-Serve Limited (e-Serve) and TCS e-Serve International Limited (TEIL):

On October 19, 2012, the Board of Directors of the Company, e-Serve and TEIL have approved a composite scheme of arrangement ("Scheme") between the Company, e-Serve, TEIL and their respective shareholders under Sections 391 to 394 of the Companies Act, 1956 ("Act"), proposing amalgamation of e-Serve with the Company and demerger of SEZ undertaking of TEIL into the Company.

e-Serve and TEIL are engaged in the business of providing information technology enabled services (ITES) and business process outsourcing services (BPO) for its customers primarily in the banking, financial services and insurance domain. e-Serve's operations include delivering core business process services, analytics/ insights and support services for both data and voice processes. The Scheme will lead to operational synergy.

In the year 2008-09, the Company had acquired Citigroup Inc.'s (Citi) 96.26% interest in e-Serve (then known as Citigroup Global Services Limited), the India-based captive BPO of Citi. TEIL is a wholly owned subsidiary of e-Serve.

The Appointed Date proposed for the Scheme is April 1, 2013. Pursuant to an Order of the High Court of Judicature at Bombay, a meeting of the equity shareholders of the Company has been scheduled on Friday, May 31, 2013, for the purpose of seeking approval of the shareholders.

## **7. Human resource development**

TCS draws its strength from a highly engaged and motivated workforce, whose collective passion and commitment has helped the organisation scale new heights. The Company has a diverse workforce of 2,76,196 employees representing 118 nationalities.

Human Resource policies and processes have evolved to stay relevant to the changing demographics, enhance organisational agility and remain compliant with the changing regulatory requirements.

In financial year 2012-13, the Company remained the highest recruiter in the industry, with a gross addition of 69,728 and net addition of 37,613 employees across the globe. Campus placement drive was conducted in 371 engineering institutes in India resulting in 24,531 job offers to students to join in the financial year 2013-14. All the students who were given job offer last year were inducted into the organisation during financial year 2012-13. Trainees were recruited from established institutes across the globe.

The Company continued its effort to strengthen relationship with key institutes globally through its academic interface programme which benefited 616 institutes in India and 288 institutes in other countries.

Individual and organisational capability building remained one of the strategic focus areas. A total of 12,789 person years of effort were invested in enhancing the proficiency levels of the employees and in developing a steady stream of business leaders ready to take on the challenges as per growing requirements of the organisation.

The workforce management strategy was executed optimally to deliver a sustained utilisation rate throughout the year helping business grow while maintaining employee costs at the desired level.

The robust and mature talent management and talent engagement processes of the Company helped create an environment where performance is rewarded, opportunities are provided for career growth and people are encouraged to realise their potential. Focused initiatives towards health and safety and other non-work related employee engagement programmes helped develop the personality and confidence level of the employees enhancing their motivation and engagement with the organisation. The relentless drive to create "One TCS Culture" across the organisation helped the Company integrate its diverse global talent base into a cohesive high performing unit. These initiatives have delivered the desired results as is evident from the low attrition rate of 10.6% achieved during this year, a benchmark in the industry.

## **8. Quality initiatives**

Sustained commitment to highest levels of quality, best-in-class service management and robust information security practices helped the Company attain a number of milestones during the year.

The Company continues to maintain the enterprise-wide highest maturity Level 5 for CMMI-DEV® (Development) and CMMI-SVC® (Services) models.

The Company achieved annual enterprise-wide ISO certification for ISO 20000:2011 (Service Management), ISO 9001:2008 (Quality Management) and ISO 27001:2005 (Security Management).

The Company is enterprise-wide certified for ISO 14001:2004 (Environmental Management) and BS OHSAS 18001:2007 (Occupational Health and Safety Management) which demonstrates TCS' strong commitment to the environment and the occupational health & safety of its employees and business partners. The Company also continues to maintain the industry specific quality certifications viz., AS 9100 (Aerospace Industry), ISO 13485 (Medical Devices) and TL 9000 (Telecom Industry).

The cornerstone of these certifications is TCS' integrated quality management system (iQMS™), a global process-driven and customer-focused system which provides 'One Global Service Standard' and is the backbone supporting the TCS' global network delivery model (GNDM™).

The Company was recognised as India's most admired knowledge enterprise (MAKE) winner (1st place) this year and has received the prestigious MAKE award for the 8th time in India as well as Asia. The Company also received the global individual operating unit (IOU) MAKE award for the 3rd time in a row. TCS won the QuEST forum India quality award 2012 for being the first telecom software company in the world to implement the advanced surveillance and recertification procedure (ASRP) methodology for TL 9000.

## 9. Awards/Recognitions

During the year, the Company received various awards and recognitions, some of which are given below:

### India

- Awarded “Company of the Year” by Business Standard
- Ranked as India’s Most Valuable Company in BT 500 from Business Today
- Ranked No. 1 in India by Institutional Investor’s 2012 All-Asia Executive Team rankings
- Selected as Best Managed Board in India by Aon Hewitt – Mint Study 2012
- ICAI Gold Shield for Excellence in Financial Reporting (2011-12), third time in succession

### Global

- Rated as one of the world’s greenest companies by Newsweek Magazine
- Listed in Forbes Asia’s Fab 50
- Awarded ‘Best Performing Consultancy Brand’ in Europe
- Recognized as leading IT Services and Outsourcing Firm in China
- Top honours at the Asian CIO Leadership Awards in Dubai
- Top Software Company at QuEST Forum India Quality Award 2012
- Three recognitions in UK’s Business in the Community’s (BITC) Awards for Excellence 2012
- Caring Company Award 2012 for CSR activities in Hong Kong

## 10. Corporate Governance Report, Management Discussion and Analysis Report and Business Responsibility Report

As per Clause 49 of the Listing Agreements entered into with the Stock Exchanges, Corporate Governance Report with auditors’ certificate thereon and a Management Discussion and Analysis Report are attached and form part of this report.

As per Clause 55 of the Listing Agreements entered into with the Stock Exchanges, a Business Responsibility Report (BRR) is attached and forms part of the annual report. A number of CSR activities were taken up through various programmes under the theme “Impact through Empowerment”, touching 21,68,815 beneficiaries globally. The BRR provides details of these programmes.

## 11. Directors’ responsibility statement

Pursuant to the requirement of Section 217(2AA) of the Act, and based on the representations received from the operating management, the Directors hereby confirm that:

- in the preparation of the annual accounts for the financial year 2012-13, the applicable accounting standards have been followed and there are no material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year;
- they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis.

## 12. Subsidiary companies and consolidated financial statements

The Company had 58 subsidiaries as on March 31, 2013. There has been no material change in the nature of the business of the subsidiaries.

As required under the Listing Agreements entered into with the Stock Exchanges, a consolidated financial statement of the Company and all its subsidiaries is attached. The consolidated financial statement has been prepared in accordance with the relevant accounting standards as prescribed under Section 211(3C) of the Act. The consolidated financial statement discloses the assets, liabilities, income, expenses and other details of the Company and its subsidiaries.

Pursuant to the provision of Section 212(8) of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the balance sheet, statement of profit and loss and other documents of the subsidiary companies with the balance sheet of the Company. A statement containing brief financial details of the Company’s subsidiaries for the financial year ended March 31, 2013 is

included in the annual report. The annual accounts of these subsidiaries and the related information will be made available to any member of the Company/its subsidiaries seeking such information and are available for inspection by any member of the Company/its subsidiaries at the registered office of the Company. The annual accounts of the said subsidiaries will also be available for inspection, at the head offices/registered offices of the respective subsidiary companies.

**13. Fixed deposits**

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

**14. Directors**

Mr. R. N. Tata retired as the Director and Chairman of the Board with effect from December 28, 2012 in accordance with the retirement age policy for Directors. The Directors place on record their appreciation of the invaluable contribution and guidance provided by Mr. R. N. Tata.

Mr. Cyrus Mistry has taken over as the Chairman of the Board from Mr. R. N. Tata with effect from December 28, 2012. Mr. Cyrus Mistry was appointed as Deputy Chairman on November 8, 2012.

Mr. S. Mahalingam, who was the Chief Financial Officer and Executive Director retired on February 9, 2013 in accordance with the retirement age policy for Directors. The Directors place on record their appreciation of the invaluable contribution made by him.

Dr. Vijay Kelkar, Mr. Ishaat Hussain and Mr. Aman Mehta, Directors, retire by rotation and being eligible have offered themselves for re-appointment.

**15. Chief Financial Officer**

Post retirement of Mr. S. Mahalingam as the Chief Financial Officer and Executive Director of the Company, Mr. Rajesh Gopinathan has been appointed as the Chief Financial Officer of the Company with effect from February 10, 2013. Mr. Rajesh Gopinathan has 17 years of experience and has been with TCS since 2001. He has held several key positions in finance, strategy and sales during his career with the Company and has worked in multiple geographies. He is an MBA from Indian Institute of Management, Ahmedabad and an engineer from Regional Engineering College, Trichy.

**16. Auditors**

M/s. Deloitte Haskins & Sells, Chartered Accountants, who are the statutory auditors of the Company, hold office, in accordance with the provisions of the Act till the conclusion of the forthcoming annual general meeting and are eligible for re-appointment.

**17. Particulars of employees**

The information required under Section 217(2A) of the Act and the Rules made thereunder, in respect of employees of the Company, is provided in annexure forming part of this report. In terms of Section 219(1)(b)(iv) of the Act, the report and accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining copy of the same may write to the Company Secretary.

**18. Conservation of energy, technology absorption, foreign exchange earnings and outgo**

The particulars as prescribed under Section 217(1)(e) of the Act, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in an annexure to this report.

**19. Acknowledgement**

The Directors thank the Company's employees, customers, vendors, investors and academic institutions for their support.

The Directors also thank the Government of various countries, Government of India, State Governments in India and concerned Government Departments/Agencies for their co-operation.

The Directors appreciate and value the contributions made by every member of the TCS family globally.

On behalf of the Board of Directors,

Mumbai  
May 27, 2013

**Cyrus Mistry**  
Chairman

## Annexure to the Directors' Report

Particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

### CONSERVATION OF ENERGY

TCS has enterprise wide certification under ISO 14001:2004 (Environmental Management) for 77 offices globally. The Company has processes to measure, monitor and improve environmental performance through various means and initiatives focusing on energy, carbon, water and waste. In order to reduce the electricity consumption and the resultant carbon footprint, all new TCS campuses are designed on par with LEED Gold criteria for green buildings for improved efficiency. This, combined with 'Green IT', operational energy efficiency at all the offices and procurement of renewable energy at some locations, on-site use of renewable energy like solar water heaters, solar photovoltaic electricity generation have helped the Company achieve significant reductions in the carbon footprint. Water efficiency and conservation initiatives, rainwater harvesting systems, domestic sewage treatment and recycling facilities, as a part of all the new campus designs, help the Company work towards the target of zero water discharge campuses. Data on improvement in consumption of energy have been provided in the Business Responsibility Report.

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company continues to use the latest technologies for improving the productivity and quality of its services and products.

#### RESEARCH & DEVELOPMENT (R&D)

##### Specific areas in which R&D was carried out by the Company

The Company conducts R&D initiatives with the aim of promoting invention as well as innovation. TCS R&D has three research area councils viz., Software, Systems and Application. Researchers in each area are exploring new technology ideas relevant to TCS customers.

R&D investment in TCS continues to be along three segments and time horizons:

- **Derivative innovation:** Improving the current offerings to the customers.
- **Platform innovation:** Preparing the customers for the near term future.
- **Disruptive innovation:** Enabling radical changes to the customers' work methods and business models.

TCS tools continued to improve quality and efficiency of service delivery. These tools form part of TCS' derivative innovations. This suite of products automate IT service processes such as application design and development, software assurance, application support and maintenance, performance testing and monitoring, test data management, enterprise data management.

As for platform innovations, the Company has progressed with the 'Enterprise Information Fusion' platform and has been working on subjects such as currency risk models, robotic surveillance, domain knowledge repositories, machine learning applications, crowd sourcing platforms and building energy management systems.

Several pilot projects are being run using the 'Intelligent Infrastructure System', capable of creating radical changes in infrastructure management. The Company is also working on genomics and disease markers, nanofluids, data discovery and human systems.

TCS Co-Innovation Network (COIN™) continues to connect cutting edge research and technology research with customers. There are currently 10 academic alliances and 22 emerging technology partners. The Company's research scholar programme now sponsors 111 PhD researchers from 31 institutions across the length and breadth of the country.

TCS researchers worked on 450 papers that were presented at national and international conferences and in top tier journals.

In the financial year 2012-13, the Company filed 425 patents and 9 patents were granted. On a cumulative basis, out of 1,280 patents filed, 81 have been granted.

#### Benefits derived

Intellectual assets created by R&D teams were deployed internally and for customer projects creating substantial savings. The Company held 77 innovation events including 'innovation days' with customers and 'innovation forums' (a congregation of COIN™ partners, academic researchers and key customers).

During the financial year 2012-13, TCS Innovations won 10 awards including the Medici Innovation Hall of Fame, Thomson Reuters India Innovation Awards 2012 and the Asian CIO Leadership Awards 2012. Many senior researchers from TCS won awards and accolades. Several media news items and interviews with research leaders focused on TCS research. A website for research was launched at [www.tcs.com/research](http://www.tcs.com/research).

### Future plan of action

The Company continues to invest in several software, systems and application, in ongoing and new research projects.

### Expenditure on R&D

The Company's R&D centers, as certified by Department of Scientific & Industrial Research (DSIR) function from Pune, Chennai, Bengaluru, Delhi-NCR, Hyderabad, Kolkata and Mumbai.

In addition to these R&D centers, the Company has set up innovation labs, product engineering groups and groups engaged in path breaking technologies at multiple locations all over the world. TCS also engages in various innovations related activities for customers globally at project locations.

Expenditure incurred in the R&D centers and innovation centers of TCS (unconsolidated) during the financial year 2012-13 and 2011-12 are given below:

(₹ crores)

	Expenditure on R & D and innovation - TCS (unconsolidated)	2012-2013	2011-2012
a.	Capital	1.46	1.82
b.	Recurring	149.90	127.16
c.	Total R&D expenditure (a+b)	151.36	128.98
d.	Innovation center expenditure <sup>#</sup>	566.88	396.98
e.	Total R&D and innovation expenditure (c+d)	718.24	525.96
f.	R&D and innovation expenditure as a percentage of total turnover	1.48%	1.38%

<sup>#</sup> Includes activities for customers at project locations

Expenditure incurred in the R&D centers and innovation centers of TCS (consolidated) during the financial year 2012-13 and 2011-12 are given below:

(₹ crores)

	Expenditure on R & D and innovation - TCS (consolidated)	2012-2013	2011-2012
a.	Capital	2.34	2.43
b.	Recurring	161.84	141.27
c.	Total R&D expenditure (a+b)	164.18	143.70
d.	Other innovation expenditure <sup>#</sup>	612.40	459.29
e.	Total R&D and innovation expenditure (c+d)	776.58	602.99
f.	Total R&D and innovation expenditure as % of total turnover	1.23%	1.23%

<sup>#</sup> Includes innovation related to customers globally

### FOREIGN EXCHANGE EARNINGS AND OUTGO

Export revenue constituted 92.13% of the total unconsolidated revenue in the financial year 2012-13 (91.31% in financial year 2012-13).

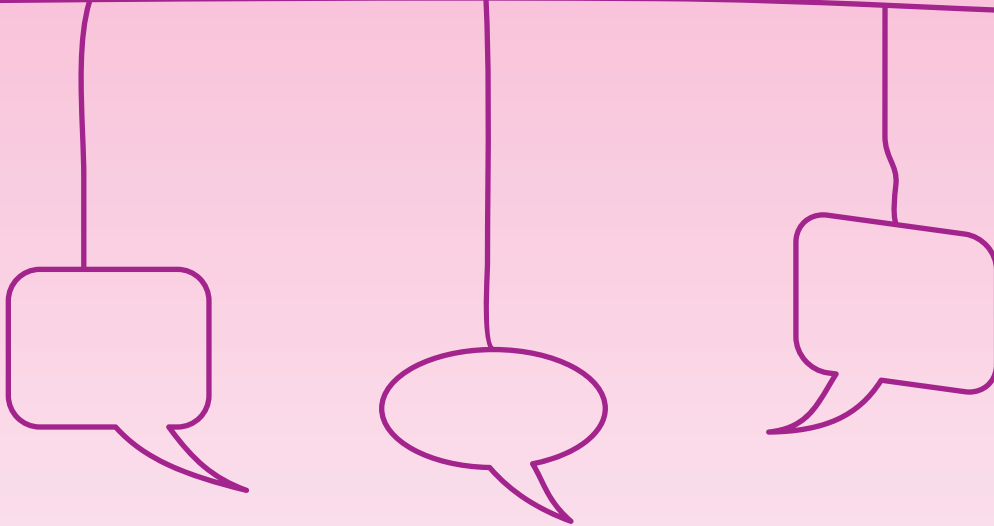
(₹ crores)

	Foreign exchange used and earned	2012-2013	2011-2012
a.	Foreign exchange earnings	45,942.56	37,345.06
b.	CIF Value of imports	372.78	235.69
c.	Expenditure in foreign currency	15,602.18	12,030.50

On behalf of the Board of Directors,

Mumbai  
May 27, 2013

Cyrus Mistry  
Chairman



## Management Discussion and Analysis



## Management Discussion and Analysis

### 1. ECONOMY AND INDUSTRY OVERVIEW

The global economic environment in calendar year 2012 continued to remain uncertain with signs of concern and slow growth (1%-2%)<sup>1</sup>. Improving consumer confidence and structural policy decisions in the developed markets are providing the required momentum to kick-start the economy on to the path of recovery. In the emerging markets, strong consumer spending and upbeat investment sentiment continue to drive economic growth (5%-8%)<sup>1</sup>.

Across markets, technology and innovation are being seen as growth drivers. Investment in innovation has emerged as a differentiator in the market place. Investment in technology has been enabling companies to connect with customers and influence their purchase decisions on a real-time basis. As a result, spending on technology and related services grew at a rate faster than the GDP growth. The worldwide spending on technology and related services in 2012 was USD 1.9 trillion<sup>2</sup>, a growth of 4.8% over 2011. Spend on IT, BPO and software products, continued to have the majority share of 58% of total IT spend, standing at USD 1 trillion<sup>2</sup>. The global sourcing market reached a volume of USD 124-130 billion in 2012 with a growth of 9% over 2011, which was twice the growth rate of the global IT spend.

While banking, financial services & insurance (BFSI) and manufacturing remained the largest verticals in terms of total share in IT spending, emerging verticals such as healthcare, retail, government and utilities were the drivers of incremental growth in 2012.

The large North American IT market continues to expand at a faster pace (5%) than the economy. Investments by American corporations in innovation and digital technologies is driving the growth in technology spend. IT spend in emerging markets like Asia-Pacific continues to grow at a faster pace than in mature geographies on account of investments by corporations to bring their IT infrastructure on par with global standards.

Despite the changing and volatile economic environment, the global market offers substantial opportunities and TCS is fully geared to navigate through the changing technology demands and customer expectations.

### 2. BUSINESS

#### 2.1 Overview

TCS is an Information Technology (IT) services, consulting and business solutions company. The Company provides end-to-end technology and technology related services to global enterprises. TCS' domain knowledge and

technology expertise helps global corporations to focus on their core business, while TCS manages their investments in technology and helps transform their business processes.

The breadth and depth of TCS' domain and technology expertise has been built over the last 45 years through a unique combination of investments in people and new technologies supported by long standing client relationships.

The Company has been registering steady all round growth in its customer base, presence in geographies, domain expertise and service offerings, which reflect in the steady upward trend in its financial outcome over the years. TCS has the distinction of being one of the most valuable companies in India and one of the top ten IT services companies in the world.

#### 2.2 Capabilities

TCS has strong domain expertise in banking, financial services & insurance, retail and consumer packaged goods, telecom, media and entertainment, manufacturing and 'other' verticals which include hi-tech, life sciences & healthcare, energy resources & utilities and travel transportation & hospitality.

TCS' full services portfolio consists of application development and maintenance, business process outsourcing, enterprise solutions & business intelligence, IT infrastructure services, assurance services, engineering and industrial services, asset leveraged solutions and consulting. In addition, the Company has launched several new service offerings in digital technologies - mobility, social computing, big data and cloud computing.

### 3. STRATEGY

The Company's strategy for long-term profitable growth is based on continuously scaling its core IT services business, while investing in new customers, services, markets and industries.

The Company's strategy of strengthening the current business and investing in the future revolves around (1) customer centricity, (2) full services portfolio, (3) global network delivery model (GNDM™), (4) non-linear business models and (5) experience certainty.

#### 3.1 Customer centricity

Building deep and long lasting customer relationships is the key to the Company's long-term success. The Company has undertaken several initiatives to be customer centric, including creation of a domain-centric organisation structure and building deep domain knowledge and technology skills across industries.

Source: <sup>1</sup> IMF, <sup>2</sup> NASSCOM Strategic Review 2013

The customer-centric approach has helped the Company to grow its customer base consistently. The customer metrics shown here reflect the success of the customer-centric strategy.

Revenue bucket	Number of customers		
	FY-13	FY-12	FY-11
\$1mn +	556	522	458
\$5mn +	277	245	208
\$10mn +	196	170	143
\$20mn +	115	99	81
\$50mn +	48	43	27
\$100mn +	16	14	8

TCS' key principles of customer centricity are (1) **staying relevant** to customers and (2) helping customers to **define their future**.

### 3.1.1 Staying relevant

The uncertain economic environment, increasing competition, stricter regulatory & compliance framework and changing consumer behaviour are forcing businesses to adapt to change and continuously look for ways to stay relevant to the market and customers.

TCS is helping enterprises to standardise, rationalise and transform their business operations to become operationally efficient and remain cost competitive in the market place. The Company is working closely with its customers, helping them to gain deeper insights into their customers' needs and enabling them to realign their offerings accordingly.

### 3.1.2 Defining the future

Businesses are finding ways to keep re-inventing themselves for the future and investing in building capabilities to predict market dynamics and consumer behaviours.

TCS is working with its clients in a 'co-creation model' and helping them innovate new business models, products & services in order to protect and grow their market base.

## 3.2 Full services portfolio

The Company has strategically invested in building multiple service offerings over the last decade and made them function in a synchronised manner. This has helped the Company to position itself as an integrated full service player in the IT services space. TCS' full services capability enables the customer to measure the efficiency and effectiveness of transformational engagements with the Company on the basis of business outcome. Leveraging this capability of TCS, global corporations are able to rely on a single service provider for assured delivery of large transformation programmes. In fiscal 2013, the Company

has made significant progress in digital technologies and developed mobile applications and consumer analytics on top of existing investments in core applications for many customers.

## 3.3 Global Network Delivery Model (GNDM™)

TCS' full services capability is supported by its strategy of investing in GNDM™. This capability is widely recognised by leading industry analysts and observers as an industry benchmark, offering 'one global service standard' to customers across the world in a seamless manner.

GNDM™ supports customers' operations in various regions of the world and helps their business expansion plans in new and emerging markets. GNDM™ also provides higher level of comfort to customers on account of (a) proximity to client's location, (b) language capability, (c) similar time zone and (d) business continuity planning. For TCS, GNDM™ facilitates (a) leveraging of global talent, (b) de-risking of delivery location concentration and (c) entering new markets.

During last year, TCS further expanded its GNDM™ capability by opening four new delivery centers in the USA, the UK and China, taking the total number of global delivery centers (excluding India) to thirty two.

## 3.4 Non-linear business model

While the Company continues to make significant progress in the traditional IT services offerings, it has been pursuing non-linear growth opportunities, which contribute revenue growth without commensurate growth in headcount.

The contributors to the non-linear business model are:

**Products:** TCS' intellectual property (IP) based products in banking and financial services, insurance, retail, life sciences and health care, public sector and in other industries is driving non-linear growth through license revenue and high-end domain consulting. TCS' IP based products include TCS BαNCS(BFSI), Rewardz and mPOS (retail), hosted OSS/BSS (telecom), Clin e2e and Med Mantra (life science & healthcare) and SWIFT MRO (travel).

**Platforms:** TCS has built (a) vertical platforms in banking processes, life insurance and pension policy administration, retail and manufacturing supply chain, (b) horizontal platforms in analytics, finance & accounts (F&A) and payroll and (c) technology platforms like iON – a fully integrated IT-as-a-Service (ITaaS) model for small & medium businesses. TCS' platform based solutions and services optimises clients' spend on technology and processes.

**Solutions:** TCS has built several configurable solutions and pre-built components that help expedite the implementation of business transformation programmes and large complex projects. The 'Technology Excellence

Group' of the Company focuses on predicting the future of technology and invests in building various technology solutions. The Company has also built a number of industry and technology solutions in digital technologies like mobile and social media.

### 3.5 Experience certainty

'Experience certainty', TCS' brand promise to its customers, is based on the core principles of 'results, leadership, and partnership'. TCS helps customers experience certainty by reliably delivering business results, providing leadership to drive transformation and partnering for success. Experience certainty is part of our culture of commitment and is ingrained in the customer-centric behaviour of our associates.

Experience certainty is backed by a strong set of metrics that the Company monitors for meeting quality parameters of delivery and relationship. TCS' 'Delivery Excellence Group' continuously refines delivery processes and helps the Company to stay ahead of global quality standards.

## 4. DIGITAL TECHNOLOGIES

Adoption of digital technologies is a top priority among all enterprises, across industries and geographies. TCS has significantly invested in digital technologies – mobile, cloud, big data, analytics and social media. While, individually all of these technologies are influencing the way business operates and interacts with consumers, their real power lies in the 'combination of digital forces'. A real time analysis of consumer behaviour, delivered on a mobile device through cloud services has the biggest potential to support business in taking right decisions in real-time.

TCS' digital innovation lab has built several digital applications and solutions for multiple industries, which are being implemented by customers in North America, Europe and Asia-Pacific. The 'customer collaboration center' in the Silicon Valley of the Company is a digital innovation lab, where customers from retail, telecom, banking, manufacturing and other industries are collaborating to shape the digital future of their business.

The Company envisions tremendous growth potential in digital technologies and is committed to continue investing in this area to drive long-term growth. The Company is also making initial investments in new emerging technologies like production automation and high performance computing, which have great future potential.

## 5. INNOVATION

TCS continues to invest in research framework which includes:

- Invention: creation of TCS' IP based assets in the areas of domain and technology
- Co-Innovation: creation of new ideas, concepts and intellectual property in active partnership and collaboration with entities outside the company, using TCS' Co-Innovation Network (COIN™)
- Innovation: conversion of new ideas, concepts & intellectual properties into useful outcomes for the Company's customers, business units and society.

TCS R&D continues to focus on improvement of quality and efficiency in service delivery. This year, a large number of software tools from R&D were released in the market as eight distinctive suites under TCS' tool brand MasterCraft™. These suites of products automate IT service processes such as application design and development, software assurance, application support and maintenance, performance testing and monitoring, test data management and enterprise data management.

Substantial R&D effort is also being spent on 'eTransform', an analytics-led toolset that transforms customers' IT infrastructure and drives efficiency. The 'Connected Marketing' platform has been enhanced to deliver social and digital analytics to the marketing function of TCS' customers. The product 'Optumera™' addresses key operational optimisation challenges for a retailer.

The Company is working on currency risk models, robotic surveillance, machine learning applications, crowd sourcing platform, energy management systems, nano-technology including novel drug-delivery mechanisms & nano-fluids, human-centric large-scale social systems and computer vision. In the longer time horizon, Company's R&D is exploring ideas in meta-genomics related to malnutrition, tuberculosis and diabetes, as well as genomics and disease markers.

TCS filed 425 patents during the year 2012-13 and was granted 9 patents. Cumulative patents filed till date globally stands at 1,280, out of which so far 81 patents have been granted to the Company. These 'IP' assets are managed comprehensively by an indigenously developed process and system.

## 6. HUMAN RESOURCES STRATEGY

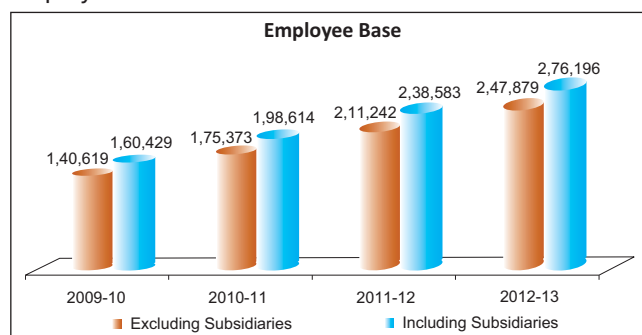
The human resources strategy enabled the Company to attract, integrate, develop and retain the best talent required for driving business growth. The sustained strategic focus to enhance employee capability, improve efficiency and groom future leaders has helped TCS maintain its benchmark status in the IT industry.

The Company hired and integrated 69,728 people into its workforce across the globe in fiscal 2013. The Company employs 2,76,196 associates representing 118 nationalities deployed across 55 countries. The 'workforce

management strategy' was executed optimally to fulfil business demand, deliver consistently high utilisation rates and keep manpower costs within the desired range as per business plan.

Our mature HR processes enable us to be agile and responsive to the dynamic global environment and stay relevant to the customers. Robust HR systems and sound execution of strategy ensure that the Company is able to manage the complexities associated with its scale and geographic spread, while remaining compliant with the regulatory requirements in the countries it operates.

The Company has created a performance driven environment where innovation is encouraged, performance is recognised and employees are motivated to realise their potential. Our relentless pursuit to connect with employees on a regular basis, communicate in an open and transparent manner, provide opportunities to learn and grow within the organisation are yielding desired results as is evident from the high retention rates and the motivation and engagement levels of our employees.



## 6.1 Talent acquisition

	India	Overseas	Total
Opening headcount (As of April 1, 2012)	2,20,835	17,748	2,38,583
Gross additions	59,276	10,452	69,728
Attrition	25,745	6,370	32,115
Net additions	33,531	4,082	37,613
Closing headcount (As of March 31, 2013)	2,54,366	21,830	2,76,196

TCS remained the highest recruiter in the industry with a gross addition of 69,728 employees out of which 59,276 were in India and the remaining 10,452 were outside India. The gross addition includes 1,368 people in-sourced from customer organisations globally.

The company kept its commitment and inducted all the trainees who were given offers during campus placement to join the Company in fiscal 2013.

We continue to remain the employer of choice at the engineering campuses in India. TCS visited 371 campuses in India, with 99.5% day one slots, and made 24,533 offers to engineering trainees and 269 offers to management trainees for fiscal 2014.

The Company has accelerated its effort to recruit from colleges in USA, Canada, China, Uruguay and Hungary. In the US, TCS recruited students from 40 universities and 7 business schools.

## 6.2 Academic interface programme (AIP)

The Company continues to invest on AIP initiatives with the objective of developing faculty for academic institutes, improve employability of students and develop curricula as per industry requirements. As part of NASSCOM initiative of overall curriculum revamping, TCS designed training modules for different engineering branches.

A total of 616 institutes in India and 288 institutes overseas benefitted through the Company's AIP activities like workshops for faculty and students, faculty development programmes, research scholarships, awards, research alliances and project opportunities for students. The Company supports 111 research scholars pursuing their PhD in 31 institutes across India, through its research scholarship programme.

The top management of the Company engages in cross-pollination of ideas and discussions with academicians from premier technical and management institutes through 'Sangam', an annual flagship event. In fiscal 2013 the event was held at Mumbai with 72 academicians from India and abroad.

TCS won the 21st 'Global HR Excellence Awards 2013' in the category 'outstanding contribution to the cause of education', for the second consecutive time.

'Campus Commune', the dedicated social engagement platform of TCS for various academic interest groups has over 1,67,000 student members. This forum is used extensively for talent spotting through various competitions like Codevita, Mobeel and Testimony. It is also used as a platform to stay connected with prospective employees throughout the academic life cycle of a student.

## 6.3 Learning and development

The Company continued to invest in enhancing its human capital through building skills and competencies for its associates. We are bringing in a paradigm shift in the learning process which may be called the next-gen learning & development (L&D). The learning eco-system is being transformed by investing in interactive classrooms, video based training and social media enabled social learning. 'Any Time – Any Where' learning is becoming

a reality in TCS. 30,464 new hires from colleges were trained to be IT professionals through our elaborate initial learning programme.

We are expanding our training infrastructure capacity by building a state of the art training center in Thiruvananthapuram with a capacity to accommodate 15,000 trainees.

A total of 12,789 person years of effort was invested in fiscal 2013 on various learning activities. In addition, 47,167 certifications were acquired by our employees to enhance their proficiency in relevant areas of technology, domain and process.

### 6.4 Talent management, leadership development and talent retention

The performance and career management processes of TCS are fully globalised. Digitised systems have been enhanced and new 'Career Hub' has been launched streamlining the process of recording aspirations, identifying high potentials, mentoring and tracking career movement of employees.

The culture of reward and recognition in TCS is aided by 'TCS Gems', the global reward and recognition tool, with well-defined criteria and processes to enhance performance. We participated in multiple compensation surveys in India and other geographies to ensure that our compensation and total rewards strategy remains competitive.

A healthy leadership pipeline is maintained through the layered framework of 'Leadership Development Programmes' (LDP), focusing on developing behavioural, business and people competencies. Potential leaders are identified and are nurtured through LDPs and given challenging roles to build leadership capability. We have tied up with globally recognised coaching agencies to provide coaching intervention to our leaders.

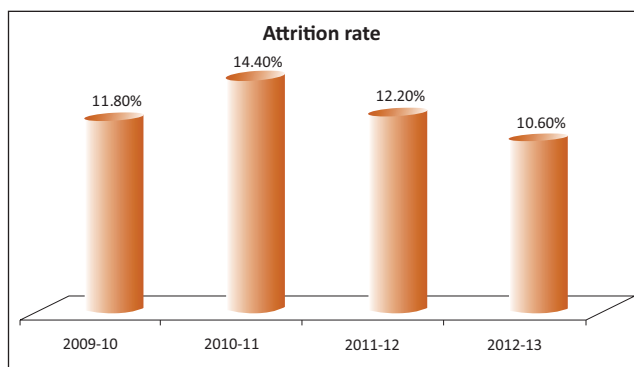
The organisation culture of open communication is supported through a highly flexible and transparent internal social networking platform. It empowers employees to articulate their feelings freely, exchange ideas and contribute to the organisational growth. In addition, regular connect with our employees helps to understand the pulse of the organisation and take appropriate measures to keep the workforce engaged and motivated.

A number of non-work related employee engagement initiatives such as fun events, sports, cultural activities and volunteering for social causes were organised across the globe under our employee engagement platform known

as 'Maitree'. The culture of volunteering helps employee bonding within the organisation and reduces stress at work. Employees are also encouraged to involve their families in these activities.

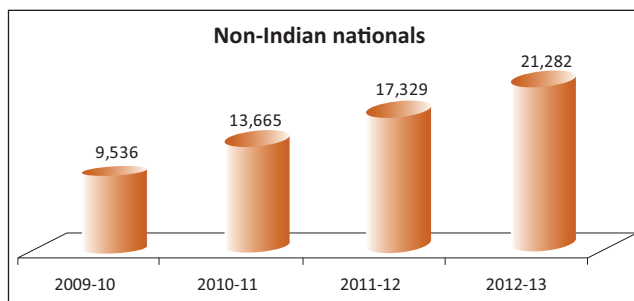
Employee health and safety are of crucial importance. Fit4Life, health awareness sessions, periodic medical check-ups, gymnasiums in offices and 24 x 7 'Employee Assistance Programme' are some of the important initiatives undertaken by the Company to encourage health consciousness. A number of events were organised throughout the year to enhance the awareness level of our employees towards road safety.

The employee engagement initiatives and various HR interventions have helped us control attrition. We remain the industry benchmark for talent retention. The Company's attrition rate including BPO has come down to 10.60% in fiscal 2013, as compared to 12.20% in fiscal 2012.

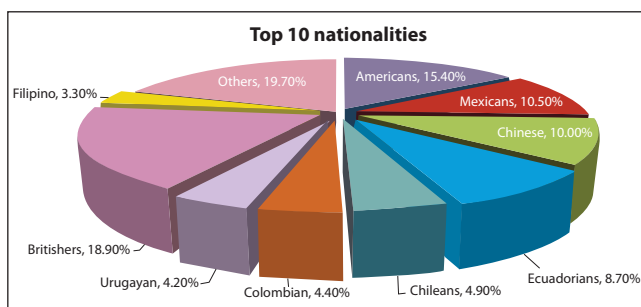


### 6.5 Talent diversity

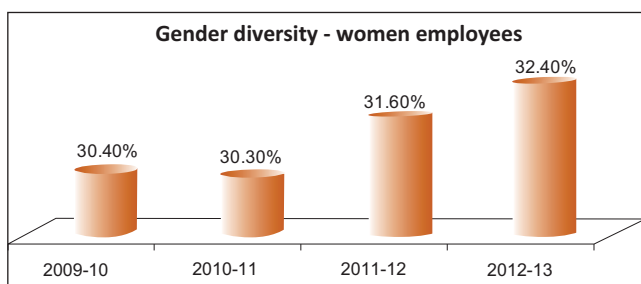
The Company employed persons from 118 different nationalities. The number of non-Indian nationals was 21,282 as at March 31, 2013 (17,329 as of March 31, 2012). Efforts are made continuously to integrate differently-abled individuals into the workforce. Efforts are also made to increase recruitment of individuals belonging to disadvantaged sections of society.







TCS proactively creates an environment of inclusion to attract and retain women. Women constituted 32.40% of the Company's workforce as on March 31, 2013 (31.60% as on March 31, 2012). Our progressive policies and customised programmes such as executive education programme for women in mid-management, interactive forums and women discussion circles address the aspirations and needs of our women employees.



Special initiatives were also taken to strengthen cultural orientation of employees and help drive "One TCS Culture" across the organisation. A learning module has been created specifically for managers to enable them to work with diverse teams.

## 6.6 Compliance

The Company regularly monitors the changes in legislation pertaining to employment, labour and immigration laws across the globe to ensure total compliance, assisted by regular audits. The key areas where TCS needs to introduce new policies or modify the existing policies to remain compliant are identified and acted upon.

## 7. OPPORTUNITIES & RISKS

The large size of the addressable global market, with relatively low current level of penetration suggests significant headroom for future growth. The Company has positioned itself well for the growth in business with an aligned strategy, structure and capabilities.

The Company has deployed an 'Enterprise-wide Risk Management' (ERM) programme based on the recommendations of the 'Committee of Sponsoring Organisations' (COSO) formed by the Treadway Commission. The risk reports prepared by the Chief Risk Officer are reviewed by the board of directors at regular intervals.

The risk management process goes through a review annually in order to keep it aligned with the changing global risks. The risk management process is completely digitised, accessible to all units of operation across the globe and the same is reviewed by the corporate risk office on quarterly basis.

ERM programme involves risk identification, assessment and risk mitigation planning for strategic, operational, financial and compliance related risks across various levels of the organisation.

The following table lists some of the key risks faced by the Company.

Key risk	Impact on TCS	Mitigation
<b>Global economic situation</b>	The economic slowdown in the US and Europe has eased, but uncertainty remains. The US economy has started showing signs of stability; still uncertainties remain with respect to debt ceiling, which could lead to further economic challenges in US. Unemployment situation is still a worry in US and Europe. Possible sovereign default in Europe is also an area of concern.	<ul style="list-style-type: none"> <li>Geography diversification: Faster growth in geographies other than US and UK/Europe</li> <li>Increase emphasis on portfolio of offerings, higher value proposition and full service play</li> <li>Europe is providing opportunities for growth, since many customers are looking at cost optimisation strategies through application of technology.</li> </ul>
<b>Protectionism</b>	Some of the governments of the developed countries in North America and Europe are bringing in new regulations to make labour movement from India difficult. Tightening visa process, increasing rejections for visa and work permit applications, increasing minimum wage requirement may hamper growth prospect in major markets. Restrictions on foreign and preferential treatment to local organisations are on the increase.	<ul style="list-style-type: none"> <li>Stepped up rigour in terms of manpower planning and deployment</li> <li>Focus on GNDM™ model with local talent sourcing and increased leveraging of offshore delivery</li> <li>Sensitising governments on restrictive regulations/ practices which prevent free flow of goods and services</li> <li>Use of industry bodies for lobbying with the governments</li> <li>Use of advocacy agencies in global markets to lobby for our commercial interests.</li> </ul>
<b>Business model redundancy</b>	Business models like cloud computing and other pay-for-use models are beginning to gain traction in most industries. This could result in demand compression for traditional IT services/ pricing pressures.	<ul style="list-style-type: none"> <li>Continuous scanning of environment for early detection of emerging trend</li> <li>Investing in emerging business models and taking pioneering role in adoption of technology</li> <li>Investing in new IPR</li> <li>Culture of embracing new technology, path-breaking ideas and innovation.</li> </ul>
<b>Integration risks in M&amp;A</b>	The Company's post-acquisition challenges include cultural, financial and technology integration risks which if not addressed adequately could result in failure to achieve the strategic objectives of the acquisition and the resultant synergy expectations.	<ul style="list-style-type: none"> <li>Well laid out integration plans and close monitoring of the same</li> <li>Close monitoring and review of acquired entities and taking timely actions as required.</li> </ul>
<b>Supply-side risks</b>	Subject matter experts with domain and technology expertise are the key to success of the Company. The Company could be impacted by the loss of such critical talent. Inability to attract sufficient number of software engineers, architects and IT specialists with critical skills in demand can impact the Company's ability to deliver.	<ul style="list-style-type: none"> <li>Scaling up the Company's delivery footprint in other geographies with large talent pools</li> <li>Investing in improving the quality of recruits while strengthening our brand image in campuses and getting us the coveted 'Day One' placement slot during recruitment season</li> <li>Recruiting science graduates to expand the available pool of fresh recruits</li> <li>Mature HR processes, competitive remuneration, growth opportunities and an empowering, engaging workplace to ensure high employee satisfaction and retention of Gen Y recruits who constitute the majority of our workforce</li> <li>Strong training programmes, in classroom as well as e-learning mode has been put in place in order to keep the workforce up-to-date with technology and soft skills.</li> </ul>
<b>Currency Volatility</b>	Volatility in currency exchange movements resulting in transaction and translation exposure.	<ul style="list-style-type: none"> <li>Currency hedging policies and practices in place</li> <li>Hedging strategy monitored by risk management council through regular reviews</li> <li>Large part of expenses is in local currency, providing natural hedge.</li> </ul>
<b>Cost pressures</b>	Increasing salary cost and escalating operation expenses creating pressure on margin.	<ul style="list-style-type: none"> <li>Decentralised, institutionalised framework for cost management</li> <li>Focus on improving productivity.</li> </ul>
<b>Anti bribery and compliance (ABC)</b>	Strict ABC laws on the lines of UK anti bribery law getting support world-wide. Non-compliance can lead to reputation loss in addition to penal action.	<ul style="list-style-type: none"> <li>Strong anti-bribery checks and controls put in place and being monitored closely</li> <li>Tata Code of Conduct is binding on all employees.</li> </ul>



## VALUE CREATION SINCE FISCAL 2005


The journey of TCS is characterised by its ability to reinvent itself in terms of evolving technology and business practices. Over the years, TCS has been able to demonstrate agility and adaptability in innovating customer-specific solutions. Disciplined execution of complex projects and customer centricity has enabled TCS to become a trusted business partner.

In achieving technical and professional excellence, TCS has not only added value to customers' businesses, but created significant wealth for its shareholders and other stakeholders. The wealth so created has been judiciously allocated and shared with the stakeholders. The Company's performance over the last nine years at consolidated level brings out the success of the business strategy.

## VALUE CREATION


### Strategic focus on geographical diversity

We strategically invested in Asia-Pacific, Latin America and Middle East & Africa markets in order to derisk geographical concentration. The strategy has paid off well over the years.

14 fold increase in revenue		2013	₹ 8,150 crores, 12.94% of total revenue
		2005	₹ 602 crores, 6.18% of total revenue


### Overseas delivery centers - 'One Global Service Standard'

We have set up 32 delivery centers in 20 countries outside India and ensured a uniform delivery standard across the globe. This has expanded our geographic spread, derisking the delivery location concentration. It has also enabled us to take advantage of local talents and proximity to customers, while leveraging the benefits of diversity.

3 fold increase in number		2013	32 centers in 20 countries
		2005	9 centers in 8 countries

### Strategic focus on new services

We have focused on new services in the portfolio of service offerings and revenues from new services recorded impressive growth over the years.

21 fold increase in revenue		2013	31.66% of total revenue
		2006	7.30% of total revenue

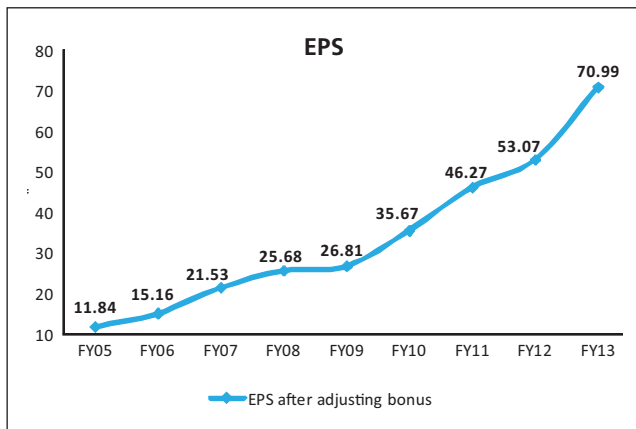
### Customer centricity

Our strategy to understand customers' needs and offer relevant solutions has resulted in significant growth in the number of customers and upward movement in revenue band. Revenue percentage from repeat business remains at a high level of 98.61% in fiscal 2013 (95.10% in fiscal 2005).

Last twelve months revenue buckets	Number of customers	
	Fiscal 2013	Fiscal 2005
\$ 1 million +	556	214
\$ 5 million +	277	76
\$ 10 million +	196	42
\$ 20 million +	115	25
\$ 50 million +	48	5
\$ 100 million +	16	-

## Earnings per share

Earnings per share (EPS), after adjusting for two 1:1 bonus issues, went up 6 fold, from ₹ 11.84 in fiscal 2005 to ₹ 70.99, in fiscal 2013.



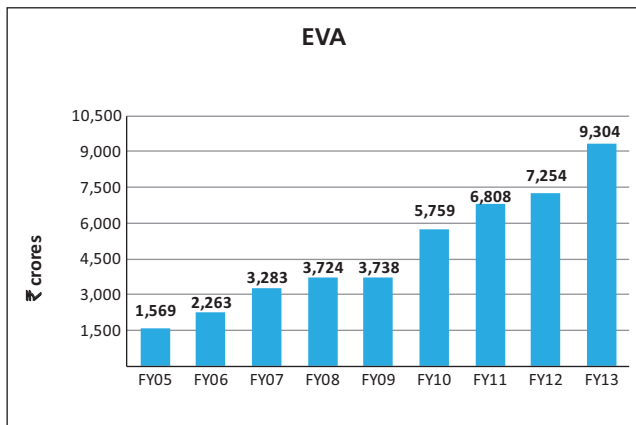
## Market capitalisation

Market capitalisation crossed ₹ 3,00,000 crores on March 31, 2013. Compared to the listing price, capital appreciation of a share is more than 6 times, post two 1:1 bonus issues.



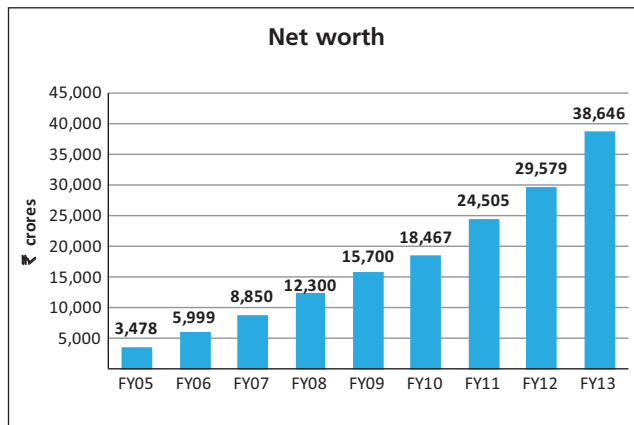
## Economic value addition (EVA)

EVA per annum in the last nine years has increased 6 fold.



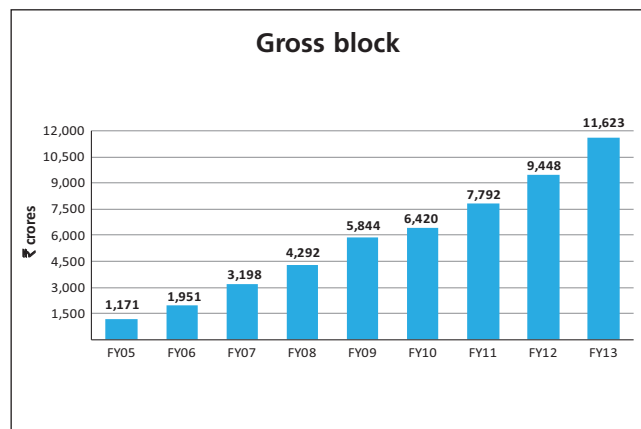
## Increase in net worth

The net worth of the Company has increased more than 11 times in the last nine years.



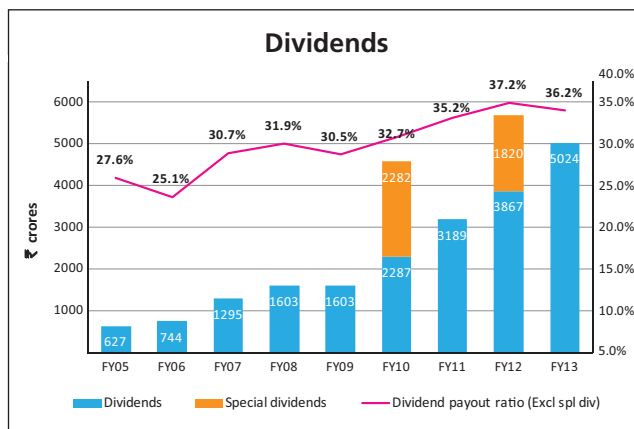
## Increase in gross block

The gross block of the Company has increased 10 times in nine years.



## Dividend

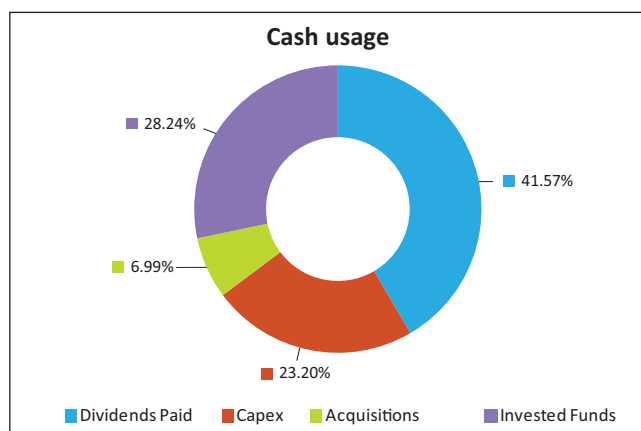
Dividend for the year (including final dividend and dividend distribution tax) and payout ratio have remained high. In addition, substantial special dividends were declared for two of the last four fiscals.



## SHARING OF WEALTH

### Sharing of cash generated since fiscal 2005

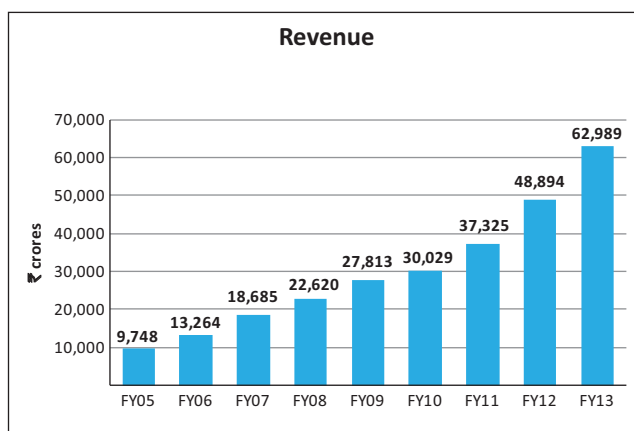
Of the cash generated during fiscal 2005 to 2013, as much as 41.57% has been distributed to the shareholders as dividend (final dividend to be paid post fiscal 2013 not considered).



## OPERATIONAL EXCELLENCE

### Revenue trend

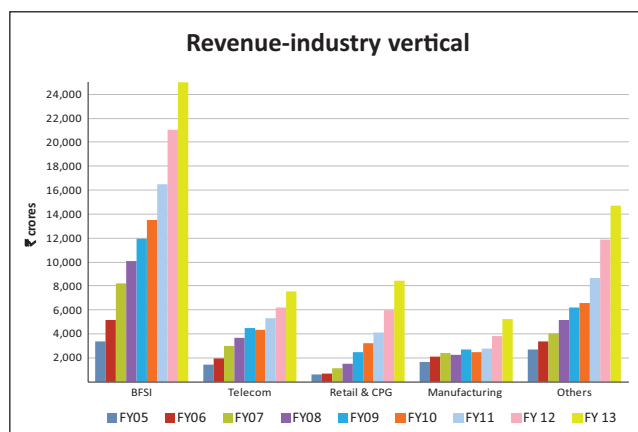
Revenue in fiscal 2013 grew to ₹ 62,989 crores (USD 11.57 billion), showing a 6-fold increase in nine years, with a compounded annual growth rate (CAGR) of 26.27%.



## Growth in industry verticals

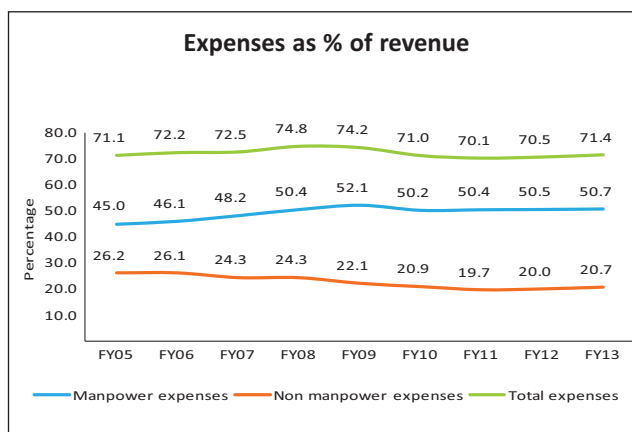
Over the last nine years all industry verticals grew at double digit CAGR.

CAGR in retail & CPG (40%), BFSI (30%), telecom (23%) and other verticals (24%) were significant.



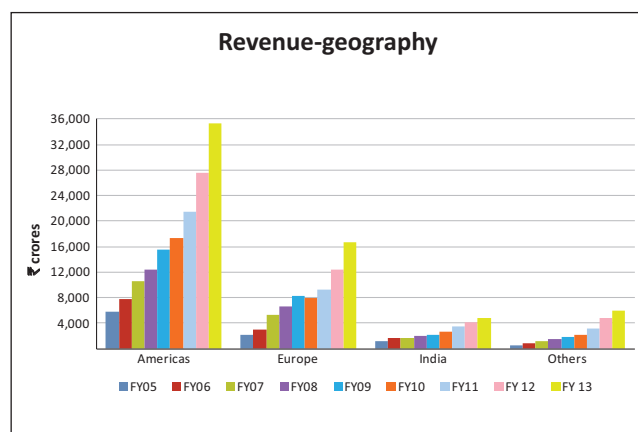
## Management of costs

In spite of increases in the compensation package over the years, employee cost in relation to revenue has been steady. The Company has been able to continuously strengthen its cost management processes, which is reflected in manpower as well as non-manpower costs.



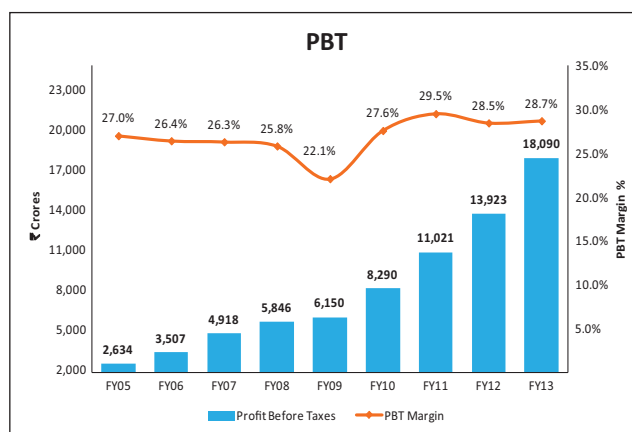
## Growth in geographic revenue

Over the last nine years, CAGR in Americas and Europe has been more than 25%. CAGR in emerging markets such as Asia-Pacific and Middle East & Africa has been more than 35%.



## Earnings trends

Profit before tax (PBT) has grown by almost 7 times in the last nine years. The Company has been successful in pursuing profitable growth over the years.



## FINANCIAL PERFORMANCE - (CONSOLIDATED)

Tata Consultancy Services Limited was listed on 'National Stock Exchange of India Limited' and 'BSE Limited' on August 25, 2004.

The financial statements of Tata Consultancy Services Limited ('TCS' or 'the Company') are prepared in compliance with the Companies Act, 1956 and Generally Accepted Accounting Principles in India (Indian GAAP). The Company follows the revised schedule VI as notified by the Ministry of Corporate Affairs (MCA) with effect from April 1, 2011.

Significant accounting policies used for the preparation of the financial statements are disclosed in the notes to the consolidated financial statements 2 (a) to (q).

The financial results of the Company as per Indian GAAP are discussed in two parts.

(i) The consolidated financial results of Tata Consultancy Services Limited, which depicts the performance of the Company, including all its subsidiaries across the world. The consolidated results are more relevant for understanding the performance of the Company.

(ii) The unconsolidated financial results of Tata Consultancy Services Limited, incorporated in India, excluding the performance of all its subsidiaries.

## CONSOLIDATED FINANCIAL RESULTS - SUMMARY

The following discussion and analysis should be read together with the consolidated Indian GAAP financial statements of Tata Consultancy Services Limited for the financial year ended March 31, 2013.

The revenue of the Company aggregated ₹ 62,989.48 crores in fiscal 2013 (₹ 48,893.83 crores in fiscal 2012), registering a growth of 28.83%. Revenue in USD in fiscal 2013 was 11.57 billion (USD 10.17 billion in fiscal 2012).

Other significant financial parameters are:

- The Company's earnings before interest, tax, depreciation and amortisation (EBITDA) excluding other income aggregated ₹ 18,039.91 crores in fiscal 2013 (₹ 14,435.31 crores in fiscal 2012) – a growth of 24.97%.
- The profit before tax (PBT) aggregated ₹ 18,089.73 crores in fiscal 2013 (₹ 13,923.31 crores in fiscal 2012) – a growth of 29.92%.
- The net profit after tax (PAT) for fiscal 2013 aggregated ₹ 13,917.31 crores (₹ 10,413.49 crores in fiscal 2012) – a growth of 33.65%.
- Gross dividend paid/ proposed for the fiscal 2013 in respect of equity shares aggregated ₹ 5,024.06 crores (₹ 5,686.81 crores in fiscal 2012).
- The Company's consolidated earnings per share (EPS) were ₹ 70.99 in fiscal 2013 (₹ 53.07 in fiscal 2012) – a growth of 33.77%.

**DISCUSSIONS ON CONSOLIDATED FINANCIAL RESULTS**

The following table gives an overview of the financial results of TCS Limited (consolidated):

(₹ crores)

	Fiscal 2013		Fiscal 2012		% growth
	₹ crores	% of revenue	₹ crores	% of revenue	
<b>Revenue from operations</b>	<b>62,989.48</b>	<b>100.00</b>	48,893.83	100.00	<b>28.83</b>
<b>Expenses</b>					
Employee benefit expenses	<b>24,039.96</b>	<b>38.17</b>	18,551.24	37.94	<b>29.59</b>
Overseas business expenses (employee allowances paid overseas)	<b>7,881.90</b>	<b>12.50</b>	6,132.11	12.54	<b>28.53</b>
Services rendered by business associates and others	<b>3,763.74</b>	<b>5.98</b>	2,414.61	4.94	<b>55.87</b>
<b>Employee and BA related expenses</b>	<b>35,685.60</b>	<b>56.65</b>	27,097.96	55.42	<b>31.69</b>
Overseas business expenses (other than employee allowances paid overseas)	<b>820.04</b>	<b>1.30</b>	620.90	1.28	<b>32.07</b>
Operation and other expenses	<b>8,443.93</b>	<b>13.41</b>	6,739.66	13.78	<b>25.29</b>
<b>Total expenses</b>	<b>44,949.57</b>	<b>71.36</b>	34,458.52	70.48	<b>30.45</b>
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>18,039.91</b>	<b>28.64</b>	14,435.31	29.52	<b>24.97</b>
Other income (net)	<b>1,178.23</b>	<b>1.87</b>	428.17	0.88	<b>175.18</b>
Finance costs	<b>48.49</b>	<b>0.08</b>	22.23	0.04	<b>118.13</b>
Depreciation and amortisation expense	<b>1,079.92</b>	<b>1.71</b>	917.94	1.88	<b>17.65</b>
<b>Profit before tax (PBT)</b>	<b>18,089.73</b>	<b>28.72</b>	13,923.31	28.48	<b>29.92</b>
Tax Expense	<b>4,014.04</b>	<b>6.37</b>	3,399.86	6.96	<b>18.06</b>
<b>Profit for the year before minority interest</b>	<b>14,075.69</b>	<b>22.35</b>	10,523.45	21.52	<b>33.76</b>
Minority interest	<b>158.38</b>	<b>0.26</b>	109.96	0.22	<b>44.03</b>
<b>Profit for the year (PAT)</b>	<b>13,917.31</b>	<b>22.09</b>	10,413.49	21.30	<b>33.65</b>

**Revenue**
**Analysis of revenue growth**

Growth attributable to	Fiscal 2013 (%)	Fiscal 2012 (%)
Volume	<b>16.83</b>	23.05
Realisation	<b>(0.37)</b>	1.13
Mix (onsite / offshore)	<b>(0.28)</b>	(1.17)
Impact of exchange rate	<b>12.65</b>	7.99
<b>Total growth</b>	<b>28.83</b>	31.00

The growth in volume in fiscal 2013 was lower than that of fiscal 2012 primarily on account of continuing global economic uncertainties and lower discretionary spending by customers. Impact of exchange rate fluctuation was positive.

Movements of exchange rates of major currencies are given below.

	Fiscal 2013			Fiscal 2012	% change in average rates
	High	Low	Average	Average	
<b>USD</b>	<b>57.33</b>	<b>50.52</b>	<b>54.55</b>	48.12	<b>13.36</b>
<b>GBP</b>	<b>89.76</b>	<b>80.50</b>	<b>85.89</b>	77.02	<b>11.52</b>
<b>EUR</b>	<b>73.43</b>	<b>66.65</b>	<b>70.27</b>	66.36	<b>5.89</b>
<b>CAD</b>	<b>57.39</b>	<b>50.93</b>	<b>54.33</b>	48.56	<b>11.88</b>
<b>AUD</b>	<b>58.89</b>	<b>52.12</b>	<b>56.26</b>	50.30	<b>11.85</b>

Out of the total revenue earned in fiscal 2013, 92.70% was earned in foreign currencies. Fiscal 2013 witnessed strong volatility in exchange rates particularly affecting USD, GBP, CAD and AUD. Net impact of such strong volatility in exchange rates on revenue of the Company has been a positive variance of 12.65% in fiscal 2013 (7.99% in fiscal 2012).

## Revenue by industry

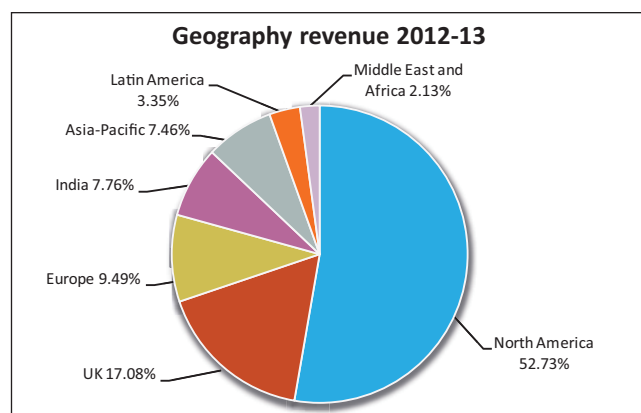
Major industries contributing to revenue of the Company are (1) banking, financial services and insurance (2) manufacturing (3) retail and consumer packaged goods (4) telecom, media and entertainment and (5) others. 'Others' includes (a) hi-tech (b) life sciences and healthcare (c) travel, transportation and hospitality (d) energy, resources and utilities.

During fiscal 2013, revenue from all industries showed double digit growth rates. Industry wise performance is discussed in segment results section.

## Revenue by geography

	Fiscal 2013			Fiscal 2012		
	₹ crores	% of revenue	% growth	₹ crores	% of revenue	% growth
North America	33,215.38	52.73	27.44	26,064.25	53.31	29.62
UK	10,758.29	17.08	44.34	7,453.28	15.24	29.16
Europe	5,976.07	9.49	21.26	4,928.25	10.08	41.62
India	4,890.24	7.76	16.37	4,202.29	8.60	22.34
Asia-Pacific	4,698.67	7.46	27.06	3,697.89	7.56	50.67
Latin America	2,112.13	3.35	40.29	1,505.56	3.08	11.52
Middle East and Africa	1,338.70	2.13	28.44	1,042.31	2.13	43.38
<b>Total</b>	<b>62,989.48</b>	<b>100.00</b>	<b>28.83</b>	<b>48,893.83</b>	<b>100.00</b>	<b>31.00</b>

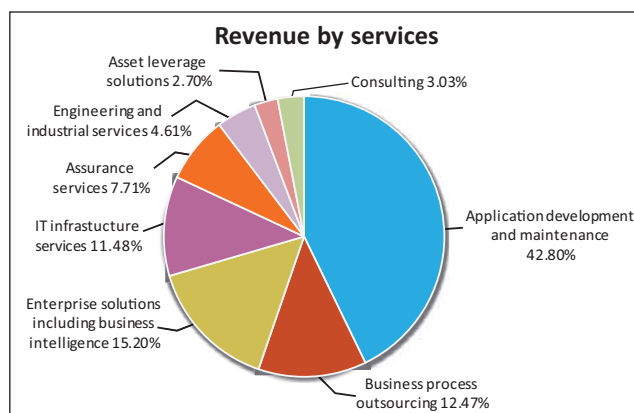
## Revenue by geography



North America, the United Kingdom and Europe continue to be major contributors. Revenue from these markets constituted 79.30% of the Company's revenue in fiscal 2013 (78.63% in fiscal 2012).

Among other markets, Latin America had an impressive growth of 40.29%. Middle East and Asia-Pacific also grew in line with the Company growth rate.

## Revenue by services



Application development & maintenance (ADM) continues to be the major contributor, although its relative contribution to the total revenue has come down over the past years (42.80% in fiscal 2013, 58.20% in fiscal 2006). Service lines which registered significant growth during fiscal 2013 were consulting, IT infrastructure services, BPO and assurance services.

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### Revenue by services

Service lines	Fiscal 2013			Fiscal 2012		
	₹ crores	% of revenue	% growth	₹ crores	% of revenue	% growth
Application development and maintenance (ADM)	26,960.76	42.80	23.22	21,879.65	44.75	26.17
Business process outsourcing (BPO)	7,853.14	12.47	45.53	5,396.11	11.04	28.28
Enterprise solutions (ES) including business intelligence (BI)	9,575.87	15.20	25.06	7,657.20	15.66	32.76
IT infrastructure services (IT IS)	7,229.52	11.48	46.97	4,919.20	10.06	39.96
Assurance services	4,856.29	7.71	33.29	3,643.51	7.45	44.01
Engineering and industrial services (EIS)	2,904.31	4.61	28.60	2,258.47	4.62	26.03
Asset leverage solutions	1,700.83	2.70	(9.51)	1,879.67	3.84	38.03
Consulting	1,908.76	3.03	51.49	1,260.02	2.58	55.46
<b>Total</b>	<b>62,989.48</b>	<b>100.00</b>	<b>28.83</b>	<b>48,893.83</b>	<b>100.00</b>	<b>31.00</b>

### Revenue by nature of contracts

Nature of contract	Fiscal 2013 (%)	Fiscal 2012 (%)
Time and material basis	52.84	52.62
Fixed price, fixed time	47.16	47.38
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

The mix of revenue from time and material contracts and fixed price, fixed time contracts has remained steady with the former going up marginally in fiscal 2013.

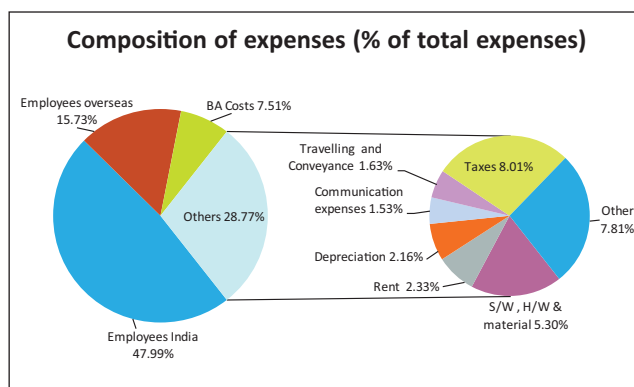
### Revenue by location of service delivery

On-site revenue is for those services which are performed at client locations. Off-site revenue reflects the aggregation of revenue from services which are performed at delivery centers located in India (referred to as offshore revenue) as well as global delivery centers (GDC) in various countries. The composition of the Company's revenue from on-site, offshore and off-site was as follows:

Revenue mix (% of revenue)	Fiscal 2013	Fiscal 2012
Offshore India	49.45	50.57
Off-site GDC	5.16	4.42
Total Off-site	54.61	54.99
Total On-site	45.39	45.01
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Revenue from on-site, offshore and off-site are aligned with customer requirements. Mix of revenue from these locations has remained steady.

### Expenses



### Employee costs and overseas business expenses

Employee costs include salaries which have fixed and variable components, contribution to retirement funds and pension schemes. It also includes expenses incurred on staff welfare.

Overseas business expenses primarily comprise living allowances paid to employees on overseas assignments.

For purpose of the Management Discussion and Analysis (MD&A), employee related costs included in 'overseas business expenses' and costs related to business associates (BA) have been grouped under 'Employee and BA related costs'.



(₹ crores)

	Fiscal 2013		Fiscal 2012	
	₹ crores	% of revenue	₹ crores	% of revenue
Employee benefit expenses	24,039.96	38.17	18,551.24	37.94
Overseas business expenses (employee allowances paid overseas)	7,881.90	12.50	6,132.11	12.54
Services rendered by BA and others	3,763.74	5.98	2,414.61	4.94
<b>Total</b>	<b>35,685.60</b>	<b>56.65</b>	27,097.96	55.42

Total employee benefit expenses and BA costs have increased by 31.69%. The increase in relation to revenue was 1.23%, mainly attributable to (1) requirement of business associates (BA) with specialised skills at overseas locations and (2) marginal drop in average utilisation as shown below.

Utilisation	Fiscal 2013	Fiscal 2012
Including trainees	72.30%	74.40%
Excluding trainees	81.60%	82.20%

#### Overseas business expenses (other than employee allowances paid overseas)

Overseas business expenses (other than employee allowances paid overseas) include travel, marketing and office expenses incurred in overseas locations. These expenses increased from ₹ 620.90 crores (1.28% of revenue) in fiscal 2012 to ₹ 820.04 crores (1.30% of revenue) in fiscal 2013. Overseas travel which constituted the largest component, increased from ₹ 574.16 crores (1.17% of revenue) in fiscal 2012 to ₹ 817.56 crores (1.30% of revenue) in fiscal 2013.

#### Operation and other expenses

	Fiscal 2013		Fiscal 2012	
	₹ crores	% of revenue	₹ crores	% of revenue
Software, hardware and material costs	2,652.50	4.21	2,219.15	4.54
Communication	766.91	1.22	650.20	1.33
Travelling and conveyance	816.65	1.30	640.75	1.31
Rent	1,165.17	1.85	968.22	1.98
Legal and professional fees	460.53	0.73	346.61	0.71
Repairs and maintenance	409.77	0.65	325.66	0.66
Electricity	475.76	0.75	366.32	0.75
Recruitment and training	249.13	0.40	223.18	0.46
Others	1,447.51	2.30	999.57	2.04
<b>Total</b>	<b>8,443.93</b>	<b>13.41</b>	6,739.66	13.78

There has been a marginal decrease of 0.37% in operation and other expenses as a percentage of revenue (from 13.78% in fiscal 2012 to 13.41% in fiscal 2013) due to decrease in almost all items of expenses except the item 'others', which includes a onetime charge of ₹ 161.63 crores for settlement of a class action suit in the US.

#### Earnings before interest, tax, depreciation and amortisation (EBITDA)

EBITDA in fiscal 2013 was ₹ 18,039.91 crores (₹ 14,435.31 crores in fiscal 2012). There was a drop of 0.88% in EBITDA as percentage of revenue. The decrease was primarily attributable to:

- increase in employee and BA related costs by 1.23%
- offset by a decrease in operation and other expenses by 0.37%.

#### Other income (net)

Other income in fiscal 2013 was ₹ 1,178.23 crores (₹ 428.17 crores in fiscal 2012), primarily attributable to:

- interest income increasing by 35.87%, from ₹ 765.22 crores in fiscal 2012 to ₹ 1,039.74 crores in fiscal 2013 arising out of effective treasury management
- increase in exchange gain (net), from a loss of ₹ 426.02 crores in fiscal 2012 to a gain of ₹ 49.27 crores in fiscal 2013.

**Forward and option contracts:** The Company enters into foreign exchange forward contracts and currency option contracts to manage its exposure to exchange rate fluctuations, in accordance with its risk management policies.

The Company designates some of its hedges as 'cash flow hedges' on completion of the required documentation. Such 'cash flow hedges' are measured at their respective fair values, at the reporting dates. Changes in the fair value of effective hedges are accounted in the 'shareholders' funds' and the ineffective hedges are accounted as 'other income (net)' in the profit and loss account. On sale or termination of any 'cash flow hedge' before maturity, hedge accounting is discontinued and cumulative gains or losses on such instruments are retained in the 'shareholders' funds' and thereafter transferred to the profit and loss account on maturity of the respective instruments. On maturity in the normal course of a cash flow hedge instrument, the resultant gains or losses are taken to 'other income (net)' in the profit and loss account.

Foreign exchange forward and currency option contracts outstanding at the reporting dates, other than designated cash flow hedges, are stated at their fair values and the resultant gains or losses are accounted as 'other income (net)' in the profit and loss account for the period.

Note 42 to the consolidated financial statements provides details of the Company's 'Derivative financial instruments'.

**Depreciation and amortisation**

Depreciation and amortisation increased by 17.65% from ₹ 917.94 crores in fiscal 2012 to ₹ 1,079.92 crores in fiscal 2013. The increase was spread across all asset groups, particularly in computers, furniture and fixtures, freehold buildings and office equipment.

**Profit before tax (PBT)**

PBT in fiscal 2013 was ₹ 18,089.73 crores (₹ 13,923.31 crores in fiscal 2012). As a percentage of revenue PBT increased from 28.48% in fiscal 2012 to 28.72% in fiscal 2013. The increase of 0.24% in terms of revenue is mainly due to (1) decrease in EBITDA 0.88%, (2) increase in other income 0.99% and (3) decrease in depreciation & amortisation 0.17%.

**Tax expense**

Tax expense comprises current income tax and the net movement in the deferred tax assets and liabilities from operations in India and foreign tax jurisdictions. Tax expense relating to operations is determined in accordance with tax laws applicable in countries where such operations are carried out.

The Company avails tax incentives applicable to Special Economic Zones (SEZ) under the Indian Income Tax Act, 1961 (IT Act).

Provisions of 'Minimum Alternative Tax' (MAT) under the IT Act were applicable to the Company's income excluding its income from SEZ. With effect from April 1, 2011, MAT became applicable to income from SEZ also. Payment of MAT results in tax credit which according to the IT Act can be carried forward for subsequent ten years and adjusted against future tax liabilities. In the view of the

Company, it would have sufficient tax liabilities to offset the MAT credits during the prescribed carry forward period. Accordingly, MAT has been recognised as an asset in the balance sheet.

Tax expense increased from ₹ 3,399.86 crores in fiscal 2012 to ₹ 4,014.04 crores in fiscal 2013. As a percentage of revenue, it decreased from 6.96% in fiscal 2012 to 6.37% in fiscal 2013. The effective tax rate has gone down from 24.42% in fiscal 2012 to 22.19% in fiscal 2013, primarily on account of reduced tax on lower dividend received by the Indian parent company from its overseas subsidiaries, offset by some of the SEZ units losing status of full exemption on expiry of five years.

**Minority interest**

Minority interest registered an increase from ₹ 109.96 crores in fiscal 2012 to ₹ 158.38 crores in fiscal 2013, primarily due to higher profits in some subsidiaries having minority holding.

**Profit for the year**

The Company's net profit was ₹ 13,917.31 crores in fiscal 2013 (22.09% of revenue) as compared to ₹ 10,413.49 crores in fiscal 2012 (21.30% of revenue). The increase of 0.79% in profitability is attributable to (1) improvement in PBT 0.24% and (2) lower tax 0.59%.

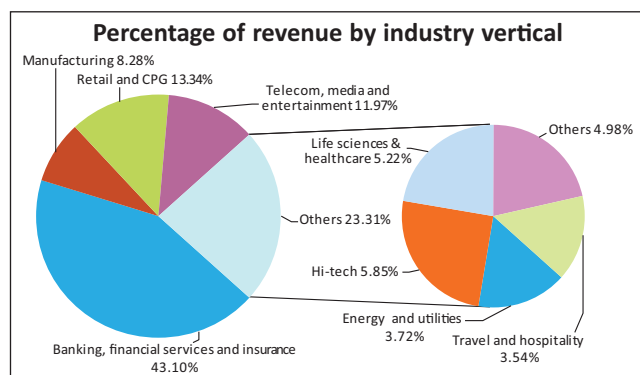
**Consolidated segment result**

The Company considers 'Industry' as its primary segment and 'Geography' as its secondary segment. Revenue and expenses directly attributable to segments are reported under each reportable primary segment. The following table presents each industry segment's revenue as a percentage of total revenue and each industry segment's result, i.e., operating profit (excluding unallocated expenses) as a percentage of total segment result.

(₹ crores)

	Segment revenue					Segment result				
	Fiscal 2013	Fiscal 2012	Fiscal 2013	Fiscal 2012	% growth	Fiscal 2013	Fiscal 2012	Fiscal 2013	Fiscal 2012	% growth
	₹ crores		% of revenue			₹ crores		% of segment result		
Banking, financial services and insurance (BFSI)	27,146.25	21,062.22	43.10	43.08	28.89	8,014.29	6,493.07	44.78	45.36	23.43
Manufacturing	5,215.52	3,800.54	8.28	7.77	37.23	1,362.65	985.89	7.61	6.89	38.22
Retail & consumer packaged goods (Retail & CPG)	8,401.22	5,954.47	13.34	12.18	41.09	2,580.64	1,742.14	14.42	12.17	48.13
Telecom, media and entertainment	7,539.71	6,204.69	11.97	12.69	21.52	1,948.81	1,889.57	10.89	13.20	3.14
Others	14,686.78	11,871.91	23.31	24.28	23.71	3,991.73	3,202.81	22.30	22.38	24.63
<b>Total</b>	<b>62,989.48</b>	<b>48,893.83</b>	<b>100.00</b>	<b>100.00</b>	<b>28.83</b>	<b>17,898.12</b>	<b>14,313.48</b>	<b>100.00</b>	<b>100.00</b>	<b>25.04</b>
Unallocable expenses (net)						986.62	818.34			
Operating income						16,911.50	13,495.14			
Other income (net)						1,178.23	428.17			
Profit before tax						18,089.73	13,923.31			

## Revenue by industry in fiscal 2013



In fiscal 2013, BFSI continued to grow at a healthy rate of 28.89% over fiscal 2012 due to sustained demand. Industry verticals which recorded high growth in fiscal 2013 were retail and CPG (41.09%), manufacturing (37.23%), life sciences and healthcare (27.40%), hi-tech (27.84%), energy, resources and utilities (19.26%) and travel, transportation and hospitality (21.51%). Telecom including media and entertainment grew at 21.52% in fiscal 2013.

## Industry segment wise performance

### Banking, financial services and insurance

(₹ crores)

	Fiscal 2013	Fiscal 2012	% growth
BFSI revenue	<b>27,146.25</b>	21,062.22	28.89
% mix of total revenue	<b>43.10</b>	43.08	
Segment result BFSI	<b>8,014.29</b>	6,493.07	23.43
% margin of segment revenue	<b>29.52</b>	30.83	
% mix of total segment result	<b>44.78</b>	45.36	

BFSI companies have left the 2008-09 crises behind and are now evolving new operating models with a focus on rebuilding profitability. Tighter regulatory regime, pressure on margins, evolution of innovative business models, ongoing consolidation, new technologies and non-traditional competitors offer both opportunities and challenges to transform traditional operating approaches. BFSI institutions are concentrating on cost optimisation

as well as efficiency improvements. This has resulted in increased adoption of emerging technologies such as digital, channel integration, big data, analytics and social media. Assisted self-services, financial health checks, telematics, branch process optimisation/digitisation are some of the key related themes. In addition, the institutions are also focusing on strengthening risk management, core system modernisation and data management capabilities.

In fiscal 2013, BFSI constituted 43.10% of Company's revenue (43.08% in fiscal 2012) and contributed 44.78% of total segment result (45.36% in fiscal 2012).

### Telecom, media and entertainment

₹ crores

	Fiscal 2013	Fiscal 2012	% growth
Telecom, media and entertainment revenue	<b>7,539.71</b>	6,204.69	21.52
% mix of total revenue	<b>11.97</b>	12.69	
Segment result telecom, media and entertainment	<b>1,948.81</b>	1,889.57	3.14
% margin of segment revenue	<b>25.85</b>	30.45	
% mix of total segment result	<b>10.89</b>	13.20	

Fiscal 2013 has been a significant year for the Telecom industry. Popularity of substitute products (such as Skype, WhatsApp and other Over-the-Top services) has been seriously eroding the traditional voice and messaging revenues. Growth in data services, while impressive in isolation, provides little impetus to overall revenue growth compared to the traffic growth. Emerging markets still provide growth levers through rural penetration but demand much higher cost efficiencies. For Telcos, this leads to two strong requirements, namely, (a) operational cost and efficiency management and (b) renewed focus on segmented customer experience management.

The Telcos have witnessed emergence of increased demand for mobility among enterprises, outcome effectiveness among businesses and technological advancements in the areas like cloud computing. Launch of 4G networks and high speed broadband access, is driving innovation in bundling media and entertainment services with broadband networks.

TCS has been investing in a number of growth initiatives as a strategic response to these industry trends and challenges faced by its customers. The key initiatives are:

- development of niche platforms (Cloud based Telecom-In-a-Box, Cloud based Device Management Platform and Next Generation Analytics platform) for Telcos to leverage their operations. These platforms are already being used by pilot customers. We expect continued non-linear growth through these platforms
- investments in lab infrastructure to support network operations services create opportunities to partner with enterprise vendors in the services business
- focus on collaboration in the areas of infrastructure services, mobility, cloud, SMB platforms and other applications for industry verticals like banking, retail and healthcare.

Media and information services industry is undergoing a digital metamorphosis as organisations transition from primarily being in physical goods business to largely digital products and services businesses. Cheap internet bandwidth, rapid proliferation of smartphones and digital tablets, and lowered cost of digital production of the audio, video and textual content has left no sector within media industry untouched. Publishers are undergoing enterprise wide transformations to arrest declining print product revenue growth through growth and bundling of digital product revenue streams. Broadcasters are expected to follow a similar journey in the near future.

In fiscal 2013, revenue in telecom, media & entertainment witnessed growth of 21.52% (17.24% in fiscal 2012). Ongoing investments in expanding the addressable market have put pressure on segment margins.

### Retail and consumer packaged goods (Retail & CPG)

₹ crores

	Fiscal 2013	Fiscal 2012	% growth
Retail & CPG revenue	<b>8,401.22</b>	5,954.47	41.09
% mix of total revenue	<b>13.34</b>	12.18	
Segment result retail & CPG	<b>2,580.64</b>	1,742.14	48.13
% margin of segment revenue	<b>30.72</b>	29.26	
% mix of total segment result	<b>14.42</b>	12.17	

The Retail & CPG vertical continued its broad-based growth path in fiscal 2013, as a result of full services offerings being extended to existing large customers. Multi-year transformational infrastructure support and managed services engagements in traditional and new technologies with large customers demonstrated the success of our continued focus on rich domain expertise and investment in new technologies.

During fiscal 2013, the segment saw sustained focus on creation of 'Center of Excellence' (CoEs) in new technologies. Domain consultants engaging with leading retailers brought business & technology solutions and thought leadership to customers and helped manage large transformational deals.

TCS continued to develop its repository of offerings and solutions through its intellectual property to enable retailers to realise customer centric value creation and deliver cross-channel experience to consumers.

The segment revenue has shown a healthy growth of 41.09% in fiscal 2013 (45.05% in fiscal 2012). Segment result as a percentage of segment revenue in fiscal 2013 was 30.72% (29.26% in fiscal 2012), and showed growth of 48.13% over fiscal 2012 (62.56% growth in fiscal 2012).

## Manufacturing

₹ crores

	Fiscal 2013	Fiscal 2012	% growth
Manufacturing revenue	5,215.52	3,800.54	37.23
% mix of total revenue	8.28	7.77	
Segment result manufacturing	1,362.65	985.89	38.22
% margin of segment revenue	26.13	25.94	
% mix of total segment result	7.61	6.89	

Automotive industry: Automotive industry in North America and Latin American markets has shown good recovery in fiscal 2013 whereas Europe and Asian markets are still struggling. The one dominant trend seen in the industry was in leveraging technology for product and

service differentiation. To keep pace with this change, companies are aiming at reducing product introduction time, increasing service levels to customers by optimising parts supply chain, and enabling increased connect with customers. The companies are investing in modernising product lifecycle management (PLM) for manufacturing systems, global distribution systems, business intelligence, use of big data and advanced analytics. There is also increased shift to IT infrastructure outsourcing and BPO services.

Aerospace and defense industry: Aerospace companies in North America had an extremely good year in fiscal 2013, driven by robust long term demand for commercial airplanes. There is a new wave of initiatives around avionics, NextGen air traffic control systems and new product development programmes. With uncertainty around US defence budget in fiscal 2013 and beyond, companies are preparing for a tighter budgetary situation and reduced spend.

Chemical and process industry: Companies are trying to increase specialty chemicals business in order to achieve better margins and avoid commoditisation. Fiscal 2013 saw large ERP transformation programmes and initiatives, primarily driven by cost optimisation, supplier consolidation, strengthening of customer experience and focused deployment in emerging markets such as Asia Pacific and Latin America.

Industrial and diversified manufacturing industry: Due to a flat to negative growth outlook in this sector, direct IT spend is being curtailed, resulting in project delays. While the traditional IT service remains the focus area, customers are showing interest in Cloud and SaaS solutions. Also, there is trend to convert IT related expenses from Capex to Opex.

TCS is significantly investing in strengthening the domain and technology expertise in this segment and has been focusing on providing thought leadership to the customers to leverage mobility solutions, big data technology and social media & digital marketing innovations in the context of transforming business processes. We also continue to invest in developing our own Intellectual Property for addressing industry needs.

Manufacturing industry revenue had a growth rate of 37.23% in fiscal 2013 (38.11% in fiscal 2012). Segment results growth were good in fiscal 2013 at 38.22% of segment revenue (39.88% in fiscal 2012).



**Others**

₹ crores

	Fiscal 2013	Fiscal 2012	% growth
Others revenue	<b>14,686.78</b>	11,871.91	23.71
% mix of total revenue	<b>23.31</b>	24.28	
Segment result others	<b>3,991.73</b>	3,202.81	24.63
% margin of segment revenue	<b>27.18</b>	26.98	
% mix of total segment result	<b>22.30</b>	22.38	

Segments combined in 'others' comprised:

- Hi-tech
- Life sciences and healthcare
- Energy, resources and utilities
- Travel, transportation and hospitality
- Others

Most of the segments grouped in 'others' showed good revenue growth over the prior year, reflecting the Company's growing domain expertise in these industries:

₹ crores

	Fiscal 2013	Fiscal 2012	% growth
Hi-tech revenue	<b>3,682.47</b>	2,880.61	27.84
Segment result hi-tech	<b>999.02</b>	699.32	42.86
Life sciences and healthcare revenue	<b>3,285.64</b>	2,578.93	27.40
Segment result life sciences and healthcare	<b>1,034.68</b>	852.44	21.38
Energy, resources and utilities revenue	<b>2,340.33</b>	1,962.30	19.26
Segment result energy, resources and utilities	<b>799.16</b>	514.78	55.24
Travel, transportation and hospitality revenue	<b>2,229.79</b>	1,835.07	21.51
Segment result travel, transportation and hospitality	<b>765.57</b>	602.64	27.04

The segments stated above, in aggregate, showed an excellent growth in revenue, 23.71% in fiscal 2013 (37.27% in fiscal 2012). Segment margin improved to 27.18% in fiscal 2013 (26.98% in fiscal 2012).

**Life sciences and healthcare**

The pharmaceutical industry is facing increased cost pressure due to patent cliff, increased regulations and constrained budgets for R&D. Hence these firms are focusing on growth opportunities in emerging markets, acquiring generic firms, using genomics and technology as major tools to streamline their molecule discovery and transform the drug development process. TCS' strong domain knowledge, process outsourcing and technology expertise has enabled it to effectively serve its customers across the value chain in drug discovery, drug development, manufacturing and sales & distribution initiatives across the globe. TCS has also been helping its clients to adapt and leverage new technologies like mobility, big data, digital marketing etc to expand and optimise their businesses. TCS was ranked as a leader by leading analysts in life sciences drug safety services and genomics.

In the United States, healthcare reform legislation, along with cost pressures and a call for preventive care programmes are leading to sweeping changes in the healthcare landscape. The demand for preventive care and wellness management, the introduction of 40 million uninsured Americans into the health insurance system and the expansion of social media and mobile technology, are driving the evolution of a patient-centric healthcare system. The result is a rapid shift from traditional business-to-business (B2B) models to a business-to-consumer (B2C), or retail model.

TCS has leveraged its global business transformation consulting expertise, domain and technical experience and delivery excellence to partner with its customers and help them navigate the changing healthcare landscape.

**Hi-tech**

The hi-tech industry saw a structural shift in personal computing industry due to consumers' growing preference for tablets and smart phones. New interfaces, touch and gesture based user experiences, coupled with speech and contextual awareness, have enabled rich interaction with devices. Global economic uncertainty is forcing the hi-tech industry companies to reduce their operations cost with renewed focus on risk management.

TCS' hi-tech vertical has observed good growth across the service lines with significant momentum in the infrastructure services, BPO services and enterprise solution space. The unit is making investments in new technologies and platforms to support its customers

navigate the complex global environment. There has been an increased demand for transformational projects from hi-tech customers. The Company has added several new customers to its portfolio and won several large deals from within the existing customer base.

### Energy, resources & utilities

The industry fundamentals remained very strong throughout the year. The business focus remained on the three core tenets of asset reliability, operations predictability and agility in the context of time to market and time to produce. TCS has been able to achieve credibility in the market place, create significant mindshare and win major deals across oil & gas, oil field services, metals and mining by leveraging its domain expertise in the areas of petro-technical integration, downstream operations, supply chain and analytics.

TCS has invested in building template solutions in customer service transformations with leading technology product vendors. The Company continued to invest in its joint labs with academia to develop power system network and smart grid related niche applications. Collaborations are being explored with our academia partners for enhancing grid monitoring and control, as part of research solutions on wide area measurement systems (WAMS) and analytics for grid reliability. TCS is also investing in fundamental research in bio-refining to deliver value to power and smart water networks, building solution framework for energy management as a service (EMaaS). Along with our co-innovation network partners and our labs, we are developing solutions to address the requirements for SMART water networks.

### Travel, transportation and hospitality (TTH)

In addition to their own industry-specific challenges, the TTH industry, being cyclical in nature, was affected by the macro-economic conditions globally. Fiscal 2013 saw companies across these industries trying to overcome these challenges through consolidation and cost control measures.

Companies continued to invest in IT, replacing their core systems, upgrading their enterprise platforms, mobile application and merchandising technologies. Solutions that could help in improving efficiency and profitability were amongst the top priority areas for the transportation industry.

TCS captured a fair share of these opportunities and acquired new clients during the year. There was an all-round growth from most of the client relationships. The Company continues to make investments to develop industry specific offerings, domain capabilities and in other areas that would enable it to serve its clients better and grow in future.

## FINANCIAL POSITION — CONSOLIDATED

### Share capital

(₹ in crores)

	As at March 31, 2013	As at March 31, 2012
<b>Authorised</b>		
225 crores equity shares of ₹1 each	<b>225.00</b>	225.00
100 crores redeemable preference shares of ₹ 1 each	<b>100.00</b>	100.00
<b>Total</b>	<b>325.00</b>	325.00
<b>Issued, subscribed and fully paid-up</b>		
195.72 crores equity shares of ₹ 1 each	<b>195.72</b>	195.72
100 crores redeemable preference shares of ₹ 1 each	<b>100.00</b>	100.00
<b>Total</b>	<b>295.72</b>	295.72

### Reserves and surplus

For the purpose of consolidation of subsidiaries with the financial information of the holding company, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. Use of such different rates for translation gives rise to exchange difference which is accumulated in foreign currency translation reserve. Foreign currency translation reserve increased from ₹ 779.42 crores as at March 31, 2012 to ₹ 972.11 crores as at March 31 2013, due to volatility in exchange rates of currencies in fiscal 2013.

The closing balance of hedging reserve account, arising out of cash flow hedges as at March 31, 2013 was a net gain of ₹ 46.11 crores (₹ 133.09 crores net loss as at March 31, 2012). Note 42 to the consolidated financial statements gives details of movements in the hedging reserve account.

Balance in statement of profit and loss as at March 31, 2013 was ₹ 29,529.97 crores (₹ 22,160.54 crores as at March 31, 2012) after appropriation towards equity dividend (interim and proposed final dividend), preference dividend, tax on dividends and transfer to general reserves.

Reserves and surplus at the end of fiscal 2013 stood at ₹ 38,350.01 crores, an increase of 30.96% over ₹ 29,283.51 crores at the end of fiscal 2012. ₹ 1,352.79 crores was transferred to the general reserve from the profit and loss account for fiscal 2013.

### Short-term and long-term borrowings

The Company's long-term obligations under finance lease (refer note 5 to the consolidated financial statements) were ₹ 129.46 crores as at March 31, 2013 (₹ 112.61 crores as at March 31, 2012). These are secured against fixed assets obtained under finance lease arrangements. The Company's secured loans / bank overdrafts are secured against trade receivables.

(₹ in crores)

	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
	Short-term borrowings		Long-term borrowings		Total borrowings	
Secured loans repayable on demand from banks	80.02	-	-	-	80.02	-
Unsecured loans repayable on demand from banks	-	0.89	-	-	-	0.89
Secured loans- long term maturities of finance lease obligations	-	-	129.46	112.61	129.46	112.61
Unsecured loans - other borrowings	-	-	1.52	2.76	1.52	2.76
<b>Total</b>	<b>80.02</b>	<b>0.89</b>	<b>130.98</b>	<b>115.37</b>	<b>211.00</b>	<b>116.26</b>

### Trade payables (current liabilities)

Trade payables (current liabilities), representing payables for purchase of goods and services increased from ₹ 3,250.78 crores as at March 31, 2012 to ₹ 4,447.81 crores as at March 31, 2013. As percentage of revenue, trade payables have increased from 6.65% last year to 7.06% in the current year.

### Deferred tax liabilities (net) and deferred tax assets (net)

As stated in the accounting policies, deferred tax assets and liabilities are offset, tax jurisdiction-wise. Note 6 to the consolidated financial statements brings out details of component-wise deferred tax balances where the net values result into liabilities or assets, jurisdiction-wise.

Deferred tax liabilities are created against certain items such as foreign branch profit and depreciation & amortisation. The net deferred tax liabilities were ₹ 235.48 crores as at March 31, 2013 (₹ 173.45 crores as at March 31, 2012).

Deferred tax assets are created against certain items such as employee benefits, depreciation & amortisation and provision for doubtful debts. As at March 31, 2013, the net deferred tax asset had a balance of ₹ 310.22 crores (₹ 256.04 crores as at March 31, 2012). The Company assesses the likelihood of deferred tax assets getting recovered from future taxable income.

### Other current and long-term liabilities

(₹ in crores)

	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
	Other current liabilities		Other long-term liabilities		Total other liabilities	
Income received in advance	966.26	823.01	-	-	966.26	823.01
Advance received from customers	98.00	71.81	-	-	98.00	71.81
Other payables	1,983.93	1,495.72	-	10.63	1,983.93	1,506.35
Other liabilities	33.33	19.74	367.99	286.30	401.32	306.04
<b>Total</b>	<b>3,081.52</b>	<b>2,410.28</b>	<b>367.99</b>	<b>296.93</b>	<b>3,449.51</b>	<b>2,707.21</b>

### Other current liabilities

Current liabilities increased to ₹ 3,081.52 crores as at March 31, 2013 (₹ 2,410.28 crores as at March 31, 2012). The primary reasons for the increase are given below.

- Increase in income received in advance ₹ 966.26 crores at March 31, 2013 (₹ 823.01 crores as at March 31, 2012). Income received in advance represents advance billings to customers not recognised as revenue



- Increase in other payables ₹ 1983.93 crores as at March 31, 2013 (₹ 1,495.72 crores as at March 31, 2012). Other payables include (1) statutory liabilities ₹ 866.97 crores as at March 31, 2013 (₹ 612.07 crores as at March 31, 2012) (2) capital creditors ₹ 249.87 crores as at March 31, 2013 (₹ 167.41 crores as at March 31, 2012) (3) class action suit settlement ₹ 161.63 crores as at March 31, 2013 (₹ 'Nil' as at March 31, 2012) and (4) fair values of foreign exchange forward and currency option contracts ₹ 72.10 crores as at March 31, 2013 (₹ 240.38 crores as at March 31, 2012)
- Increase in other liabilities mainly on account of current maturities of finance lease obligations ₹ 20.03 crores as at March 31, 2013 (₹ 9.05 crores as at March 31, 2012).

### Other long-term liabilities

Other long-term liabilities increased to ₹ 367.99 crores as at March 31, 2013 (₹ 296.93 crores as at March 31, 2012). The increase was primarily attributable to:

- increase in capital creditors ₹ 54.34 crores as at March 31, 2013 (₹ 31.63 crores as at March 31, 2012)
- increase in other liabilities ₹ 313.65 crores as at March 31, 2013 (₹ 202.16 crores as at March 31, 2012) primarily comprising lease rental liabilities.

### Short-term and long-term provisions

(₹ in crores)

	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
	Short-term provisions		Long-term provisions		Total provisions	
Provision for employee benefits	804.22	641.45	348.92	217.65	1,153.14	859.10
Proposed final dividend on equity shares	2,544.39	3,131.55	-	-	2,544.39	3,131.55
Proposed final dividend on redeemable preference shares	19.00	22.00	-	-	19.00	22.00
Tax on dividend	455.65	524.07	-	-	455.65	524.07
Current income taxes (net)	410.20	408.07	-	-	410.20	408.07
<b>Total</b>	<b>4,233.46</b>	<b>4,727.14</b>	<b>348.92</b>	<b>217.65</b>	<b>4,582.38</b>	<b>4,944.79</b>

The decrease in short-term provisions was mainly attributable to:

- proposed final dividend on equity shares ₹ 2,544.39 crores as at March 31, 2013 (₹ 3,131.55 crores as at March 31, 2012)
- tax on dividend ₹ 455.65 crores as at March 31, 2013 (₹ 524.07 crores as at March 31, 2012).

The increase in long-term provisions as at March 31, 2013 ₹ 348.92 crores (₹ 217.65 crores as on March 31, 2012) was attributable to employee benefits such as gratuity and other retirement benefits.

### Fixed assets

Additions to the gross block in fiscal 2013 amounted to ₹ 2,274.86 crores (₹ 1,735.86 crores in fiscal 2012).

The Company has embarked on a large scale infrastructure development across various locations in India to meet its growing business needs. The Company has successfully put in place state-of-the-art facilities at Mumbai, Ahmedabad, Chennai, Bengaluru, Hyderabad and Pune for significant capacities across locations in India. The Company has also initiated construction of large delivery centers across 17 locations in India, which are presently at different stages of completion.

The number of seats available in India including trainees as at March 31, 2013 was 2,20,775 (1,99,274 seats as at March 31, 2012).

### Goodwill on consolidation

Goodwill on consolidation represents the excess of purchase consideration over net asset value of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indications for impairment.

Goodwill on consolidation as at March 31, 2013 stood at ₹ 3,581.50 crores (₹ 3,543.46 crores as at March 31, 2012). Significant acquisitions over the years which resulted in goodwill were TCS e-Serve Limited, TCS Do Brazil Ltda, TCS Financial Solutions Australia Holdings Pty Limited, Diligenta Limited and Tata Consultancy Services, Switzerland Ltd. Most of these acquisitions are contributing significantly to the overall financial performance of the Company.

### Overview of funds invested

(₹ in crores)

	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
	Current		Non-current		Total funds invested	
Investments	929.04	775.77	968.30	574.56	1,897.34	1,350.33
Deposits with banks	5,535.87	4,608.80	2,411.99	2,704.28	7,947.86	7,313.08
Inter-corporate deposits	3,684.78	652.00	-	281.40	3,684.78	933.40
Cash and bank balances	1,233.29	1,204.28	-	-	1,233.29	1,204.28
<b>Total</b>	<b>11,382.98</b>	<b>7,240.85</b>	<b>3,380.29</b>	<b>3,560.24</b>	<b>14,763.27</b>	<b>10,801.09</b>

Investible funds went up by ₹ 3,962.18 crores (₹10,801.09 crores as at March 31, 2012 to ₹ 14,763.27 crores as at March 31, 2013), mainly driven by

- increase in deposits with banks ₹ 634.78 crores, arising out of a strategy to maximise yield on funds invested
- increase in inter-corporate deposits ₹ 2,751.38 crores, since these offered relatively good yield with minimum risk
- increase in cash and bank balances ₹ 29.01 crores
- increase in investments ₹ 547.01 crores.

### Acquisition / amalgamation

Details of acquisitions and divestments are given in note 30 to the consolidated financial statements. The significant development in fiscal 2013 was the acquisition of 100% shares of Computational Research Laboratories Limited (CRL). Retail Full Serve and CRL, both wholly owned subsidiaries, have been amalgamated with the Company with effect from April 1, 2012 and October 1, 2012 respectively, in terms of scheme of amalgamation sanctioned by the High Court of Judicature at Bombay.

### Unbilled revenue

Unbilled revenue (UBR) increased by ₹ 912.29 crores during fiscal 2013. UBR as at March 31, 2013 constituted 5.02% of the revenue (4.60% as at March 31, 2012).

### Trade receivables (net)

Trade receivables increased by ₹ 2,556.21 crores during fiscal 2013. As a percentage of revenue, trade receivables were at 22.35% as at March 31, 2013 (23.56% as at March 31, 2012). The Company monitors trade receivables closely.

## Short-term and long-term loans and advances

(₹ in crores)

	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
	Short-term loans and advances		Long-term loans and advances		Total loans and advances	
Loans and advances to employees (net)	204.00	171.25	8.11	9.70	212.11	180.95
Advance tax [including refund receivable (net)]	4.90	-	1,856.06	1,406.06	1,860.96	1,406.06
MAT credit entitlement	4.43	10.29	1,840.27	1,465.83	1,844.70	1,476.12
Inter-corporate deposits	3,684.78	652.00	-	281.40	3,684.78	933.40
Prepaid expenses	1,130.61	815.13	358.04	341.61	1,488.65	1,156.74
Capital advances	-	-	491.79	346.09	491.79	346.09
Others	792.64	580.47	679.86	628.99	1,472.50	1,209.46
<b>Total</b>	<b>5,821.36</b>	<b>2,229.14</b>	<b>5,234.13</b>	<b>4,479.68</b>	<b>11,055.49</b>	<b>6,708.82</b>

Loans and advances as at March 31, 2013 increased by ₹ 4,346.67 crores arising out of (1) increase in short-term loans and advances ₹ 3,592.22 crores and (2) increase in long-term loans and advances ₹ 754.45 crores.

The increase in short-term loans and advances was primarily attributable to

- increase in inter-corporate deposits ₹ 3,032.78 crores
- increase in prepaid expenses related to large projects ₹ 315.48 crores
- increase in fair values of foreign exchange forward and currency option contracts ₹ 35.41 crores
- increase in other items ₹ 208.55 crores.

The increase in long-term loans and advances was primarily attributable to

- increase in MAT credit ₹ 374.44 crores, mainly due to increase in profit arising out of SEZ units which is subject to MAT effective April 1, 2011
- increase in advance tax (net of provision for taxes) ₹ 450.00 crores, mainly driven by payments made against demands from tax authorities, which have been contested by the Company
- increase in capital advances ₹ 145.70 crores, arising out of higher capital outlay in fiscal 2013
- increase in other items ₹ 65.71 crores primarily due to increased security deposits
- offset by decrease in long-term inter-corporate deposits ₹ 281.40 crores.

## Other current and non-current assets

(₹ in crores)

	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
	Other current assets		Other non-current assets		Total other assets	
Future finance lease receivable less unearned finance income	0.93	1.24	-	0.93	0.93	2.17
Interest receivable	765.89	430.48	37.51	131.96	803.40	562.44
Other non-current assets	-	-	2,417.13	2,717.15	2,417.13	2,717.15
Other current assets	32.42	26.15	-	-	32.42	26.15
<b>Total</b>	<b>799.24</b>	<b>457.87</b>	<b>2,454.64</b>	<b>2,850.04</b>	<b>3,253.88</b>	<b>3,307.91</b>

Other current and non-current assets as at March 31, 2013 were lower by ₹ 54.03 crores primarily on account of decrease in long term bank deposits offset by higher interest receivable. Other non-current assets included bank deposits ₹ 2,411.99 crores as at March 31, 2013 (₹ 2,704.28 crores as at March 31, 2012).

**CASH FLOW — CONSOLIDATED**

The Company's cash flows from operating, investing and financing activities, as reflected in the consolidated statement of cash flow, is summarised in the table below.

Summary of cash flow statement:

(₹ crores)

	<b>Fiscal 2013</b>	Fiscal 2012
Net cash provided by/ (used in)		
Operating activities	<b>11,614.96</b>	6,977.17
Investing activities	<b>(6,085.66)</b>	(2,727.45)
Financing activities	<b>(5,729.48)</b>	(3,955.09)
Exchange difference on translation of foreign currency cash and cash equivalents	<b>48.05</b>	150.27
<b>Net (decrease)/increase in cash and cash equivalents after translation</b>	<b>(152.13)</b>	444.90

**Cash flows from operating activities**

(₹ crores)

	<b>Fiscal 2013</b>	Fiscal 2012
Profit before tax	<b>18,089.73</b>	13,923.31
Adjustments: depreciation and amortisation	<b>1,079.92</b>	917.94
Other non-cash adjustments	<b>72.97</b>	443.49
Non operating income (net)	<b>(1,039.31)</b>	(780.81)
Effect of working capital changes	<b>(1,766.54)</b>	(3,458.36)
<b>Cash generated from operations</b>	<b>16,436.77</b>	11,045.57
Taxes paid	<b>(4,821.81)</b>	(4,068.40)
<b>Net cash provided by operating activities</b>	<b>11,614.96</b>	6,977.17

In fiscal 2013, an additional amount of ₹ 1,766.54 crores (₹ 3,458.36 crores in fiscal 2012) was used in working capital to meet the expanding business requirements. Cash generated from operations, post adjustments to profit before tax, has gone up from ₹ 11,045.57 crores in fiscal 2012 to ₹ 16,436.77 crores in fiscal 2013 registering a growth of 48.81%.

The incremental taxes paid in fiscal 2013 include (1) additional ₹ 577.00 crores of advance tax paid by TCS Ltd on its higher income for the year, (2) additional ₹ 145.13 crores of advance tax paid by some subsidiaries on their higher income, (3) ₹ 250.00 crores paid by TCS Ltd

in fiscal 2013 under protest against contested demands for earlier years and (4) absence of ₹ 261.45 crores of tax refunds received in fiscal 2012 by subsidiary, TCS e-Serve Ltd., offset by (1) absence of ₹ 293.83 crores paid under protest in fiscal 2012 against contested demands by TCS Ltd and (2) ₹ 187.84 crores of lower tax on dividend received by TCS Ltd from its overseas subsidiaries.

The resultant net cash inflow from operating activities was ₹ 11,614.96 crores (₹ 6,977.17 crores in fiscal 2012).

**Cash flows from investing activities**

(₹ crores)

	<b>Fiscal 2013</b>	Fiscal 2012
Fixed asset (net)	<b>(2,632.58)</b>	(1,987.36)
Other investments (net)	<b>(520.09)</b>	447.24
Fixed deposits with banks (net) having maturity over three months	<b>(824.27)</b>	(700.28)
Inter - corporate deposits (net)	<b>(2,751.37)</b>	(683.41)
Interest received	<b>798.80</b>	419.31
Other items (net)	<b>(156.15)</b>	(222.95)
<b>Net cash used in investing activities</b>	<b>(6,085.66)</b>	(2,727.45)

During fiscal 2013, the significant uses of cash in investing activities were purchase of fixed assets, inter-corporate deposits and investment in fixed deposits.

Interest received on funds invested went up by 90.50%, from ₹ 419.31 crores in fiscal 2012 to ₹ 798.80 crores in fiscal 2013.

'Other items' in fiscal 2013 includes acquisition of Computational Research Laboratories Limited for ₹ 162.62 crores. In fiscal 2012, 'Other items' included ₹ 229.16 crores paid for purchase of shares from minority shareholders of a subsidiary.

**Cash flows from financing activities**

(₹ crores)

	<b>Fiscal 2013</b>	Fiscal 2012
Dividend paid including dividend tax	<b>(5,715.64)</b>	(3,891.16)
Other payments	<b>(13.84)</b>	(63.93)
<b>Net cash used in financing activities</b>	<b>(5,729.48)</b>	(3,955.09)

In fiscal 2013, dividend paid includes the final dividend payout, special dividend and tax thereon for fiscal 2012 approved by the shareholders at the last Annual General Meeting.

## COMPANY'S PERFORMANCE TREND (INDIAN GAAP CONSOLIDATED)

### PERFORMANCE SUMMARY

(₹ crores)

	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
<b>Revenue</b>									
Total revenue	62,989.48	48,893.83	37,324.51	30,028.92	27,812.88	22,619.52	18,685.21	13,263.99	9,748.47
International revenue	58,099.24	44,691.54	33,889.45	27,431.02	25,630.76	20,573.90	17,003.22	11,607.08	8,560.90
Domestic revenue	4,890.24	4,202.29	3,435.06	2,597.90	2,182.12	2,045.62	1,681.99	1,656.91	1,187.57
Revenues from offshore business	28,730.08	22,613.92	17,283.62	13,989.82	11,328.80	8,620.46	6,886.30	4,341.05	3,313.07
Revenue by geographic segments									
Americas	35,327.51	27,569.81	21,457.51	17,272.93	15,600.21	12,394.05	10,514.81	7,831.28	5,771.41
Europe	16,734.36	12,381.53	9,250.67	8,009.57	8,212.22	6,603.02	5,320.48	2,975.34	2,250.17
India	4,890.24	4,202.29	3,435.06	2,597.90	2,182.12	2,045.62	1,681.99	1,656.91	1,187.57
Others	6,037.37	4,740.20	3,181.27	2,148.52	1,818.33	1,576.83	1,167.93	800.46	539.32
<b>Cost</b>									
Employee cost	31,921.86	24,683.35	18,805.69	15,065.75	14,483.20	11,411.05	9,001.39	6,111.52	4,384.52
Other operating cost	13,027.71	9,775.17	7,340.46	6,268.62	6,159.88	5,497.09	4,544.97	3,468.17	2,550.12
Total cost (excluding interest & depreciation)	44,949.57	34,458.52	26,146.15	21,334.37	20,643.08	16,908.14	13,546.36	9,579.69	6,934.64
<b>Profitability</b>									
EBIDTA (before other income)	18,039.91	14,435.31	11,178.36	8,694.55	7,169.80	5,711.38	5,138.85	3,684.30	2,813.83
Profit before tax	18,089.73	13,923.31	11,020.62	8,289.63	6,150.07	5,845.95	4,918.28	3,506.62	2,633.69
Profit after tax	13,917.31	10,413.49	9,068.04	7,000.64	5,256.42	5,026.02	4,212.63	2,966.74	1,976.90
<b>Capital accounts (₹ crores)</b>									
Share capital	295.72	295.72	295.72	295.72	197.86	197.86	97.86	48.93	48.01
Reserves and surplus	38,350.01	29,283.51	24,209.09	18,171.00	15,502.15	12,102.26	8,752.24	5,949.88	3,429.53
Gross block	11,622.99	9,447.83	7,792.24	6,419.51	5,843.86	4,291.80	3,197.71	1,951.04	1,170.65
Total investments	1,897.34	1,350.33	1,762.67	3,682.08	1,614.41	2,606.16	1,256.87	704.62	421.54
Net current assets	19,733.75	12,672.65	9,790.38	7,395.02	7,544.12	5,553.32	4,331.11	2,867.18	1,797.09
<b>Earnings per share in ₹</b>									
EPS - as reported	70.99	53.07	46.27	35.67	53.63	51.36	43.05	60.63	47.37
EPS - adjusted for bonus issue	70.99	53.07	46.27	35.67	26.81	25.68	21.53	15.16	11.84
<b>Headcount (number)</b>									
Headcount (including subsidiaries) as on March 31st	276,196	238,583	198,614	160,429	143,761	111,407	89,419	66,480	45,714

**RATIO ANALYSIS**

Ratio Analysis	Units	FY 2012-13	FY 2011-12	FY 2010-11	FY 2009-10	FY 2008-09	FY 2007-08	FY 2006-07	FY 2005-06	FY 2004-05
<b>Ratios - financial performance</b>										
International revenue/total revenue	%	92.24	91.41	90.80	91.35	92.15	90.96	91.00	87.51	87.82
Domestic revenue/total revenue	%	7.76	8.59	9.20	8.65	7.85	9.04	9.00	12.49	12.18
Employee cost/total revenue	%	50.68	50.48	50.38	50.17	52.07	50.45	48.17	46.08	44.98
Other operating cost/total revenue	%	20.68	19.99	19.67	20.88	22.15	24.30	24.32	26.15	26.16
Total cost/total revenue	%	71.36	70.48	70.05	71.05	74.22	74.75	72.50	72.22	71.14
EBIDTA (before other Income)/total revenue	%	28.64	29.52	29.95	28.95	25.78	25.25	27.50	27.78	28.86
Profit before tax/total revenue	%	28.72	28.48	29.53	27.61	22.11	25.84	26.32	26.44	27.02
Tax/total revenue	%	6.37	6.95	4.91	3.99	3.02	3.48	3.55	3.84	4.07
Effective tax rate - tax/PBT	%	22.19	24.42	16.61	14.44	13.64	13.45	13.50	14.53	15.07
Profit after tax/total revenue	%	22.09	21.30	24.30	23.31	18.90	22.22	22.55	22.37	20.28
<b>Ratios - growth</b>										
International revenue	%	30.00	31.87	23.54	7.02	24.58	21.00	46.49	35.58	N/A
Total revenue	%	28.83	31.00	24.30	7.97	22.96	21.06	40.87	36.06	N/A
EBIDTA (before other income)	%	24.97	29.14	28.57	21.27	25.54	11.14	39.48	30.94	N/A
Profit after tax	%	33.65	14.84	29.53	33.18	4.58	19.31	42.00	50.07	N/A
<b>Ratios - Balance Sheet</b>										
Debt-equity ratio	Nos.	0.01	0.00	0.00	0.01	0.04	0.04	0.06	0.02	0.06
Current ratio	Nos.	2.67	2.22	2.35	1.88	2.26	2.24	2.24	2.25	2.24
Days sales outstanding (DSO) in ₹ terms	Days	82	86	80	71	79	87	84	90	77
Days sales outstanding (DSO) in \$ terms	Days	82	81	82	74	74	87	88	90	78
Invested funds / total assets	%	36.45	34.81	36.81	45.68	26.29	28.97	27.03	17.67	17.92
Invested funds / total revenue	%	23.39	22.03	25.08	28.90	15.76	16.76	13.94	8.43	7.05
Capital expenditure / total revenue	%	4.18	4.06	4.85	3.43	3.95	5.58	6.64	4.69	3.72
Operating cash flows / total revenue	%	18.44	14.27	17.72	24.66	19.45	17.22	18.58	18.76	21.46
Free cash flow/operating cash flow ratio	%	77.33	71.52	72.66	86.07	79.70	67.60	64.25	74.97	82.64
Depreciation / average gross block	%	10.25	10.65	10.35	10.78	11.13	15.05	17.10	18.09	13.57
<b>Ratios - per share</b>										
EPS - adjusted for Bonus ₹	₹	70.99	53.07	46.27	35.67	26.81	25.68	21.53	15.16	11.84
Price earning ratio, end of year	Nos.	22.14	22.01	25.56	21.89	10.07	15.79	28.97	31.57	30.23
Dividend per share	₹	22.00	25.00	14.00	20.00	14.00	14.00	13.00	13.50	11.50
Dividend per share - adjusted for bonus ₹	₹	22.00	25.00	14.00	20.00	7.00	7.00	6.50	3.38	2.88
Dividend payout % (based on consolidated profits)	%	36.16	54.75	35.22	65.45	30.54	31.89	30.74	25.07	27.55
Market capitalisation/total revenue	%	4.88	4.67	6.20	5.09	1.90	3.51	6.53	7.06	7.05

## FINANCIAL PERFORMANCE UNCONSOLIDATED

The Management Discussion and Analysis given below relates to the audited financial statements of TCS Limited (unconsolidated). The discussion should be read in conjunction with the financial statements (unconsolidated) and related notes to the financial statements for the years ended March 31, 2013 and March 31, 2012.

### Summary

Revenue of TCS Limited aggregated ₹ 48,426.14 crores in fiscal 2013 as compared to ₹ 38,104.23 crores in fiscal 2012, registering a growth of 27.09%.

Other significant financial parameters are:

- Company's earnings excluding other income, before interest, tax, depreciation, and amortisation (EBITDA) aggregated ₹ 14,306.27 crores in fiscal 2013 (₹ 11,385.72 crores in fiscal 2012), registering a growth of 25.65%
- Company's profit before tax (PBT) aggregated ₹15,703.18 crores in fiscal 2013 (₹13,366.33 crores in fiscal 2012), registering a growth of 17.48%
- Company's profit after tax (PAT) aggregated ₹12,786.34 crores in fiscal 2013 (₹10,975.98 crores in fiscal 2012), registering a growth of 16.49%
- Company's earnings per share (EPS) were ₹ 65.22 in fiscal 2013 (₹ 55.95 in fiscal 2012), registering a growth of 16.57%.

### DIVIDEND

Decision on dividend is based on Tata Consultancy Services Limited (Unconsolidated) financials which excludes the performance of subsidiaries of TCS Limited.

The board of directors decides on interim dividend based on the performance of the Company during the course of the year. For fiscal 2013, the Company declared three interim dividends of ₹ 3 per equity share. A final dividend of ₹ 13 per equity share has been recommended by the board of directors at its meeting held on April 17, 2013.

On approval by the shareholders of the final dividend of ₹ 13 per equity share, the total dividend for fiscal 2013 would be ₹ 22 per equity share (dividend for fiscal 2012, ₹ 17 per equity share, excluding special dividend ₹ 8 per equity share).

The board of directors has recommended dividend of ₹ 0.19 per preference share (₹ 0.22 for fiscal 2012).



**DISCUSSIONS ON FINANCIAL PERFORMANCE - UNCONSOLIDATED**

The Management Discussion and Analysis given below relates to the audited financial statements of TCS Limited (unconsolidated).

The following table gives an overview of the financial results of TCS Limited (unconsolidated):

(₹ crores)

	Fiscal 2013		Fiscal 2012		% growth
	₹ crores	% of revenue	₹ crores	% of revenue	
<b>Revenue from operations</b>	<b>48,426.14</b>	<b>100.00</b>	38,104.23	100.00	27.09
<b>Expenses:</b>					
Employee benefit expenses	<b>17,081.72</b>	<b>35.27</b>	13,572.68	35.62	25.85
Overseas business expenses (employee allowances paid overseas)	<b>6,817.87</b>	<b>14.08</b>	5,326.09	13.98	28.01
Services rendered by business associates (BA) and others	<b>3,653.10</b>	<b>7.55</b>	2,587.88	6.79	41.16
<b>Total employee and BA related expenses</b>	<b>27,552.69</b>	<b>56.90</b>	21,486.65	56.39	28.23
Overseas business expenses (other than employee allowance paid overseas)	<b>669.68</b>	<b>1.38</b>	478.70	1.26	39.90
Operation and other expenses	<b>5,897.50</b>	<b>12.18</b>	4,753.16	12.47	24.08
<b>Total expenses</b>	<b>34,119.87</b>	<b>70.46</b>	26,718.51	70.12	27.70
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>14,306.27</b>	<b>29.54</b>	11,385.72	29.88	25.65
Other income (net) excluding dividend income	<b>1,121.51</b>	<b>2.32</b>	257.18	0.68	336.08
Dividend income	<b>1,108.88</b>	<b>2.29</b>	2428.00	6.37	(54.33)
Finance costs	<b>30.62</b>	<b>0.06</b>	16.40	0.04	86.71
Depreciation and amortisation expense	<b>802.86</b>	<b>1.66</b>	688.17	1.81	16.67
<b>Profit before tax (PBT)</b>	<b>15,703.18</b>	<b>32.43</b>	13,366.33	35.08	17.48
Tax expense	<b>2,916.84</b>	<b>6.03</b>	2,390.35	6.27	22.03
<b>Profit for the year (PAT)</b>	<b>12,786.34</b>	<b>26.40</b>	10,975.98	28.81	16.49

**Revenue from operations**

Total revenue increased from ₹ 38,104.23 crores in fiscal 2012 to ₹ 48,426.14 crores in fiscal 2013, registering a growth of 27.09% (32.73% in fiscal 2012).

Revenue from information technology and consultancy services increased from ₹ 36,699.26 crores in fiscal 2012 to ₹ 46,874.72 crores in fiscal 2013, a growth of 27.73% (32.95% in fiscal 2012).

Revenue from sale of equipment and software licenses increased from ₹ 1,404.97 crores in fiscal 2012 to ₹ 1,551.42 crores in fiscal 2013, an increase of 10.42% (27.24% in fiscal 2012). Sale of equipment and software licenses constituted 3.20% of total revenue in fiscal 2013 (3.69% in fiscal 2012).



## Expenses

### Employee and BA related expenses

(₹ crores)

	Fiscal 2013		Fiscal 2012		% growth
	₹ crores	% of revenue	₹ crores	% of revenue	
Employee benefit expenses	17,081.72	35.27	13,572.68	35.62	25.85
Overseas business expenses (employee allowances paid overseas)	6,817.87	14.08	5,326.09	13.98	28.01
Services rendered by business associates (BA) and others	3,653.10	7.55	2,587.88	6.79	41.16
<b>Total</b>	<b>27,552.69</b>	<b>56.90</b>	<b>21,486.65</b>	<b>56.39</b>	<b>28.23</b>

Total employee and BA related expenses have increased by 28.23% from ₹ 21,486.65 crores in fiscal 2012 to ₹ 27,552.69 crores in fiscal 2013. These costs as a percentage of revenue were 56.90% in fiscal 2013 (56.39% in fiscal 2012). The increase of 0.51% was primarily attributable to higher BA costs and lower manpower utilisation. The rise in BA costs was prompted by the need for specialised skill at overseas locations

### Overseas business expenses (other than employee allowances paid overseas)

Overseas business expenses (other than employee allowances paid overseas) went up from ₹ 478.70 crores (1.26 % of revenue) in fiscal 2012 to ₹ 669.68 crores (1.38 % of revenue) in fiscal 2013. This was mainly due to increase in overseas travel related costs.

### Operation and other expenses

(₹ crores)

	Fiscal 2013		Fiscal 2012		% growth
	₹ crores	% of revenue	₹ crores	% of revenue	
Software, hardware and material costs	2,244.88	4.64	1,934.52	5.08	16.04
Communication expenses	417.27	0.86	372.91	0.98	11.90
Travelling and conveyance expenses	485.32	1.00	391.08	1.03	24.10
Rent	792.60	1.64	635.41	1.67	24.74
Legal and professional fees	242.69	0.50	166.99	0.44	45.33
Repairs and maintenance	271.93	0.56	219.67	0.58	23.79
Electricity expenses	375.61	0.78	292.10	0.77	28.59
Recruitment and training expenses	166.06	0.34	170.76	0.45	(2.75)
Others	901.14	1.86	569.72	1.47	58.17
<b>Total</b>	<b>5,897.50</b>	<b>12.18</b>	<b>4,753.16</b>	<b>12.47</b>	<b>24.08</b>

Operation and other expenses as percentage of revenue decreased from 12.47% in fiscal 2012 to 12.18% in fiscal 2013. The decrease of 0.29% was primarily due to:

- decrease in software, hardware and material costs 0.44%
- decrease in communication expenses 0.12%
- decrease in recruitment and training expenses 0.11%
- offset by an increase in other expenses 0.39%, primarily on account of one time settlement of a class action suit.

**Earnings before interest, tax, depreciation and amortisation (EBITDA) excluding other income**

EBITDA increased from ₹ 11,385.72 crores (29.88% of revenue) in fiscal 2012 to ₹ 14,306.27 crores (29.54% of revenue) in fiscal 2013. The decrease in the EBITDA of 0.34% as a percentage of revenue during fiscal 2013 was primarily attributable to:

- increase in total employee and BA related expenses 0.51%
- increase in overseas business expenses (other than employee allowance paid overseas) 0.12%
- offset by decrease in operation and other expenses 0.29%.

**Other income (net)**

(₹ crores)

	Fiscal 2013		Fiscal 2012	
	₹ crores	% of revenue	₹ crores	% of revenue
Dividend income	<b>1,108.88</b>	<b>2.29</b>	2,428.00	6.37
Interest income	<b>837.02</b>	<b>1.73</b>	658.57	1.73
Exchange gain/(loss) (net)	<b>223.05</b>	<b>0.46</b>	(432.82)	(1.14)
Others (net)	<b>61.44</b>	<b>0.13</b>	31.43	0.09
<b>Total</b>	<b>2,230.39</b>	<b>4.61</b>	2,685.18	7.05

The decrease in other income of 2.44% as a percentage of revenue, is primarily attributable to:

- decrease in dividend received 4.08%, from some of the subsidiaries whose board of directors declared and paid dividend to TCS based on their undistributed earnings and future investment plans
- offset by increase in net exchange gain /(loss) 1.60%.

**Depreciation and amortisation**

Depreciation and amortisation increased by 16.67% from ₹ 688.17 crores in fiscal 2012 to ₹ 802.86 crores in fiscal 2013. The increase was spread across all asset groups, mainly computer, furniture and fixtures, office equipment, electrical installations and freehold buildings.

**Profit before tax (PBT)**

PBT increased from ₹ 13,366.33 crores (35.08% of revenue) in fiscal 2012, to ₹ 15,703.18 crores (32.43% of revenue) in fiscal 2013. The primary reasons for the decrease in the PBT as a percentage of revenue of 2.65% were:

- decrease in EBITDA 0.34%
- decrease in dividend income 4.08%
- offset partially by (1) increase in exchange gain/ (loss) 1.60% (2) decrease in depreciation 0.15%.

**Tax expense**

The tax expense increased from ₹ 2,390.35 crores in fiscal 2012 (6.27% of revenue) to ₹ 2,916.84 crores in fiscal 2013 (6.03% of revenue). The effective tax rate (ETR) has gone up from 17.88% in fiscal 2012 to 18.57% in fiscal 2013. The increase in ETR is primarily attributable to certain SEZ units in India entering the second phase of tax holiday, where tax benefit is restricted to 50% of the first phase of five years.

**Profit for the year (PAT)**

The Company's PAT was ₹ 12,786.34 crores in fiscal 2013 (₹ 10,975.98 crores in fiscal 2012). Net profit margin decreased from 28.81% in fiscal 2012 to 26.40% in fiscal 2013. The decrease of 2.41% was attributable to lower PBT 2.65% offset by lower taxes 0.24%.

## FINANCIAL POSITION – UNCONSOLIDATED

### Share capital

There has been no change in the position of authorised, issued, subscribed and paid up capital.

### Reserves and surplus

General reserve as at March 31, 2012 was ₹ 4,280.74 crores. On transfer of 10.00% of the profit after tax in fiscal 2013 amounting to ₹ 1,278.63 crores (₹ 1,097.60 crores in fiscal 2012) and adjusting the reserve on account of merger by ₹ 44.26 crores ('Nil' in fiscal 2012), the general reserve as at March 31, 2013 increased to ₹ 5,515.11 crores.

Foreign currency translation reserve was ₹ 174.61 crores as at March 31, 2013 (₹ 152.46 crores as at March 31, 2012).

The closing balance in hedging reserve account arising out of cash flow hedges as at March 31, 2013 showed an accumulated gain of ₹ 55.49 crores (loss of ₹ 25.96 crores as at March 31, 2012). Note 39 to unconsolidated notes to accounts gives details of movements in the hedging reserve account.

Balance in the statement of profit and loss as at March 31, 2013 was ₹ 24,602.85 crores (₹ 18,235.20 crores as at March 31, 2012) after appropriation towards dividend on equity shares and preference shares, tax on dividend and transfer to general reserves.

Reserves and surplus as at March 31, 2013 were ₹ 32,266.53 crores (₹ 24,560.91 crores, as at March 31, 2012), an increase of 31.37%. Borrowings

### Long-term borrowings

Long-term borrowings as at March 31, 2013 aggregated ₹ 83.10 crores (₹ 96.23 crores as at March 31, 2012) primarily due to finance lease obligations of ₹ 81.58 crores (₹ 93.47 crores as at March 31, 2012) which are secured against fixed assets. For details refer note 34 'Obligations towards finance leases' of the unconsolidated notes to accounts.

### Deferred tax liabilities (net) and deferred tax assets (net)

As stated in the accounting policies, deferred tax assets and liabilities are offset, tax jurisdiction-wise. Note 6 of the unconsolidated notes to accounts brings out details of component-wise deferred tax balances where the net values result into liabilities or assets, jurisdiction-wise.

Deferred tax liabilities are created against certain items such as foreign branch profit and depreciation & amortisation. The net deferred tax liability was ₹ 168.49 crores as at March 31, 2013 (₹ 118.10 crores as at March 31, 2012).

Deferred tax assets are created against certain items such as foreign branch profits, employee benefits, depreciation & amortisation, provision for doubtful receivables and loans & advances. As at March 31, 2013, the net deferred tax asset had a balance of ₹ 148.23 crores (₹ 139.74 crores as at March 31, 2012). The Company assesses the likelihood of deferred tax assets getting recovered from future taxable income.

### Other current liabilities and long-term liabilities

(₹ crores)

	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
	Other current liabilities		Other long-term liabilities		Total other liabilities	
Income received in advance	683.59	561.18	-	-	683.59	561.18
Advance received from customers	46.46	12.47	-	-	46.46	12.47
Other payables and liabilities	1,442.66	1,024.91	251.87	197.59	1,694.53	1,222.50
<b>Total</b>	<b>2,172.71</b>	1,598.56	<b>251.87</b>	197.59	<b>2,424.58</b>	1,796.15

Other current and long-term liabilities increased to ₹ 2,424.58 crores as at March 31, 2013 (₹ 1,796.15 crores as at March 31, 2012). Current liabilities increased to ₹ 2,172.71 crores as at March 31, 2013 (₹ 1,598.56 crores as at March 31, 2012).

The increase in other payables and liabilities was primarily due to:

- increase in statutory current liabilities such as 'Value Added Tax' (VAT) and 'Tax Deducted at Source' (TDS) ₹ 161.22 crores
- class action suit settlement, a non-recurring charge ₹ 161.63 crores
- increase in other payments and liabilities mainly on account of lease rental liabilities.

### Short-term and long-term provisions

Provisions aggregated ₹ 4,165.66 crores as at March 31, 2013 (₹ 4,543.79 crores as at March 31, 2012). The composition of provisions is disclosed in the table below:

(₹ crores)

	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
	Short-term provisions		Long-term provisions		Total provisions	
Provision for employee benefits	639.95	506.63	269.52	154.78	909.47	661.41
Proposed final dividend on equity shares	2,544.39	3,131.55	-	-	2,544.39	3,131.55
Proposed dividend on redeemable preference shares	19.00	22.00	-	-	19.00	22.00
Tax on dividend	435.65	511.59	-	-	435.65	511.59
Current income taxes	257.15	217.24	-	-	257.15	217.24
Total	3,896.14	4,389.01	269.52	154.78	4,165.66	4,543.79

The decrease of ₹ 492.87 crores in short term provisions were mainly attributable to:

- decrease in proposed final dividend on equity shares ₹ 587.16 crores
- decrease in tax on dividend ₹ 75.94 crores
- offset by increase in provision for employee benefits ₹ 133.32 crores, which mainly comprise liability for compensated absences and
- further offset by increase in current income taxes(net) ₹ 39.91 crores.

Increase in long term provisions of ₹ 114.74 crores were attributable to employee retirement benefits.

### Fixed assets

The significant additions to gross block in fiscal 2013 were:

- land and buildings ₹ 801.07 crores in fiscal 2013 (₹ 325.97 crores in fiscal 2012)
- computer equipment ₹ 558.49 crores in fiscal 2013 (₹ 413.33 crores in fiscal 2012)
- office equipment, electrical installations, and furniture and fixtures ₹ 510.75 crores in fiscal 2013 (₹ 399.25 crores in fiscal 2012)
- leasehold improvements ₹ 87.08 crores in fiscal 2013 (₹ 204.59 crores in fiscal 2012).

The Company entered into contractual commitments with vendors who are executing various infrastructure projects. The estimated amounts of such contracts remaining to be executed on capital account were ₹ 3,328.51 crores as at March 31, 2013 (₹ 1,682.98 crores as at March 31, 2012).

## Current investments and non-current investments

(₹ crores)

	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
	Current investments		Non-current investments		Total	
Investments in bonds and debentures	335.13	533.33	693.60	336.73	1,028.73	870.06
Investments in fully paid-up equity shares of subsidiaries and others	-	-	4,889.33	4,421.08	4,889.33	4,421.08
Investments in fully paid-up preference shares of subsidiaries and others	2.80	5.00	363.04	365.84	365.84	370.84
Other investments	10.72	3.00	29.76	23.41	40.48	26.41
<b>Total</b>	<b>348.65</b>	<b>541.33</b>	<b>5,975.73</b>	<b>5,147.06</b>	<b>6,324.38</b>	<b>5,688.39</b>

Increase in total investments of ₹ 635.99 crores in fiscal 2013 were primarily attributable to:

- additional investments in subsidiaries ₹ 468.25 crores which mainly comprise (1) increased equity in TCS Iberoamerica SA ₹ 296.08 crores, (2) increased equity in TCS FNS Pty Limited ₹ 208.34 crores, (3) offset by cancellation of equity investments in Retail FullServe Limited on amalgamation ₹ 36.17 crores.
- additional investments in bonds and debentures ₹ 158.67 crores.

## Unbilled revenue

Unbilled revenue was ₹ 2,303.35 crores as at March 31, 2013 (₹ 1,567.47 crores as at March 31, 2012) representing 4.76% of revenue for fiscal 2013 (4.11% for fiscal 2012).

## Trade receivables

Trade receivables as at March 31, 2013 aggregated ₹ 11,202.32 crores (₹ 9,107.72 crores as at March 31, 2012). As a percentage of revenue, trade receivables were at 23.13% as at March 31, 2013 compared to 23.90% as at March 31, 2012.

## Short-term and long-term loans and advances

(₹ crores)

	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
	Short-term loans and advances		Long-term loans and advances		Total loans and advances	
Capital advances	-	-	476.44	327.06	476.44	327.06
Security deposits	-	-	449.06	387.26	449.06	387.26
Loans and advances to employees	162.54	140.09	7.82	9.05	170.36	149.14
Loans and advances to related parties	107.20	176.84	58.92	541.23	166.12	718.07
Advance tax (including refunds receivable (net))	-	-	1,459.78	978.58	1,459.78	978.58
MAT credit entitlement	-	-	1,772.31	1,443.60	1,772.31	1,443.60
Other loans and advances	4,641.74	1,332.81	405.88	646.03	5,047.62	1,978.84
<b>Total</b>	<b>4,911.48</b>	<b>1,649.74</b>	<b>4,630.21</b>	<b>4,332.81</b>	<b>9,541.69</b>	<b>5,982.55</b>

## TATA CONSULTANCY SERVICES LIMITED

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Loans and advances as at March 31, 2013 increased by ₹ 3,559.14 crores. The increase was primarily attributable to:

- increase in MAT credit ₹ 328.71 crores, mainly due to increase in SEZ profit, which is subjected to MAT effective April 1, 2011
- increase in advance tax ₹ 481.20 crores, mainly driven by payments made against demands from tax authorities, which have been contested by the Company
- increase in other loans and advances ₹ 3,068.78 crores, mainly due to increase in inter-corporate deposits and prepaid expenses related to certain large projects
- increase in capital advances ₹ 149.38 crores, related to infrastructural facilities in progress.

### Other current and non-current assets

(₹ crores)

	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
	Other current assets		Other non-current assets		Total	
Interest receivable	667.74	388.41	29.30	126.75	697.04	515.16
Long - term bank deposits	-	-	1,851.90	2,510.13	1,851.90	2,510.13
Others	14.60	-	-	-	14.60	-
<b>Total</b>	<b>682.34</b>	388.41	<b>1,881.20</b>	2,636.88	<b>2,563.54</b>	3,025.29

Other current and non-current assets as at March 31, 2013 were lower by ₹ 461.75 crores primarily on account of reduction in long term fixed deposits with banks.

### Cash & bank balances

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
Short - term bank deposits	3,719.78	2,953.00
Cash and cash equivalents	323.85	318.97
Earmarked balances with banks	10.53	8.10
<b>Total</b>	<b>4,054.16</b>	3,280.07

### CASH FLOW - UNCONSOLIDATED

The Company's growth has been financed largely by cash generated from operations. The Company has sufficient cash generated from operations for meeting its working capital requirements as well as the requirements for capital expenditure.

### Banking and financing arrangements

As at March 31, 2013, the Company had available line of credit with multiple banks aggregating ₹ 5,334.00 crores, interchangeable between fund-based and non-fund based limits (₹4,184.00 crores as at March 31, 2012). As at March 31, 2013 the Company had utilised ₹ 1,861.08 crores of these limits (₹1,938.97 crores utilised as at March 31, 2012).

Summary of cash flow statement is given below:

(₹ crores)

	<b>Fiscal 2013</b>	Fiscal 2012
Net cash provided by/ (used in):		
Operating activities	<b>9,156.95</b>	3,174.63
Investing activities	<b>(3,482.98)</b>	433.36
Financing activities	<b>(5,655.80)</b>	(3,897.22)
Net increase / (decrease) in cash and cash equivalents	<b>18.17</b>	(289.23)
Adjustment on account of merger	<b>3.39</b>	-
Exchange difference on translation of foreign currency cash and cash equivalents	<b>(16.68)</b>	31.02
Net increase / (decrease) in cash and cash equivalents after adjustments	<b>4.88</b>	(258.21)

#### Cash flows from operating activities

(₹ crores)

	<b>Fiscal 2013</b>	Fiscal 2012
Operating profit before working capital changes	<b>14,571.59</b>	11,083.53
Effect of working capital changes	<b>(1,776.48)</b>	(4,613.98)
Taxes paid	<b>(3,638.16)</b>	(3,294.92)
Net cash provided by operating activities	<b>9,156.95</b>	3,174.63

In fiscal 2013, the Company generated net cash of ₹ 9,156.95 crores (₹ 3,174.63 crores in fiscal 2012) from operating activities. This is attributable to:

- increase in operating profit before working capital changes ₹ 14,571.59 crores in fiscal 2013 (₹ 11,083.53 crores in fiscal 2012)
- decrease in incremental working capital requirement ₹ 1,776.48 crores in fiscal 2013 (₹ 4,613.98 crores in fiscal 2012).

The incremental taxes paid in fiscal 2013 include (1) additional ₹ 577.00 crores of advance tax paid by TCS Ltd on its higher income for the year and (2) ₹ 250.00 crores paid by TCS Ltd in fiscal 2013 under protest against contested demands for earlier years, offset by (1) absence of ₹ 293.83 crores paid under protest in fiscal 2012 against contested demands and (2) ₹ 187.84 crores of lower tax on dividend received by TCS Ltd from its overseas subsidiaries.

#### Cash flows from investing activities

(₹ crores)

	<b>Fiscal 2013</b>	Fiscal 2012
Fixed assets (net)	<b>(2,250.42)</b>	(1,689.15)
Acquisition of subsidiaries	<b>(163.92)</b>	-
Trade investments (net)	<b>2.20</b>	110.78
Mutual Funds (net)	<b>(163.75)</b>	11.82
Inter-corporate deposits (net)	<b>(2,575.37)</b>	(361.40)
Fixed deposit with banks having original maturity over three months (net)	<b>(89.55)</b>	(443.13)
Dividends received from subsidiaries (including exchange gain)	<b>1,109.44</b>	2,447.47
Interest received	<b>655.69</b>	356.57
Others	<b>(7.30)</b>	0.40
Net cash (used in) / provided by investing activities	<b>(3,482.98)</b>	433.36

In fiscal 2013, the Company used ₹ 3,482.98 crores for investing activities (₹ 433.36 crores of cash generated in fiscal 2012).

During fiscal 2013, significant use of cash in investing activities was primarily attributable to:

- purchase of fixed assets (net) ₹ 2,250.42 crores in fiscal 2013 (₹ 1,689.15 crores in fiscal 2012)
- acquisition of Computational Research Laboratories Limited ₹ 163.92 crores in fiscal 2013 (₹ 'Nil' in fiscal 2012)
- investment in fixed deposits with banks (net) ₹ 89.55 crores in fiscal 2013 (₹ 443.13 crores in fiscal 2012)
- inter-corporate deposits (net) ₹ 2,575.37 crores in fiscal 2013 (₹ 361.40 crores in fiscal 2012).

Cash provided by investing activity was primarily attributable to:

- dividends from subsidiaries ₹ 1,109.44 crores in fiscal 2013 (₹ 2,447.47 crores in fiscal 2012)
- interest received from investments in fixed deposits and inter-corporate deposits ₹ 655.69 crores in fiscal 2013 (₹ 356.57 crores in fiscal 2012).



**Cash flows from financing activities**

(₹ crores)

	<b>Fiscal 2013</b>	Fiscal 2012
Repayment of long term borrowings	(1.24)	(1.25)
Short term borrowings (net)	80.02	-
Repayment of inter-corporate deposits	(5.00)	-
Dividend paid, including dividend tax	(5,703.16)	(3,879.81)
Interest paid	(26.42)	(16.16)
Net cash used in financing activities	(5,655.80)	(3,897.22)

The significant item of cash used in financing activities was payment of dividend ₹ 5,703.16 crores including dividend tax (₹ 3,879.81 crores in fiscal 2012).

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies.

The Company has a well defined delegation of power with authority limits for approving revenue as well as expenditure. Processes for formulating and reviewing annual and long term business plans have been laid down. The Company uses a state-of-the-art ERP system to record data for accounting, consolidation and management information purposes which connects to different locations for efficient exchange of information. It has

continued its efforts to align all its processes and controls with global best practices.

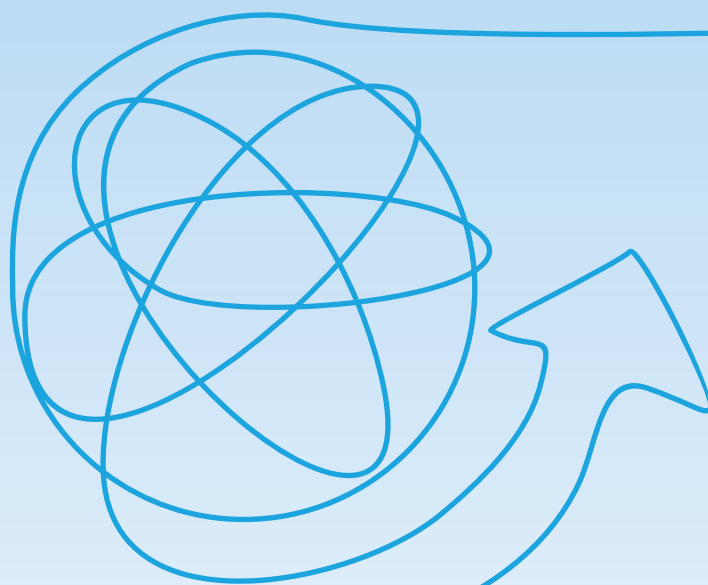
The Company has appointed Ernst & Young Private Limited to oversee and carry out internal audit of the Company's activities. The audit is based on an internal audit plan, which is reviewed each year in consultation with the statutory auditors (M/s. Deloitte Haskins & Sells) and the audit committee. In line with international practice, the conduct of internal audit is oriented towards the review of internal controls and risks in Company's operations such as software delivery, accounting and finance, procurement, employee engagement, travel, insurance, IT processes in the Company, including most of the subsidiaries and foreign branches.

The Company has an audit committee, the details of which have been provided in the corporate governance report.

The audit committee reviews audit reports submitted by the internal auditors. Suggestions for improvement are considered and the audit committee follows up on corrective action. The audit committee also meets the Company's statutory auditors to ascertain, inter alia, their views on the adequacy of internal control systems in the Company and keeps the board of directors informed of its major observations periodically.

**CAUTIONARY STATEMENT**

Certain statements made in the management discussion and analysis report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations whether expressed or implied. Several factors could make significant difference to the Company's operations. These include climatic and economic conditions affecting demand and supply, government regulations and taxation, natural calamities over which the Company does not have any direct control.



# Corporate Governance Report

## Corporate Governance Report for the year 2012-13

### I. Company's philosophy on corporate governance

Effective corporate governance practices constitute the strong foundations on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

Strong leadership and effective corporate governance practices have been the Company's hallmark and it has inherited these from the Tata culture and ethos. The Company continues to focus its resources, strengths and strategies to achieve its vision of becoming a truly global leader in software services, while upholding the core values of excellence, integrity, responsibility, unity and understanding, which are fundamental to the Tata companies. The Company believes in adopting the 'best practices' that are followed in the area of corporate governance across various geographies.

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its employees including the Managing Director and the Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors. Both these codes are available on the Company's website. The Company's corporate governance philosophy has been further strengthened through the Tata Business Excellence Model, the Tata Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices. The Company has in place an Information Security Policy that ensures proper utilisation of IT resources.

The Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreements entered into with the Stock Exchanges with regard to corporate governance.

### II. Board of Directors

- i. As on March 31, 2013, the Company has eleven Directors with a Non-Executive Chairman and a Non-Executive Vice Chairman. Of the eleven Directors, ten (i.e. 90.91%) are Non-Executive Directors and six (i.e. 54.55%) are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges. None of the Non-Executive Directors is responsible for day-to-day affairs of the Company.
- ii. None of the Directors on the Board is Member of more than ten committees or Chairman of more than five committees across all the public companies in which he is a Director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2013 have been made by the Directors.
- iii. The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other public companies as on March 31, 2013 are given herein below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanships/Memberships of Board committees include only Audit and Shareholders/Investors Grievance Committees.

Name of the Director	Category	Number of Board meetings during the year 2012-13		Whether attended last AGM held on June 29, 2012	Number of Directorships in other public companies		Number of committee positions held in other public companies	
		Held	Attended		Chairman	Member	Chairman	Member
Mr. R. N. Tata* DIN 00000001	Non-Independent, Non-Executive	5 <sup>®</sup>	5	Yes	-	-	-	-
Mr. Cyrus Mistry (Chairman)** DIN 00010178	Non-Independent, Non-Executive	7 <sup>®®</sup>	7	Yes	9	-	-	1
Mr. S. Ramadorai (Vice-Chairman) DIN 00000002	Non-Independent, Non-Executive	7	7	Yes	7	6	1	6
Mr. N. Chandrasekaran (Chief Executive Officer and Managing Director) DIN 00121863	Non-Independent, Executive	7	7	Yes	2	1	-	1
Mr. Aman Mehta DIN 00009364	Independent, Non-Executive	7	7	Yes	-	5	2	3
Mr. V. Thyagarajan DIN 00017541	Independent, Non-Executive	7	7	Yes	-	1	-	1
Prof. Clayton M. Christensen DIN 00020111	Independent, Non-Executive	7	1	No	-	-	-	-
Dr. Ron Sommer DIN 00621387	Independent, Non-Executive	7	7	No	-	1	-	-
Mrs. Laura M. Cha*** DIN 00909210	Independent, Non-Executive	1 <sup>®</sup>	-	No	-	-	-	-
Mr. S. Mahalingam**** DIN 00121727	Non-Independent, Executive	6 <sup>®</sup>	6	Yes	-	-	-	-
Dr. Vijay Kelkar DIN 00011991	Independent, Non-Executive	7	6	Yes	1	6	1	2
Mr. Ishaat Hussain DIN 00027891	Non-Independent, Non-Executive	7	7	Yes	2	12	4	5
Mr. Phiroz Vandrevala DIN 01778976	Non-Independent, Non-Executive	7	7	Yes	-	2	-	1
Mr. O. P. Bhatt***** DIN 00548091	Independent, Non-Executive	7 <sup>®®</sup>	7	Yes	-	2	1	3

\* Retired as the Director and Chairman of the Company w.e.f. December 28, 2012.

\*\* Appointed as the Director w.e.f. April 2, 2012 and Chairman of the Company w.e.f. December 28, 2012.

\*\*\* Ceased to be the Director of the Company w.e.f. June 29, 2012.

\*\*\*\* Retired as the Chief Financial Officer and Executive Director of the Company w.e.f. February 10, 2013.

\*\*\*\*\* Appointed as the Director w.e.f. April 2, 2012.

<sup>®</sup> Details provided till the date of retirement/cessation.

<sup>®®</sup> Details provided from the date of appointment.

Video/tele-conferencing facilities are also used to facilitate Directors travelling abroad or at other locations to participate in the meetings.

- iv. Seven Board meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the said meetings were held are as follows:  
April 23, 2012; July 12, 2012; September 4, 2012; October 19, 2012; December 10, 2012; January 14, 2013 and March 12, 2013.  
The necessary quorum was present for all the meetings.
- v. None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.
- vi. During the year 2012-13, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreements has been placed before the Board for its consideration.

### III. Committees of the Board

#### A. Audit Committee

- i. The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements entered into with the Stock Exchanges read with Section 292A of the Companies Act, 1956 ("Act").
- ii. The terms of reference of the Audit Committee are broadly as under:
  - Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
  - Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
  - Discussion with the external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - Reviewing the financial statements and draft audit report, including the quarterly/half-yearly financial information.
  - Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
    - any changes in accounting policies and practices;
    - major accounting entries based on exercise of judgment by management;
    - qualifications in draft audit report;
    - significant adjustments arising out of audit;
    - the going concern assumption;
    - compliance with accounting standards;
    - compliance with stock exchange and legal requirements concerning financial statements;
    - any related party transactions as per Accounting Standard 18.
  - Reviewing the Company's financial and risk management policies.
  - Disclosure of contingent liabilities.
  - Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
  - Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
  - Discussion with internal auditors of any significant findings and follow-up thereon.
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

- Looking into the reasons for substantial defaults in payments to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.
  - Reviewing compliances as regards the Company's Whistle Blower Policy.
- iii. The Audit Committee invites such of the executives, as it considers appropriate (particularly the head of the finance function), representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings. The Company Secretary acts as the Secretary to the Audit Committee.
- iv. The previous Annual General Meeting (AGM) of the Company was held on June 29, 2012 and was attended by Mr. Aman Mehta, Chairman of the Audit Committee.
- v. The composition of the Audit Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the year 2012-13	
		Held	Attended
Mr. Aman Mehta (Chairman)	Independent, Non-Executive	7	7
Mr. V. Thyagarajan	Independent, Non-Executive	7	7
Dr. Ron Sommer	Independent, Non-Executive	7	6
Dr. Vijay Kelkar	Independent, Non-Executive	7	6
Mr. Ishaat Hussain	Non-Independent, Non-Executive	7	7
Mr. O. P. Bhatt*	Independent, Non-Executive	6 <sup>®</sup>	6

\* Appointed as a Member of the Committee w.e.f. April 23, 2012.

® Details provided from the date of appointment.

- vi. Seven Audit Committee meetings were held during the year. The dates on which the said meetings were held are as follows:

April 23, 2012; July 12, 2012; September 4, 2012; October 19, 2012; December 10, 2012; January 14, 2013 and March 11, 2013.

The necessary quorum was present for all the meetings.

## B. Remuneration Committee

- i. The Company has a Remuneration Committee of Directors.
- ii. The broad terms of reference of the Remuneration Committee are as under:
  - To approve the annual remuneration plan of the Company;
  - To approve the remuneration and commission/incentive payable to the Managing Director for each financial year;
  - To approve the remuneration and annual performance bonus payable to the Chief Financial Officer and the Executive Vice Presidents of the Company for each financial year;
  - Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.

- iii. The composition of the Remuneration Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the year 2012-13	
		Held	Attended
Mr. Aman Mehta (Chairman)	Independent, Non-Executive	1	1
Mr. R. N. Tata*	Non-Independent, Non-Executive	1 <sup>®</sup>	1
Mr. S. Ramadorai	Non-Independent, Non-Executive	1	1
Mr. V. Thyagarajan	Independent, Non-Executive	1	1
Mr. Cyrus Mistry**	Non-Independent, Non-Executive	1 <sup>®®</sup>	-

\* Retired as the Director and Chairman of the Company w.e.f. December 28, 2012.

\*\* Appointed as a Member of the Committee w.e.f. April 23, 2012.

<sup>®</sup> Details provided till the date of retirement.

<sup>®®</sup> Details provided from the date of appointment.

- iv. One meeting of the Remuneration Committee was held during the year on April 23, 2012.
- v. The Company does not have any Employee Stock Option Scheme.
- vi. Remuneration Policy:

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the Company endeavours to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay, benefits and performance based variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Managing Director and the Executive Directors. Annual increments are decided by the Remuneration Committee within the salary scale approved by the members and are effective April 1, each year. The Remuneration Committee decides on the commission payable to the Managing Director and the Executive Directors out of the profits for the financial year and within the ceilings prescribed under the Act based on the performance of the Company as well as that of the Managing Director and each Executive Director.

During the year 2012-13, the Company paid sitting fees of ₹ 10,000 per meeting to its Non-Executive Directors for attending meetings of the Board and meetings of committees of the Board. The Members have at the AGM of the Company on June 30, 2009 approved of payment of commission to the Non-Executive Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Act. The said commission is decided each year by the Board of Directors and distributed amongst the Non-Executive Directors based on their attendance and contribution at the Board and certain Committee meetings, as well as the time spent on operational matters other than at meetings. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.



vii. Details of the Remuneration for the year ended March 31, 2013:

a. Non-Executive Directors:

(₹ lakh)

Name	Commission	Sitting Fees
Mr. R. N. Tata*	300.00	0.60
Mr. Cyrus Mistry**	Nil	0.70
Mr. S. Ramadorai	250.00	1.00
Mr. Aman Mehta	135.00	1.50
Mr. V. Thyagarajan	100.00	1.70
Prof. Clayton M. Christensen	75.00	0.10
Dr. Ron Sommer	100.00	1.40
Mrs. Laura M. Cha***	15.00	Nil
Dr. Vijay Kelkar	80.00	1.30
Mr. Ishaat Hussain	75.00	1.70
Mr. Phiroz Vandrevalla	30.00	0.70
Mr. O. P. Bhatt****	80.00	1.60

\* Retired as the Director and Chairman of the Company w.e.f. December 28, 2012.

\*\* Appointed as the Director w.e.f. April 2, 2012 and Chairman of the Company w.e.f. December 28, 2012.

\*\*\* Ceased to be the Director of the Company w.e.f. June 29, 2012.

\*\*\*\* Appointed as the Director w.e.f. April 2, 2012.

b. Managing Director and Executive Director:

Name of Director and period of appointment	Salary (₹ lakh)	Benefits Perquisites and Allowances (₹ lakh)	Commission (₹ lakh)	ESPS
Mr. N. Chandrasekaran Chief Executive Officer and Managing Director (w.e.f. October 6, 2009 for a period of 5 years)	100.58	168.83	900.00	Nil
Mr. S. Mahalingam Chief Financial Officer and Executive Director (re-appointed w.e.f. September 6, 2012 upto February 9, 2013)	58.99	73.11	270.00	Nil

The above figures do not include (a) provisions for encashable leave, gratuity and premium paid for Group Health Insurance as separate actuarial valuation/premium paid are not available for the Managing Director and Executive Directors and (b) retirement benefits of ₹ 208.91 lakh to the former Executive Director.

Services of the Managing Director may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof. There is no separate provision for payment of severance fees.

viii. Details of equity shares of the Company held by the Directors as on March 31, 2013 are given below:

Name	Number of equity shares
Mr. Cyrus Mistry	41,63,526
Mr. S. Ramadorai	1,99,120
Mr. N. Chandrasekaran	88,528
Mr. Phiroz Vandrevalla	80,000
Mr. Ishaat Hussain	1,740

The Company has not issued any convertible debentures.

**C. Shareholders/Investors Grievance Committee**

- i. The Company has a Shareholders/Investors Grievance Committee of Directors to look into the redressal of complaints of investors such as transfer or credit of shares, non-receipt of dividend/notices/annual reports, etc.
- ii. One meeting of the Shareholders/Investors Grievance Committee was held during the year on December 10, 2012.
- iii. The composition of the Shareholders/Investors Grievance Committee and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the year 2012-13	
		Held	Attended
Mrs. Laura M. Cha*	Independent, Non-Executive	- <sup>@</sup>	-
Mr. V. Thyagarajan (Chairman)**	Independent, Non-Executive	1	1
Mr. S. Ramadorai	Non-Independent, Non-Executive	1	1
Mr. O. P. Bhatt***	Independent, Non-Executive	1 <sup>@@</sup>	1

\* Ceased to be the Director of the Company w.e.f. June 29, 2012.

\*\* Appointed as Chairman of the Committee w.e.f. September 4, 2012.

\*\*\* Appointed as a Member of the Committee w.e.f. September 4, 2012.

<sup>@</sup> Details provided till the date of cessation.

<sup>@@</sup> Details provided from the date of appointment.

- iv. The Company has always valued its customer relationships. This philosophy has been extended to investor relationship and an Investor Relations Department (IRD) was set up in June 2004, prior to the Company's Initial Public Offer of shares. The IRD focuses on servicing the needs of various stakeholders viz., investors, analysts, brokers and the general public.
- v. Name, designation and address of Compliance Officer:  
Mr. Suprakash Mukhopadhyay  
Vice President and Company Secretary  
Tata Consultancy Services Limited  
11<sup>th</sup> Floor, Air India Building  
Nariman Point  
Mumbai 400 021  
Telephone: 91 22 6778 9285  
Fax: 91 22 6630 3672
- vi. Details of investor complaints received and redressed during the year 2012-13 are as follows:

Opening balance	Received during the year	Resolved during the year	Closing balance
1	147	146	2*

\* These complaints were received during the last week of March 2013 and addressed subsequently.

**D. Other Committees**

- i. Ethics and Compliance Committee:

In terms of the Company's Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices ("Insider Trading Code"), applicable to the Directors, officers and other employees, the Company has an Ethics and Compliance Committee of Directors. The Committee considers matters relating to the Insider Trading Code and also considers matters relating to the Company's Code of Conduct ("CoC").

Monthly Reports are sent to the members of the Committee on matters relating to the Insider Trading Code and the CoC. One meeting of the Ethics and Compliance Committee was held during the year on January 14, 2013.

The composition of the Ethics and Compliance Committee and details of the meetings attended by its members are given below:

Name	Category	Number of meetings during the year 2012-13	
		Held	Attended
Mr. S. Ramadorai	Non-Independent, Non-Executive	1	1
Mr. V. Thyagarajan	Independent, Non-Executive	1	1

During the year, Mr. Rajesh Gopinathan, Chief Financial Officer was appointed as the Compliance Officer by the Board in place of Mr. S. Mahalingam. The Compliance Officer ensures compliance and effective implementation of the Insider Trading Code.

ii. Bank Account Committee:

The Company, as on March 31, 2013, has a Bank Account Committee of Directors comprising Mr. Aman Mehta (Independent, Non-Executive) and Mr. N. Chandrasekaran (Non-Independent, Executive). The Bank Account Committee is responsible for approval of opening and closing of bank accounts of the Company and to authorise persons to operate the bank accounts of the Company.

iii. Nominations Committee:

The Company, as on March 31, 2013, has a Nominations Committee of Directors comprising Mr. V. Thyagarajan (Independent, Non-Executive) as the Chairman, Mr. Cyrus Mistry (Non-Independent, Non-Executive) and Prof. Clayton M. Christensen (Independent, Non-Executive).

The Nominations Committee is responsible for making recommendations regarding the composition of the Board and in this regard shall identify Independent Directors to be inducted to the Board and take steps to refresh the composition of the Board from time to time.

iv. Executive Committee:

The Company, as on March 31, 2013, has an Executive Committee of Directors comprising Mr. Cyrus Mistry (Non-Independent, Non-Executive) as the Chairman, Mr. S. Ramadorai (Non-Independent, Non-Executive), Prof. Clayton M. Christensen (Independent, Non-Executive), Dr. Ron Sommer (Independent, Non-Executive) and Mr. N. Chandrasekaran (Non-Independent, Executive).

The Executive Committee's role covers a detailed review of the following matters before these are presented to the Board:

- Business and strategy review;
- Long-term financial projections and cash flows;
- Capital and revenue budgets and capital expenditure programmes;
- Acquisitions, divestments and business restructuring proposals;
- Senior management succession planning;
- Any other item as may be decided by the Board.

The above matters were discussed in various Board meetings held during the year with the presence of the Executive Committee members with an intent to avail expertise of all the Board members.

v. Software Technology Parks of India (STPI)/Special Economic Zone (SEZ) Committee:

The Company, as on March 31, 2013, has a STPI/SEZ Committee of Directors comprising Mr. V. Thyagarajan (Independent, Non-Executive) and Mr. N. Chandrasekaran (Non-Independent, Executive). The STPI/SEZ Committee is responsible for approval, from time to time, of registration/renewal of registration/de-registration of various offices of the Company under the STPI/SEZ schemes and such other schemes as may be deemed fit by them, and also approve of other STPI/SEZ/other scheme(s) related matters.

vi. Risk Management Committee:

The Risk Management Committee is responsible for advising the Company on foreign exchange matters and framing the broad guidelines for investment of surplus funds of the Company.

Two meetings of the Risk Management Committee were held during the year on August 29, 2012 and September 4, 2012.

The composition of the Risk Management Committee and details of the meetings attended by its members are given below:

Name	Category	Number of meetings during the year 2012-13	
		Held	Attended
Mr. Ishaat Hussain	Non-Independent, Non-Executive	2	2
Mr. S. Ramadorai	Non-Independent, Non-Executive	2	2
Mr. N. Chandrasekaran	Non-Independent, Executive	2	2
Mr. S. Mahalingam*	Non-Independent, Executive	2 <sup>@</sup>	2
Mr. O. P. Bhatt**	Independent, Non-Executive	2 <sup>@@</sup>	2

\* Retired as the Chief Financial Officer and Executive Director w.e.f. February 10, 2013.

\*\* Appointed as a Member of the Committee w.e.f. July 12, 2012.

@ Details provided till the date of retirement.

@@ Details provided from the date of appointment.

 vii. Health, Safety and Sustainability Committee:

The Health, Safety and Sustainability Committee of Directors is responsible for framing and implementation of broad guidelines/policies with regard to the Health, Safety and Sustainability activities of the Company, review the policies, processes and systems periodically and recommend measures for improvements from time to time.

One meeting of the Health, Safety and Sustainability Committee was held during the year on December 10, 2012.

The composition of the Health, Safety and Sustainability Committee and details of the meetings attended by its members are given below:

Name	Category	Number of meetings during the year 2012-13	
		Held	Attended
Dr. Vijay Kelkar (Chairman)	Independent, Non-Executive	1	1
Dr. Ron Sommer	Independent, Non-Executive	1	1
Mr. N. Chandrasekaran	Non-Independent, Executive	1	1

**IV. General Body Meetings**

## i. General Meeting:

## a. Annual General Meeting:

Financial year	Date	Time	Venue
2009-10	July 2, 2010	3.30 p.m.	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020
2010-11	July 1, 2011		
2011-12	June 29, 2012		

## b. Extraordinary General Meeting:

No Extraordinary General Meeting of the Members was held during the year 2012-13.

ii. Postal Ballot:

No Postal Ballot was conducted during the year 2012-13.

iii. Special Resolutions:

At the AGM of the Company held on July 2, 2010, a Special Resolution was passed for alteration of the Articles of Association of the Company revising the limit for maximum number of Directors in the Company to fifteen. The resolution was passed with the requisite majority.

## V. Disclosures

- i. There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large.
- ii. Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India or any statutory authority, on any matter related to capital markets, during the last three years 2010-11, 2011-12 and 2012-13 respectively: NIL
- iii. The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to the Clause 49 of the Listing Agreements entered into with the Stock Exchanges:
  - (a) The Company has set up a Remuneration Committee, details of which have been given earlier in this Report.
  - (b) A message from the CEO and Managing Director on the half-yearly financial performance of the Company including a summary of the significant events in the six month period ended September 30, 2012 was sent to every Member in October 2012.
  - (c) The statutory financial statements of the Company are unqualified.
  - (d) The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behaviour. No person has been denied access to the Audit Committee.
- iv. Reconciliation of Share Capital Audit:
 

A qualified practicing Company Secretary carried out a Share Capital Audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

## VI. Subsidiary companies

The Audit Committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.

## VII. Means of communication

The quarterly, half-yearly and annual results of the Company are published in leading newspapers in India which include The Indian Express, Financial Express, Deccan Chronicle, Lok Satta, Business Standard, The Hindu Business Line, Hindustan Times and Sandesh. The results are also displayed on the Company's website "www.tcs.com". Press Releases made by the Company from time to time are also displayed on the Company's website. Presentations made to the institutional investors and analysts after the declaration of the quarterly, half-yearly and annual results are also displayed on the Company's website. A list of Frequently Asked Questions (FAQs) giving details about the Company and its shares is uploaded on the Company's website under 'Investor FAQs' section. A Management Discussion and Analysis Report is a part of the Company's Annual Report.

**VIII. General shareholder information****i. Annual General Meeting:**

Date	: June 28, 2013
Time	: 3.30 p.m.
Venue	: Birla Matushri Sabhagar 19, Sir Vithaldas Thackersey Marg New Marine Lines, Mumbai 400 020

As required under Clause 49(IV)(G)(i) of the Listing Agreements entered into with the Stock Exchanges, particulars of Directors seeking appointment/re-appointment at the forthcoming AGM are given in the Annexure to the Notice of the AGM to be held on June 28, 2013.

**ii. Financial Calendar:**

Year ending	: March 31
AGM in	: June
Dividend Payment	: The final dividend, if declared, shall be paid/credited on July 5, 2013.

**iii. Date of Book Closure/Record Date** : As mentioned in the Notice of the AGM to be held on June 28, 2013.**iv. Listing on Stock Exchanges** : National Stock Exchange of India Limited (NSE)  
Exchange Plaza, C-1, Block G  
Bandra Kurla Complex  
Bandra (East), Mumbai 400 051  
: BSE Limited (BSE)  
25<sup>th</sup> Floor, P. J. Towers, Dalal Street  
Mumbai 400 001**v. Stock Codes/Symbol:**

NSE	: TCS
BSE	: 532540

Listing Fees as applicable have been paid.

**vi. Corporate Identification Number (CIN) of the Company** : L22210MH1995PLC084781**vii. Dividend Policy:**

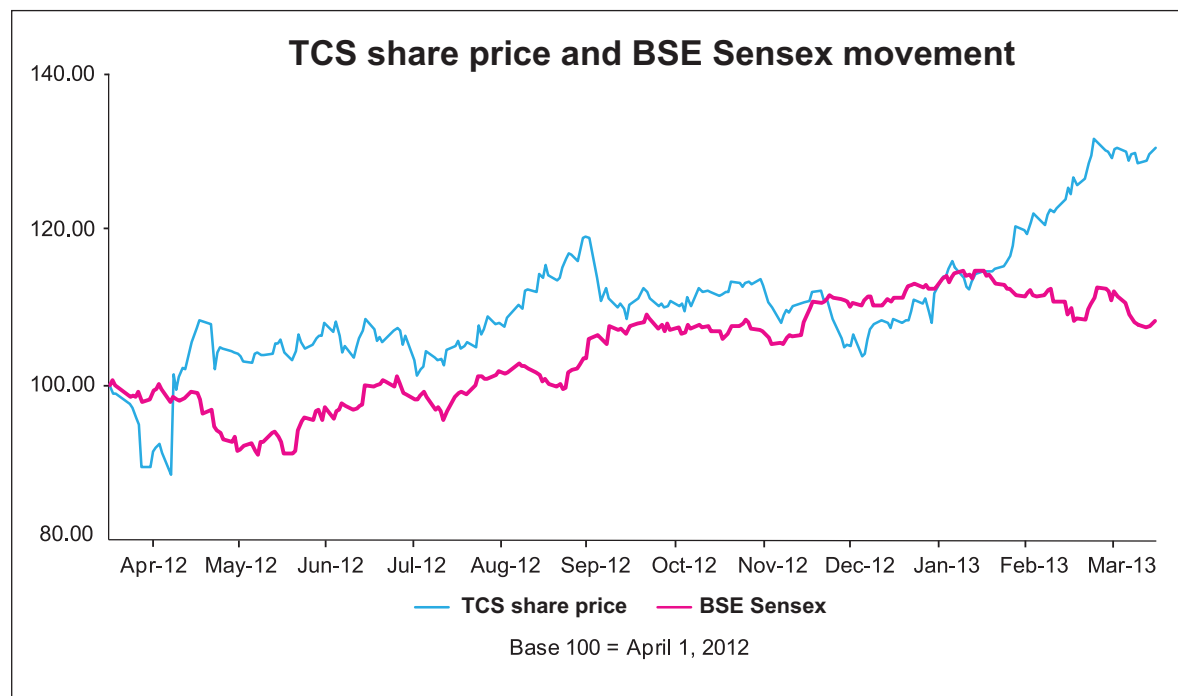
Dividends, other than interim dividend(s), are to be declared at the AGM of shareholders based on the recommendation of the Board of Directors. Generally, the factors that may be considered by the Board of Directors before making any recommendations for dividend include, without limitation, the Company's future expansion plans and capital requirements, profits earned during the fiscal year, cost of raising funds from alternate sources, liquidity position, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and general market conditions. The Board of Directors may also from time to time pay interim dividend(s) to shareholders.

viii. Market Price Data:

High, Low (based on daily closing prices) and number of equity shares traded during each month in the year 2012-13 on NSE and BSE:

Month	NSE			BSE		
	High (₹)	Low (₹)	Total number of equity shares traded	High (₹)	Low (₹)	Total number of equity shares traded
April 2012	1,246.60	1,064.25	3,87,59,527	1,244.90	1,059.25	45,29,463
May 2012	1,279.50	1,200.70	3,56,11,023	1,280.35	1,200.35	39,92,227
June 2012	1,277.45	1,213.25	2,00,58,443	1,277.55	1,213.25	23,25,029
July 2012	1,261.70	1,185.90	3,19,68,582	1,261.40	1,186.60	60,50,386
August 2012	1,367.15	1,224.65	1,77,08,401	1,365.05	1,227.60	19,30,023
September 2012	1,417.70	1,271.55	3,02,13,322	1,415.40	1,269.30	24,14,184
October 2012	1,322.65	1,283.15	1,89,69,318	1,321.65	1,281.45	19,15,665
November 2012	1,334.50	1,262.35	1,39,03,837	1,334.25	1,261.50	11,38,805
December 2012	1,316.80	1,205.50	2,57,22,864	1,314.85	1,205.85	23,64,528
January 2013	1,362.00	1,258.40	3,64,03,975	1,362.25	1,258.55	31,23,421
February 2013	1,517.00	1,348.10	2,66,39,765	1,514.75	1,346.40	29,78,109
March 2013	1,589.90	1,501.85	2,67,19,336	1,590.45	1,499.55	18,76,234

ix. Performance of the share price of the Company in comparison to the BSE Sensex:





x. Registrars and Transfer Agents:

Name and Address	: TSR DARASHAW Private Limited (TSRDPL) 6-10, Haji Moosa Patrawala Industrial Estate 20, Dr. E. Moses Road, Mahalaxmi Mumbai 400 011
Telephone	: 91 22 6656 8484
Fax	: 91 22 6656 8494
E-mail	: csg-unit@tsrdarashaw.com
Website	: www.tsrdarashaw.com

xi. Places for acceptance of documents:

Documents will be accepted at	: TSR DARASHAW Private Limited 6-10, Haji Moosa Patrawala Industrial Estate 20, Dr. E. Moses Road, Mahalaxmi Mumbai 400 011
Time	: 10.00 a.m. to 3.30 p.m. (Monday to Friday except bank holidays)

For the convenience of the shareholders based in the following cities, transfer documents and letters will also be accepted at the following branches/agencies of TSRDPL:

a. Branches of TSRDPL:

- TSR DARASHAW Private Limited  
503, Barton Centre, 5<sup>th</sup> Floor  
84, Mahatma Gandhi Road  
Bangalore 560 001  
Telephone: 91 80 2532 0321  
Fax: 91 80 2558 0019  
E-mail: tsrdljang@tsrdarashaw.com
- TSR DARASHAW Private Limited  
Tata Centre, 1<sup>st</sup> Floor  
43, J. L. Nehru Road  
Kolkata 700 071  
Telephone: 91 33 2288 3087  
Fax: 91 33 2288 3062  
E-mail: tsrdlcal@tsrdarashaw.com
- TSR DARASHAW Private Limited  
'E' Road, Northern Town,  
Bistupur,  
Jamshedpur 831 001  
Telephone: 91 657 2426616  
Fax: 91 657 2426937  
E-mail: tsrdljsr@tsrdarashaw.com
- TSR DARASHAW Private Limited  
2/42, Ansari Road, 1<sup>st</sup> Floor  
Daryaganj, Sant Vihar  
New Delhi 110 002  
Telephone: 91 11 2327 1805  
Fax: 91 11 2327 1802  
E-mail: tsrdldel@tsrdarashaw.com

b. Agent of TSRDPL:

Shah Consultancy Services Limited  
3, Sumatinath Complex, 2<sup>nd</sup> Dhal  
Pritam Nagar, Ellisbridge  
Ahmedabad 380 006  
Telefax: 91 79 2657 6038  
E-mail: shahconsultancy8154@gmail.com

xii. Share transfer system:

99.97% of the equity shares of the Company are in electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with TSRDPL at any of the above mentioned addresses.

Transfer of shares in physical form is normally processed within ten to twelve days from the date of receipt, if the documents are complete in all respects. The Company Secretary, under the authority of the Board, approves transfers, which are noted at subsequent board meetings.

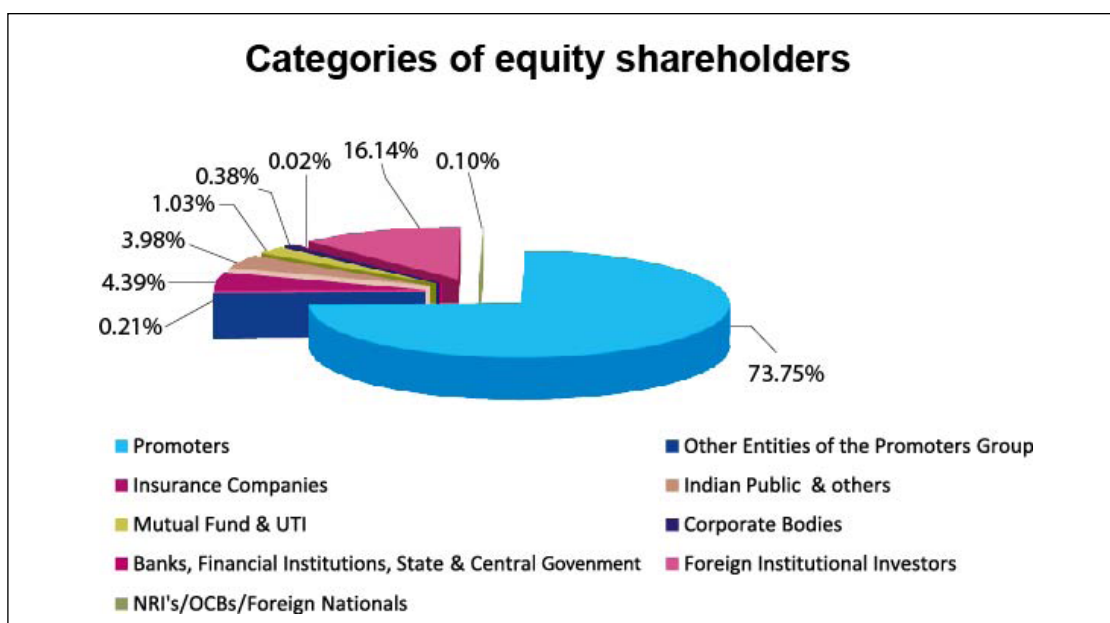
xiii. Shareholding as on March 31, 2013:

a. Distribution of equity shareholding as on March 31, 2013:

Number of shares	Holding	Percentage to capital	Number of accounts	Percentage to total accounts
1 - 1000	4,55,94,313	2.33	5,92,177	98.62
1001 - 5000	1,27,16,973	0.65	6,354	1.06
5001 - 10000	42,84,422	0.22	612	0.10
10001 - 20000	47,24,321	0.24	328	0.05
20001 - 30000	37,74,759	0.19	152	0.03
30001 - 40000	33,78,895	0.17	97	0.02
40001 - 50000	33,98,017	0.18	75	0.01
50001 - 100000	1,36,70,393	0.70	191	0.03
100001 - above	1,86,56,78,903	95.32	479	0.08
<b>GRAND TOTAL</b>	<b>1,95,72,20,996</b>	<b>100.00</b>	<b>6,00,465</b>	<b>100.00</b>

b. Categories of equity shareholders as on March 31, 2013:

Category	Number of equity shares held	Percentage of holding
Promoters	1,44,34,51,698	73.75
Other Entities of the Promoters Group	40,98,012	0.21
Insurance Companies	8,60,00,073	4.39
Indian Public and others	7,80,00,818	3.98
Mutual Fund and UTI	2,00,69,992	1.03
Corporate Bodies	73,90,768	0.38
Banks, Financial Institutions, State and Central Government	4,97,705	0.02
Foreign Institutional Investors	31,58,00,435	16.14
NRI's/OCBs/Foreign Nationals	19,11,495	0.10
<b>GRAND TOTAL</b>	<b>1,95,72,20,996</b>	<b>100.00</b>



- c. Distribution and category of redeemable preference shareholder as on March 31, 2013:  
Tata Sons Limited, the holding company, holds 100% of the 100,00,00,000 redeemable preference shares of the Company.
- d. Top ten equity shareholders of the Company as on March 31, 2013:

Sr. no.	Name of the shareholder	Number of equity shares held	Percentage of holding
1	Tata Sons Limited	1,44,34,51,698	73.75
2	Life Insurance Corporation of India	5,05,28,386	2.58
3	Franklin Templeton Investment Funds	3,14,99,741	1.61
4	Aberdeen Global Indian Equity Fund Mauritius Limited	1,48,00,000	0.76
5	Oppenheimer Developing Markets Fund	1,10,83,042	0.57
6	Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Fund	97,16,398	0.50
7	Lazard Asset Management LLC A/C Lazard Emerging Markets Portfolio	79,45,196	0.41
8	Government of Singapore	63,50,308	0.32
9	National Westminster Bank Plc as Depositary of First State Asia Pacific Leaders Fund a Sub Fund of First State Investments ICVC	62,01,107	0.32
10	Abu Dhabi Investment Authority - Gulab	60,72,519	0.31

- xiv. Dematerialisation of shares and liquidity:

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India viz. NSDL and CDSL. Equity shares of the Company representing 99.97% of the Company's equity share capital are dematerialised as on March 31, 2013.

The Company's equity shares are regularly traded on NSE and BSE, in dematerialised form.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE467B01029.

- xv. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments in the past and hence as on March 31, 2013, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

- xvi. Equity shares in the suspense account:

In accordance with the requirement of Clause 5A(I) of the Listing Agreements entered into with the Stock Exchanges, the Company reports the following details in respect of equity shares lying in the suspense account which were issued in dematerialised form pursuant to the public issue of the Company:

Particulars	Number of shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2012	190	7,740
Shareholders who approached the Company for transfer of shares from suspense account during the year	2	96
Shareholders to whom shares were transferred from the suspense account during the year	2	96
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2013	188	7,644

The voting rights on the shares outstanding in the suspense account as on March 31, 2013 shall remain frozen till the rightful owner of such shares claims the shares.

xvii. **Transfer of unclaimed/unpaid amounts to Investor Education and Protection Fund (IEPF):**

Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Act, all unclaimed/unpaid dividend, application money, debenture interest and interest on deposits as well as the principal amount of debentures and deposits, as applicable, remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, in relation to the Company and erstwhile Tata Infotech Limited (TIL), which has merged with the Company, have been transferred to the IEPF established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred nor shall any payment be made in respect of such claim.

Members may please note that all unclaimed/unpaid amounts pertaining to TIL have been transferred to IEPF.

Members who have not yet encashed their dividend warrant(s) pertaining to the Final Dividend for the financial year 2005-06 and onwards are requested to make their claims without any delay to TSRDPL. It may be noted that the unclaimed Final Dividend for the financial year 2005-06 declared on June 29, 2006 can be claimed by the shareholders by June 28, 2013.

A separate communication has been sent in January 2013 to the shareholders of TCS who have not encashed their dividend warrants and which are not yet transferred to IEPF, providing them details of the unencashed warrants and requesting them to comply with the procedure for seeking payment of the same.

The following table gives information relating to outstanding dividend accounts and the dates by which they can be claimed by the shareholders in the financial year 2013-14:

Financial year	Date of declaration	Last date for claiming unpaid dividend
2005-06	June 29, 2006	June 28, 2013
2006-07	July 18, 2006	July 17, 2013
	October 16, 2006	October 15, 2013
	January 15, 2007	January 14, 2014

xviii. **Plant location:**

In view of the nature of the Company's business viz. Information Technology (IT) Services and IT Enabled Services, the Company operates from various offices in India and abroad. The Company has a manufacturing facility at 17-B, Tivim Industrial Estate, Karaswada, Mapusa-Bardez, Goa.

xix. **Address for correspondence:**

Tata Consultancy Services Limited

9<sup>th</sup> Floor, Nirmal Building

Nariman Point

Mumbai 400 021

Telephone: 91 22 6778 9356 / 91 22 6778 9595

Fax: 91 22 6630 3672

Designated e-mail address for Investor Services: investor.relations@tcs.com

Website: www.tcs.com

## **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director and Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors. Both these Codes are available on the Company's website.

I confirm that the Company has in respect of the year ended March 31, 2013, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, employees in the Executive Vice President cadre and the Company Secretary as on March 31, 2013.

**N. Chandrasekaran**

Chief Executive Officer and Managing Director

Mumbai, April 17, 2013

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## **COMPLIANCE CERTIFICATE**

### **TO THE MEMBERS OF**

### **TATA CONSULTANCY SERVICES LIMITED**

We have examined the compliance of conditions of Corporate Governance by **TATA CONSULTANCY SERVICES LIMITED** ("the Company"), for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreements of the Company entered into with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

(Registration No. 117366W)

**P. R. RAMESH**

Partner

(Membership No. 70928)

Mumbai, May 27, 2013



# Business Responsibility Report

## Business Responsibility Report

### Introduction

Tata Consultancy Services (referred to as TCS or the Company) embodies the Tata group's core value of building a long term sustainable business by way of (a) creating wealth for society, (b) improving the lives of communities and (c) caring for the environment.

At TCS, corporate sustainability is demonstrated through (a) responsible governance built on ethical practices, transparency and accountability, (b) engagement with all stakeholders including those who are disadvantaged and marginalised, (c) respecting human rights, (d) providing value to customers, (e) respecting and protecting the environment and (f) ensuring the well-being of all our employees around the globe.

TCS operates in a large number of locations across the globe. Therefore, the implementation of sustainability programmes and initiatives of the Company spans across a number of countries and locations, incorporating the specific needs of each location. These initiatives have been growing over time and the Company has built robust infrastructure and processes to implement and monitor activities under corporate sustainability.

### Section A: General Information about the Company

- Corporate identity number (CIN) of the Company:** L22210MH1995PLC084781
- Name of the Company:** Tata Consultancy Services Limited
- Registered address:** 9th Floor, Nirmal Building, Nariman Point, Mumbai - 400 021
- Website:** www.tcs.com
- E-mail id:** corporate.sustainability@tcs.com
- Financial year reported:** April 1, 2012 to March 31, 2013
- Sector(s) that the Company is engaged in (industrial activity code-wise):**

ITC CODE	PRODUCT DESCRIPTION
85249009	Computer software

- List three key products/services that the Company manufactures/provides (as in balance sheet):**
  - Application development and maintenance,
  - Enterprise solutions including business intelligence and
  - Business process outsourcing.

- Total number of locations where business activity is undertaken by the Company:**

There are 121 global locations.

- Number of International Locations (Provide details of major 5)**

Number of International locations: 109

North America	21
LATAM	14
UK & Ireland	25
Europe	21
APAC	19
MEA	9

- Number of National Locations:**

Number of National Locations: 12

- Markets served by the Company:**

North America, South America, United Kingdom & Ireland, Europe, Asia Pacific, Middle East & Africa and India

### Section B: Financial Details of the Company

		<b>FY13 Unconsolidated ₹ crores</b>	<b>FY13 Consolidated ₹ crores</b>
<b>1.</b>	<b>Paid up capital</b>	295.72	295.72
<b>2.</b>	<b>Total turnover</b>	50,656.53	64,167.71
	a. Revenue from operation	48,426.14	62,989.48
	b. Other income	2,230.39	1,178.23
<b>3.</b>	<b>Total profit after taxes and minority interest</b>	12,786.34	13,917.31

- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** 0.51%



**5. List of activities in which expenditure in 4 above has been incurred:-**

Sr. no.	Particulars	Amount spent in ₹ crores
1.	Education	17.62
2.	Health	42.42
3.	Environment	6.52
4.	Affirmative action	5.04
	Total	71.60

**Section C: Other Details**

**1. Does the Company have any Subsidiary Company/ Companies? Yes**

**2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s): Yes**

23 of our subsidiaries participate in BR activities.

**3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity entities? [Less than 30%, 30-60%, More than 60%]:**

The Company does not mandate its suppliers/ distributors to participate in the Company's BR initiatives. However, they are encouraged to participate in the Company's CSR activities.

**2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N):**

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

P1	Business should conduct and govern themselves with ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

**Section D: BR Information**

**1. Details of Director/Directors responsible for BR**

**a. Details of the Director/Directors responsible for implementation of the BR policy/policies:**

- **DIN Number:** 00121863
- **Name:** Mr. N. Chandrasekaran
- **Designation:** Chief Executive Officer and Managing Director

**b. Details of the BR head:**

Sr. no.	Particulars	Details
1.	DIN number (if applicable)	NA
2.	Name	Mr. Ajoyendra Mukherjee
3.	Designation	Executive Vice President & Global Head HR
4.	Telephone number	022 – 67789999
5.	e-mail id	corporate.sustainability@tcs.com

Sr. no.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy /policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy been approved by the Board?	Y	Y	-	-	Y	-	Y	-	Y
	Has it been signed by MD/owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	<a href="http://www.tcs.com/SiteCollectionDocuments/About%20TCS/TCS_CodeofConduct_Oct-2008.pdf">http://www.tcs.com/SiteCollectionDocuments/About%20TCS/TCS_CodeofConduct_Oct-2008.pdf</a>		"MyHR" view restricted to employees	"Knomax" View restricted to employees	Same as P1	<a href="http://www.tcs.com/about/corp_responsibility/environmental/Pages/default.aspx">http://www.tcs.com/about/corp_responsibility/environmental/Pages/default.aspx</a>	Same as P1	"Knomax" View restricted to employees	Same as P1
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y Communicated to internal stakeholders	Y Communicated to internal stakeholders	Y
8.	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Sr. no.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

### 3. Governance related to BR

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:** Quarterly
- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?** Yes

The Company publishes its sustainability report on GRI Framework annually. It is also available on the Company's website [www.tcs.com/cs](http://www.tcs.com/cs)

### Additional Information

The Tata Code of Conduct (TCoC) is the guide for employees on values, ethics and business principles. Created in 1998, the code is a comprehensive document for employees of all TATA companies to adhere to, while conducting business. The TCoC has been influenced by the 'UN Declaration of Human Rights' and the 'International Labour Organisation' (ILO) principles. It is available on the intranet of TCS as well as on the Company's webpage. It is mandatory for each employee to sign the TCoC at the time of joining. The 200 plus ethics counsellors within the Company are responsible for ensuring its enforcement.

The corporate sustainability assessment conducted annually, includes review of awareness of the TCoC and the mechanism for redressal of issues identified.

## Section E: Principle-wise performance

### Principle 1

#### Business should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the company?** No

#### Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

All companies in TCS group are covered by the policy

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

323 complaints were received during the year 2012-13, from various stakeholders; 89.9% of these were satisfactorily resolved.

### Principle 2

#### Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

TCS has evolved its strategy around integrated, customer-centric services of same quality delivered from multiple locations around the world through its 'Global Network Delivery Model' (GNDM™). The Company follows rigorous quality management processes to ensure highest quality of output. TCS is the first organisation in the world to have received the highest level 5 enterprise wide 'Capability Maturity Model Integrated' (CMMI) certification.

TCS has evolved an 'Integrated Quality Management System' (iQMS), which addresses quality assurance practices for all types of projects. iQMS is an integrated approach for implementing quality practices of world-class quality models like ISO 9000, ISO20000, CMMI, PCMM, Six Sigma, ISO 27001 and ISO 14001 aligned with the strategic objectives of the Company.

The assured world class high quality of services ensures that the IT system built by TCS would be safe and sustainable throughout the lifetime of the system anywhere in the world.

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

There are many examples, many of which are well known to the public at large, but three of these are mentioned below.

**a. APOne, MP Online & MahaOnline:**

Under the Government of India's 'National e-Governance Plan' (NeGP), TCS and Government of Andhra Pradesh, Government of Madhya Pradesh and Government of Maharashtra have formed joint ventures (JV) to drive the initiative in the respective states. These JVs have created online web portals, which act as single platform providing citizens services at their doorsteps through channels such as kiosk, 'Citizen Service Center' (CSC) or their home personal computers. The services availed by citizens through these portals relate to education (admission in institutions, examination, counselling, etc.), recruitment (application for jobs in government departments, recruitment in electricity boards and state PSU, etc.), 'Government to Citizen' (G2C) services (certificates from government in respect of income, caste, birth, death, land records, payment of municipality and property taxes, etc.) and 'Business to Citizen' (B2C) services (collection of electricity bills, telephone bills, LIC premium, recharges of DTH and prepaid mobiles, etc.). More and more services are being added by the JVs for benefit of citizens. These online services have changed the lives of crores of citizens in India and transformed them from "citizens in line" to "citizens on line".

**b. National Rural Employment Guarantee Act (NREGA) Framework**

The NREGA framework, an end-to-end IT solution of the Company has successfully automated the NREGA scheme in Andhra Pradesh. A data center monitors and reviews the scheme on a continuous basis.

This scheme offers one member of the BPL family one hundred days of work a year, with minimum assured wage. The IT solution helps in registering the job seekers, measuring and

determining the shelf of work, identifying progress of such work, disbursing wages to bona fide job worker and providing online information for purpose of social audit.

TCS' IT solution has brought in (a) transparency and visibility to all transactions, (b) increased accountability, (c) reduction in fraud by effectively blocking all possible leakages within the system, (d) reduction in effort and administrative costs, (e) accuracy and speed in payment with biometric authentication and (f) effective programme monitoring, through centralisation of data and generation of MIS reports.

**c. Power InSight:**

Power InSight is a comprehensive data center power management framework developed by the Company, which helps optimise the power consumption of data centers, reduce power costs and rationalise cooling infrastructure and minimises the carbon footprint. This suite of tools helps assess, manage, and design data centers from an energy efficiency perspective.

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material, etc.) per unit of product (optional):**

**i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

1. Online companies - Not Applicable; addressed area is social concern.
2. NREGA Framework- Not Applicable; addressed area is social concern.
3. Power InSight- Not Applicable.

**ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

1. Online companies - Not Applicable; addressed area is social concern.
2. NREGA Framework- Not Applicable; addressed area is social concern.
3. Power InSight:
  - Reduction ranging 15%-27% in cooling electricity cost at three data centers within TCS where "Power InSight" has been implemented

- Reduction of 30% in electricity consumption of a data center belonging to a leading multi-national tele-communication company.

**3. Does the company have procedures in place for sustainable sourcing (including transportation)?** Yes

**If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Sustainability in sourcing is enforced through 'Health, Safety & Environment Policy' (HSEP). The vendors have to sign HSEP document and ensure compliance to the policy. It covers various issues like health of vendors' workers deployed, safety measures (helmet, rope, safety-belt, etc.) adopted, discharge from equipments, hygiene norms at vulnerable places like canteen, PUC requirement for vehicles hired, age of vehicles used, etc. The adherence to the policy is audited by an internal team not directly involved with execution and action is taken on the deviations. Adherence to local laws for compensation of vendors' workers is also covered by HSEP.

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?** Yes

**If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

While the criteria for the selection of goods & services are quality, reliability and price, TCS gives preference to small organisations, particularly promoted by entrepreneurs belonging to schedule castes and the schedule tribes.

**5. Does the company have a mechanism to recycle products and waste?** Yes

**If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

The nature of the Company's business is such that there are no significant emissions or process wastes. The waste generation is fairly limited and restricted primarily to e-waste, lube oil waste, waste from lead-acid batteries and municipal solid waste. Our waste management practices seek to reduce the environmental impact by reduction in generation, segregation at source, maximising recycling and reuse to achieve the target of <5% waste to landfill.

- Waste lube oil, UPS batteries, e-waste – disposed through government authorised recyclers (100% recycling)
- Waste office paper - sent for recycling (>75% recycling)
- Printer and toner cartridges - sent back to the manufacturer under product take-back arrangement (100% recycling)
- Bio-degradable garden waste & food waste – vermi-composting and bio-digestion respectively (>10% recycling).

Additional Information

Internal consumption

Sr. no.	Environmental Performance Parameters	% Change (over FY 11-12)	% Change (over FY 07-08)
1.	Electricity consumption (kWh/FTE/month)	7% Decrease	33% Decrease
2.	Fresh water consumption (litre/FTE/month)	No change	13% Decrease
3.	Carbon footprint due to Scope 1 + Scope 2 (tonnes CO <sub>2</sub> /FTE/annum)	6% Decrease	34% Decrease
4.	Paper consumption (Reams/1000FTE/month)	15% Decrease	76% Decrease

**Principle 3**

**Businesses should promote the wellbeing of all employees**

**1. Please indicate the total number of employees:**

Total number of employees including subsidiaries as on March 31, 2013 was 2,76,196

**2. Please indicate the total number of employees hired on temporary/contractual/casual basis:**

7,583 are hired on a contractual basis

**3. Please indicate the number of permanent women employees:**

86,698 (31.4% of the total global workforce)

**4. Please indicate the number of permanent employees with disabilities:**

546 permanent employees with disabilities

**5. Do you have an employee association that is recognised by management? : Yes**

6. **What percentage of your permanent employees is members of this recognised employee association?:** 0.06%
7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
Child labour/forced labour/ involuntary labour	None	None
Sexual harassment	9	None
Discriminatory employment	None	None

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

- **Permanent Employees**
- **Permanent Women Employees**
- **Casual/Temporary/Contractual Employees**
- **Employees with Disabilities**

**Safety:**

All the categories of employees mentioned above have been covered through our training modules. Training on health and safety is imparted to associates as a part of the induction module combined with an annual refresher web based HSE training. An effective mode of training has been informal floor-walks and town-hall meetings. Additionally, regular fire drills, several awareness campaigns including Road Safety, Fire Safety, Ergonomics, behaviour based safety, etc. are conducted to reach out to the associates. In FY13, over 2,40,000 man-hours of training on Health, Safety and Environment have been imparted through classroom sessions, floor-walks, induction trainings and web based training.

**Employee skill up-gradation:**

Permanent employees	96.7%
Permanent women employees	97.1%
Employees with disabilities	Included above

TCS maintains an integrated competency management system encompassing learning, competency management, skill assessment and individual development which provides employees and end-to-end view of their learning and competency development needs, as well as their progress against the plan.

Additional Information on employee well being

The Company has a number of policies and programmes focussed on employee wellbeing. These include holiday homes, pharmacy benefits, vacation for employees who are retiring, periodic health screening, safety for female associates and the health insurance policies.

The policy change management framework takes into consideration, feedback from all relevant stakeholders. The policies and programmes are implemented through various internal teams, with HR taking the ownership. There are several platforms within TCS which seek to empower employees. 'Employee Concerns' is an online tool where a grievance may be raised by an employee which is then addressed by stakeholders within predefined SLAs. Initiatives such as 'PEEP' and 'Empower' provide the opportunity to raise concerns with managers and/or business leaders.

Digitised platform 'Career Hub' enables employees to record their aspirations, helps the Company in identifying high potentials, mentoring and tracking career movement of employees. The tool 'TCS Gems' is used for global reward and recognition. Fit4Life, health awareness sessions, periodic medical check-ups, gymnasiums in offices, and 24X7 'Employee Assistance Programme' are some of the important initiatives for employee health and safety.

TCS provides its employees huge opportunity for learning. Substantial investments in infrastructure and tools have been made to keep its workforce motivated and ready for the evolving technology.

Adherence to the Company's HR policies is audited by the internal auditor of the Company.

**Principle 4**

**Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised**

1. **Has the company mapped its internal and external stakeholders?** Yes
2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?** Yes



**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? Yes**

**If so, provide details thereof, in about 50 words or so.**

TCS has several programmes designed to benefit marginalised stakeholders such as (a) illiterate adults, (b) scheduled caste, scheduled tribes and other tribal communities, (c) rural unskilled youth, (d) visually impaired and (e) inmates in jail. Benefits reach the marginalised stakeholders through the following schemes:

**Empowerment through literacy:**

TCS Adult Literacy Programme – details in Principle 8, item 1.1

**Promoting Employability**

- BPO employability programme - details in Principle 8, item 3.1
- Scholarships through Foundation for Academic Excellence and Access (FAEA) - details in Principle 8, item 4
- Advanced Computer Training Center (ACTC) - details in Principle 8, item 1.5

**Healthcare & Vocational Training for Tribe**

- TCS contributed ₹ 1 crore to RK Mission's Rural Health and Welfare center at Sakwar, Maharashtra for healthcare and vocational training, benefiting the marginalised Warli tribal community.

**Principle 5**

**Businesses should respect and promote human rights**

**1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The policy is applicable to TCS, its subsidiaries and vendors. The Company's commitment to follow the basic principles of human rights is reflected in the checks and balances within the HR processes. The commitment to human rights is embedded in the 'Tata Code of Conduct', adopted by the Company. All employees, including security personnel, are sensitized to human rights as part of their orientation programme.

With respect to vendors, TCS follows a rigorous screening process before entering into a business relationship. All the contracts that we enter into

with vendors require the vendor to comply with the relevant laws safeguarding labour rights and human rights in their respective jurisdiction.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? None**

**Principle 6**

**Business should respect, protect, and make efforts to restore the environment**

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

TCS' Environmental Policy is applicable to all the business units/groups and extends to business partners including suppliers, vendors and contractors.

**2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage, etc.**

Yes. The 'TATA Group Climate Change Policy' and TCS' 'Environment Policy' guide the organisation to continually mitigate the impact on climate change and global warming as a result of our operations. We have specific targets to reduce our carbon footprint and we monitor it on an ongoing basis. Detailed plan to achieve these targets focus on creating green infrastructure which are designed for better energy efficiency, drive green IT (IT enabled energy efficiency in data centers and distributed IT networks), efficient operations and green power purchase. The details of the targets, performance and the various initiatives are available at:

**a. Corporate Sustainability page on TCS website –**

[http://www.tcs.com/about/corp\\_responsibility/Pages/default.aspx](http://www.tcs.com/about/corp_responsibility/Pages/default.aspx)

**b. TCS' Corporate Sustainability Report –**

[http://www.tcs.com/about/corp\\_responsibility/cs-report/Pages/default.aspx](http://www.tcs.com/about/corp_responsibility/cs-report/Pages/default.aspx)

**3. Does the company identify and assess potential environmental risks? Yes**

ISO 14001:2004 has been adopted as the environment management system standard. As a part of this management system, an exhaustive impact assessment is conducted at organisation level as well as site level to identify all environmental impacts from our operations.



- 4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

Not Applicable

- 5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page, etc. Yes**

TCS is committed to drive energy efficiency. This is achieved through creating green building infrastructure, operating offices efficiently and driving green IT. Some key initiatives include – creating green office campuses designed at par with LEED Gold rating and driving data centre energy efficiency through server virtualisation and optimisation of cooling. The details of these initiatives and more information are available on:

- a. Corporate Sustainability page on TCS website –**

[http://www.tcs.com/about/corp\\_responsibility/Pages/default.aspx](http://www.tcs.com/about/corp_responsibility/Pages/default.aspx)

- b. TCS' Corporate Sustainability Report –**

[http://www.tcs.com/about/corp\\_responsibility/cs-report/Pages/default.aspx](http://www.tcs.com/about/corp_responsibility/cs-report/Pages/default.aspx)

- 6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? Yes**

All emissions/waste generated at various offices of TCS are within permissible limits. These are continuously monitored, reviewed internally and reported to the CPCB/SPCB as per the requirement.

- 7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

No show cause or legal notice received in FY13.

Additional Information

'Environmental Policy' of the Company has been drafted in line with the ISO 14001:2004 environment management system. The overall responsibility of environment management lies with the Company's CEO & MD and the progress is reviewed by health, safety & sustainability committee of the Board of Directors on a half yearly basis.

External stakeholders can access this policy through the Company's website. For internal stakeholders, the policy has been posted on the intranet and at office receptions. Training on this policy is periodically conducted for all associates.

TCS has enterprise wide certification for integrated health safety & environment management system as per ISO 14001:2004 and BS OHSAS 18001:2007.

**Principle 7**

**Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

- 1. Is your company a member of any trade and chamber or association?: Yes**

- 2. If Yes, Name only those major ones that your business deals with:**

- a. The National Association of Software and Services Companies (NASSCOM)
- b. Confederation of Indian Industries (CII)
- c. Federation of Indian Chambers of Commerce and Industry (FICCI)
- d. Global Reporting Initiative (GRI)
- e. All India Management Association
- f. Indo-American Chamber of Commerce

- 3. Have you advocated/lobbied through above associations for the advancement or improvement of public good?: Yes**

**If yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

TCS has participated in industry body consultations in the following areas:

- a. Governance and Administration
- b. Sustainable Business Principles
- c. Inclusive Development Policies (with a focus on skill building and literacy)
- d. Economic Reforms

Additional Information

TCS uses the Tata Code of Conduct as a guide for its actions in influencing public and regulatory policy.

## Principle 8

### Businesses should support inclusive growth and equitable development

1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details there of:** Yes

Summary of initiative/projects undertaken is given below.

Education & Skill Building	Health	Affirmative Action
Adult Literacy Programme	MedMantra	BPO Employability Programme
UDAAN	Tata Medical Center	COPA ITI Training
Empower	CSR Tech Team	Manuski Hostel Engagement
Academic Interface Programme		
Advanced Computer Training Center		
golT		
Rural IT Quiz		
IT Wiz		
TCS Maitree Village development Programme		

2. **Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organisation?** Yes, through in-house team.

3. **Have you done any impact assessment of your initiative?**

Metrics for impact assessment are being developed. Currently, we monitor the reach and outcome of our CSR initiatives through monthly reports and assessments conducted by CSR regional and geographic leads.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

For the financial year 2012-13: ₹ 71.60 crores

#### Details of Projects Undertaken

##### a. Education & Skill Building

- i. **Adult Literacy Programme (ALP), a Computer Based Functional Literacy Programme**

ALP developed and deployed by the Company is among the first instances of use of IT core competence for social good in India. A corporate initiative was undertaken in the year 2000 to address the impediments of illiteracy through IT. By using multimedia, the product enables an individual to learn

reading, writing, and solving simple arithmetic problems in 45 to 50 hours. The programme is available in 9 Indian languages, namely, Telegu, Tamil, Hindi, Marathi, Bengali, Gujarati, Oriya, Kannada, Urdu; 2 African languages Moore and Northern Sotho and Arabic.

Since its inception, the ALP has reached 1,93,625 beneficiaries. In fiscal 2013, literacy was imparted to 11,125 people.



Adult Literacy Programme at the Women's Jail in Tihar, New Delhi



Graduates of the Literacy Programme in Burkina Faso, West Africa

**ii. UDAAN, initiative for increasing employability of Kashmiri Youth**

Project UDAAN is a joint initiative between TCS, National Skill Development Corporation (NSDC), Government of India and Special Industry Initiative to help Kashmiri youth improve their employability and employment opportunities. TCS is the first organisation in India to sign MOU with NSDC.

The 14 week training programme has been designed by TCS. So far, TCS has conducted two batches of training wherein 96 students graduated and 73 have been offered employment with the Company.



Students with TCS senior management at UDAAN Day celebrations

**iii. EMPOWER, training programme for vendors**

The programme provides training to support service staff of vendors deployed in TCS. The training aims at building capability in spoken English, operating computers and building other soft skills. In FY13, the programme reached 131 beneficiaries.



TCS associates contributing to skill development of support staff

**iv. Academic Interface Programme (AIP)**

The Company continues to invest on AIP initiatives with objectives of developing faculty for academic institutes, improve employability of students and develop curricula as per industry requirements. As part of NASSCOM initiative of overall curriculum revamping, TCS designed training modules for different engineering branches. A total of 616 institutes in India and 288 institutes overseas were benefitted through the Company's AIP activities like workshops for faculty and students, faculty development programmes, research scholarships, research alliances, project opportunities to students and student awards.



Students at a training under TCS' Academic Interface Programme

**v. Advanced Computer Training Center (ACTC)**

ACTC was set up with the objective of providing computer training and personality development to enhance the employability of individuals with visual impairment. The programme also seeks to create employment

opportunities for them. Since 2008, TCS trained 117 visually impaired under the scheme and facilitated employment of 70.



Computer hardware fundamentals being taught at ACTC

#### vi. TCS IT Wiz

TCS IT Wiz, India's biggest IT Quiz for schools started in 1999 for students studying in 8th to 12th grades to build awareness about technology and hone IT skills. In FY13 nearly 700,000 students from 3500 schools in India and 2000 students from 98 schools in Dubai participated in TCS IT Wiz.

#### vii. Rural IT Quiz

TCS in collaboration with the Department of Information Technology, Government of Karnataka started India's first Rural IT Quiz in the year 2000 to enhance IT awareness, promote inclusive growth and build confidence level of rural students. Following the success of the programme in Karnataka, Rural IT Quiz today also covers states of Madhya Pradesh, Gujarat, Maharashtra, Jharkhand and Rajasthan. In FY13 nearly 14.5 million students from over 8000 schools participated in the Rural IT Quiz.



Participants of the Rural IT Quiz with Dr Abdul Kalam

#### viii. TCS Maitree Village Development Programme

TCS is working to deploy a sustainable model to improve education, healthcare and environment in 5 villages across India. For example, in Panvel India, TCS associates through the 'Women Empowerment Programme' trained 45 women in screen-printing to enhance their livelihood options. 570 children in the village are benefitting through the provision of an infrastructure for clean drinking water at the primary school.

More than 190 people benefitted from the activities conducted by TCS associates in Nainar, Tamil Nadu.



Summer Camp - a part of TCS Maitree Village Development Programme at Challera, New Delhi



## b. Health

### i. MedMantra

An integrated 'Hospital Management System' along with IT infrastructure including a comprehensive and fully integrated, web-based solution has been provided free of cost to the Cancer Institute at Chennai.

FY13 marked the successful implementation of all 17 modules of MedMantra which were transitioned to a support mode. 3,20,000 investigation results were reported and 1,25,000 consultations were performed.

### ii. Tata Medical Center (TMC)

TCS designed and implemented a comprehensive 'Hospital Management System' running on a state of art IT infrastructure for TMC, Kolkata. In FY13, TCS provided TMC with pro bono IT services valued at Rs. 4.2 crores.

### iii. Projects undertaken by the CSR TECH Team

The CSR TECH Team uses technology as a key enabler to assist and resolve business challenges faced by social organisations while empowering them to be efficient and accountable. In FY13, the team provided end to end consultancy and architected comprehensive solutions for health focussed NGOs such as 'Operation Smile', 'Retina India Foundation' and 'CHILDLINE India Foundation'.



Beneficiaries of pro bono cleft palate surgery tracked through MIS system for Impact India Foundation

## c. Affirmative Action

### i. BPO Employability Programme

The programme provides training in English and computer skills apart from providing good understanding of an industry domain (for example, finance & accounting). This training

is free of cost. Students who participate in the training and pass a TCS standard of proficiency are made offers based on fit and other selection parameters assessed as part of TCS BPO hiring policy.

Since inception, the BPO employability programme has trained 22,236 students. More than 1,883 of them are TCS - BPO associates now. The programme has expanded to rural areas across 152 locations in India.



BPO Employability training in progress at Gadu, Gujarat

### ii. COPA ITI Training

TCS has developed a 'Faculty Development Programme' focussing on ITI instructors of the 'Computer Operator cum Programming Assistant' (COPA) course which will improve the quality of training in the courses run by these instructors. 48 instructors were trained and certified in Kolkata, Bangalore and Mumbai in FY13.

## d. Other Affirmative Action Programmes

In FY13, TCS has sponsored education of 20 boys and 20 girls belonging to scheduled caste in two hostels run by Manuski. In addition, the Company has provided water filters, computers, broadband connection and a library to Manuski hostel. TCS contributed ₹ 3,50,000 towards 5 scholarships through Foundation for Academic Excellence and Access (FAEA) to help SC/ST students studying in professional courses. TCS has been supporting students through FAEA for the past 4 years.

## e. Global Initiatives

Go for IT, a one week structured and intensive work placement initiative designed to encourage girls to consider IT as a career, was launched in Australia.

In North America, goIT, has reached over 2,000 school students through summer camps and in-school workshops with a view to encourage a career in IT.



TCS associates and students at the goIT robotics camp at Cincinnati, Ohio

The TCS-SINDA IT Lab is aimed at strengthening the IT education of the lower income Indian community in Singapore.

TCS is working in partnership with Saudi Arabian General Investment Authority in the "Madinah Competitiveness Programme" to promote education.

The Company has partnered with its client, Landmark Group of Dubai to educate their low skilled employees on basic computer skills and Microsoft Office applications. The intention is to empower them in their current jobs and also enable career growth.

148 associates across UK & Ireland volunteered to help over 500 students develop skills related to employability through the 'Passport to Employability Programme'. 80 of these students have been invited to TCS for work experience.

In the USA, the Company partnered with Nielsen for their first ever Global Impact Day. National level partnerships have been launched with American Heart Association (AHA) and with NPower. TCS partnered with American Red Cross for a national

level campaign in support of Hurricane Sandy relief efforts.

Volunteers also participated in the Operation Smile Mission in China where more than 80 patients with cleft palate received free operations.

TCS was awarded the "Best Company in 2012" by Fundacion Regazo in Chile highlighting our social spirit and commitment. LATAM continues to focus on its Green Leaders programme that promotes recycling and reduced use of energy.



Green Leader's programme in Latin America promoting environmental sustainability through paper recycling

#### f. Volunteering through TCS Maitree

Founded in February 2002, TCS Maitree strives to create a spirit of camaraderie among TCS associates and their families by organising social activities and events. TCS has grown tenfold in the last few years with associates working in several locations around the world. TCS Maitree encourages associates and their families to look upon themselves as a part of TCS' extended family. The initiatives undertaken through TCS Maitree cultivate and propagate volunteer-driven, meaningful activities for associates and their families. Human Resources within TCS leads and facilitates all such associate engagement activities and programmes.



TCS associates volunteer time to help increase the student's interest in their education

- 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? : Yes.**

**Please explain in 50 words, or so.**

Initiatives conducted under CSR are tracked to determine the outcomes achieved and the benefits to the community. Internal tracking mechanisms, monthly reports and follow-up field visits, telephonic and email communications are regularly carried out. The Company has engaged highly trained employees to drive and monitor the CSR activities.

#### **Principle 9**

**Businesses should engage with and provide value to their customers and consumers in a responsible manner**

- 1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.**

Percentage of customer complaints pending as at March 31, 2013 : 16.49%

- 2. Does the company display product information on the product label, over and above what is mandated as per local laws?**

TCS is a software solution provider, hence this question is not applicable.

**Remarks (additional information)** – None

- 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

There is no anti-competitive, abuse of dominant position or unfair trade practices case pending against the Company.

- 4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

Customer satisfaction surveys are carried out on a half yearly basis. The survey is done at an account-level and measures TCS' performance on various parameters across multiple dimensions.





# Consolidated Financial Statements

**INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS****TO THE BOARD OF DIRECTORS OF  
TATA CONSULTANCY SERVICES LIMITED**

We have audited the accompanying consolidated financial statements of **TATA CONSULTANCY SERVICES LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries constitute the "Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements / financial information of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**Other Matter**

We did not audit the financial statements / financial information of certain subsidiaries, whose financial statements / financial information reflect total assets (net) of ₹ 6,062.13 crores as at March 31, 2013, total revenues of ₹ 10,506.73 crores and net cash flows amounting to ₹ 192.83 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No. 117366W)

**P.R.RAMESH**  
Partner  
(Membership No. 70928)

Mumbai, April 17, 2013

## Consolidated Balance Sheet as at March 31, 2013

		(₹ crores)	
	Note	As at March 31, 2013	As at March 31, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	3	295.72	295.72
(b) Reserves and surplus	4	38350.01	29283.51
		<b>38645.73</b>	29579.23
<b>Minority interest</b>			
		695.31	558.77
<b>Non-current liabilities</b>			
(a) Long-term borrowings	5	130.98	115.37
(b) Deferred tax liabilities (net)	6 (a)	235.48	173.45
(c) Other long-term liabilities	7	367.99	296.93
(d) Long-term provisions	8	348.92	217.65
		<b>1083.37</b>	803.40
<b>Current liabilities</b>			
(a) Short-term borrowings	9	80.02	0.89
(b) Trade payables		4447.81	3250.78
(c) Other current liabilities	10	3081.52	2410.28
(d) Short-term provisions	11	4233.46	4727.14
		<b>11842.81</b>	10389.09
<b>TOTAL</b>		<b>52267.22</b>	41330.49
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	12		
(i) Tangible assets		5991.71	4820.73
(ii) Intangible assets		254.80	297.87
(iii) Capital work-in-progress		1895.36	1446.37
		<b>8141.87</b>	6564.97
(b) Non-current investments	13	968.30	574.56
(c) Deferred tax assets (net)	6 (b)	310.22	256.04
(d) Long-term loans and advances	14	5234.13	4479.68
(e) Other non-current assets	15	2454.64	2850.04
(f) Goodwill (on consolidation)		3581.50	3543.46
		<b>20690.66</b>	18268.75
<b>Current assets</b>			
(a) Current investments	16	929.04	775.77
(b) Inventories	17	21.15	17.77
(c) Unbilled revenue	18	3160.05	2247.76
(d) Trade receivables	19	14076.56	11520.35
(e) Cash and bank balances	20	6769.16	5813.08
(f) Short-term loans and advances	21	5821.36	2229.14
(g) Other current assets	22	799.24	457.87
		<b>31576.56</b>	23061.74
<b>TOTAL</b>		<b>52267.22</b>	41330.49
<b>III. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS</b>			
	1-50		

As per our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Cyrus Mistry**  
Chairman

**S. Ramadorai**  
Vice Chairman

**N. Chandrasekaran**  
CEO and Managing Director

**Aman Mehta**  
Director

**V. Thyagarajan**  
Director

**Prof. Clayton M. Christensen**  
Director

**P. R. Ramesh**  
Partner

**Dr. Ron Sommer**  
Director

**Dr. Vijay Kelkar**  
Director

**Phiroz Vandrevalla**  
Director

**Ishaat Hussain**  
Director

**O. P. Bhatt**  
Director

**Rajesh Gopinathan**  
Chief Financial Officer

**Suprakash Mukhopadhyay**  
Company Secretary

Mumbai, April 17, 2013

Mumbai, April 17, 2013

## Consolidated Statement of Profit and Loss for the year ended March 31, 2013

(₹ crores)

	Note	2013	2012
I. Revenue from operations	23	62989.48	48893.83
II. Other income (net)	24	1178.23	428.17
<b>TOTAL REVENUE</b>		<b>64167.71</b>	<b>49322.00</b>
III. Expenses:			
(a) Employee benefit expenses	25	24039.96	18551.24
(b) Operation and other expenses	26	20909.61	15907.28
(c) Finance costs	27	48.49	22.23
(d) Depreciation and amortisation expense	12	1079.92	917.94
<b>TOTAL EXPENSES</b>		<b>46077.98</b>	<b>35398.69</b>
IV. <b>PROFIT BEFORE TAX</b>		<b>18089.73</b>	<b>13923.31</b>
V. Tax expense:			
(a) Current tax	28	4369.30	3886.09
(b) Deferred tax		12.99	(31.30)
(c) Fringe benefit tax		0.33	0.13
(d) MAT credit entitlement	28	(368.58)	(455.06)
		<b>4014.04</b>	<b>3399.86</b>
VI. <b>PROFIT FOR THE YEAR BEFORE MINORITY INTEREST</b>		<b>14075.69</b>	<b>10523.45</b>
VII. Minority interest		158.38	109.96
VIII. <b>PROFIT FOR THE YEAR</b>		<b>13917.31</b>	<b>10413.49</b>
IX. <b>Earnings per equity share :- Basic and diluted (₹)</b>	39	<b>70.99</b>	<b>53.07</b>
Weighted average number of equity shares (face value of ₹ 1 each)		<b>195,72,20,996</b>	<b>195,72,20,996</b>
X. <b>NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS</b>	1-50		

As per our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**P. R. Ramesh**  
Partner

Mumbai, April 17, 2013

For and on behalf of the Board

**Cyrus Mistry**  
Chairman

**Aman Mehta**  
Director

**Dr. Ron Sommer**  
Director

**Ishaat Hussain**  
Director

**Suprakash Mukhopadhyay**  
Company Secretary

**S. Ramadorai**  
Vice Chairman

**V. Thyagarajan**  
Director

**Dr. Vijay Kelkar**  
Director

**O. P. Bhatt**  
Director

**N. Chandrasekaran**  
CEO and Managing Director

**Prof. Clayton M. Christensen**  
Director

**Phiroz Vandrevalla**  
Director

**Rajesh Gopinathan**  
Chief Financial Officer

Mumbai, April 17, 2013

## Consolidated Cash Flow Statement for the year ended March 31, 2013

	Note	2013	2012
(₹ crores)			
<b>I CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>18089.73</b>	13923.31
Adjustments for:			
Depreciation and amortisation expense		<b>1079.92</b>	917.94
Bad debts written off		<b>42.53</b>	44.19
Provision / (write back of provision) of doubtful receivables (net)		<b>6.24</b>	(25.69)
Provision for doubtful advances		<b>4.29</b>	7.42
Advances written off / (written back) (net)		<b>2.82</b>	(1.05)
Diminution in value of investments (net)		<b>(0.22)</b>	-
Interest expense		<b>48.49</b>	22.23
(Gain) / Loss on sale of fixed assets (net)		<b>(0.23)</b>	0.35
Unrealised exchange loss (net)		<b>0.63</b>	428.46
Exchange difference on translation of foreign currency cash and cash equivalents		<b>16.68</b>	(31.02)
Dividend income		<b>(6.47)</b>	(6.41)
Impairment of goodwill		-	21.18
Interest income		<b>(1,039.74)</b>	(765.22)
Profit on redemption of mutual funds and sale of other current investments (net)		<b>(41.36)</b>	(31.76)
<b>Operating profit before working capital changes</b>		<b>18203.31</b>	14503.93
Inventories		<b>(3.38)</b>	5.05
Unbilled revenue		<b>(912.21)</b>	(898.91)
Trade receivables		<b>(2603.68)</b>	(3342.83)
Loans and advances and other assets		<b>(578.07)</b>	(561.46)
Trade payables, other liabilities and provisions		<b>2330.80</b>	1339.79
<b>Cash generated from operations</b>		<b>16436.77</b>	11045.57
Taxes paid		<b>(4821.81)</b>	(4068.40)
<b>Net cash provided by operating activities</b>		<b>11614.96</b>	6977.17
<b>II CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		<b>(2637.84)</b>	(2007.07)
Proceeds from sale of fixed assets		<b>5.26</b>	19.71
Acquisition of subsidiaries net of cash of ₹ 1.30 crores (March 31, 2012: Nil)		<b>(162.62)</b>	-
Purchase of shares from minority shareholders		-	(229.16)
Advance towards investment		-	(0.20)
Purchase of mutual funds and other investments		<b>(28738.50)</b>	(16937.99)
Redemption of mutual funds and sale of other investments		<b>28218.41</b>	17385.23
Inter-corporate deposits placed		<b>(3599.12)</b>	(1676.21)
Inter-corporate deposits matured		<b>847.75</b>	992.80
Fixed deposit placed with banks having original maturity over three months		<b>(4721.00)</b>	(4251.63)
Fixed deposit with banks matured having original maturity over three months		<b>3896.73</b>	3551.35
Dividends received		<b>6.47</b>	6.41
Interest received		<b>798.80</b>	419.31
<b>Net cash used in investing activities</b>		<b>(6085.66)</b>	(2727.45)

## Consolidated Cash Flow Statement for the year ended March 31, 2013 (Contd.)

		(₹ crores)	
	Note	2013	2012
<b>III CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of long-term borrowings		2.12	-
Repayment of long-term borrowings		(3.38)	(1.25)
Short-term borrowings (net)		79.84	(32.90)
Dividend paid, including dividend tax		(5703.16)	(3879.81)
Dividend tax on dividend paid by subsidiaries		(12.48)	(11.35)
Dividend paid to minority shareholders of subsidiaries		(21.47)	(17.12)
Proceeds from issue of shares to minority shareholders		-	9.71
Interest paid		(47.95)	(22.37)
Repayment of inter-corporate deposits		(23.00)	-
<b>Net cash used in financing activities</b>		<b>(5729.48)</b>	<b>(3955.09)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(200.18)</b>	<b>294.63</b>
Cash and cash equivalents at the beginning of the year		1993.49	1548.59
Exchange difference on translation of foreign currency cash and cash equivalents		48.05	150.27
<b>Cash and cash equivalents at the end of the year</b>	20	<b>1841.36</b>	<b>1993.49</b>
Earmarked balances with banks		16.34	15.77
Short-term bank deposits		4911.46	3803.82
<b>Cash and Bank balances at the end of the year</b>	20	<b>6769.16</b>	<b>5813.08</b>
<b>IV NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS</b>	1-50		

As per our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**P. R. Ramesh**  
Partner

**Cyrus Mistry**  
Chairman

**Aman Mehta**  
Director

**Dr. Ron Sommer**  
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For and on behalf of the Board

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**N. Chandrasekaran**  
CEO and Managing Director

**Prof. Clayton M. Christensen**  
Director

**Phiroz Vandrevala**  
Director

**Rajesh Gopinathan**  
Chief Financial Officer

Mumbai, April 17, 2013

Mumbai, April 17, 2013



## Notes forming part of the 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 Application Development and Maintenance, Business Intelligence, Enterprise Solutions, Assurance, Engineering and Industrial Services, IT Infrastructure Services, Business Process Outsourcing, Consulting and Asset Leveraged Solutions.

As of March 31, 2013, Tata Sons Limited owned 73.75% 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 58 subsidiaries across the globe.

### 2) SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for certain financial instruments which are measured at fair value. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

#### b) Principles of consolidation

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

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

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

#### c) Use of estimates

The preparation of financial statements requires the management of the Group to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the year. Example of such estimates include provision for doubtful receivables, employee benefits, provision for income taxes, accounting for contract costs expected to be incurred, the useful lives of depreciable fixed assets and provision for impairment.

#### 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.

## Notes forming part of the Consolidated Financial Statements

### e) Depreciation/Amortisation

Depreciation/Amortisation on fixed assets other than on freehold land and capital work-in-progress is charged so as to write-off the cost of the assets, on the following basis:

Type of asset	Method	Rate / Period
Leasehold land and buildings	Straight line	Lease period
Freehold buildings	Written down value	5.00%
	Straight line	1.63% - 2.50%
Factory buildings	Straight line	10.00%
Leasehold improvements	Straight line	Lease period
Plant and machinery	Straight line	33.33%
Computer equipment	Straight line	10% - 50%
Vehicles	Written down value	25.89%
	Straight line	9.50% - 33.33%
Office equipment	Written down value	13.91%
	Straight line	4.75% - 33.33%
Electrical installations	Written down value	13.91%
	Straight line	6.63% - 33.33%
Furniture and fixtures	Straight line	6.63% - 100%
Goodwill	Straight line	12 years
Acquired contract rights	Straight line	12 years
Intellectual property / distribution rights	Straight line	24 - 60 months
Software licenses	Straight line	License period
	Straight line	20% - 50%
Rights under licensing agreement	Straight line	License period

Fixed assets purchased for specific projects are depreciated over the period of the project.

### f) Leases

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

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

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

### g) Impairment

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

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

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

### h) Investments

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

## Notes forming part of the Consolidated Financial Statements

### 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 equipment are recognised upon delivery, which is when the title passes to the customer.

Revenue from sale of software licenses are recognised upon delivery where there is no customisation required. In case of customisation the same is recognised over the life of the contract using the proportionate completion method.

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

In respect of Business Process Outsourcing (BPO) 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 the assets 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 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.

## Notes forming part of the Consolidated Financial Statements

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 and currency option contracts are amortised and recognised in the statement of profit and loss over the period of the contract. Foreign exchange forward and currency option 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 and currency option 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 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.

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.

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. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the statement of profit and loss for the period.

### **n) Inventories**

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

### **o) Government grants**

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

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

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

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

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the

## Notes forming part of the Consolidated Financial Statements

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.

### 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 March 31, 2013	As at March 31, 2012
<b>Authorised</b>		
(i) 225,00,00,000 equity shares of ₹ 1 each (March 31, 2012 : 225,00,00,000 equity shares of ₹ 1 each)	225.00	225.00
(ii) 100,00,00,000 redeemable preference shares of ₹ 1 each (March 31, 2012 : 100,00,00,000 redeemable preference shares of ₹ 1 each)	100.00	100.00
	<u>325.00</u>	<u>325.00</u>
<b>Issued, Subscribed and Fully Paid-up</b>		
(i) 195,72,20,996 equity shares of ₹ 1 each (March 31, 2012 : 195,72,20,996 equity shares of ₹ 1 each)	195.72	195.72
(ii) 100,00,00,000 redeemable preference shares of ₹ 1 each (March 31, 2012 : 100,00,00,000 redeemable preference shares of ₹ 1 each)	100.00	100.00
	<u>295.72</u>	<u>295.72</u>

### a) Reconciliation of number of shares

	As at March 31, 2013		As at March 31, 2012	
	Number of shares	Amount (₹ crores)	Number of shares	Amount (₹ crores)
<b>Equity shares</b>				
Opening balance	195,72,20,996	195.72	195,72,20,996	195.72
Changes during the year	-	-	-	-
Closing balance	<u>195,72,20,996</u>	<u>195.72</u>	<u>195,72,20,996</u>	<u>195.72</u>
<b>Preference shares</b>				
Opening balance	100,00,00,000	100.00	100,00,00,000	100.00
Changes during the year	-	-	-	-
Closing balance	<u>100,00,00,000</u>	<u>100.00</u>	<u>100,00,00,000</u>	<u>100.00</u>

### b) Rights, preferences and restrictions attached to shares

#### Equity shares

The Company has one class of equity shares having a par value of ₹ 1 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

## Notes forming part of the Consolidated Financial Statements

### Preference shares

Preference shares would be redeemable at par at the end of six years from the date of allotment i.e. March 28, 2008, but may be redeemed at any time after 3 years from the date of allotment at the option of the shareholder. These shares would carry a fixed cumulative dividend of 1% per annum and a variable non-cumulative dividend of 1% of the difference between the rate of dividend declared during the year on the equity shares of the Company and the average rate of dividend declared on the equity shares of the Company for three years preceding the year of issue of the redeemable preference shares.

### c) Shares held by holding company and its subsidiaries and associates

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
<b>Equity shares</b>		
<b>Holding Company</b>		
144,34,51,698 equity shares (March 31, 2012 : 144,34,51,698 equity shares) are held by Tata Sons Limited	144.35	144.35
<b>Subsidiaries and associates of Holding Company</b>		
10,29,700 equity shares (March 31, 2012 : 10,29,700 equity shares) held by Tata Industries Limited	0.10	0.10
Nil equity share (March 31, 2012 : 20,70,735 equity shares) are held by Tata AIG Life Insurance Company Limited	-	0.21
5,90,452 equity shares (March 31, 2012 : 5,90,452 equity shares) are held by Tata Investment Corporation Limited	0.06	0.06
200 equity shares (March 31, 2012 : 200 equity shares) are held by Tata Capital Limited	-	-
Nil equity share (March 31, 2012 : 3,91,200 equity shares) are held by Tata Global Beverages Limited	-	0.04
83,232 equity shares (March 31, 2012 : 83,232 equity shares) are held by Tata International Limited	0.01	0.01
452 equity shares (March 31, 2012 : 452 equity shares) are held by The Tata Power Company Limited	-	-
<b>Total</b>	<b>144.52</b>	<b>144.77</b>
<b>Preference shares</b>		
<b>Holding Company</b>		
100,00,00,000 redeemable preference shares (March 31, 2012 : 100,00,00,000 redeemable preference shares) are held by Tata Sons Limited	100.00	100.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

### d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2013	As at March 31, 2012
<b>Equity shares</b>		
Tata Sons Limited, the Holding Company	144,34,51,698 73.75%	144,34,51,698 73.75%
<b>Preference shares</b>		
Tata Sons Limited, the Holding Company	100,00,00,000 100.00%	100,00,00,000 100.00%

### e) Shares allotted as fully paid up by way of bonus shares (during 5 years preceding March 31, 2013)

The Company allotted 97,86,10,498 equity shares as fully paid-up bonus shares by utilisation of Securities premium reserve on June 18, 2009 pursuant to shareholder's resolution passed by postal ballot on June 12, 2009.

## Notes forming part of the Consolidated Financial Statements

### 4) RESERVES AND SURPLUS

Reserves and surplus consist of the following reserves:

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
(a) Capital reserve (on consolidation)	24.50	24.50
(b) Capital redemption reserve	0.40	0.40
(c) Securities premium reserve	1918.47	1918.47
(d) Foreign currency translation reserve		
(i) Opening balance	779.42	200.77
(ii) Additions during the year (net)	192.69	578.65
	<u>972.11</u>	<u>779.42</u>
(e) Hedging reserve (Refer note 42)		
(i) Opening balance	(133.09)	62.73
(ii) Additions/(deductions) during the year (net)	179.20	(195.82)
	<u>46.11</u>	<u>(133.09)</u>
(f) General reserve		
(i) Opening balance	4533.27	3367.17
(ii) Adjustment on amalgamation (Refer note 31)	(44.26)	-
(iii) Transferred from surplus in statement of profit and loss	1352.79	1166.10
	<u>5841.80</u>	<u>4533.27</u>
(g) Statutory reserve		
(i) Opening balance	-	-
(ii) Transferred from surplus in statement of profit and loss	16.65	-
	<u>16.65</u>	<u>-</u>
(h) Surplus in statement of profit and loss		
(i) Opening balance	22160.54	18635.05
(ii) Add : Profit for the year	13917.31	10413.49
(iii) Transferred on amalgamation (Refer note 31)	(103.00)	-
(iv) Adjustment for post acquisition profits (net) (Refer note 31)	(23.22)	-
	<u>35951.63</u>	<u>29048.54</u>
(v) Less : Appropriations		
(a) Interim dividends on equity shares	1761.49	1761.49
(b) Proposed final dividend on equity shares	2544.39	3131.55
(c) Dividend on redeemable preference shares	19.00	22.00
(d) Tax on dividend	727.34	806.86
(e) General reserve	1352.79	1166.10
(f) Statutory reserve	16.65	-
	<u>29529.97</u>	<u>22160.54</u>
	<u><u>38350.01</u></u>	<u><u>29283.51</u></u>

The Board of Directors at its meeting held on April 17, 2013 has recommended a final dividend of ₹ 13 per equity share.

### 5) LONG-TERM BORROWINGS

Long-term borrowings consist of the following:

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
(a) Secured loans		
Long-term maturities of finance lease obligations	129.46	112.61
(b) Unsecured loans		
Other borrowings (from entities other than banks)	1.52	2.76
	<u>130.98</u>	<u>115.37</u>

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



## Notes forming part of the Consolidated Financial Statements

### 6) DEFERRED TAX BALANCES

Major components of deferred tax balances consist of the following:

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
<b>(a) Deferred tax liabilities (net)</b>		
(i) Foreign branch profit tax	160.27	102.84
(ii) Depreciation and amortisation	8.96	10.38
(iii) Employee benefits	(0.77)	6.49
(iv) Provision for doubtful receivables, loans and advances	(0.05)	-
(v) Others	67.07	53.74
	<b>235.48</b>	<b>173.45</b>
<b>(b) Deferred tax assets (net)</b>		
(i) Depreciation and amortisation	(58.69)	(30.94)
(ii) Employee benefits	174.11	135.25
(iii) Provision for doubtful receivables, loans and advances	76.13	70.77
(iv) Others	118.67	80.96
	<b>310.22</b>	<b>256.04</b>

### 7) OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of the following:

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
(a) Trade payables	-	10.63
(b) Other liabilities	367.99	286.30
	<b>367.99</b>	<b>296.93</b>
Other liabilities pertains to :		
Fair values of foreign exchange forward and currency option contracts secured against trade receivables	-	52.51
Capital creditors	54.34	31.63
Others	313.65	202.16

### 8) LONG-TERM PROVISIONS

Long-term provisions consist of the following:

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits	348.92	217.65
	<b>348.92</b>	<b>217.65</b>

Provision for employee benefits includes provision for gratuity and other post retirement benefits.

## Notes forming part of the Consolidated Financial Statements

### 9) SHORT-TERM BORROWINGS

Short-term borrowings consist of the following:

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
(a) Secured loans		
Loans repayable on demand from banks	80.02	-
(b) Unsecured loans		
Loans repayable on demand from banks	-	0.89
	<b>80.02</b>	<b>0.89</b>

Secured loans from banks are secured against trade receivables.

### 10) OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
(a) Current maturities of long-term debt	1.24	1.24
(b) Current maturities of finance lease obligations	20.03	9.05
(c) Interest accrued but not due on borrowings	0.69	0.05
(d) Income received in advance	966.26	823.01
(e) Unpaid dividends	11.37	9.40
(f) Advance received from customers	98.00	71.81
(g) Other payables	1983.93	1495.72
	<b>3081.52</b>	<b>2410.28</b>
Other payables include :		
Fair values of foreign exchange forward and currency option contracts secured against trade receivables	72.10	240.38
Statutory liabilities	866.97	612.07
Capital creditors	249.87	167.41
Class action suit settlement consideration (Refer note 46)	161.63	-

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 March 31, 2013	As at March 31, 2012
(a) Provision for employee benefits	804.22	641.45
(b) Others		
(i) Proposed final dividend on equity shares	2544.39	3131.55
(ii) Proposed dividend on redeemable preference shares	19.00	22.00
(iii) Tax on dividend	455.65	524.07
(iv) Current income taxes (net)	410.20	408.07
	<b>4233.46</b>	<b>4727.14</b>

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

## Notes forming part of the Consolidated Financial Statement

### 12) FIXED ASSETS

Fixed assets consist of the following:

(₹ crores)												
Description	Gross Block as at April 1, 2012	Additions	Deletions/ Adjustments	Translation exchange difference	Gross Block as at March 31, 2013	Accumulated depreciation / Amortisation as at April 1, 2012	Depreciation / Amortisation for the year	Deletions/ Adjustments	Translation exchange difference	Accumulated Depreciation / Amortisation as at March 31, 2013	Net book value as at March 31, 2013	Net book value as at March 31, 2012
(i) Tangible assets												
Freehold land	331.48	11.07	-	1.04	343.59	-	-	-	-	-	343.59	331.48
Leasehold land	99.70	103.62	(2.25)	-	201.07	(13.29)	(2.25)	2.24	-	(13.30)	187.77	86.41
Freehold buildings	2166.04	720.53	(0.32)	3.36	2889.61	(368.85)	(100.44)	0.11	(0.35)	(469.53)	2420.08	1797.19
Factory buildings	2.77	-	-	-	2.77	(1.03)	(0.20)	-	-	(1.23)	1.54	1.74
Leasehold buildings	16.10	-	(1.57)	0.06	14.59	(10.89)	(1.68)	1.18	(0.05)	(11.44)	3.15	5.21
Leasehold Improvements	940.22	132.59	(13.92)	(6.72)	1052.17	(443.66)	(112.16)	9.55	1.28	(544.99)	507.18	496.56
Plant and machinery	10.65	0.02	-	-	10.67	(10.55)	(0.05)	-	-	(10.60)	0.07	0.10
Computer equipment	2903.50	716.55	(80.20)	7.94	3547.79	(1937.63)	(473.73)	3.41	(3.92)	(2411.87)	1135.92	965.87
Vehicles	26.19	5.15	(4.43)	(0.12)	26.79	(16.61)	(3.31)	3.59	(0.03)	(16.36)	10.43	9.58
Office equipment	1049.24	219.28	(24.43)	4.11	1248.20	(440.56)	(120.25)	16.81	(1.32)	(545.32)	702.88	608.68
Electrical installations	721.53	185.12	(15.23)	8.64	900.06	(330.42)	(85.84)	15.03	(6.60)	(407.83)	492.23	391.11
Furniture and fixtures	576.53	161.90	2.41	18.19	759.03	(449.73)	(116.35)	1.69	(7.77)	(572.16)	186.87	126.80
Total	8843.95	2255.83	(139.94)	36.50	10996.34	(4023.22)	(1016.26)	53.61	(18.76)	(5004.63)	5991.71	4820.73
Previous year	7198.75	1723.89	(150.87)	72.18	8843.95	(3263.42)	(860.89)	130.68	(29.59)	(4023.22)	4820.73	
(ii) Intangible assets												
Goodwill on acquisition	267.27	-	-	2.83	270.10	(134.08)	(23.50)	-	(0.43)	(158.01)	112.09	133.19
Acquired contract rights	205.94	-	-	2.18	208.12	(103.34)	(18.11)	-	(0.33)	(121.78)	86.34	102.60
Intellectual property / distribution rights	12.93	-	-	-	12.93	(11.44)	(0.38)	-	-	(11.82)	1.11	1.49
Software licenses	58.74	14.89	(1.07)	(0.27)	72.29	(48.42)	(14.60)	1.44	0.56	(61.02)	11.27	10.32
Rights under licensing agreement	59.00	4.14	0.07	-	63.21	(8.73)	(7.07)	(3.42)	-	(19.22)	43.99	50.27
Total	603.88	19.03	(1.00)	4.74	626.65	(306.01)	(63.66)	(1.98)	(0.20)	(371.85)	254.80	297.87
Previous year	593.49	11.97	(63.93)	62.35	603.88	(281.73)	(57.05)	64.06	(31.29)	(306.01)	297.87	
(iii) Capital work-in-progress												
Grand Total	9447.83	2274.86	(140.94)	41.24	11622.99	(4329.23)	(1079.92)	51.63	(18.96)	(5376.48)	8141.87	6564.97

(i) Freehold buildings include ₹ 2.67 crores (March 31, 2012: ₹ 2.67 crores) being value of investment in shares of Co-operative Housing Societies and Limited Companies.

(ii) Legal formalities relating to conveyance of freehold building having net book value ₹ 10.73 crores (March 31, 2012: ₹ 11.59 crores) are pending completion.

(iii) Additions include ₹ 97.55 crores being value of fixed assets transferred on acquisition of Computational Research Laboratories Limited.

(iv) Adjustments to accumulated depreciation is net-off ₹ 68.56 crores being the accumulated depreciation on fixed assets of Computational Research Laboratories Limited as at the time of acquisition.

(v) Net book value of computer equipment of ₹ 64.53 crores (March 31, 2012: ₹ 20.89 crores) and lease hold improvements of ₹ 77.60 crores (March 31, 2012: ₹ 92.57 crores) are under finance lease.

(vi) Deletions/adjustments include ₹ 15.72 crores arising on realignment of depreciation policies of Retail FullServe Limited and Computational Research Laboratories Limited consequent to the amalgamation with the Company.

## Notes forming part of the Consolidated Financial Statements

### 13) NON-CURRENT INVESTMENTS

Non-current investments consist of the following:

	As at March 31, 2013	As at March 31, 2012
(₹ crores)		
<b>(a) TRADE INVESTMENTS (at cost)</b>		
<b>Fully paid equity shares (unquoted)</b>		
National Power Exchange Limited	1.40	1.40
Philippine Dealing System Holdings Corporation	4.89	4.58
Firstech Solutions Co. Limited	-	1.05
Taj Air Limited	19.00	19.00
Yodlee, Inc.	-	-
ALMC HF	-	-
Kooh Sports Private Limited	3.00	-
<b>(b) OTHER INVESTMENTS</b>		
Debentures and bonds (unquoted)*	910.22	523.12
Government securities (unquoted)	24.65	24.67
Mutual funds and other funds (unquoted)	5.26	1.91
	<b>968.42</b>	<b>575.73</b>
Less: Provision for diminution in value of investments	<b>(0.12)</b>	<b>(1.17)</b>
	<b>968.30</b>	<b>574.56</b>

\* Unquoted debentures include subscription to the privately placed unsecured, unlisted redeemable non-convertible debentures issued by Tata Sons Limited in January 2010 and its subsidiary Panatone Finvest Limited in March 2010 for a consideration of ₹ 1000 crores and ₹ 200 crores, respectively. The debentures issued by Tata Sons Limited carry an interest rate of 8.50% and would be redeemable at par in three equal installments at the end of second, third and fourth year, respectively from the date of allotment. The first two installments of the debentures issued by Tata Sons Limited have been redeemed during the year ended March 31, 2012 and 2013, respectively. The debentures issued by Panatone Finvest Limited due for redemption on March 31, 2013 have been renewed for a further period of three years with a revised interest rate of 9.50% during the year ended March 31, 2013.

### 14) LONG-TERM LOANS AND ADVANCES

Long-term loans and advances consist of the following:

	As at March 31, 2013	As at March 31, 2012
(₹ crores)		
<b>(a) Secured, considered good</b>		
Loans and advances to employees	0.20	0.27
<b>(b) Unsecured, considered good</b>		
(i) Capital advances	491.79	346.09
(ii) Security deposits	541.34	481.01
(iii) Loans and advances to employees	7.91	9.43
(iv) Loans and advances to related parties	48.13	48.36
(v) Advance tax (including refunds receivable) (net)	1856.06	1406.06
(vi) MAT credit entitlement	1840.27	1465.83
(vii) Other loans and advances	448.43	722.63
<b>(c) Unsecured, considered doubtful</b>		
Other loans and advances	0.33	0.45
Less : Provision for doubtful loans and advances	<b>(0.33)</b>	<b>(0.45)</b>
	<b>5234.13</b>	<b>4479.68</b>

## Notes forming part of the Consolidated Financial Statements

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
Loans and advances to related parties pertain to:		
Tata Sons Limited	2.74	2.97
Tata Realty And Infrastructure Limited	45.39	45.39
Other loans and advances considered good include:		
Inter-corporate deposits	-	281.40
Indirect tax recoverable	54.80	52.30
Prepaid expenses	358.04	341.61

### 15) OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
(a) Future finance lease receivables	-	0.96
Less: Unearned finance income	-	(0.03)
	-	0.93
(b) Interest receivable	37.51	131.96
(c) Other non-current assets	2417.13	2717.15
	2454.64	2850.04
Other non current assets include long-term bank deposits	2411.88	2704.28

### 16) CURRENT INVESTMENTS

Current investments consist of the following:

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
(a) Fully paid preference shares (unquoted)	-	5.00
(b) Fully paid equity shares (quoted)	0.01	-
(c) Investment in mutual funds (unquoted)	586.93	229.98
(d) Investment in bonds (quoted)	6.96	7.46
(e) Investment in debentures and bonds (unquoted)*	335.14	533.33
	929.04	775.77
(i) Market value of quoted investments	7.78	8.18
(ii) Book value of quoted investments	6.97	7.46
(iii) Book value of unquoted investments	922.07	768.31

\*Refer note no. 13 - Non-current investments

### 17) INVENTORIES

Inventories consist of the following:

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
(a) Raw materials, sub-assemblies and components	6.65	13.49
(b) Finished goods and work-in-progress	11.87	1.45
(c) Stores and spares	2.46	2.53
(d) Goods-in-transit	0.17	0.30
	21.15	17.77

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

## Notes forming part of the Consolidated Financial Statements

### 18) UNBILLED REVENUE

Unbilled revenue as at March 31, 2013, amounting to ₹ 3160.05 crores (March 31, 2012 : ₹ 2247.76 crores) primarily comprises of the revenue recognised in relation to efforts incurred on turnkey contracts priced on a fixed time, fixed price basis.

### 19) TRADE RECEIVABLES (Unsecured)

Trade receivables consist of the following:

	(₹ crores)	
	As at March 31, 2013	As at March 31, 2012
(a) Over six months from the date they were due for payment		
(i) Considered good	1427.80	1058.64
(ii) Considered doubtful	189.84	193.54
(b) Others		
(i) Considered good	12648.76	10461.71
(ii) Considered doubtful	0.40	-
	14266.80	11713.89
Less: Provision for doubtful receivables	(190.24)	(193.54)
	14076.56	11520.35

### 20) CASH AND BANK BALANCES

Cash and bank balances consist of the following:

	(₹ crores)	
	As at March 31, 2013	As at March 31, 2012
(a) Cash and cash equivalents		
(i) Balances with banks		
In current accounts	1129.60	1136.08
In cash credit accounts	49.95	14.27
In deposit accounts with original maturity less than 3 months	624.41	804.98
(ii) Cheques on hand	17.88	17.14
(iii) Cash on hand	1.98	4.53
(iv) Remittances in transit	17.54	16.49
	1841.36	1993.49
(b) Other bank balances		
(i) Earmarked balances with banks	16.34	15.77
(ii) Short-term bank deposits	4911.46	3803.82
	6769.16	5813.08

Balances with banks in current accounts do not include fourteen bank accounts having a balance of ₹ 1.35 crores (March 31, 2012: ₹ 0.31 crore) operated by the Company on behalf of a third party.

## Notes forming part of the Consolidated Financial Statements

### 21) SHORT-TERM LOANS AND ADVANCES

Short-term loans and advances consist of the following:

	As at March 31, 2013	As at March 31, 2012
(a) Secured, considered good		
Loans and advances to employees	1.18	0.36
(b) Unsecured, considered good		
(i) Loans and advances to employees	202.82	170.89
(ii) Loans and advances to related parties	50.05	152.43
(iii) Advance tax (including refunds receivable) (net)	4.90	-
(iv) MAT credit entitlement	4.43	10.29
(v) Other loans and advances	5557.98	1895.17
(c) Unsecured, considered doubtful		
(i) Loans and advances to employees	38.20	33.81
(ii) Other loans and advances	11.63	12.21
Less : Provision for doubtful loans and advances	(49.83)	(46.02)
	<b>5821.36</b>	<b>2229.14</b>
Loans and advances to related parties pertain to:		
Tata Sons Limited	-	0.01
Tata Realty And Infrastructure Limited	50.00	120.00
Tata Teleservices Limited	0.04	2.39
Tata AIG General Insurance Company Limited	-	0.02
Tata Teleservices (Maharashtra) Limited	0.01	0.01
Tata Autocomp Systems Limited	-	30.00
Other loans and advances considered good include:		
Fair values of foreign exchange forward and currency option contracts	187.78	152.37
Security deposits	114.54	130.80
Inter-corporate deposits	3634.77	502.00
Prepaid expenses	1130.61	815.13

### 22) OTHER CURRENT ASSETS

Other current assets consist of the following:

	As at March 31, 2013	As at March 31, 2012
(a) Future finance lease receivables	0.96	1.38
Less: Unearned finance income	(0.03)	(0.14)
	<b>0.93</b>	<b>1.24</b>
(b) Interest receivable	765.89	430.48
(c) Other current assets	32.42	26.15
	<b>799.24</b>	<b>457.87</b>



## Notes forming part of the Consolidated Financial Statements

### 23) REVENUE FROM OPERATIONS

Revenue from operations consist of revenue from:

	(₹ crores)	
	2013	2012
(a) Information technology and consultancy services	61223.00	47362.21
(b) Sale of equipment and software licences	1767.30	1531.87
Less : Excise duty	(0.82)	(0.25)
	<b>62989.48</b>	<b>48893.83</b>

### 24) OTHER INCOME (Net)

Other income (net) consists of the following:

	(₹ crores)	
	2013	2012
(a) Interest income	1039.74	765.22
(b) Dividend income	6.47	6.41
(c) Profit on redemption of mutual funds and sale of other current investments (net)	41.36	31.76
(d) Rent	16.41	16.94
(e) Gain / (Loss) on sale of fixed assets (net)	0.23	(0.35)
(f) Exchange gain / (loss) (net)	49.27	(426.02)
(g) Miscellaneous income	24.75	34.21
	<b>1178.23</b>	<b>428.17</b>
Dividend income pertains to:		
Dividend from current investments (mutual funds)	5.84	6.01
Dividend from other long-term investments	0.63	0.40
Exchange gain / (loss) (net) includes:		
Loss on foreign exchange forward and currency option contracts which have been designated as Cash Flow Hedges (Refer note 42)	(403.51)	(748.82)

### 25) EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses consist of the following:

	(₹ crores)	
	2013	2012
(a) Salaries and incentives	21114.54	16332.17
(b) Contributions to -		
(i) Provident fund and pension fund	533.11	413.93
(ii) Superannuation scheme	168.96	119.60
(iii) Gratuity fund	149.46	108.37
(iv) Social security and other plans for overseas employees	680.93	420.14
(c) Staff welfare expenses	1392.96	1157.03
	<b>24039.96</b>	<b>18551.24</b>

## Notes forming part of the Consolidated Financial Statements

### 26) OPERATION AND OTHER EXPENSES

Operation and other expenses consist of the following:

	(₹ crores)	
	2013	2012
(a) Overseas business expenses	8701.94	6753.01
(b) Services rendered by business associates and others	3763.74	2414.61
(c) Software, hardware and material costs	2652.50	2219.15
(d) Communication expenses	766.91	650.20
(e) Travelling and conveyance expenses	816.65	640.75
(f) Rent	1165.17	968.22
(g) Legal and professional fees	460.53	346.61
(h) Repairs and maintenance	409.77	325.66
(i) Electricity expenses	475.76	366.32
(j) Bad debts written-off	42.53	44.19
(k) Advances written off / (written back) (net)	2.82	(1.05)
(l) Provision / (write back of provision) of doubtful receivables (net)	6.24	(25.69)
(m) Provision for doubtful advances	4.29	7.42
(n) Recruitment and training expenses	249.13	223.18
(o) Diminution in value of investments (net)	(0.22)	-
(p) Commission and brokerage	54.86	40.33
(q) Printing and stationery	74.22	50.59
(r) Insurance	44.55	32.76
(s) Rates and taxes	101.50	108.24
(t) Entertainment	47.61	34.11
(u) Impairment of goodwill (Refer note 45)	-	21.18
(v) Other expenses (Refer note 46)	1069.11	687.49
	<b>20909.61</b>	<b>15907.28</b>
(i) Overseas business expenses includes:		
Travel expenses	817.56	574.16
Employee allowances	7881.90	6132.11
(ii) Repairs and maintenance includes:		
Buildings	191.08	161.57
Office and computer equipment	213.37	159.58

### 27) FINANCE COSTS

Finance costs consist of the following:

	(₹ crores)	
	2013	2012
Interest expense	48.49	22.23
	<b>48.49</b>	<b>22.23</b>

**28)** Current tax for the year ended March 31, 2013 is adjusted for the effect of additional provision (net) of ₹ 58.18 crores (March 31, 2012: ₹ 18.43 crores) in domestic and certain overseas jurisdictions relating to earlier years. The impact of MAT entitlement of earlier period is ₹ 128.97 crores (March 31, 2012: Nil).

## Notes forming part of the Consolidated Financial Statements

### 29) (a) Particulars of subsidiaries:

Name of the Company	Country of incorporation	Percentage of voting power as at March 31, 2013	Percentage of voting power as at March 31, 2012
<b>Subsidiaries (held directly)</b>			
APOnline Limited	India	89.00	89.00
C-Edge Technologies Limited	India	51.00	51.00
CMC Limited	India	51.12	51.12
Diligenta Limited	UK	100.00	100.00
MP Online Limited	India	89.00	89.00
Tata Consultancy Services Canada Inc.	Canada	100.00	100.00
Tata America International Corporation	USA	100.00	100.00
Tata Consultancy Services Asia Pacific Pte Ltd.	Singapore	100.00	100.00
Tata Consultancy Services Belgium S.A.	Belgium	100.00	100.00
Tata Consultancy Services Deutschland GmbH	Germany	100.00	100.00
Tata Consultancy Services Netherlands BV	Netherlands	100.00	100.00
Tata Consultancy Services Sverige AB	Sweden	100.00	100.00
TCS FNS Pty Limited	Australia	100.00	100.00
TCS Iberoamerica SA	Uruguay	100.00	100.00
WTI Advanced Technology Limited	India	100.00	100.00
Tata Consultancy Services Morocco SARL AU	Morocco	100.00	100.00
Tata Consultancy Services (Africa) (PTY) Ltd.	South Africa	60.00	60.00
TCS e-Serve Limited	India	96.26	96.26
MahaOnline Limited	India	74.00	74.00
Retail FullServe Limited (Refer note 31)	India	-	100.00
Tata Consultancy Services Qatar S.S.C. (w.e.f. 20.12.2011)	Qatar	100.00	100.00
Computational Research Laboratories Limited (Refer note 31)	India	-	-
Computational Research Laboratories Inc. (w.e.f. 16.08.2012)	USA	100.00	-
<b>Subsidiaries (held indirectly)</b>			
CMC Americas Inc.	USA	100.00	100.00
TCS Financial Solutions Beijing Co., Ltd.	China	100.00	100.00
Tata Information Technology (Shanghai) Company Limited	China	100.00	100.00
Tata Consultancy Services (China) Co., Ltd.	China	74.63	74.63
TCS Solution Center S.A.	Uruguay	100.00	100.00
Tata Consultancy Services Argentina S.A.	Argentina	99.00	99.00
Tata Consultancy Services Do Brasil Ltda	Brazil	100.00	100.00
Tata Consultancy Services De Mexico S.A., De C.V.	Mexico	100.00	100.00
Tata Consultancy Services De Espana S.A.	Spain	100.00	100.00
TCS Italia SRL	Italy	100.00	100.00
Tata Consultancy Services Japan Ltd.	Japan	100.00	100.00
Tata Consultancy Services Malaysia Sdn Bhd	Malaysia	100.00	100.00
Tata Consultancy Services Luxembourg S.A.	Capellen (G.D. de Luxembourg)	100.00	100.00
Tata Consultancy Services Portugal Unipessoal Limitada	Portugal	100.00	100.00
TCS Inversiones Chile Limitada	Chile	99.99	99.99
Tata Consultancy Services Chile S.A.	Chile	100.00	100.00
TATASOLUTION CENTER S.A	Ecuador	100.00	100.00

## Notes forming part of the Consolidated Financial Statements

Name of the Company	Country of incorporation	Percentage of voting power as at March 31, 2013	Percentage of voting power as at March 31, 2012
TCS Financial Solutions Australia Holdings Pty Limited	Australia	100.00	100.00
TCS Financial Solutions Australia Pty Limited	Australia	100.00	100.00
TCS Management Pty Ltd.	Australia	100.00	100.00
PT Financial Network Services	Indonesia	100.00	100.00
PT Tata Consultancy Services Indonesia	Indonesia	100.00	100.00
Tata Consultancy Services Switzerland Ltd.	Switzerland	100.00	100.00
Tata Consultancy Services France SAS	France	100.00	100.00
Tata Consultancy Services (South Africa) (PTY) Ltd.	South Africa	75.00	75.00
Tata Consultancy Services (Thailand) Limited	Thailand	100.00	100.00
Tata Consultancy Services (Philippines) Inc.	Philippines	100.00	100.00
TCS e-Serve International Limited	India	100.00	100.00
TCS e-Serve America, Inc.	USA	100.00	100.00
TCS Uruguay S. A.	Uruguay	100.00	100.00
MGDC S.C.	Mexico	100.00	100.00
Diligenta 2 Limited	UK	100.00	100.00
MS CJV Investments Corporation	USA	100.00	100.00
CMC eBiz Inc.	USA	100.00	100.00
Nippon TCS Solution Center Limited (w.e.f. 24.01.2012)	Japan	60.00	60.00
Tata Consultancy Services Osterreich GmbH (w.e.f. 09.03.2012)	Austria	100.00	100.00
Tata Consultancy Services Danmark ApS (w.e.f. 16.03.2012)	Denmark	100.00	100.00

### (b) The contribution of the subsidiaries acquired during the year is as under:

(₹ crores)

Name of Subsidiary	Revenue (post acquisition)	Net Loss (post acquisition)	Net Assets
Computational Research Laboratories Limited (Refer note 30(a))	0.21	(3.21)	-
Computational Research Laboratories Inc.	0.01	(0.02)	(0.01)

### 30) ACQUISITIONS / DIVESTMENTS

- On August 16, 2012, the Company acquired 100% equity share capital of Computational Research Laboratories Limited ("CRL") along with its subsidiary Computational Research Laboratories Inc.. Subsequently, pursuant to scheme of amalgamation sanctioned by the High Court of Judicature at Bombay vide their Order dated March 22, 2013, CRL has been amalgamated with Tata Consultancy Services Limited, effective October 1, 2012.
- Tata Consultancy Services Morocco SARL AU, a wholly owned subsidiary, is in the process of being voluntarily liquidated.

### 31) AMALGAMATION OF COMPANIES

- Nature of business of amalgamating companies  
Retail FullServe Limited is engaged in the business of providing information technology and business process outsourcing services.  
Computational Research Laboratories Limited is engaged in the business of conducting research and development relating to high performance computing and allowing usage of computers, including providing consultation services in the field of information technology.
- Retail FullServe Limited and Computational Research Laboratories Limited – wholly owned subsidiaries of Tata Consultancy Services Limited, have been amalgamated with the Company with effect from April 1, 2012 and October 1, 2012 respectively, in terms of the scheme of amalgamation (Scheme) sanctioned by the High Court of Judicature at Bombay vide their Order dated March 22, 2013. The Scheme came into effect on April 1, 2013 and pursuant thereto all assets and debts, outstandings, credits, liabilities, benefits under income tax, excise, sales tax (including deferment of sales tax), benefits

## Notes forming part of the Consolidated Financial Statements

for and under STPI and special economic zone registrations, duties and obligations of the above mentioned subsidiaries, have been transferred to and vested in the Company retrospectively with effect from April 1, 2012 and October 1, 2012 respectively.

Since the subsidiaries amalgamated as aforesaid were wholly owned by the Company, no shares were exchanged to effect the amalgamation.

- c) The amalgamations stated above have been accounted for under the "pooling of interests" method as prescribed by Accounting Standard (AS-14) notified under Section 211(3C) of the Companies Act, 1956. Accordingly, the assets, liabilities and reserves of Retail FullServe Limited and Computational Research Laboratories Limited as at April 1, 2012 and October 1, 2012 respectively, have been taken over at their book values. As stipulated in the scheme of amalgamation, all reserves of the above mentioned subsidiaries have been transferred to the General reserve account except for balances lying in the statement of profit and loss account as at March 31, 2012 and September 30, 2012 respectively, which have been transferred to the surplus in statement of profit and loss of the Company.

The difference between the amount recorded as investments of the Company and the amount of share capital of Retail FullServe Limited and Computational Research Laboratories Limited have been adjusted in the General reserve.

Accordingly, the amalgamations have resulted in transfer of assets, liabilities and reserves in accordance with the terms of the Scheme at the following summarised values:

(₹ crores)			
Particulars	Retail FullServe Limited	Computational Research Laboratories Limited	Total
Appointed date of amalgamation	April 1, 2012	October 1, 2012	
<b>Assets</b>			
Fixed assets (net)	10.65	27.20	37.85
Deferred tax assets	2.12	-	2.12
Unbilled revenue	-	0.14	0.14
Trade receivables	14.86	0.57	15.43
Cash and bank balances	19.33	3.19	22.52
Investments	4.30	-	4.30
MAT credit entitlement	4.13	-	4.13
Loans and advances and other assets	19.01	3.31	22.32
<b>Less: Liabilities</b>			
Borrowing	-	5.00	5.00
Trade payables, other liabilities and provisions	9.86	25.40	35.26
<b>Total net assets acquired on amalgamation</b>	<b>64.54</b>	<b>4.01</b>	<b>68.55</b>
Less: Adjustment for cancellation of Company's investment in subsidiaries	36.17	163.92	200.09
	<b>28.37</b>	<b>(159.91)</b>	<b>(131.54)</b>
Less: Transfer of balances in statement of profit and loss of amalgamated companies to the surplus in statement of profit and loss of the Company*	64.49	(167.49)	(103.00)
Add: Adjustment for alignment of accounting policies	(0.11)	(15.61)	(15.72)
<b>Balance transferred to general reserve as at appointed date of amalgamation</b>	<b>(36.23)</b>	<b>(8.03)</b>	<b>(44.26)</b>

\* Includes post acquisition profits (net) of ₹ 23.22 crores accounted in consolidated financial statements till the appointed date of amalgamation.

- 32) The Company has given an undertaking to the Government of Maharashtra not to divest its shareholding in MahaOnline Limited except to an affiliate. This equity investment is subject to the restriction as per terms of the contractual agreement. The restriction is valid as at March 31, 2013.

The Company has given an undertaking to the investors of KOOH Sports Private Limited not to transfer its shareholding prior to the expiry of thirty-six months from the completion date of the investment agreement except with the prior written consent of the other parties to the agreement. The restriction is valid as at March 31, 2013.

## Notes forming part of the Consolidated Financial Statements

### 33) EMPLOYEE RETIREMENT BENEFITS

#### a) Defined contribution plans

The Company and its subsidiaries make Provident Fund, Pension Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company and its subsidiaries are required to contribute a specified percentage of the payroll costs to fund the benefits. In case of Provident Fund, the contributions as specified under the law are paid to the Provident Fund set up as a trust by the Company and its subsidiaries or to the respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension Scheme. The Company and its subsidiaries are generally liable for annual contribution and any shortfall in the fund assets based on the government specified minimum rate of return and recognises such contribution and shortfall, if any as an expense in the year it is incurred.

The Group recognised ₹ 533.11 crores (March 31, 2012: ₹ 413.93 crores) for provident fund and pension fund contributions and ₹ 168.96 crores (March 31, 2012: ₹ 119.60 crores) for superannuation contributions in the statement of profit and loss. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

The Group has contributed ₹ 248.76 crores (March 31, 2012: ₹ 201.02 crores) towards other foreign defined contribution plans.

#### b) Defined benefit plans

The Company and its subsidiaries in India provide to the eligible employees defined benefit plans such as gratuity, post retirement medical benefit and pension plan. The Gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The measurement date used for determining retirement benefits for gratuity is March 31. Certain overseas subsidiaries of the Company also provide for retirement benefit plans in accordance with the local laws.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date.

The following table set out the funded and unfunded status of the retirement benefit plans and the amounts recognised in the financial statements:

		(₹ crores)				
Retirement benefits		Indian		Foreign		Consolidated
		Funded As at March 31, 2013	Unfunded As at March 31, 2013	Funded As at March 31, 2013	Unfunded As at March 31, 2013	As at March 31, 2013
i)	Change in benefit obligations:					
	Projected benefit obligation, beginning of the year	722.99	1.71	267.70	5.98	998.38
		601.06	1.59	222.22	-	824.87
	Service cost	117.38	0.56	21.89	6.57	146.40
		100.85	0.79	19.88	4.48	126.00
	Interest cost	66.27	0.09	10.69	0.92	77.97
		54.52	0.17	9.52	0.60	64.81
	Actuarial loss/(gain)	18.34	0.57	47.28	(0.18)	66.01
		2.60	(0.84)	(3.88)	1.53	(0.59)
	Plan participants' contributions	-	-	7.56	-	7.56
		-	-	6.74	-	6.74
	Exchange loss / adjustments	0.65	(0.65)	0.24	0.50	0.74
		-	-	32.17	0.34	32.51
	Past service cost / (credit)	-	-	(2.41)	3.80	1.39
		-	-	-	-	-
	Benefits paid	(45.05)	(0.11)	(14.00)	(1.57)	(60.73)
		(36.04)	-	(18.95)	(0.97)	(55.96)
	Projected benefit obligation, end of the year	880.58	2.17	338.95	16.02	1237.72
		722.99	1.71	267.70	5.98	998.38

## Notes forming part of the Consolidated Financial Statements

(₹ crores)

Retirement benefits	Indian		Foreign		Consolidated
	Funded As at March 31, 2013	Unfunded As at March 31, 2013	Funded As at March 31, 2013	Unfunded As at March 31, 2013	As at March 31, 2013
<b>ii) Change in plan assets:</b>					
Fair value of plan assets, beginning of the year	<b>569.23</b> 518.91	-	<b>269.29</b> 213.65	-	<b>838.52</b> 732.56
Expected return on plan assets	<b>49.69</b> 43.11	-	<b>12.07</b> 10.67	-	<b>61.76</b> 53.78
Plan participants' contributions	-	-	<b>7.56</b> 6.74	-	<b>7.56</b> 6.74
Employers' contributions	<b>45.65</b> 36.64	-	<b>22.58</b> 21.03	-	<b>68.23</b> 57.67
Exchange gain	-	-	<b>1.34</b> 31.76	-	<b>1.34</b> 31.76
Benefits paid	<b>(45.05)</b> (36.04)	-	<b>(14.00)</b> (18.95)	-	<b>(59.05)</b> (54.99)
Actuarial gain	<b>4.06</b> 6.61	-	<b>13.74</b> 4.39	-	<b>17.80</b> 11.00
Fair value of plan assets, end of the year	<b>623.58</b> 569.23	-	<b>312.58</b> 269.29	-	<b>936.16</b> 838.52
Excess of (obligation over plan assets) / plan assets over obligation	<b>(257.00)</b> (153.76)	<b>(2.17)</b> (1.71)	<b>(26.37)</b> 1.59	<b>(16.02)</b> (5.98)	<b>(301.56)</b> (159.86)
<b>iii) (Accrued liability) / Excess funding</b>	<b>(257.00)</b> (153.76)	<b>(2.17)</b> (1.71)	<b>(26.37)</b> 1.59	<b>(16.02)</b> (5.98)	<b>(301.56)</b> (159.86)

(₹ crores)

iv) Net gratuity and other cost:	Indian		Foreign		Consolidated
	Funded 2013	Unfunded 2013	Funded 2013	Unfunded 2013	2013
Service cost	<b>117.38</b> 100.85	<b>0.56</b> 0.79	<b>21.89</b> 19.88	<b>6.57</b> 4.48	<b>146.40</b> 126.00
Interest on defined benefit obligation	<b>66.27</b> 54.52	<b>0.09</b> 0.17	<b>10.69</b> 9.52	<b>0.92</b> 0.60	<b>77.97</b> 64.81
Expected return on plan assets	<b>(49.69)</b> (43.11)	-	<b>(12.07)</b> (10.67)	-	<b>(61.76)</b> (53.78)
Past service cost / (credit)	-	-	<b>(2.41)</b> -	<b>3.80</b> -	<b>1.39</b> -
Net actuarial loss / (gain) recognised during the year	<b>14.28</b> (4.01)	<b>0.57</b> (0.84)	<b>33.54</b> (8.27)	<b>(0.18)</b> 1.53	<b>48.21</b> (11.59)
Net gratuity and other cost	<b>148.24</b> 108.25	<b>1.22</b> 0.12	<b>51.64</b> 10.46	<b>11.11</b> 6.61	<b>212.21</b> 125.44
Actual return on plan assets	<b>53.75</b> 49.72	-	<b>25.81</b> 15.06	-	<b>79.56</b> 64.78



## Notes forming part of the Consolidated Financial Statements

(₹ crores)

Retirement benefits	Indian		Foreign		Consolidated
	Funded As at March 31, 2013	Unfunded As at March 31, 2013	Funded As at March 31, 2013	Unfunded As at March 31, 2013	As at March 31, 2013
<b>v) Category of assets:</b>					
Corporate bonds	-	-	113.07	-	113.07
	-	-	119.68	-	119.68
Equity shares	-	-	59.74	-	59.74
	-	-	52.56	-	52.56
Index linked bonds	-	-	69.95	-	69.95
	-	-	56.46	-	56.46
Insurer managed funds	623.51	-	18.93	-	642.44
	569.15	-	16.65	-	585.80
Cash and bank balances	-	-	4.68	-	4.68
	-	-	1.27	-	1.27
Government Securities	-	-	28.89	-	28.89
	-	-	-	-	-
Others	0.07	-	17.32	-	17.39
	0.08	-	22.67	-	22.75
<b>Total</b>	<b>623.58</b>	-	<b>312.58</b>	-	<b>936.16</b>
	569.23	-	269.29	-	838.52

### vi) Assumptions used in accounting for the gratuity plan

	Indian	Foreign
Discount rate	8.00%	2.25%-7.00%
	8.25%-8.50%	2.50% -7.00%
Salary escalation rate	4.0%-7.0%	1.50%-4.64%
	4.00% -9.00%	1.50 % - 3.60%
Expected rate of return on plan assets	8.60%-8.70%	2.25%-4.70%
	8.00%-9.00%	3.50% -5.45%

The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company and its subsidiaries policy for plan asset management.

(₹ crores)

Particulars	Indian				
	2013	2012	2011	2010	2009
Experience adjustment					
On plan liability (gain) / loss	(17.78)	44.05	31.05	4.55	(19.01)
On plan asset gain	4.06	6.61	9.27	3.47	5.08
Present value of benefit obligation	882.75	724.70	602.65	497.21	425.38
Fair value of plan assets	623.58	569.23	518.91	436.83	359.63
Excess of obligation over plan assets (net)	(259.17)	(155.47)	(83.74)	(60.38)	(65.75)

## Notes forming part of the Consolidated Financial Statements

Particulars	Foreign				
	2013	2012	2011	2010	2009
Experience adjustment					
On plan liability (gain)/loss	(2.11)	(0.38)	(3.74)	(10.86)	4.46
On plan asset gain/(loss)	13.74	4.16	0.33	(12.02)	(6.17)
Present value of benefit obligation	354.97	273.68	222.22	172.80	159.71
Fair value of plan assets	312.58	269.29	213.65	155.31	137.62
Excess of obligation over plan assets (net)	(42.39)	(4.39)	(8.57)	(17.49)	(22.09)

The expected contributions are based on the same assumptions used to measure Group's gratuity obligations as at March 31, 2013. The Group is expected to contribute ₹ 198.06 crores to gratuity funds for the year ended March 31, 2014, comprising domestic component of ₹ 177.54 crores and foreign component of ₹ 20.52 crores.

*Previous year figures are in italics*

### 34) SEGMENT REPORTING

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

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

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

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

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

#### Year ended March 31, 2013

(₹ crores)

Particulars	Business Segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Revenue	27146.25	5215.52	8401.22	7539.71	14686.78	62989.48
	21062.22	3800.54	5954.47	6204.69	11871.91	48893.83
Segment result	8014.29	1362.65	2580.64	1948.81	3991.73	17898.12
	6493.07	985.89	1742.14	1889.57	3202.81	14313.48
Unallocable expenses (net)						986.62
						818.34
Operating income						16911.50
						13495.14
Other income (net)						1178.23
						428.17
Profit before tax						18089.73
						13923.31
Tax expense						4014.04
						3399.86
Profit before minority interest						14075.69
						10523.45
Minority interest						158.38
						109.96
Profit for the year						13917.31
						10413.49

## Notes forming part of the Consolidated Financial Statements

As at March 31, 2013

(₹ crores)

Particulars	Business Segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Segment assets	<b>11364.39</b>	<b>1615.30</b>	<b>2142.67</b>	<b>2527.59</b>	<b>6883.77</b>	<b>24533.72</b>
	<i>9518.98</i>	<i>1108.35</i>	<i>1472.26</i>	<i>2064.38</i>	<i>5897.81</i>	<i>20061.78</i>
Unallocable assets						<b>27733.50</b>
						<i>21268.71</i>
Total assets						<b>52267.22</b>
						<i>41330.49</i>
Segment liabilities	<b>1319.27</b>	<b>122.48</b>	<b>92.08</b>	<b>191.26</b>	<b>856.86</b>	<b>2581.95</b>
	<i>948.55</i>	<i>116.86</i>	<i>88.60</i>	<i>163.12</i>	<i>718.81</i>	<i>2035.94</i>
Unallocable liabilities						<b>10344.23</b>
						<i>9156.55</i>
Total liabilities						<b>12926.18</b>
						<i>11192.49</i>

Year ended March 31, 2013

### Other information

Capital expenditure (allocable)	<b>120.31</b>	-	-	-	<b>100.97</b>	<b>221.28</b>
	<i>59.43</i>	-	<i>0.87</i>	-	<i>109.49</i>	<i>169.79</i>
Capital expenditure (unallocable)						<b>2502.57</b>
						<i>1818.55</i>
Depreciation (allocable)	<b>117.45</b>	-	-	-	<b>24.12</b>	<b>141.57</b>
	<i>95.27</i>	-	<i>8.71</i>	-	<i>17.85</i>	<i>121.83</i>
Depreciation (unallocable)						<b>938.35</b>
						<i>796.11</i>
Other significant non cash expenses (allocable)	<b>8.70</b>	<b>2.90</b>	<b>3.20</b>	<b>17.81</b>	<b>23.27</b>	<b>55.88</b>
	<i>23.89</i>	<i>4.92</i>	<i>2.14</i>	<i>4.02</i>	<i>11.08</i>	<i>46.05</i>
Other significant non cash expenses (net) (unallocable)						<b>(0.22)</b>
						-

The following geographic segments individually contribute 10 percent or more of the Group's revenue or segment assets:

(₹ crores)

Geographic segments	Revenue for the year ended March 31, 2013	Segment assets as at March 31, 2013
Americas	<b>35327.51</b>	<b>9959.55</b>
	<i>27569.81</i>	<i>8344.22</i>
Europe	<b>16734.36</b>	<b>6035.49</b>
	<i>12381.53</i>	<i>5139.21</i>
India	<b>4890.24</b>	<b>5229.28</b>
	<i>4202.29</i>	<i>4504.82</i>

Previous year figures are in italics.

## Notes forming part of the Consolidated Financial Statements

### 35) RELATED PARTY DISCLOSURES

#### A) Related parties and their relationship

##### I) Holding Company

Tata Sons Limited

##### II) Fellow subsidiaries with whom the Group has transactions

- Infiniti Retail Limited
- Panatone Finvest Limited
- Tata AIG General Insurance Company Limited
- Tata AIA Life Insurance Company Limited (formerly Tata AIG Life Insurance Company Limited)
- Tata Investment Corporation Limited
- Tata Limited
- Tata Asset Management Limited
- Tata Business Support Services Limited
- Tata Capital Limited
- Tata Housing Development Company Limited
- Tata Consulting Engineers Limited
- Tata Sky Limited
- Tata Teleservices Limited (upto 25.03.2013)
- Tata Realty And Infrastructure Limited
- e-Nxt Financials Limited
- Tata Teleservices (Maharashtra) Limited (upto 25.03.2013)
- Tata Industries Limited
- Tata International Limited
- Tata Autocomp Systems Limited
- Drive India Enterprise Solutions Limited
- Nova Integrated Systems Limited
- Tata Lockheed Martin Aerostructures Limited (formerly Tata Aerostructures Limited)
- Tata Capital Housing Finance Limited
- TC Travel And Services Limited
- Tata Securities Limited
- TT Holdings & Services Limited
- Tata Capital Financial Services Limited
- MMP Mobi Wallet Payment Systems Limited (upto 25.03.2013)
- VIOM Networks Limited (upto 25.03.2013)
- Tata Advanced Materials Limited
- Tata Interactive Systems GmbH
- Tata Africa Holdings (SA) (Proprietary) Limited
- TATA Africa Holdings (Kenya) Limited
- Tata Zambia Limited
- Tata International Singapore Pte Limited (w.e.f. 01.11.2011)

##### III) Key Management Personnel

- Mr. N. Chandrasekaran
- Mr. S. Mahalingam (upto 09.02.2013)
- Mr. Rajesh Gopinathan (w.e.f. 10.02.2013)
- Mr. Phiroz Vandrevalla (upto 13.05.2011)

## Notes forming part of the Consolidated Financial Statements

### B) Transactions with related parties for the year ended March 31, 2013

(₹ crores)

Particulars	Holding Company	Fellow Subsidiaries	Key Management Personnel and their relatives	Total
Brand equity contribution	<b>109.57</b> 78.55	-	-	<b>109.57</b> 78.55
Purchase of fixed assets	-	<b>57.88</b> 25.33	-	<b>57.88</b> 25.33
Loans and advances given	-	-	-	-
	0.01	0.02	-	0.03
Loans and advances repaid	<b>0.24</b> -	<b>3.18</b> 2.00	-	<b>3.42</b> 2.00
Inter-corporate deposits placed	-	<b>180.00</b> 185.01	-	<b>180.00</b> 185.01
Inter-corporate deposits matured	-	<b>280.00</b> 185.00	-	<b>280.00</b> 185.00
Purchase of investments	<b>163.92</b> -	-	-	<b>163.92</b> -
Redemption of investments	<b>333.33</b> 333.34	<b>5.00</b> -	-	<b>338.33</b> 333.34
Revenue	<b>0.37</b> 1.21	<b>492.36</b> 471.24	-	<b>492.73</b> 472.45
Interest income	<b>98.17</b> 87.60	<b>37.08</b> 33.37	-	<b>135.25</b> 120.97
Dividend income	-	<b>0.63</b> 0.40	-	<b>0.63</b> 0.40
Other income	-	<b>0.08</b> 0.02	-	<b>0.08</b> 0.02
Purchase of goods, services and facilities (including reimbursement)	<b>0.78</b> 0.70	<b>364.31</b> 300.61	-	<b>365.09</b> 301.31
Rent expense	<b>0.86</b> 0.74	<b>4.32</b> 4.19	<b>0.06</b> 0.08	<b>5.24</b> 5.01
(Write back of provision) / provision for doubtful receivables, advances (net)	-	<b>0.24</b> (5.08)	-	<b>0.24</b> (5.18)
Bad debts written-off	-	<b>0.35</b> 3.90	-	<b>0.35</b> 4.00
Dividend paid on equity shares	<b>3608.63</b> 2453.82	<b>4.79</b> 3.50	<b>0.63</b> 0.43	<b>3614.05</b> 2457.75
Dividend on redeemable preference shares paid	<b>22.00</b> 11.00	-	-	<b>22.00</b> 11.00
Remuneration	-	-	<b>15.80</b> 11.65	<b>15.80</b> 11.65

## Notes forming part of the Consolidated Financial Statements

### C) Balances with related parties as at March 31, 2013

(₹ crores)

Particulars	Holding Company	Fellow Subsidiaries	Key Management Personnel and their relatives	Total
Trade receivables, Unbilled revenue, Loans and advances, Other assets (net)	<b>159.75</b> <i>101.88</i>	<b>250.33</b> <i>340.75</i>	- <i>0.01</i>	<b>410.08</b> <i>442.64</i>
Trade payables, Income received in advance, Advances from customers	<b>110.33</b> <i>80.43</i>	<b>33.83</b> <i>28.33</i>	- -	<b>144.16</b> <i>108.76</i>
Investment in debentures	<b>767.43</b> <i>778.58</i>	<b>200.00</b> <i>200.00</i>	- -	<b>967.43</b> <i>978.58</i>

Previous year figures are in italics.

### D) Disclosure of material transactions / balances with related parties

(₹ crores)

	2013	2012
<b><u>Purchase of fixed assets</u></b>		
Tata Consulting Engineers Limited	<b>22.66</b>	10.68
Tata Realty And Infrastructure Limited	<b>34.77</b>	13.16
<b><u>Loans and advances given</u></b>		
Tata Sons Limited	-	0.01
Tata AIG General Insurance Company Limited	-	0.01
Tata Teleservices (Maharashtra) Limited	-	0.01
<b><u>Loans and advances repaid</u></b>		
Tata Teleservices Limited	<b>2.34</b>	2.00
Tata Autocomp Systems Limited	<b>0.80</b>	-
<b><u>Inter-corporate deposits placed</u></b>		
Tata Realty And Infrastructure Limited	-	120.00
Tata Autocomp Systems Limited	<b>30.00</b>	30.00
Tata Capital Limited	<b>150.00</b>	-
<b><u>Inter-corporate deposits matured</u></b>		
Tata Sky Limited	-	40.00
Tata Autocomp Systems Limited	<b>60.00</b>	-
Tata Realty And Infrastructure Limited	<b>70.00</b>	120.00
Tata Capital Limited	<b>150.00</b>	-
<b><u>Revenue</u></b>		
Tata Teleservices Limited	<b>269.45</b>	309.65
Tata Teleservices (Maharashtra) Limited	<b>51.54</b>	60.28
<b><u>Interest income</u></b>		
Tata Sons Limited	<b>98.17</b>	87.60
Panatone Finvest Limited	<b>19.61</b>	17.50
<b><u>Purchase of goods, services and facilities (including reimbursement)</u></b>		
Tata Teleservices Limited	<b>44.30</b>	39.97
TC Travel And Services Limited	<b>34.50</b>	28.75
TT Holdings & Services Limited	<b>239.80</b>	187.01

## Notes forming part of the Consolidated Financial Statements

(₹ crores)

	2013	2012
<b>Rent expense</b>		
Tata Sons Limited	0.86	0.74
Tata Limited	1.05	1.05
Tata Africa Holdings (SA) (Proprietary) Limited	2.92	2.84
<b>(Write back of provision) / provision for doubtful receivables, advances (net)</b>		
VIOM Networks Limited	(0.22)	0.35
Tata Teleservices Limited	(0.12)	(5.12)
TATA Africa Holdings (Kenya) Limited	0.04	(0.25)
Nova Integrated Systems Limited	0.02	-
TC Travel And Services Limited	0.08	-
Tata Sky Ltd	0.49	(0.01)
Tata AIA Life Insurance Company Limited (formerly Tata AIG Life Insurance Company Limited)	(0.08)	(0.08)
<b>Bad debts written-off</b>		
Tata AIA Life Insurance Company Limited (formerly Tata AIG Life Insurance Company Limited)	-	0.02
Tata Teleservices Limited	0.01	3.86
Tata Teleservices (Maharashtra) Limited	0.33	-
<b>Remuneration to Key Management Personnel</b>		
Mr. N. Chandrasekaran	11.69	8.01
Mr. S. Mahalingam	4.02	3.53
<b>Trade receivables, Unbilled revenue, Loans and advances, Other assets (net)</b>		
Tata Sons Limited	159.75	101.88
Tata Teleservices Limited	63.50	77.15
Tata Realty And Infrastructure Limited	97.01	170.03
<b>Trade payables, Income received in advance, Advances from customers</b>		
Tata Sons Limited	110.33	80.43
Tata Teleservices Limited	16.14	16.99
<b>Investment In debentures</b>		
Tata Sons Limited	767.43	778.58
Panatone Finvest Limited	200.00	200.00

### 36) OBLIGATION TOWARDS OPERATING LEASE

(₹ crores)

Non-cancellable operating lease obligation	As at March 31, 2013	As at March 31, 2012
Not later than one year	675.30	532.33
Later than one year but not later than five years	1850.00	1381.72
Later than five years	1016.77	888.67
<b>Total</b>	<b>3542.07</b>	<b>2802.72</b>

Rental expenses of ₹ 611.61 crores (March 31, 2012: ₹ 485.26 crores) in respect of obligation under non-cancellable operating leases and ₹ 553.56 crores (March 31, 2012: ₹ 482.96 crores) in respect of cancellable operating leases have been charged to the statement of profit and loss.



## Notes forming part of the Consolidated Financial Statements

### 37) FINANCE LEASE

#### a) Group as lessor

(₹ crores)

Particulars	As at March 31, 2013	As at March 31, 2012
(i) Gross investment		
Not later than one year	0.96	1.38
Later than one year but not later than five years	-	0.96
Later than five years	-	-
<b>Total</b>	<b>0.96</b>	<b>2.34</b>
(ii) Present value of minimum lease payments receivable		
Not later than one year	0.93	1.24
Later than one year but not later than five years	-	0.93
Later than five years	-	-
<b>Total</b>	<b>0.93</b>	<b>2.17</b>
Add: Unearned finance income	0.03	0.17
<b>Total</b>	<b>0.96</b>	<b>2.34</b>

#### b) Group as lessee

##### Obligations towards finance lease

(₹ crores)

Assets acquired under finance lease	As at March 31, 2013	As at March 31, 2012
i) Minimum lease payments:		
Not later than one year	36.38	23.66
Later than one year but not later than five years	130.46	106.27
Later than five years	67.23	80.40
<b>Total</b>	<b>234.07</b>	<b>210.33</b>
ii) Present value of minimum lease payments:		
Not later than one year	20.03	9.05
Later than one year but not later than five years	85.59	60.34
Later than five years	43.87	52.27
<b>Total</b>	<b>149.49</b>	<b>121.66</b>
Add: Future finance charges	84.58	88.67
<b>Total</b>	<b>234.07</b>	<b>210.33</b>

### 38) RECEIVABLES UNDER SUB LEASES

(₹ crores)

Sub lease receivables	As at March 31, 2013	As at March 31, 2012
Not later than one year	15.52	12.39
Later than one year but not later than five years	63.80	45.83
Later than five years	-	8.56
<b>Total</b>	<b>79.32</b>	<b>66.78</b>

The total amount recognised in the statement of profit and loss for the year ended March 31, 2013 is ₹ 16.41 crores (March 31, 2012: ₹ 16.94 crores).

## Notes forming part of the Consolidated Financial Statements

### 39) EARNINGS PER SHARE [EPS]

(₹ crores)

	2013	2012
Profit for the year	13917.31	10413.49
Less: Dividend on preference shares (including dividend tax)	22.23	25.57
Amount available for equity shareholders	13895.08	10387.92
Weighted average number of equity shares	195,72,20,996	195,72,20,996
Earning per share basic and diluted (₹)	70.99	53.07
Face value per equity share (₹)	1.00	1.00

### 40) CONTINGENT LIABILITIES

(₹ crores)

Particulars	As at March 31, 2013	As at March 31, 2012
Claims against the Group not acknowledged as debt	120.17	113.16
Income tax demands (See note (a) below)	2763.54	1384.34
Indirect tax demands	200.15	157.39
Guarantees given by the Group (See note (b) below)	493.86	651.58
Other contingencies	0.66	0.10

Notes:

- In respect of tax contingencies of ₹ 384.59 crores (March 31, 2012: ₹ 330.07 crores), not included above, the Company is entitled to an indemnification from the seller of TCS e-Serve Limited, its acquired subsidiary, which is to be adjusted to the purchase price consideration.
- The Group has provided guarantees aggregating ₹ 493.86 crores (GBP 60 million) (March 31, 2012: ₹ 651.58 crores) (GBP 80.00 million) to third parties on behalf of its subsidiary Diligenta Limited. The Group does not expect any outflow of resources in respect of the above.
- The Group has examined the social security and tax aspects of contracts with legal entities which provide services to an overseas subsidiary and, based on legal opinion, concludes that the subsidiary is in compliance with the related statutory requirements.

### 41) CAPITAL AND OTHER COMMITMENTS

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 3406.17 crores (March 31, 2012: ₹ 1792.68 crores).
- The Company is required to pay to the seller of TCS e-Serve Limited, amounts received by the subsidiary from tax authorities as refund against taxes paid aggregating ₹ 347.85 crores (March 31, 2012: ₹ 321.85 crores), which is to be adjusted to the purchase price consideration.
- The Company has a purchase commitment towards India Innovation Fund for the uncalled amount of balance ₹ 47389.56 per unit for 1000 units aggregating ₹ 4.74 crores (March 31, 2012: ₹ 8.10 crores).

### 42) DERIVATIVE FINANCIAL INSTRUMENTS

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

The Group has following outstanding derivative instruments as at March 31, 2013:

- The following are outstanding foreign exchange forward contracts, which have been designated as Cash Flow Hedges as at:

Foreign Currency	March 31, 2013			March 31, 2012		
	No. of Contracts	Notional amount of forward contracts (million)	Fair Value (₹ crores)	No. of Contracts	Notional amount of forward contracts (million)	Fair Value (₹ crores)
U.S. Dollar	4	22.71	(11.21)	44	288.01	(98.19)
Sterling Pound	2	0.79	(0.25)	26	9.38	(5.70)
Australian Dollar	8	2.78	(2.43)	44	11.14	(7.40)

## Notes forming part of the Consolidated Financial Statements

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

Foreign Currency	March 31, 2013			March 31, 2012		
	No. of Contracts	Notional amount of currency option contracts (million)	Fair Value (₹ crores)	No. of Contracts	Notional amount of currency option contracts (million)	Fair Value (₹ crores)
U.S. Dollar	56	1150.00	(0.62)	81	2185.00	29.56
Sterling Pound	12	123.00	62.59	33	217.50	14.66
Euro	15	102.00	15.66	21	210.00	18.64
Australian dollar	-	-	-	6	30.00	3.34

Net gain on derivative instruments of ₹ 27.31 crores recognised in Hedging reserve as of March 31, 2013, is expected to be reclassified to the statement of profit and loss by March 31, 2014.

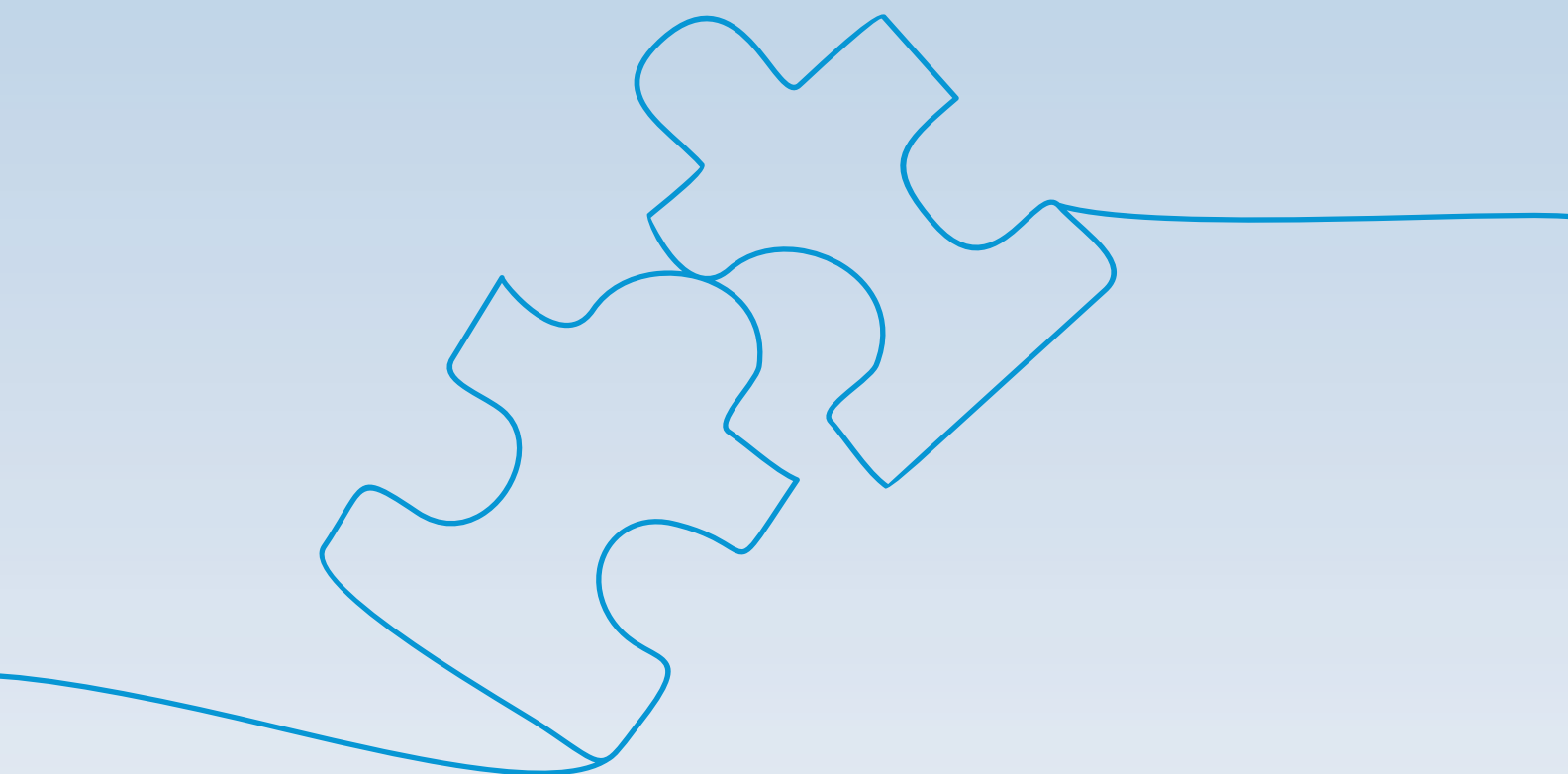
The movement in Hedging reserve during the year ended March 31, 2013, for derivatives designated as Cash Flow Hedges is as follows:

	(₹ crores)	
	Year ended March 31, 2013	Year ended March 31, 2012
Balance at the beginning of the year	(133.09)	62.73
Changes in the fair value of effective portion of discontinued / matured cash flow hedges during the year	37.03	(762.67)
Losses transferred to statement of profit and loss on occurrence of forecasted hedge transactions	79.99	715.49
Change in the fair value of effective portion of outstanding cash flow hedges	65.98	(154.80)
Amount transferred to minority interest during the year	(3.80)	6.16
Balance at the end of the year	46.11	(133.09)

In addition to the above Cash Flow Hedges, the Group has outstanding foreign exchange forward and currency option contracts with notional amount aggregating ₹ 10665.98 crores (March 31, 2012: ₹ 8506.37 crores) whose fair value showed a gain of ₹ 51.94 crores as at March 31, 2013 (March 31, 2012 : loss of ₹ 95.43 crores).

Exchange gain of ₹ 271.52 crores (March 31, 2012 : exchange loss of ₹ 213.44 crores) on foreign exchange forward and currency option contracts for the year ended March 31, 2013, have been recognised in the statement of profit and loss.

- 43) Increase in payables and finance lease obligation in respect of purchase of fixed assets amounting to ₹ 133.94 crores for the year ended March 31, 2013 (increase in March 31, 2012: ₹ 94.48 crores) have been considered as non-cash transactions in the cash flow statement.
- 44) Research and development expenditure (including capital expenditure) aggregating ₹ 164.18 crores (March 31, 2012: ₹ 143.70 crores) was incurred during the year.
- 45) Operation and other expenses for the year ended March 31, 2012 include an impairment loss on goodwill on consolidation of ₹ 21.18 crores due to the deterioration of the financial position and financial performance of a subsidiary in the banking, financial services and insurance segment.
- 46) On February 22, 2013, the Company entered into an agreement to settle for a sum of ₹ 161.63 crores (USD 29.75 million), a class action suit filed in the United States of America Court relating to payments to employees on deputation. The Court has granted preliminary approval to the settlement agreement. The amount of settlement has been included in 'other current liabilities' and 'Other expenses' vide note no. 10 and 26, respectively.
- 47) Trade payables include payable to micro, small and medium enterprises ₹ 6.15 crores (March 31, 2012: ₹ 1.30 crores).
- 48) The Board of Directors at their meeting held on October 19, 2012 have accorded consent for the merger of TCS e-Serve Limited together with the de merger of TCS e-Serve International Limited's SEZ undertaking with the Company. The appointed date for the above proposed scheme is April 1, 2013.
- 49) Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Group financial statements.
- 50) Previous years' figures have been recast / restated to conform to the classification of the current year.



# Unconsolidated Financial Statements

**INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS****TO THE MEMBERS OF  
TATA CONSULTANCY SERVICES LIMITED****Report on the Financial Statements**

We have audited the accompanying financial statements of **TATA CONSULTANCY SERVICES LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 (the "Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 (the "Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:
- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No. 117366W)

**P.R. Ramesh**  
(Partner)  
(Membership No. 70928)

Mumbai, April 17, 2013

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1. Having regard to the nature of the Company's business / activities during the year, clause(xiii) of paragraph 4 of the Order is not applicable to the Company.
2. In respect of the Company's fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
3. In respect of the Company's inventories:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
4. The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
5. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
6. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Act, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
  - (b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
7. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year. Therefore, the provisions of the clause 4 (vi) of the Order are not applicable to the Company.
8. In our opinion, the internal audit functions carried out during the year by an external agency appointed by the Management have been commensurate with the size of the Company and the nature of its business.
9. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
10. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2013 for a period of more than six months from the date they became payable.



- (c) Details of dues of Sales Tax, Service Tax and Income Tax which have not been deposited as at March 31, 2013 on account of disputes are given below:

Particulars	Period to which the amount relates	Forum where the dispute is pending	Amount (₹ crores)
Sales Tax	2001-02, 2003-04, 2004-05, 2005-06, 2007-08, 2009-10	High Court	16.41
	2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08	Tribunal	7.06
	2007-08, 2008-09, 2009-10	Deputy Commissioner	6.93
	2001-02, 2002-03, 2009-10	Commissioner of Sales Tax	0.04
	2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09	Joint Commissioner	8.41
	2001-02, 2005-06, 2006-07	Assistant Commissioner	0.67
	2007-08, 2008-09	Additional Commissioner	0.02
Service Tax	2005-06, 2008-09	Appellate Tribunal	0.50
Income Tax	2005-06	Appellate Tribunal	75.33
	2007-08, 2008-09	Commissioner of Income Tax (Appeals)	629.57

There were no dues of Wealth Tax, Customs Duty, Excise Duty and Cess which have not been deposited as at March 31, 2013 on account of disputes.

11. The Company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
12. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a bank. Further, in our opinion and according to information and explanations given to us, the Company did not have any amount outstanding to financial institutions or debenture holders.
13. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in shares, securities and debentures. Therefore, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, having regard to the fact that the subsidiaries are wholly owned the terms and conditions of the guarantee given by the Company for loans taken by the subsidiaries from banks are not prima facie prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, the term loan has been applied by the Company during the year for the purpose for which it was obtained.
17. In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have prima facie not been used during the year for long- term investment.
18. According to the information and explanations given to us, during the year covered by our audit, the Company has not made preferential allotment of equity shares to parties and companies covered in the register maintained under Section 301 of the Act.
19. According to the information and explanations given to us, during the year covered by our report, the Company has not issued any secured debentures.
20. During the year covered by our report, the Company has not raised any money by way of public issue.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No. 117366W)

**P.R. Ramesh**  
(Partner)  
(Membership No. 70928)

Mumbai, April 17, 2013

## Balance Sheet as at March 31, 2013

(₹ crores)

	Note	As at March 31, 2013	As at March 31, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	3	295.72	295.72
(b) Reserves and surplus	4	32266.53	24560.91
		<b>32562.25</b>	24856.63
<b>Non - current liabilities</b>			
(a) Long - term borrowings	5	83.10	96.23
(b) Deferred tax liabilities (net)	6(a)	168.49	118.10
(c) Other long - term liabilities	7	251.87	197.59
(d) Long - term provisions	8	269.52	154.78
		<b>772.98</b>	566.70
<b>Current liabilities</b>			
(a) Short - term borrowings	9	80.02	-
(b) Trade payables		3528.04	2847.91
(c) Other current liabilities	10	2172.71	1598.56
(d) Short - term provisions	11	3896.14	4389.01
		<b>9676.91</b>	8835.48
<b>TOTAL</b>		<b>43012.14</b>	34258.81
<b>II. ASSETS</b>			
<b>Non - current assets</b>			
(a) Fixed assets	12		
(i) Tangible assets		5059.48	4012.16
(ii) Intangible assets		44.80	51.46
(iii) Capital work-in-progress		1763.85	1399.82
		<b>6868.13</b>	5463.44
(b) Non - current investments	13	5975.73	5147.06
(c) Deferred tax assets (net)	6(b)	148.23	139.74
(d) Long - term loans and advances	14	4630.21	4332.81
(e) Other non - current assets	15	1881.20	2636.88
		<b>19503.50</b>	17719.93
<b>Current assets</b>			
(a) Current investments	16	348.65	541.33
(b) Inventories	17	6.34	4.14
(c) Unbilled revenue	18	2303.35	1567.47
(d) Trade receivables	19	11202.32	9107.72
(e) Cash and bank balances	20	4054.16	3280.07
(f) Short - term loans and advances	21	4911.48	1649.74
(g) Other current assets	22	682.34	388.41
		<b>23508.64</b>	16538.88
<b>TOTAL</b>		<b>43012.14</b>	34258.81
<b>III. NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>	1-50		

As per our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Cyrus Mistry**  
Chairman

**S. Ramadorai**  
Vice Chairman

**N. Chandrasekaran**  
CEO and Managing Director

**Aman Mehta**  
Director

**V. Thyagarajan**  
Director

**Prof. Clayton M. Christensen**  
Director

**P. R. Ramesh**  
Partner

**Dr. Ron Sommer**  
Director

**Dr. Vijay Kelkar**  
Director

**Phiroz Vandrevalla**  
Director

**Ishaat Hussain**  
Director

**O. P. Bhatt**  
Director

**Rajesh Gopinathan**  
Chief Financial Officer

**Suprakash Mukhopadhyay**  
Company Secretary

Mumbai, April 17, 2013

Mumbai, April 17, 2013

## Statement of Profit and Loss for the year ended March 31, 2013

(₹ crores)

	Note	2013	2012
I. Revenue from operations	23	48426.14	38104.23
II. Other income (net)	24	2230.39	2685.18
<b>TOTAL REVENUE</b>		<b>50656.53</b>	<b>40789.41</b>
III. Expenses:			
(a) Employee benefit expenses	25	17081.72	13572.68
(b) Operation and other expenses	26	17038.15	13145.83
(c) Finance costs	27	30.62	16.40
(d) Depreciation and amortisation expense	12	802.86	688.17
<b>TOTAL EXPENSES</b>		<b>34953.35</b>	<b>27423.08</b>
IV. <b>PROFIT BEFORE TAX</b>		<b>15703.18</b>	<b>13366.33</b>
V. Tax expense:			
(a) Current tax	28	3197.40	2865.38
(b) Deferred tax		44.02	(38.93)
(c) MAT credit entitlement		(324.58)	(436.10)
		<b>2916.84</b>	<b>2390.35</b>
VI. <b>PROFIT FOR THE YEAR</b>		<b>12786.34</b>	<b>10975.98</b>
VII. <b>Earnings per equity share: - Basic and diluted (₹)</b>	35	<b>65.22</b>	<b>55.95</b>
Weighted average number of equity shares (face value of ₹ 1 each)		<b>195,72,20,996</b>	<b>195,72,20,996</b>
VIII. <b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>	1-50		

As per our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**P. R. Ramesh**  
Partner

Mumbai, April 17, 2013

For and on behalf of the Board

**Cyrus Mistry**  
Chairman

**Aman Mehta**  
Director

**Dr. Ron Sommer**  
Director

**Ishaat Hussain**  
Director

**Suprakash Mukhopadhyay**  
Company Secretary

**S. Ramadorai**  
Vice Chairman

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**Dr. Vijay Kelkar**  
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Director

**N. Chandrasekaran**  
CEO and Managing Director

**Prof. Clayton M. Christensen**  
Director

**Phiroz Vandrevalla**  
Director

**Rajesh Gopinathan**  
Chief Financial Officer

Mumbai, April 17, 2013

## Cash Flow Statement for the year ended March 31, 2013

		(₹ crores)	
	Note	2013	2012
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>15703.18</b>	13366.33
Adjustments for:			
Depreciation and amortisation expense		802.86	688.17
Bad debts written off		15.64	34.31
Provision / (Write back of provision) for doubtful receivables		17.81	(23.85)
Provision for doubtful advances		16.89	7.16
Advances written off / (written back)		2.54	(1.05)
Interest expense		30.62	16.40
Profit on sale of fixed assets (net)		(0.66)	(0.33)
Unrealised exchange (gain) / loss		(65.80)	149.56
Exchange difference on translation of foreign currency cash and cash equivalents		16.68	(31.02)
Realised exchange gain on redemption of preference shares		-	(3.03)
Dividend income (including exchange gain)		(1110.92)	(2448.07)
Interest income		(837.02)	(658.57)
Profit on redemption of mutual funds and sale of other current investments (net)		(20.23)	(12.48)
<b>Operating profit before working capital changes</b>		<b>14571.59</b>	11083.53
Inventories		(2.20)	1.23
Unbilled revenue		(735.61)	(717.12)
Trade receivables		(2116.83)	(4311.51)
Loans and advances and other assets		(470.25)	(404.49)
Trade payables, other liabilities and provisions		1548.41	817.91
<b>Cash generated from operations</b>		<b>12795.11</b>	6469.55
Taxes paid		(3638.16)	(3294.92)
<b>Net cash provided by operating activities</b>		<b>9156.95</b>	3174.63
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(2252.72)	(1690.57)
Proceeds from sale of fixed assets		2.30	1.42
Acquisition of subsidiaries		(163.92)	-
Purchase of trade investments		(2.80)	(231.60)
Proceeds from sale / transfer of trade investments		5.00	342.38
Purchase of mutual funds and other investments		(22054.70)	(13565.83)
Proceeds from redemption of mutual funds and sale of other investments		21890.95	13577.65
Advance towards investment		(13.90)	(0.20)
Loans repaid by subsidiaries		5.12	-
Inter-corporate deposits placed		(3091.12)	(1289.20)
Inter-corporate deposits matured		515.75	927.80
Fixed deposit placed with banks having original maturity over three months		(3060.55)	(2979.13)
Fixed deposit placed with banks matured having original maturity over three months		2971.00	2536.00
Dividend received from subsidiaries (including exchange gain)		1109.44	2447.47
Dividend received from other investments		1.48	0.60
Interest received		655.69	356.57
<b>Net cash (used in) / provided by investing activities</b>		<b>(3482.98)</b>	433.36
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term borrowings		(1.24)	(1.25)
Short term borrowings (net)		80.02	-
Repayment of Inter-corporate deposits		(5.00)	-
Dividend paid, including dividend tax		(5703.16)	(3879.81)
Interest paid		(26.42)	(16.16)
<b>Net cash used in financing activities</b>		<b>(5655.80)</b>	(3897.22)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>18.17</b>	(289.23)
Cash and cash equivalents at beginning of the year		318.97	577.18
Add : Transferred consequent to amalgamation of companies		3.39	-
Exchange difference on translation of foreign currency cash and cash equivalents		(16.68)	31.02
<b>Cash and cash equivalents at end of the year</b>	20	<b>323.85</b>	318.97
Earmarked balances with banks		10.53	8.10
Short - term bank deposits		3719.78	2953.00
<b>Cash and Bank balances at the end of the year</b>	20	<b>4054.16</b>	3280.07
<b>IV. NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>	1-50		

As per our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells**  
Chartered Accountants

**P. R. Ramesh**  
Partner

**Cyrus Mistry**  
Chairman

**Aman Mehta**  
Director

**Dr. Ron Sommer**  
Director

**Ishaat Hussain**  
Director

**Suprakash Mukhopadhyay**  
Company Secretary

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**N. Chandrasekaran**  
CEO and Managing Director

**Prof. Clayton M. Christensen**  
Director

**Phiroze Vandrevalla**  
Director

**Rajesh Gopinathan**  
Chief Financial Officer

Mumbai, April 17, 2013

Mumbai, April 17, 2013

## Notes forming part of the Financial Statements

### 1) CORPORATE INFORMATION

Tata Consultancy Services Limited (referred to as "TCS Limited" or the "Company") provide consulting-led integrated portfolio of information technology (IT) and IT-enabled services delivered through a network of multiple locations around the globe. The Company's full services portfolio consists of Application Development and Maintenance, Business Intelligence, Enterprise Solutions, Assurance, Engineering and Industrial Services, IT Infrastructure Services, Business Process Outsourcing, Consulting and Asset Leveraged Solutions.

As of March 31, 2013, Tata Sons owned 73.75% 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 58 subsidiaries across the globe.

### 2) SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for certain financial instruments which are measured at fair value. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

#### b) Use of estimates

The preparation of financial statements requires the management of the Company 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.

#### c) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation / amortisation. Costs include all expenses incurred to bring the asset 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.

#### d) Depreciation / Amortisation

Depreciation / amortisation on fixed assets, other than freehold land and capital work-in-progress is charged so as to write-off the cost of assets, on the following basis:

Type of asset	Method	Rate / Period
Leasehold land and buildings	Straight line	Lease period
Freehold buildings	Written down value	5.00%
Factory buildings	Straight line	10.00%
Leasehold improvements	Straight line	Lease period
Plant and machinery	Straight line	33.33%
Computer equipment	Straight line	25.00%
Vehicles	Written down value	25.89%
Office equipment	Written down value	13.91%
Electrical installations	Written down value	13.91%
Furniture and fixtures	Straight line	100%
Intellectual property / distribution rights	Straight line	24 – 60 months
Rights under licensing agreement	Straight line	License period

Fixed assets purchased for specific projects are depreciated over the period of the project.

#### e) Leases

Assets taken on lease by the Company in its capacity as lessee, where the Company 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.

## Notes forming part of the Financial Statements

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

### **f) 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 asset is estimated in order to determine the extent of impairment loss. 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 the risks specific to the asset.

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

### **g) 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.

### **h) Employee benefits**

#### **(i) Post-employment benefit plans**

Contributions to defined contribution retirement benefit schemes are recognised as an 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.

### **i) Revenue recognition**

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

Revenues 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.

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

Revenues from sale of software licences are recognised upon delivery where there is no customisation required. In case of customisation the same is recognised over the life of the contract using the proportionate completion method.

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

In respect of Business Process Outsourcing (BPO) 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 as per the proportionate completion method with contract cost determining the degree of completion.

Revenues are reported net of discounts.

Dividends are 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.

## Notes forming part of the Financial Statements

### j) 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 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 the asset 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 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 taxes paid and income tax provisions arising in the same tax jurisdiction for relevant tax paying units and where the Company is able to and intends to settle the asset and liability on a net basis.

The Company 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.

### k) Foreign currency transactions

Income and expenses 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 exchange gains and 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 and currency option contracts are amortised and recognised in the statement of profit and loss over the period of the contract. Foreign exchange forward and currency option 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.

### l) Derivative instruments and hedge accounting

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

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

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. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the statement of profit and loss for the period.

### m) 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 cost, less provision for obsolescence. Finished goods produced or purchased by the Company are carried at lower of cost and net realisable value. Cost includes direct material and labour cost and a proportion of manufacturing overheads.



## Notes forming part of the Financial Statements

### n) Provisions, Contingent liabilities and Contingent assets

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

### o) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amount 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.

### 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 March 31, 2013	As at March 31, 2012
<b>Authorised</b>		
(i) 225,00,00,000 equity shares of ₹ 1 each (March 31, 2012 : 225,00,00,000 equity shares of ₹ 1 each)	225.00	225.00
(ii) 100,00,00,000 redeemable preference shares of ₹ 1 each (March 31, 2012 : 100,00,00,000 redeemable preference shares of ₹ 1 each)	100.00	100.00
	<u>325.00</u>	<u>325.00</u>
<b>Issued, Subscribed and Fully paid up</b>		
(i) 195,72,20,996 equity shares of ₹ 1 each (March 31, 2012 : 195,72,20,996 equity shares of ₹ 1 each)	195.72	195.72
(ii) 100,00,00,000 redeemable preference shares of ₹ 1 each (March 31, 2012 : 100,00,00,000 redeemable preference shares of ₹ 1 each)	100.00	100.00
	<u>295.72</u>	<u>295.72</u>

### (a) Reconciliation of number of shares

	As at March 31, 2013		As at March 31, 2012	
	Number of shares	Amount (₹ crores)	Number of shares	Amount (₹ crores)
<b>Equity shares</b>				
Opening balance	195,72,20,996	195.72	195,72,20,996	195.72
Changes during the year	-	-	-	-
Closing balance	<u>195,72,20,996</u>	<u>195.72</u>	<u>195,72,20,996</u>	<u>195.72</u>
<b>Preference shares</b>				
Opening balance	100,00,00,000	100.00	100,00,00,000	100.00
Changes during the year	-	-	-	-
Closing balance	<u>100,00,00,000</u>	<u>100.00</u>	<u>100,00,00,000</u>	<u>100.00</u>

## Notes forming part of the Financial Statements

### (b) Rights, preferences and restrictions attached to shares

#### Equity shares

The Company has one class of equity shares having a par value of ₹ 1 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

#### Preference shares

Preference shares would be redeemable at par at the end of six years from the date of allotment i.e. March 28, 2008, but may be redeemed at any time after 3 years from the date of allotment at the option of shareholder. These shares would carry a fixed cumulative dividend of 1% per annum and a variable non-cumulative dividend of 1% of the difference between the rate of dividend declared during the year on the equity shares of the Company and the average rate of dividend declared on the equity shares of the Company for three years preceding the year of issue of the redeemable preference shares.

### (c) Shares held by holding company, its subsidiaries and associates

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
<b>Equity shares</b>		
<b>Holding Company</b>		
144,34,51,698 equity shares (March 31, 2012 : 144,34,51,698 equity shares) are held by Tata Sons Limited	144.35	144.35
<b>Subsidiaries and associates of Holding Company</b>		
10,29,700 equity shares (March 31, 2012 : 10,29,700 equity shares) are held by Tata Industries Limited	0.10	0.10
Nil equity share (March 31, 2012 : 20,70,735 equity shares) are held by Tata AIG Life Insurance Company Limited	-	0.21
5,90,452 equity shares (March 31, 2012 : 5,90,452 equity shares) are held by Tata Investment Corporation Limited	0.06	0.06
200 equity shares (March 31, 2012 : 200 equity shares) are held by Tata Capital Limited	-	-
Nil equity share (March 31, 2012 : 3,91,200 equity shares) are held by Tata Global Beverages Limited	-	0.04
83,232 equity shares (March 31, 2012 : 83,232 equity shares) are held by Tata International Limited	0.01	0.01
452 equity shares (March 31, 2012 : 452 equity shares) are held by The Tata Power Company Limited	-	-
<b>Total</b>	<b>144.52</b>	<b>144.77</b>
<b>Preference shares</b>		
<b>Holding Company</b>		
100,00,00,000 redeemable preference shares (March 31, 2012 : 100,00,00,000 redeemable preference shares) are held by Tata Sons Limited	100.00	100.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

### (d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2013	As at March 31, 2012
<b>Equity shares</b>		
Tata Sons Limited, the Holding Company	144,34,51,698 73.75%	144,34,51,698 73.75%
<b>Preference shares</b>		
Tata Sons Limited, the Holding Company	100,00,00,000 100%	100,00,00,000 100%

## Notes forming part of the Financial Statements

### (e) Shares allotted as fully paid up by way of bonus shares (during 5 years preceding March 31, 2013)

The Company allotted 97,86,10,498 equity shares as fully paid up bonus shares by utilisation of Securities premium reserve on June 18, 2009 pursuant to a shareholder's resolution passed by postal ballot on June 12, 2009.

### 4) RESERVES AND SURPLUS

Reserves and surplus consist of the following reserves:

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
(a) Securities premium reserve	1918.47	1918.47
(b) Foreign currency translation reserve		
(i) Opening balance	152.46	101.61
(ii) Addition during the year (net)	22.15	50.85
	174.61	152.46
(c) Hedging reserve account (Refer Note 39)		
(i) Opening balance	(25.96)	11.35
(ii) Addition / (deduction) during the year (net)	81.45	(37.31)
	55.49	(25.96)
(d) General reserve		
(i) Opening balance	4280.74	3183.14
(ii) Adjustment on amalgamation (Refer Note 29)	(44.26)	-
(iii) Transferred from surplus in statement of profit and loss	1278.63	1097.60
	5515.11	4280.74
(e) Surplus in statement of profit and loss		
(i) Opening balance	18235.20	14069.20
(ii) Add: Transferred on amalgamation (Refer Note 29)	(103.00)	-
(iii) Add : Profit for the year	12786.34	10975.98
	30918.54	25045.18
(iv) Less : Appropriations		
(a) Interim dividends on equity shares	1761.49	1761.49
(b) Proposed final dividend on equity shares	2544.39	3131.55
(c) Dividend on redeemable preference shares	19.00	22.00
(d) Tax on dividend	712.18	797.34
(e) General reserve	1278.63	1097.60
	24602.85	18235.20
	32266.53	24560.91

The Board of Directors at its meeting held on April 17, 2013 has recommended a final dividend of ₹ 13 per equity share.

### 5) LONG - TERM BORROWINGS

Long - term borrowings consist of the following:

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
(a) Secured loans		
Long term maturities of obligations under finance lease	81.58	93.47
(b) Unsecured loans		
Other borrowings (from entities other than banks)	1.52	2.76
	83.10	96.23

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

## Notes forming part of the Financial Statements

### 6) DEFERRED TAX BALANCES

Major components of the deferred tax balances consist of the following:

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
<b>(a) Deferred tax liabilities (net)</b>		
(i) Foreign branch profit tax	160.27	102.84
(ii) Depreciation and amortisation	8.22	9.83
(iii) Others	-	5.43
	<b>168.49</b>	<b>118.10</b>
<b>(b) Deferred tax assets (net)</b>		
(i) Depreciation and amortisation	(74.99)	(33.31)
(ii) Employee benefits	126.96	90.98
(iii) Provision for doubtful receivables, loans and advances	67.03	53.44
(iv) Others	29.23	28.63
	<b>148.23</b>	<b>139.74</b>

### 7) OTHER LONG - TERM LIABILITIES

Other long - term liabilities consist of the following:

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
(a) Trade payables	-	10.63
(b) Other liabilities	251.87	186.96
	<b>251.87</b>	<b>197.59</b>
Other liabilities comprise :		
Fair value of foreign exchange forward and currency option contracts secured against trade receivables	-	41.37
Capital creditors	54.34	31.63
Others	197.53	113.96

### 8) LONG - TERM PROVISIONS

Long - term provisions consist of the following:

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits	269.52	154.78
	<b>269.52</b>	<b>154.78</b>

Provision for employee benefits includes provision for gratuity and other retirement benefits.

## Notes forming part of the Financial Statements

### 9) SHORT - TERM BORROWINGS

Short term borrowings consist of the following:

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
Secured Loans		
From Banks		
Overdraft	80.02	-
	<u>80.02</u>	<u>-</u>

Bank Overdrafts are secured against book debts.

### 10) OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
(a) Current maturities of long-term debt	1.24	1.24
(b) Current maturities of finance lease obligations	7.58	6.73
(c) Interest accrued but not due on borrowings	0.05	0.05
(d) Income received in advance	683.59	561.18
(e) Unpaid dividends	9.81	8.10
(f) Advance received from customers	46.46	12.47
(g) Other payables	1423.98	1008.79
	<u>2172.71</u>	<u>1598.56</u>
Other payables comprises of :		
Fair value of foreign exchange forward and currency option contracts secured against trade receivables	57.86	137.01
Statutory liabilities	498.96	337.74
Capital creditors	226.35	153.74
Class action suit settlement consideration (Refer Note 49)	161.63	-
Others	479.18	380.30

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 March 31, 2013	As at March 31, 2012
(a) Provision for employee benefits	639.95	506.63
(b) Others		
(i) Proposed final dividend on equity shares	2544.39	3131.55
(ii) Proposed dividend on redeemable preference shares	19.00	22.00
(iii) Tax on dividend	435.65	511.59
(iv) Current income taxes (net)	257.15	217.24
	<u>3896.14</u>	<u>4389.01</u>

Provisions for employee benefits include provision for compensated absences and other short - term employee benefits.

## Notes forming part of the Financial Statements

### 12) FIXED ASSETS

Fixed assets consist of the following:

(₹ crores)

Description	Gross Block as at April 1, 2012	Additions	Deletions / Adjustments	Gross Block as at March 31, 2013	Accumulated Depreciation / Amortisation as at April 1, 2012	Depreciation / Amortisation for the year	Deletions / Adjustments	Accumulated Depreciation / Amortisation as at March 31, 2013	Net book value as at March 31, 2013	Net book value as at March 31, 2012
<b>(i) Tangible assets</b>										
Freehold land	315.95	9.62	-	<b>325.57</b>	-	-	-	-	<b>325.57</b>	315.95
Leasehold land	92.60	103.62	(2.25)	<b>193.97</b>	(12.68)	(2.14)	2.24	<b>(12.58)</b>	<b>181.39</b>	79.92
Freehold buildings	1935.18	687.83	(0.29)	<b>2622.72</b>	(356.15)	(95.28)	0.10	<b>(451.33)</b>	<b>2171.39</b>	1579.03
Factory buildings	2.77	-	-	<b>2.77</b>	(1.03)	(0.20)	-	<b>(1.23)</b>	<b>1.54</b>	1.74
Leasehold buildings	9.81	-	-	<b>9.81</b>	(7.81)	(0.53)	-	<b>(8.34)</b>	<b>1.47</b>	2.00
Leasehold improvements	690.29	87.08	(7.87)	<b>769.50</b>	(317.68)	(78.96)	(8.98)	<b>(405.62)</b>	<b>363.88</b>	372.61
Plant and machinery	10.65	0.02	-	<b>10.67</b>	(10.55)	(0.05)	-	<b>(10.60)</b>	<b>0.07</b>	0.10
Furniture and fixtures	407.18	129.34	3.63	<b>540.15</b>	(347.61)	(93.27)	(6.60)	<b>(447.48)</b>	<b>92.67</b>	59.57
Vehicles	19.08	4.80	(1.76)	<b>22.12</b>	(12.23)	(2.38)	1.48	<b>(13.13)</b>	<b>8.99</b>	6.85
Office equipment	827.83	207.15	(2.98)	<b>1032.00</b>	(324.35)	(94.19)	(8.09)	<b>(426.63)</b>	<b>605.37</b>	503.48
Computer equipment	2317.13	558.49	(56.75)	<b>2818.87</b>	(1578.08)	(356.76)	(31.65)	<b>(1966.49)</b>	<b>852.38</b>	739.05
Electrical installations	581.92	174.26	3.19	<b>759.37</b>	(230.06)	(71.75)	(2.80)	<b>(304.61)</b>	<b>454.76</b>	351.86
<b>Total</b>	<b>7210.39</b>	<b>1962.21</b>	<b>(65.08)</b>	<b>9107.52</b>	<b>(3198.23)</b>	<b>(795.51)</b>	<b>(54.30)</b>	<b>(4048.04)</b>	<b>5059.48</b>	<b>4012.16</b>
Previous year	5958.53	1344.67	(92.81)	7210.39	(2594.75)	(681.23)	77.75	(3198.23)	4012.16	
<b>(ii) Intangible assets</b>										
Intellectual property / distribution rights	12.63	-	-	<b>12.63</b>	(11.44)	(0.38)	-	<b>(11.82)</b>	<b>0.81</b>	1.19
Rights under licensing agreement	59.00	4.21	-	<b>63.21</b>	(8.73)	(6.97)	(3.52)	<b>(19.22)</b>	<b>43.99</b>	50.27
<b>Total</b>	<b>71.63</b>	<b>4.21</b>	<b>-</b>	<b>75.84</b>	<b>(20.17)</b>	<b>(7.35)</b>	<b>(3.52)</b>	<b>(31.04)</b>	<b>44.80</b>	<b>51.46</b>
Previous year	71.63	-	-	71.63	(13.23)	(6.94)	-	(20.17)	51.46	
<b>(iii) Capital work-in-progress</b>										
<b>Grand Total</b>	<b>7282.02</b>	<b>1966.42</b>	<b>(65.08)</b>	<b>9183.36</b>	<b>(3218.40)</b>	<b>(802.86)</b>	<b>(57.82)</b>	<b>(4079.08)</b>	<b>6868.13</b>	<b>5463.44</b>

(a) Additions include fixed assets of ₹ 143.07 crores transferred on the amalgamation of Retail FullServe Limited and Computational Research Laboratories Limited (erstwhile subsidiaries of the Company), with the Company.

(b) Deletions / adjustments include fixed assets of ₹ 105.54 crores being the amount of accumulated depreciation transferred on the amalgamation of Retail FullServe Limited and Computational Research Laboratories Limited (erstwhile subsidiaries of the Company), with the Company.

(c) Freehold buildings include ₹ 2.67 crores (March 31, 2012 : ₹ 2.67 crores) being value of investment in shares of Co-operative Housing Societies and Limited Companies.

(d) Leasehold improvements under finance lease have a net book value of ₹ 77.60 crores (March 31, 2012 : ₹ 92.57 crores).

(e) Legal formalities relating to conveyance of freehold building having net book value ₹ 10.73 crore (March 31, 2012 : ₹ 11.59 crore) are pending completion.

(f) Deletions / adjustments include ₹ 15.72 crores arising on realignment of depreciation policies of Retail FullServe Limited and Computational Research Laboratories Limited consequent to the amalgamation with the Company.

## Notes forming part of the Financial Statements

### 13) NON - CURRENT INVESTMENTS

Non - current investments consist of the following:

				(₹ crores)	
In Numbers	Currency	Face Value Per share	Description	As at March 31, 2013	As at March 31, 2012
<b>(A) TRADE INVESTMENTS (at cost)</b>					
<b>(i) Subsidiary companies</b>					
<b>(a) Fully paid equity shares (quoted)</b>					
1,54,89,922	INR	10	CMC Limited	<b>379.89</b>	379.89
<b>(b) Fully paid equity shares (unquoted)</b>					
2,08,19,92,200	Peso	1	TCS Iberoamerica SA (119,78,58,800 shares subscribed during the year)	<b>461.31</b>	165.23
15,75,300	INR	10	APOnline Limited	-	-
1,300	EUR	-	Tata Consultancy Services Belgium S.A.	<b>1.06</b>	1.06
66,000	EUR	1000	Tata Consultancy Services Netherlands B.V.	<b>402.87</b>	402.87
1,000	SEK	100	Tata Consultancy Services Sverige AB	<b>18.89</b>	18.89
1	EUR	-	Tata Consultancy Services Deutschland GmbH	<b>1.72</b>	1.72
20,000	USD	10	Tata America International Corporation	<b>452.92</b>	452.92
75,82,820	SGD	1	Tata Consultancy Services Asia Pacific Pte Ltd.	<b>18.69</b>	18.69
10,48,500	INR	10	WTI Advanced Technology Limited	<b>38.52</b>	38.52
3,72,58,815	AUD	1	TCS FNS Pty Limited (3,62,58,815 shares subscribed during the year)	<b>211.72</b>	3.38
10,00,001	GBP	1	Diligenta Limited	<b>429.05</b>	429.05
1,000	USD	-	Tata Consultancy Services Canada Inc.	-	-
100	CAD	70653.61	Tata Consultancy Services Canada Inc.	<b>31.25</b>	31.25
51,00,000	INR	10	C-Edge Technologies Limited	<b>5.10</b>	5.10
8,90,000	INR	10	MP Online Limited	<b>0.89</b>	0.89
14,76,000	Dirhams	10	Tata Consultancy Services Morocco SARL AU	<b>8.17</b>	8.17
84,00,000	RAND	1	Tata Consultancy Services (Africa) (PTY) Ltd.	<b>4.92</b>	4.92
1,19,36,313	INR	10	TCS e-Serve Limited (Refer Note 38)	<b>2426.20</b>	2426.20
-	INR	-	Retail FullServe Limited (Shares cancelled on amalgamation)	-	36.17
18,89,000	INR	10	MahaOnline Limited	<b>1.89</b>	1.89
-	QAR	-	Tata Consultancy Services Qatar S.S.C.	<b>2.44</b>	2.44
1	USD	1	Computational Research Laboratories Inc. (1 share transferred during the year on amalgamation)	-	-



## Notes forming part of the Financial Statements

### 13) NON - CURRENT INVESTMENTS (Continued)

(₹ crores)

In Numbers	Currency	Face Value Per share	Description	As at March 31, 2013	As at March 31, 2012
<b>(c) Fully paid preference shares (unquoted)</b>					
4,20,00,000	GBP	1	Diligenta Limited 10% cumulative redeemable preference shares	363.04	363.04
28,00,000	INR	10	APOnline Limited 6% cumulative redeemable preference shares	-	2.80
<b>(ii) Others</b>					
<b>Fully paid equity shares (unquoted)</b>					
4,63,865	USD	0.001	Yodlee, Inc.	-	-
25,00,000	INR	10	National Power Exchange Limited	2.50	2.50
1,90,00,000	INR	10	Taj Air Limited	19.00	19.00
69	EUR	297	ALMC HF	-	-
20,00,000	INR	10	KOOH Sports Private Limited (20,00,000 shares subscribed during the year)	3.00	-
<b>(B) OTHERS</b>					
<b>(i) Investment in mutual and other funds (unquoted)</b>					
1,000	INR	52610	India Innovation Fund	5.26	1.91
<b>(ii) Bonds and Debentures (unquoted)</b>					
15	INR	1000000	10% Housing Urban Development Corporation Limited Bonds (2014)	1.50	1.50
69	EUR	297	0 % ALMC HF (2014)	0.12	0.12
			<i>IDBI</i>		
180	INR	100000	8% Bonds (2013)	-	1.80
10	INR	100000	8% Bonds (2018)	0.10	0.10
			<i>Tata Sons Limited</i>		
-	INR	-	8.50% non-convertible debentures (2014)	-	333.33
900	INR	1000000	9.98% non-convertible debentures (2015)	90.00	-
500	INR	1000000	9.78% non-convertible debentures (2015)	50.00	-
1,520	INR	1000000	9.87% non-convertible debentures (2017)	152.00	-
			<i>Panatone Finvest Limited</i>		
2,000	INR	1000000	9.50% non-convertible debentures (2016)	200.00	-
			<i>Tata Motors Limited</i>		
750	INR	1000000	9.69% non-convertible debentures (2019)	75.00	-
1,250	INR	1000000	10.00 % non-convertible debentures (2019)	125.00	-
				<b>5984.02</b>	5155.35
			Provision for diminution in value of investments	<b>(8.29)</b>	(8.29)
				<b>5975.73</b>	5147.06
			Book value of quoted investments	<b>379.89</b>	379.89
			Book value of unquoted investments (net of provision)	<b>5595.84</b>	4767.17
			Market value of quoted investments	<b>2093.70</b>	1540.94

## Notes forming part of the Financial Statements

### 13) NON - CURRENT INVESTMENTS (Continued)

The Company has given an undertaking to the Government of Maharashtra not to divest its shareholding in MahaOnline Limited except to an affiliate. This equity investment is subject to the restriction as per terms of contractual agreement. The restriction is valid as at March 31, 2013.

The Company has given an undertaking to the investors of KOOH Sports Private Limited not to transfer its shareholding prior to the expiry of thirty-six months from the completion date of the investment agreement except with the prior written consent of the other parties to the agreement. The restriction is valid as at March 31, 2013.

Unquoted debentures include subscription to the privately placed unsecured, unlisted redeemable non-convertible debentures issued by Tata Sons Limited in January 2010 and its subsidiary Panatone Finvest Limited in March 2010 for a consideration of ₹ 1000 crores and ₹ 200 crores, respectively. The debentures issued by Tata Sons Limited would be redeemable at par in three equal installments at the end of second, third and fourth year, respectively from the date of allotment. The first two installments of the debentures issued by Tata Sons Limited have been redeemed during the years ended March 31, 2012 and March 31, 2013 respectively. The debentures issued by Panatone Finvest Limited have been renewed for a further period of three years with a revised interest rate of 9.50% during the year ended March 31, 2013.

Tata Consultancy Services Morocco SARL AU, a wholly owned subsidiary, is in the process of being voluntarily liquidated.

### 14) LONG - TERM LOANS AND ADVANCES (Unsecured)

Long - term loans and advances (unsecured) consist of the following:

	(₹ crores)	
	As at March 31, 2013	As at March 31, 2012
(a) Considered good		
(i) Capital advances	476.44	327.06
(ii) Security deposits	449.06	387.26
(iii) Loans and advances to employees	7.82	9.05
(iv) Loans and advances to related parties	58.92	541.23
(v) Advance tax (including refunds receivable (net))	1459.78	978.58
(vi) MAT credit entitlement	1772.31	1443.60
(vii) Other loans and advances	405.88	646.03
(b) Considered doubtful		
(i) Loans and advances to related parties	20.22	5.93
Less : Provision for doubtful loans and advances	(20.22)	(5.93)
	<b>4630.21</b>	<b>4332.81</b>
Loans and advances to related parties, considered good, comprise:		
Tata Sons Limited	2.74	2.97
TCS FNS Pty Limited	10.19	201.51
TCS Iberoamerica SA	-	291.35
CMC Limited	0.60	0.01
Tata Realty And Infrastructure Limited	45.39	45.39
Other loans and advances comprise:		
Indirect tax recoverable	52.30	52.30
Inter - corporate deposits	-	241.40
Advance against investment	-	0.20
Other amounts recoverable in cash or kind for value to be received	353.58	352.13
Loans and advances to related parties, considered doubtful, comprise:		
Tata Consultancy Services Morocco SARL AU	20.22	5.93

## Notes forming part of the Financial Statements

### 15) OTHER NON - CURRENT ASSETS

Other non - current assets consist of the following:

		(₹ crores)	
		As at March 31, 2013	As at March 31, 2012
(a)	Interest receivable	29.30	126.75
(b)	Long - term bank deposits	1851.90	2510.13
		<b>1881.20</b>	<b>2636.88</b>

### 16) CURRENT INVESTMENTS

Current investments consist of the following:

					(₹ crores)	
In Numbers	Currency	Face Value Per share	Description		As at March 31, 2013	As at March 31, 2012
<b>(A) TRADE INVESTMENTS (at cost)</b>						
<b>Fully paid preference shares (unquoted)</b>						
28,00,000	INR	10	APOnline Limited 6% cumulative redeemable preference shares		2.80	-
-	INR	-	Tata AutoComp Systems Limited 8% cumulative redeemable preference shares		-	5.00
<b>(B) OTHERS</b>						
<b>(i) Investment in mutual and other funds (unquoted)</b>						
30,02,000	INR	10	HDFC Debt Fund for Cancer Cure - 50% Dividend Donation Option		3.00	3.00
69,307.52	INR	1000	TATA Liquid Super High Investment Fund		7.72	-
<b>(ii) Bonds and Debentures (unquoted)</b>						
10,000	INR	333333.33	Tata Sons Limited 8.50% non-convertible debentures (2013)		333.33	333.33
-	INR	-	Panatone Finvest Limited 8.75% non-convertible debentures (2013)		-	200.00
180	INR	100000	8% IDBI Bonds (2013)		1.80	-
					<b>348.65</b>	<b>541.33</b>

Unquoted debentures include subscription to the privately placed unsecured, unlisted redeemable non-convertible debentures issued by Tata Sons Limited in January 2010 and its subsidiary Panatone Finvest Limited in March 2010 for a consideration of ₹ 1000 crores and ₹ 200 crores, respectively. The debentures issued by Tata Sons Limited would be redeemable at par in three equal installments at the end of second, third and fourth year, respectively from the date of allotment. The first two installments of the debentures issued by Tata Sons Limited have been redeemed during the years ended March 31, 2012 and March 31, 2013 respectively. The debentures issued by Panatone Finvest Limited have been renewed for a further period of three years with a revised interest rate of 9.50% during the year ended March 31, 2013.

## Notes forming part of the Financial Statements

### 17) INVENTORIES

Inventories consist of the following:

	As at March 31, 2013	As at March 31, 2012
(a) Raw materials, sub-assemblies and components	5.63	3.30
(b) Finished goods and Work-in-progress	0.54	0.54
(c) Goods-in-transit	0.17	0.30
	<b>6.34</b>	<b>4.14</b>

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

### 18) UNBILLED REVENUE

Unbilled revenue as at March 31, 2013 amounting to ₹ 2303.35 crores (March 31, 2012: ₹ 1567.47 crores) primarily comprises of the revenue recognised in relation to efforts incurred on turnkey contracts priced on a fixed time, fixed price basis of ₹ 1509.25 crores (March 31, 2012: ₹ 1208.10 crores).

### 19) TRADE RECEIVABLES (Unsecured)

Trade receivables (Unsecured) consist of the following:

	As at March 31, 2013	As at March 31, 2012
(a) Over six months from the date they were due for payment		
(i) Considered good	1557.94	1283.77
(ii) Considered doubtful	146.92	127.78
(b) Others		
(i) Considered good	9644.38	7823.95
	<b>11349.24</b>	<b>9235.50</b>
Less: Provision for doubtful receivables	<b>(146.92)</b>	<b>(127.78)</b>
	<b>11202.32</b>	<b>9107.72</b>

### 20) CASH AND BANK BALANCES

Cash and bank balances consist of the following:

	As at March 31, 2013	As at March 31, 2012
(a) Cash and cash equivalents		
(i) Balances with banks		
In current accounts	192.48	176.99
In deposit accounts with original maturity less than 3 months	103.77	123.89
(ii) Cheques on hand	17.25	16.37
(iii) Cash on hand	0.77	0.70
(iv) Remittances in transit	9.58	1.02
	<b>323.85</b>	<b>318.97</b>
(b) Other bank balances		
(i) Earmarked balances with banks	10.53	8.10
(ii) Short - term bank deposits	3719.78	2953.00
	<b>4054.16</b>	<b>3280.07</b>

Balances with banks in current accounts do not include fourteen bank accounts having a balance of ₹ 1.35 crores (March 31, 2012: ₹ 0.31 crore) operated by the Company on behalf of a third party.

## Notes forming part of the Financial Statements

### 21) SHORT - TERM LOANS AND ADVANCES (Unsecured)

Short – term loans and advances (Unsecured) consist of the following:

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
(a) Considered good		
(i) Loans and advances to employees	162.54	140.09
(ii) Loans and advances to related parties	107.20	176.84
(iii) Other loans and advances	4641.74	1332.81
(b) Considered doubtful		
(i) Loans and advances to employees	36.19	32.15
(ii) Other loans and advances	4.40	5.63
Less : Provision for doubtful loans and advances	(40.59)	(37.78)
	<b>4911.48</b>	<b>1649.74</b>
Loans and advances to related parties, considered good, comprise:		
Tata Sons Limited	-	0.01
TCS FNS Pty Limited	49.46	50.98
Tata Realty And Infrastructure Limited	50.00	100.00
CMC Limited	3.48	1.56
Tata Teleservices Limited	0.04	2.38
Tata AIG General Insurance Company Limited	-	0.02
Tata Teleservices (Maharashtra) Limited	0.01	0.01
Tata Consultancy Services Qatar S.S.C.	0.01	21.79
TCS e-Serve Limited	3.98	0.09
Tata Consultancy Services (Africa) (PTY) Ltd.	0.22	-
Other loans and advances, considered good, comprise:		
Security deposits	93.65	96.63
Inter - corporate deposits	3116.77	250.00
Indirect tax recoverable	151.95	68.59
Fair value of foreign exchange forward and currency option contracts	178.51	151.77
Advance to suppliers	34.04	32.36
Other amounts recoverable in cash or kind for value to be received	1066.82	733.46
Other loans and advances, considered doubtful, comprise:		
Security deposits	2.30	0.50
Advance to suppliers	1.27	1.02
Other amounts recoverable in cash or kind for value to be received	0.83	4.11

### 22) OTHER CURRENT ASSETS

Other current assets consist of the following:

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
(a) Interest receivable	667.74	388.41
(b) Others	14.60	-
	<b>682.34</b>	<b>388.41</b>

## Notes forming part of the Financial Statements

### 23) REVENUE FROM OPERATIONS

Revenue from operations consist of revenues from:

		(₹ crores)
	2013	2012
(a) Information technology and consultancy services	46874.72	36699.26
(b) Sale of equipment and software licenses	1552.24	1405.22
Less : Excise duty	(0.82)	(0.25)
	<b>48426.14</b>	<b>38104.23</b>

### 24) OTHER INCOME (Net)

Other income (net) consists of the following:

		(₹ crores)
	2013	2012
(a) Interest income	837.02	658.57
(b) Dividend income	1108.88	2428.00
(c) Profit on redemption of mutual funds and sale of other investments (net)	20.23	12.48
(d) Rent	3.08	1.63
(e) Profit on sale of fixed assets (net)	0.66	0.33
(f) Exchange gain / (loss) (net)	223.05	(432.82)
(g) Miscellaneous income	37.47	16.99
	<b>2230.39</b>	<b>2685.18</b>
Interest income comprise:		
Interest on bank deposits	515.47	474.59
Interest on inter - corporate deposits	186.03	53.29
Interest on bonds and debentures	108.17	97.74
Interest on loan given to subsidiary	5.77	23.68
Other interest	21.58	9.27
Dividend income comprise:		
Dividend from subsidiaries (non-current trade investments)	1107.40	2427.40
Dividend from other non-current investments (trade investments)	0.63	0.40
Dividend from mutual funds (current investments)	0.85	0.20
Exchange gain / (loss) (net) includes:		
Loss on foreign exchange forward and currency option contracts which have been designated as Cash Flow Hedges (Refer Note 39).	(246.46)	(746.01)

### 25) EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses consist of the following:

		(₹ crores)
	2013	2012
(a) Salaries and incentives	15067.12	11933.31
(b) Contributions to -		
(i) Provident fund	430.24	359.36
(ii) Superannuation scheme	106.36	91.19
(iii) Gratuity fund	139.07	110.78
(iv) Social security and other plans for overseas employees	294.65	203.39
(c) Staff welfare expenses	1044.28	874.65
	<b>17081.72</b>	<b>13572.68</b>

## Notes forming part of the Financial Statements

### 26) OPERATION AND OTHER EXPENSES

Operation and other expenses consist of the following:

	(₹ crores)	
	2013	2012
(a) Overseas business expenses	7487.55	5804.79
(b) Services rendered by business associates and others	3653.10	2587.88
(c) Software, hardware and material costs	2244.88	1934.52
(d) Communication expenses	417.27	372.91
(e) Travelling and conveyance expenses	485.32	391.08
(f) Rent	792.60	635.41
(g) Legal and professional fees	242.69	166.99
(h) Repairs and maintenance	271.93	219.67
(i) Electricity expenses	375.61	292.10
(j) Bad debts written off	15.64	34.31
(k) Provision / (Write back of provision) for doubtful receivables	17.81	(23.85)
(l) Provision for doubtful advances	16.89	7.16
(m) Advances written off / (written back)	2.54	(1.05)
(n) Recruitment and training expenses	166.06	170.76
(o) Commission and brokerage	35.07	20.08
(p) Printing and stationery	24.99	19.51
(q) Insurance	17.02	15.52
(r) Rates and taxes	75.66	59.96
(s) Entertainment	29.57	20.23
(t) Other expenses	665.95	417.85
	<b>17038.15</b>	<b>13145.83</b>
(i) Overseas business expenses comprise:		
Travel expenses	669.68	478.70
Employee allowances	6817.87	5326.09
(ii) Repairs and maintenance comprise:		
Buildings	123.27	101.83
Office and computer equipment	148.66	117.84
(iii) Software, hardware and material costs includes:		
Material costs		
(a) Raw materials, sub-assemblies and components consumed	25.02	11.78
(b) Opening stock:		
Finished goods and work-in-progress	0.54	0.80
(c) Less: Closing stock:		
Finished goods and work-in-progress	0.54	0.54
	-	0.26
	<b>25.02</b>	<b>12.04</b>
(iv) Other expenses includes:		
Stores and spare parts consumed	0.02	0.03



## Notes forming part of the Financial Statements

### 27) FINANCE COSTS

Finance costs consist of the following:

	(₹ crores)	
	2013	2012
Interest expense	30.62	16.40
	30.62	16.40

- 28)** Current tax includes additional provision (net) of ₹ 39.12 crores (March 31, 2012: Write back of provisions (net) and refunds received ₹ 34.99 crores) in domestic and certain overseas jurisdictions relating to earlier years. The impact of MAT entitlement of earlier period is ₹ 128.97 crores (March 31, 2012: Nil).

### 29) AMALGAMATION OF COMPANIES

- a) Nature of business of amalgamating companies:

Retail FullServe Limited is engaged in the business of providing information technology and business process outsourcing services.

Computational Research Laboratories Limited is engaged in the business of conducting research and development relating to high performance computing and allowing usage of computers, including providing consultation services in the field of information technology. On August 16 2012, the Company has acquired 100% equity share capital of Computational Research Laboratories Limited.

- b) Retail FullServe Limited and Computational Research Laboratories Limited – wholly owned subsidiaries of Tata Consultancy Services Limited, have been amalgamated with the Company with effect from April 1, 2012 and October 1, 2012 respectively, in terms of the scheme of amalgamation (Scheme) sanctioned by the High Court of Judicature at Bombay vide their Order dated March 22, 2013. The Scheme came into effect on April 1, 2013 and pursuant thereto all assets and debts, outstandings, credits, liabilities, benefits under income tax, excise, sales tax (including deferment of sales tax), benefits for and under STPI and special economic zone registrations, duties and obligations of the above mentioned subsidiaries, have been transferred to and vested in the Company retrospectively with effect from April 1, 2012 and October 1, 2012 respectively.

Since the subsidiaries, amalgamated as aforesaid, were wholly owned by the Company, no shares were exchanged to effect the amalgamation.

- c) The amalgamations stated above have been accounted for under the “pooling of interests” method as prescribed by Accounting Standard (AS-14) notified under Section 211(3C) of the Companies Act, 1956. Accordingly, the assets, liabilities and reserves of Retail FullServe Limited and Computational Research Laboratories Limited as at April 1, 2012 and October 1, 2012 respectively, have been taken over at their book values. As stipulated in the scheme of amalgamation, all reserves of the above mentioned subsidiaries have been transferred to the General reserve except for balances lying in the statement of profit and loss as on March 31, 2012 and September 30, 2012 respectively, which have been transferred to the surplus in statement of profit and loss of the Company.

The difference between the amounts recorded as investments of the Company and the amount of share capital of Retail FullServe Limited and Computational Research Laboratories Limited have been adjusted in the General reserve.

## Notes forming part of the Financial Statements

Accordingly, the amalgamations have resulted in transfer of assets, liabilities and reserves in accordance with the terms of the Scheme at the following summarised values:

(₹ crores)

Particulars	Retail FullServe Limited	Computational Research Laboratories Limited	Total
<b>Appointed date of amalgamation</b>	<b>April 1, 2012</b>	<b>October 1, 2012</b>	
<b>Assets</b>			
Fixed Assets (net)	10.65	27.20	37.85
Deferred tax asset	2.12	-	2.12
Unbilled revenue	-	0.14	0.14
Trade receivables	14.86	0.57	15.43
Cash and bank balances	19.33	3.19	22.52
Investments	4.30	-	4.30
MAT credit entitlement	4.13	-	4.13
Loans and advances and other assets	19.01	3.31	22.32
<b>Less: Liabilities</b>			
Borrowing	-	5.00	5.00
Trade payables, other liabilities and provisions	9.86	25.40	35.26
<b>Total net assets acquired on amalgamation</b>	<b>64.54</b>	<b>4.01</b>	<b>68.55</b>
Less: Adjustment for cancellation of Company's investments in subsidiaries	36.17	163.92	200.09
	<b>28.37</b>	<b>(159.91)</b>	<b>(131.54)</b>
Less: Transfer of balances of statement of profit and loss of amalgamated companies to the surplus in statement of profit and loss of the Company	64.49	(167.49)	(103.00)
Add: Adjustment for alignment of accounting policies	(0.11)	(15.61)	(15.72)
<b>Balance transferred to General Reserve as at appointed date of amalgamation</b>	<b>(36.23)</b>	<b>(8.03)</b>	<b>(44.26)</b>

### 30) RETIREMENT BENEFIT PLANS

#### (a) Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the Provident Fund set up as a trust by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year it is incurred.

The Company recognised ₹ 430.24 crores (March 31, 2012: ₹ 359.36 crores) for provident fund contributions and ₹ 106.36 crores (March 31, 2012: ₹ 91.19 crores) for superannuation contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

The Company has contributed ₹ 123.86 crores (March 31, 2012: ₹ 89.55 crores) towards foreign defined contribution plans.

#### (b) Defined benefit plans

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for eligible employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for service less than 15 years, three-fourth month's salary for service of 15 years to 19 years and one month salary for service of 20 years and more, payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

## Notes forming part of the Financial Statements

The following table sets out funded status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2013.

	(₹ crores)	
	As at March 31, 2013	As at March 31, 2012
<b>i) Change in benefit obligations:</b>		
Project benefit obligation, beginning of the year	679.25	552.80
Service cost	112.16	93.56
Interest cost	62.54	50.36
Liabilities transferred on amalgamation	0.61	-
Actuarial loss	16.50	14.48
Benefits paid	(40.90)	(31.95)
<b>Projected benefit obligation, end of the year</b>	<b>830.16</b>	<b>679.25</b>
<b>ii) Change in plan assets:</b>		
Fair value of plan assets, beginning of the year	542.04	494.42
Expected return on plan assets	47.46	40.99
Employers' contributions	40.90	31.95
Benefits paid	(40.90)	(31.95)
Actuarial gain	4.00	6.63
Fair value of plan assets, end of the year	593.50	542.04
Excess of obligation over plan assets	(236.66)	(137.21)
<b>Accrued liability</b>	<b>(236.66)</b>	<b>(137.21)</b>

	(₹ crores)	
	2013	2012
<b>iii) Net gratuity and other cost:</b>		
Service cost	112.16	93.56
Interest on defined benefit obligation	62.54	50.36
Expected return on plan assets	(47.46)	(40.99)
Net Actuarial losses recognised in the year	12.50	7.85
<b>Net gratuity and other cost</b>	<b>139.74</b>	<b>110.78</b>
<b>Actual return on plan assets</b>	<b>51.46</b>	<b>47.62</b>

	(₹ crores)	
	As at March 31, 2013	As at March 31, 2012
<b>iv) Category of assets:</b>		
Insurer managed funds	593.43	541.96
Others	0.07	0.08
<b>Total</b>	<b>593.50</b>	<b>542.04</b>

	As at March 31, 2013	As at March 31, 2012
<b>v) Assumptions used in accounting for gratuity plan:</b>		
	%	%
Discount rate	8.00	8.50
Salary escalation rate	6.00	6.00
Expected rate of return on plan assets	8.60	8.00

The estimate of future salary increase considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

## Notes forming part of the Financial Statements

The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risk of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

(₹ crores)

	2013	2012	2011	2010	2009
Experience adjustment					
On plan liabilities	(18.10)	43.75	35.00	4.93	(16.54)
On plan assets	4.00	6.63	5.67	3.91	6.12
Present value of benefit obligation	830.16	679.25	552.80	452.49	385.23
Fair value of plan assets	593.50	542.04	494.42	420.14	344.16
Excess of obligation over plan assets	(236.66)	(137.21)	(58.38)	(32.35)	(41.07)

The expected contribution is based on the same assumptions used to measure the Company's gratuity obligations as of March 31, 2013. The Company is expected to contribute ₹ 170.36 crores for the year ended March 31, 2014.

### 31) SEGMENT REPORTING

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

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

Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to 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 revenues are allocated based on the location of the customer. Geographic segments of the Company are Americas (including Canada and South American countries), Europe, India and Others.

#### Year ended March 31, 2013

(₹ crores)

Particulars	Business Segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Revenue	18682.55	4170.77	7369.87	6540.74	11662.21	48426.14
	15030.07	2999.36	5140.02	5277.01	9657.77	38104.23
Segment result	5902.33	1157.83	2327.61	1733.57	3184.93	14306.27
	4781.54	804.99	1501.74	1630.36	2667.09	11385.72
Unallocable expenses (net)						833.48
						704.57
Operating income						13472.79
						10681.15
Other income (net)						2230.39
						2685.18
Profit before tax						15703.18
						13366.33
Tax expense						2916.84
						2390.35
Profit for the year						12786.34
						10975.98

## Notes forming part of the Financial Statements

**As at March 31, 2013**

(₹ crores)

Particulars	Business Segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Segment assets	<b>4634.59</b>	<b>1194.70</b>	<b>1640.52</b>	<b>2196.44</b>	<b>4747.30</b>	<b>14413.55</b>
	<i>3645.13</i>	<i>698.94</i>	<i>1083.82</i>	<i>1682.96</i>	<i>4284.27</i>	<i>11395.12</i>
Unallocable assets						<b>28598.59</b>
						<i>22863.69</i>
Total assets						<b>43012.14</b>
						<i>34258.81</i>
Segment liabilities	<b>750.20</b>	<b>96.86</b>	<b>83.75</b>	<b>169.23</b>	<b>561.69</b>	<b>1661.73</b>
	<i>469.45</i>	<i>85.10</i>	<i>76.54</i>	<i>142.20</i>	<i>518.83</i>	<i>1292.12</i>
Unallocable liabilities						<b>8788.16</b>
						<i>8110.06</i>
Total liabilities						<b>10449.89</b>
						<i>9402.18</i>

**Year ended March 31, 2013**

### Other Information

Capital expenditure (unallocable)						<b>2330.45</b>
						<i>1671.63</i>
Depreciation and amortisation (unallocable)						<b>802.86</b>
						<i>688.17</i>
Other significant non cash expense (allocable)	<b>7.76</b>	<b>4.70</b>	<b>3.47</b>	<b>18.66</b>	<b>18.29</b>	<b>52.88</b>
	<i>1.43</i>	<i>3.94</i>	<i>2.26</i>	<i>5.36</i>	<i>3.58</i>	<i>16.57</i>
Other significant non cash expense (net) (unallocable)						-
						-

The following geographic segments individually contribute 10 percent or more of the Company's revenue or segment assets:

(₹ crores)

Geographic segments	Revenue for the year ended March 31, 2013	Segment assets as at March 31, 2013
Americas	<b>28077.52</b>	<b>5247.38</b>
	<i>22076.07</i>	<i>4337.03</i>
Europe	<b>11996.17</b>	<b>3988.82</b>
	<i>9094.57</i>	<i>2830.68</i>
India	<b>3810.44</b>	<b>3895.45</b>
	<i>3309.99</i>	<i>3189.97</i>

*Previous year figures are in italics.*

## Notes forming part of the Financial Statements

### 32) RELATED PARTY DISCLOSURES

#### A) Related parties and their relationship

##### I) Holding Company

Tata Sons Limited

##### II)(A) Subsidiaries (Direct holding)

1. CMC Limited
2. Tata Consultancy Services Sverige AB
3. Tata Consultancy Services Asia Pacific Pte Ltd.
4. TCS Iberoamerica SA
5. Tata Consultancy Services Netherlands BV
6. TCS FNS Pty Limited
7. APOnline Limited
8. Tata America International Corporation
9. Tata Consultancy Services Belgium SA
10. Tata Consultancy Services Deutschland GmbH
11. WTI Advanced Technology Limited
12. Tata Consultancy Services Canada Inc.
13. Diligenta Limited

##### II)(B) Subsidiaries (Indirect holding)

- i. CMC Americas Inc.
- ii. CMC e-Biz Inc
- i. Tata Information Technology (Shanghai) Company Limited
- ii. Tata Consultancy Services Japan Ltd.
- iii. Tata Consultancy Services Malaysia Sdn Bhd
- iv. Tata Consultancy Services (China) Co., Ltd.
- v. PT Tata Consultancy Services Indonesia
- vi. Tata Consultancy Services (Thailand) Limited
- vii. Tata Consultancy Services (Philippines) Inc.
- viii. Nippon TCS Solution Center Limited (w.e.f. 24.01.2012)
- i. TCS Solution Center S.A.
- ii. Tata Consultancy Services Argentina S.A.
- iii. Tata Consultancy Services De Mexico S.A., De C.V.
- iv. TCS Inversiones Chile Limitada
- v. Tata Consultancy Services Do Brasil Ltda
- vi. Tata Consultancy Services Chile S.A.
- vii. TATASOLUTION CENTER S.A
- viii. TCS Uruguay S.A.
- ix. MGDC S.C.
- i. Tata Consultancy Services Luxembourg S.A
- ii. Tata Consultancy Services Switzerland Ltd
- iii. Tata Consultancy Services France SAS
- iv. TCS Italia SRL
- v. Tata Consultancy Services Osterreich GmbH (w.e.f. 09.03.2012)
- vi. Tata Consultancy Services Danmark ApS (w.e.f. 16.03.2012)
- vii. Tata Consultancy Services De Espana S.A.
- viii. Tata Consultancy Services Portugal Unipessoal Limitada
- i. TCS Financial Solutions Australia Holdings Pty Limited
- ii. TCS Financial Solutions Australia Pty Limited
- iii. PT Financial Network Services
- iv. TCS Management Pty Ltd.
- v. TCS Financial Solution (Beijing) Co. Ltd.
- i. MS CJV Investments Corporation
- i. Diligenta 2 Limited

14. C-Edge Technologies Limited

15. MP Online Limited

16. Tata Consultancy Services Morocco SARL AU

17. Tata Consultancy Services (Africa)(PTY) Ltd. i. Tata Consultancy Services (South Africa) (PTY) Ltd.

18. TCS e-Serve Limited i. TCS e-Serve International Limited  
ii. TCS e-Serve America, Inc

19. MahaOnline Limited

20. Retail Full Serve Limited (upto 31.03.2012)

21. Tata Consultancy Services Qatar S. S. C. (w.e.f. 20.12.2011)

22. Computational Research Laboratories Limited (w.e.f. 16.08.2012 upto 30.09.2012)

23. Computational Research Laboratories Inc. (w.e.f. 16.08.2012)

**III) Fellow Subsidiaries with whom the Company has transactions**

- Infiniti Retail Limited
- Panatone Finvest Limited
- Tata AIG General Insurance Company Limited
- Tata AIA Life Insurance Company Limited (formerly Tata AIG Life Insurance Company Limited)
- Tata Investment Corporation Limited
- Tata Limited
- Tata Asset Management Limited
- Tata Business Support Services Limited
- Tata Capital Limited
- Tata Housing Development Company Limited
- Tata Consulting Engineers Limited
- Tata Sky Limited
- Tata Teleservices Limited (upto 25.03.2013)
- Tata Realty And Infrastructure Limited
- e-Nxt Financials Limited
- Tata Teleservices (Maharashtra) Limited (upto 25.03.2013)
- Tata Industries Limited
- Tata International Limited
- Tata Autocomp Systems Limited
- Drive India Enterprise Solutions Limited
- Nova Integrated Systems Limited
- Tata Lockheed Martin Aerostructures Limited (formerly Tata Aerostructures Limited)
- Tata Capital Housing Finance Limited
- TC Travel And Services Limited
- Tata Securities Limited
- TT Holdings & Services Limited
- Tata Capital Financial Services Limited
- MMP Mobi Wallet Payment Systems Limited (upto 25.03.2013)
- VIOM Networks Limited (upto 26.03.2013)
- Tata Advanced Materials Limited
- Tata Interactive Systems GmbH
- TATA Africa Holdings (Kenya) Limited
- Tata Zambia Limited
- Tata International Singapore Pte Limited (w.e.f. 01.11.2011)

**IV) Key Management Personnel**

- Mr. N. Chandrasekaran
- Mr. S. Mahalingam (upto 09.02.2013)
- Mr. Rajesh Gopinathan (w.e.f. 10.02.2013)
- Mr. Phiroz Vandrevala (upto 13.05.2011)



## Notes forming part of the Financial Statements

### B) Transactions with related parties for the year ended March 31, 2013

(₹ crores)

	Holding Company	Subsidiaries	Fellow Subsidiaries	Key Management Personnel and their relatives	Total
Brand equity contribution	<b>78.84</b>	-	-	-	<b>78.84</b>
	52.80	-	-	-	52.80
Purchase of fixed assets	-	<b>3.57</b>	<b>57.79</b>	-	<b>61.36</b>
	-	13.55	24.06	-	37.61
Loans and advances given	-	<b>49.78</b>	-	-	<b>49.78</b>
	0.01	29.40	0.02	-	29.43
Loans and advances repaid	<b>0.24</b>	<b>33.29</b>	<b>3.18</b>	-	<b>36.71</b>
	-	4.14	2.00	-	6.14
Inter-corporate deposits placed	-	-	<b>150.00</b>	-	<b>150.00</b>
	-	16.00	100.00	-	116.00
Inter-corporate deposits matured	-	-	<b>200.00</b>	-	<b>200.00</b>
	-	16.00	130.00	-	146.00
Purchase of investment	<b>163.92</b>	-	-	-	<b>163.92</b>
	-	2.44	-	-	2.44
Redemption of investment	<b>333.33</b>	-	<b>5.00</b>	-	<b>338.33</b>
	333.34	6.02	-	-	339.36
Revenue (including reimbursements)	<b>0.37</b>	<b>30896.17</b>	<b>479.30</b>	-	<b>31375.84</b>
	1.19	24226.98	465.81	-	24693.98
Interest income	<b>85.01</b>	<b>6.95</b>	<b>32.52</b>	-	<b>124.48</b>
	79.87	24.38	28.05	-	132.30
Dividend income	-	<b>1107.40</b>	<b>0.63</b>	-	<b>1108.03</b>
	-	2427.40	0.40	-	2427.80
Rent income	-	<b>3.08</b>	-	-	<b>3.08</b>
	-	1.62	-	-	1.62
Other income	-	<b>30.91</b>	<b>0.04</b>	-	<b>30.95</b>
	-	0.65	0.02	-	0.67
Purchase of goods, services and facilities (including reimbursement)	<b>0.50</b>	<b>2096.47</b>	<b>356.79</b>	-	<b>2453.76</b>
	0.40	1493.41	293.81	-	1787.62
Rent expense	<b>0.86</b>	<b>63.99</b>	<b>1.41</b>	<b>0.06</b>	<b>66.32</b>
	0.74	36.15	1.34	0.08	38.31
Provision / (Write back of provision) for doubtful receivables, advances (net)	-	<b>13.90</b>	<b>0.24</b>	-	<b>14.14</b>
	(0.10)	0.34	(5.08)	-	(4.84)
Bad debts written off	-	<b>0.20</b>	<b>0.35</b>	-	<b>0.55</b>
	0.10	8.55	3.90	-	12.55
Dividend paid on equity shares	<b>3608.63</b>	-	<b>4.26</b>	<b>0.63</b>	<b>3613.52</b>
	2453.82	-	3.14	0.43	2457.39
Dividend on redeemable preference shares paid	<b>22.00</b>	-	-	-	<b>22.00</b>
	11.00	-	-	-	11.00
Guarantees	-	<b>1392.76</b>	-	-	<b>1392.76</b>
	-	2057.65	-	-	2057.65
Remuneration	-	-	-	<b>15.80</b>	<b>15.80</b>
	-	-	-	11.65	11.65

## Notes forming part of the Financial Statements

### C) Balances with related parties as at March 31, 2013

(₹ crores)

	Holding Company	Subsidiaries	Fellow Subsidiaries	Key Management Personnel and their relatives	Total
Trade receivables, unbilled revenue, loans and advances, other assets (net)	<b>148.94</b> <i>94.15</i>	<b>6236.67</b> <i>5644.71*</i>	<b>241.44</b> <i>282.52</i>	- <i>0.01</i>	<b>6627.05</b> <i>6021.39</i>
Trade payables, income received in advance, advances from customers	<b>79.78</b> <i>53.40</i>	<b>1293.91</b> <i>1105.44</i>	<b>33.24</b> <i>27.31</i>	- -	<b>1406.93</b> <i>1186.15</i>
Guarantees	- -	<b>4627.42</b> <i>3389.90</i>	- -	- -	<b>4627.42</b> <i>3389.90</i>
Investment in debentures	<b>625.33</b> <i>666.66</i>	- -	<b>200.00</b> <i>200.00</i>	- -	<b>825.33</b> <i>866.66</i>

\*An amount of ₹ 504.42 crores has been converted into equity during the year ended March 31, 2013.

Previous year figures are in italics.

### D) Disclosure of material transactions / balances with related parties

(₹ crores)

	2013	2012
<b><u>Purchase of fixed assets</u></b>		
CMC Limited	<b>3.57</b>	13.38
Tata Consulting Engineers Limited	<b>22.66</b>	10.68
Tata Realty And Infrastructure Limited	<b>34.77</b>	13.16
<b><u>Loans and advances given during the year</u></b>		
Tata Sons Limited	-	0.01
Tata Consultancy Services Qatar S. S. C.	<b>0.01</b>	21.79
TCS Financial Solutions Australia Pty Limited	<b>6.74</b>	6.29
Tata Consultancy Services Morocco SARL AU	<b>13.90</b>	-
Computational Research Laboratories Limited	<b>23.00</b>	-
<b><u>Loans and advances repaid during the year</u></b>		
CMC Limited	-	3.70
Tata Teleservices Limited	<b>2.34</b>	2.00
TCS Financial Solutions Australia Pty Limited	<b>11.41</b>	-
Tata Consultancy Services Qatar S. S. C.	<b>21.79</b>	-
<b><u>Inter-corporate deposits placed</u></b>		
Tata Realty And Infrastructure Limited	-	100.00
TCS e-Serve Limited	-	16.00
Tata Capital Limited	<b>150.00</b>	-
<b><u>Inter-corporate deposits matured</u></b>		
Tata Realty And Infrastructure Limited	<b>50.00</b>	100.00
TCS e-Serve Limited	-	16.00
Tata Sky Limited	-	30.00
Tata Capital Limited	<b>150.00</b>	-
<b><u>Purchase of investments</u></b>		
Tata Sons Limited	<b>163.92</b>	-
Tata Consultancy Services Qatar S.S.C.	-	2.44
<b><u>Revenue (including reimbursements)</u></b>		
Tata America International Corporation	<b>25638.26</b>	20051.77

## Notes forming part of the Financial Statements

	(₹ crores)	
	2013	2012
<b><u>Interest income</u></b>		
Tata Sons Limited	85.01	79.87
TCS Financial Solutions Australia Pty Limited	5.25	14.11
Panatone Finvest Limited	19.61	17.50
<b><u>Dividend income</u></b>		
Tata America International Corporation	557.35	1899.73
TCS e-Serve Limited	35.81	35.81
CMC Limited	19.36	15.49
Tata Consultancy Services Canada Inc.	273.85	116.44
<b><u>Other income</u></b>		
TCS Financial Solutions Australia Pty Limited	0.08	0.35
Tata Consultancy Services Canada Inc.	0.12	0.30
Diligenta Limited	25.97	-
<b><u>Rent income</u></b>		
CMC Limited	0.21	0.15
WTI Advanced Technology Limited	0.23	0.23
TCS e-Serve Limited	0.33	0.27
APOnline Limited	0.05	0.05
C-Edge Technologies Limited	2.26	0.92
<b><u>Purchase of goods, services and facilities (including reimbursement)</u></b>		
CMC Limited	269.92	200.60
CMC Americas Inc.	788.67	535.80
TT Holdings & Services Limited	239.58	186.76
Tata America International Corporation	228.68	136.02
<b><u>Rent expense</u></b>		
CMC Limited	46.77	20.76
Diligenta Limited	17.22	15.39
<b><u>Provision / (Write back of provision) for doubtful receivables, advances (net)</u></b>		
Tata Consultancy Services Morocco SARL AU	13.90	0.34
Tata Teleservices Limited	(0.12)	(5.12)
TATA Africa Holdings (Kenya) Limited	0.04	(0.25)
<b><u>Bad debts written off</u></b>		
Tata Consultancy Services Do Brasil Ltda	-	7.61
Tata Teleservices Limited	0.01	3.86
Tata AIA Life Insurance Company Limited	-	0.02
Tata Consultancy Services De Espana S.A.	0.10	-
Tata Consultancy Services Portugal Unipessoal Limitada	0.09	0.18
Tata Teleservices (Maharashtra) Limited	0.33	-
<b><u>Dividend paid on equity shares</u></b>		
Tata Sons Limited	3608.63	2453.82
<b><u>Guarantees given during the year</u></b>		
Diligenta Limited	-	1767.43
Tata America International Corporation	1213.26	-
<b><u>Remuneration to Key Management Personnel</u></b>		
Mr. N.Chandrasekaran	11.69	8.01
Mr. S. Mahalingam (upto 09.02.2013)	4.02	3.53

## Notes forming part of the Financial Statements

	(₹ crores)	
	2013	2012
<b>Trade receivables, unbilled revenues, loans and advances, other assets (net)</b>		
Tata America International Corporation	4162.40	3532.73
TCS Iberoamerica SA	-	316.41
TCS Financial Solutions Australia Pty Limited	111.07	113.68
<b>Trade payables, income received in advance, advances from customers</b>		
Tata America International Corporation	453.97	403.08
TCS Financial Solutions Australia Pty Limited	40.17	150.95
CMC Limited	151.07	107.23
Tata Consultancy Services Netherlands BV	20.82	22.39
CMC Americas Inc	145.48	116.32
<b>Guarantees outstanding</b>		
Diligenta Limited	2910.88	3076.70
Tata America International Corporation	1208.41	-
<b>Investment in debentures</b>		
Tata Sons Limited	625.33	666.66
Panatone Finvest Limited	200.00	200.00

### 33) OBLIGATIONS TOWARDS OPERATING LEASES

	(₹ crores)	
<b>Non-cancellable operating lease obligation</b>	As at March 31, 2013	As at March 31, 2012
Not later than one year	484.02	365.91
Later than one year but not later than five years	1413.60	1038.92
Later than five years	1175.37	898.52
<b>Total</b>	<b>3072.99</b>	<b>2303.35</b>

Rent expenses of ₹ 505.38 crores (Previous year: ₹ 359.35 crores) in respect of obligation under non-cancellable operating leases and ₹ 287.22 crores (Previous year ₹ 276.06 crores) in respect of cancellable operating leases have been charged to the statement of profit and loss.

### 34) OBLIGATIONS TOWARDS FINANCE LEASES

	(₹ crores)	
<b>Assets acquired under finance lease</b>	As at March 31, 2013	As at March 31, 2012
(i) Minimum lease payments:		
Not later than one year	21.27	20.25
Later than one year but not later than five years	76.87	85.19
Later than five years	67.23	80.40
<b>Total</b>	<b>165.37</b>	<b>185.84</b>
(ii) Present value of minimum lease payments:		
Not later than one year	7.58	6.73
Later than one year but not later than five years	37.71	41.20
Later than five years	43.87	52.27
	89.16	100.20
Add : Future finance charges	76.21	85.64
<b>Total</b>	<b>165.37</b>	<b>185.84</b>

## Notes forming part of the Financial Statements

### 35) EARNINGS PER EQUITY SHARE (EPS)

(₹ crores)

	2013	2012
Net profit for the year	12786.34	10975.98
Less : Preference share dividend (including dividend tax)	22.23	25.57
Amount available for equity shareholders	12764.11	10950.41
Weighted average number of shares	195,72,20,996	195,72,20,996
Earnings per share basic and diluted (₹)	65.22	55.95
Face value per Equity share (₹)	1.00	1.00

### 36) AUDITOR'S REMUNERATION

(₹ crores)

	2013	2012
For services as auditors, including quarterly audits	2.52	2.52
For Tax audit	0.42	0.42
For Other services	2.54	2.96
Reimbursement of out-of-pocket expenses	0.14	0.13
For service tax	0.70	0.68

Service tax credit has been / will be availed.

In addition to the above, fees amounting to ₹ 1.77 crores (Previous year: ₹ 2.06 crores) for attest and other professional services rendered have been paid to firms of chartered accountants in which some of the partners are also partners in the firm of statutory auditors.

### 37) CONTINGENT LIABILITIES

(₹ crores)

	As at March 31, 2013	As at March 31, 2012
Claims against the Company not acknowledged as debts	23.67	21.49
Income tax demands	2589.73	1381.97
Indirect tax demands	62.59	61.44
Guarantees given by the Company on behalf of subsidiaries (See (a) and (b) below)	4627.42	3389.90

- (a) The Company has provided guarantees aggregating ₹ 2910.88 crores (GBP 353.65 million) (March 31, 2012: ₹ 3068.55 crores) (GBP 376.75 million) to third parties on behalf of its subsidiary Diligenta Limited. The Company does not expect any outflow of resources in respect of the above.
- (b) The Company has provided guarantees aggregating ₹ 1208.41 crores (USD 222.42 million) (March 31, 2012: Nil ) to third parties on behalf of its subsidiary Tata America International Corporation. The Company does not expect any outflow of resources in respect of the above.

### 38) CAPITAL AND OTHER COMMITMENTS

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 3328.51 crores (March 31, 2012: ₹ 1682.98 crores).
- b) The Company is required to pay to the seller of TCS e-Serve Limited, amounts received by the subsidiary from tax authorities as refund against taxes paid aggregating ₹ 347.85 crores (March 31, 2012: ₹ 321.85 crores), which is to be adjusted to the cost of investment of the subsidiary.
- c) The Company has undertaken to provide continued financial support to its subsidiaries APOnline Limited and TCS FNS Pty Limited.
- d) The Company has a purchase commitment towards India Innovation Fund for the uncalled amount of balance ₹ 47389.56 per unit of 1000 units aggregating ₹ 4.74 crores (March 31, 2012: ₹ 8.10 crores).

## Notes forming part of the Financial Statements

### 39) DERIVATIVE FINANCIAL INSTRUMENTS

The Company, in accordance with its risk management policies and procedures, enters into foreign currency forward and currency option 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 Company has following outstanding foreign currency option contracts, which have been designated as Cash Flow Hedges, as at:

	March 31, 2013			March 31, 2012		
	No. of Contracts	Notional amount of Currency Options contracts (million)	Fair Value (₹ crores)	No. of Contracts	Notional amount of Currency Options contracts (million)	Fair Value (₹ crores)
<b>Foreign Currency</b>						
U.S. Dollar	47	1090.00	(8.81)	81	2185.00	29.56
Sterling Pound	12	123.00	62.59	33	217.50	14.66
Euro	15	102.00	15.66	21	210.00	18.64
Australian dollar	-	-	-	6	30.00	3.34

Net gain on derivative instruments of ₹ 37.05 crores recognised in Hedging reserve as of March 31, 2013, is expected to be reclassified to the statement of profit and loss by March 31, 2014.

The movement in Hedging reserve during the year ended March 31, 2013 and year ended March 31, 2012, for derivatives designated as Cash Flow Hedges is as follows:

	(₹ crores)	
	Year ended March 31, 2013	Year ended March 31, 2012
Balance at the beginning of the year	(25.96)	11.35
Changes in the fair value of effective portion of discontinued / matured Cash Flow Hedges during the year	96.46	(723.22)
(Gains) / losses transferred to statement of profit and loss on occurrence of forecasted hedge transaction	(79.59)	716.20
Changes in the fair value of effective portion of outstanding Cash Flow Hedges	64.58	(30.29)
Balance at the end of the year	55.49	(25.96)

In addition to the above Cash Flow Hedges, the Company has outstanding foreign exchange forward contracts and currency option contracts with notional amount aggregating to ₹ 10427.63 crores (March 31, 2012: ₹ 8222.75 crores) whose fair value showed a gain of ₹ 51.21 crores as on March 31, 2013 (March 31, 2012: loss of ₹ 92.81 crores). Exchange gain of ₹ 271.95 crores (March 31, 2012: Exchange loss of ₹ 192.83 crores) on foreign exchange forward and currency option contracts for the year ended March 31, 2013 have been recognised in the statement of profit and loss.

As of balance sheet date, the Company has net foreign currency exposures that are not hedged by derivative instruments or otherwise amounting to ₹ 375.25 crores (March 31, 2012: ₹ 338.23 crores)

## Notes forming part of the Financial Statements

### 40) MICRO AND SMALL ENTERPRISES

(₹ crores)

	As at March 31, 2013		As at March 31, 2012	
	Principal	Interest	Principal	Interest
Amount due to vendor	5.02	0.08	0.42	-
Principal amount paid (includes unpaid) beyond the appointed date	49.74	-	51.30	-
Interest due and payable for the year	-	0.27	-	0.31
Interest accrued and remaining unpaid (includes interest disallowable of ₹ 0.97 crore (Previous year: ₹ 0.70 crore))	-	0.97	-	0.70

Dues to Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

### 41) INCOME IN FOREIGN CURRENCY

(₹ crores)

	2013	2012
(a) Consultancy services	44721.22	34792.02
(b) FOB value of exports of equipment and licenses	130.02	144.46
(c) Interest income	10.46	29.60
(d) Dividend income	1049.05	2374.60
(e) Other income (net)	31.81	4.38

### 42) EXPENDITURE IN FOREIGN CURRENCY

(₹ crores)

	2013	2012
(a) Royalty	2.08	2.53
(b) Legal and professional fees	148.25	114.27
(c) Interest	3.90	0.76
(d) Overseas employee costs	2987.17	2054.64
(e) Overseas business expenses	7091.22	5533.53
(f) Services rendered by business associates and others	3148.52	2188.97
(g) Software, hardware and material cost	563.96	501.77
(h) Communication expenses	185.55	182.03
(i) Travelling and conveyance expenses	147.30	125.01
(j) Other operating expenses	827.75	553.18
(k) Foreign taxes	496.48	773.81



## Notes forming part of the Financial Statements

### 43) VALUE OF IMPORTS CALCULATED ON CIF BASIS

(₹ crores)

	2013	2012
Raw materials, sub-assemblies and components	20.35	8.19
Capital goods	352.42	227.49
Stores and spare parts	0.01	0.01

### 44) VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, SUB-ASSEMBLIES AND COMPONENTS, STORES AND SPARE PARTS CONSUMED

	2013		2012	
	( ₹ crores)	%	( ₹ crores)	%
Raw materials, sub-assemblies and components				
Imported:	18.62	74.42	9.24	78.44
Indigenous:	6.40	25.58	2.54	21.56
	25.02	100.00	11.78	100.00
Stores and spare parts				
Imported:	0.01	50.00	0.01	33.96
Indigenous:	0.01	50.00	0.02	66.04
	0.02	100.00	0.03	100.00

Consumption figures shown above are after adjusting excess and shortages ascertained on physical count, unserviceable items, etc.

### 45) REMITTANCE IN FOREIGN CURRENCIES FOR DIVIDENDS

The Company has remitted ₹ Nil (March 31, 2012: ₹ Nil ) in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittance, if any, in foreign currencies on account of dividends have been made by / on behalf of non-resident shareholders. The particulars of dividends declared and paid to non-resident shareholders for the year ended March 31, 2012 and interim dividends for the year ended March 31, 2013, are as under:

	Number of non-resident shareholders	Number of equity shares held	Gross amount of dividend	
			(₹ crores)	
			2013	2012
Final dividend for 2010-11 declared in June 2011	10171	25,24,86,198	-	201.99
Interim dividend declared in July 2011	10276	25,21,66,593	-	75.65
Interim dividend declared in October 2011	10750	25,82,70,198	-	77.48
Interim dividend declared in January 2012	10722	26,50,25,825	-	79.51
Final and special dividend for 2011-12 declared in June 2012	10437	28,81,44,188	461.03	-
Interim dividend declared in July 2012	10459	29,09,13,339	87.27	-
Interim dividend declared in October 2012	10270	29,44,78,942	88.34	-
Interim dividend declared in January 2013	10382	29,42,30,815	88.27	-

## Notes forming part of the Financial Statements

### 46) DISCLOSURE UNDER CLAUSE 32 OF THE LISTING AGREEMENT

Amount of loans and advances in nature of loans outstanding from subsidiaries as at March 31, 2013:

(₹ crores)		
<b>Subsidiary Company</b>	<b>Outstanding as at March 31, 2013</b>	<b>Maximum amount outstanding during the year</b>
TCS FNS Pty Limited *	<b>52.91</b>	<b>255.11</b>
	<i>246.20</i>	<i>251.74</i>
TCS Iberoamerica SA **	-	<b>52.58</b>
	<i>47.88</i>	<i>315.25</i>
Tata Consultancy Services Morocco SARL AU	<b>6.32</b>	<b>6.51</b>
	<i>5.93</i>	<i>6.20</i>
		<u>No. of Shares</u>

\* TCS FNS Pty Limited has made the following investments in its subsidiaries:

(a) TCS Financial Solutions Australia Holdings Pty Limited	65,58,424
(b) TCS Management Pty Ltd.	4,91,712

\*\* TCS Iberoamerica SA has made the following investments in its subsidiaries:

(a) TCS Solution Centre S.A.	15,50,00,000
(b) Tata Consultancy Services Argentina S.A.	4,21,27,767
(c) Tata Consultancy Services Do Brasil Ltda	8,67,31,803
(d) Tata Consultancy Services De Mexico S.A., De C.V.	2,613,906
(e) TCS Inversiones Chile Limitada	-
(f) Tata Consultancy Services Chile S.A.	1
(g) TCS Uruguay S.A.	5,40,000

*Previous year figures are in italics.*

- 47)** Research and development expenditure aggregating ₹ 151.36 crores (Previous year: ₹ 128.98 crores), including capital expenditure, was incurred during the year.
- 48)** The Board of Directors at their meeting held on October 19, 2012 have accorded consent for the merger of TCS e-Serve Limited together with the de merger of TCS e-Serve International Limited's SEZ undertaking with the Company. The appointed date for the above scheme proposed is April 1, 2013 respectively.
- 49)** On February 22, 2013, the Company entered into an agreement to settle for a sum of ₹ 161.63 crores, a class action suit filed in a United States of America Court relating to payments to employees on deputation. The Court has granted preliminary approval to the settlement agreement. The amount of settlement has been included in 'Other expenses', vide note no. 26.
- 50)** Previous year figures have been recast / restated.

**Statement pursuant to general exemption received under Section 212(8) of the Companies Act, 1956 relating to subsidiary companies**

Sr. No.	Name of the subsidiary company	Reporting currency	Exchange rate	(₹ crores)										Country
				Capital	Reserves	Total assets	Total liabilities	Investment other than investment in subsidiary	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend	
1	APOnline Limited	INR	1.000000	4.57	13.51	43.24	25.16	-	56.29	12.78	4.24	8.54	1.05	India
2	MP Online Limited	INR	1.000000	1.00	20.59	71.60	50.01	-	38.71	16.58	5.42	11.16	1.70	India
3	C-Edge Technologies Limited	INR	1.000000	10.00	46.66	122.73	66.07	0.98	137.87	18.14	5.91	12.23	-	India
4	WTI Advanced Technology Limited	INR	1.000000	1.05	74.57	78.98	3.36	36.68	27.78	3.61	0.31	3.30	-	India
5	MahaOnline Limited	INR	1.000000	2.55	13.55	135.72	119.62	-	251.85	17.75	5.96	11.79	-	India
6	CMC Limited	INR	1.000000	30.30	802.46	1,196.80	364.04	85.33	1,167.38	237.73	39.35	198.38	53.03	India
7	CMC Americas Inc.	USD	54.329800	8.69	100.82	308.73	199.22	-	1,041.04	87.64	33.47	54.17	27.16	U.S.A.
8	CMC eBiz Inc.	USD	54.329800	0.01	11.82	20.34	8.51	-	36.28	8.63	3.47	5.16	-	U.S.A.
9	TCS e-Serve Limited	INR	1.000000	12.40	2,648.53	2,891.03	230.10	254.56	1,854.73	791.67	257.02	534.65	62.00	India
10	TCS e-Serve International Limited	INR	1.000000	10.00	461.45	540.38	68.93	13.30	631.86	245.17	17.78	227.39	-	India
11	TCS e-Serve America, Inc.	USD	54.329800	1.50	8.75	19.98	9.73	-	49.61	5.30	1.73	3.57	-	U.S.A.
12	Diligenta Limited	GBP	82.309648	353.93	251.41	1,268.19	662.85	415.66	1,927.42	170.53	51.55	118.98	-	U.K.
13	Diligenta 2 Limited	GBP	82.309648	0.01	161.69	196.86	35.16	-	379.25	(28.40)	(28.65)	0.25	-	U.K.
14	Tata Consultancy Services Canada Inc.	CAD	53.416380	37.74	186.49	552.70	328.47	-	1,909.31	285.33	76.11	209.22	267.08	Canada
15	Tata America International Corporation	USD	54.329800	1.09	1,687.55	6,665.83	4,977.19	0.01	28,859.28	1,014.53	381.09	633.44	543.30	U.S.A.
16	MS CIV Investments Corporation	USD	54.329800	7.63	-	7.63	-	-	-	-	-	-	-	U.S.A.
17	Tata Consultancy Services Asia Pacific Pte Ltd.	USD	54.329800	23.91	300.14	604.39	280.34	4.89	1,098.57	41.38	2.77	38.61	-	Singapore
18	Tata Consultancy Services (China) Co., Ltd.	CNY	8.742706	96.52	(20.99)	142.08	66.55	-	358.50	(17.04)	1.66	(18.70)	-	China
19	Tata Consultancy Services Japan Ltd.	JPY	0.578592	9.55	(43.71)	126.89	161.05	-	366.17	(21.16)	0.07	(21.23)	-	Japan
20	Tata Consultancy Services Malaysia Sdn Bhd	MYR	17.548385	3.51	66.86	118.74	48.37	-	148.52	31.49	(9.17)	40.66	-	Malaysia
21	Tata Information Technology (Shanghai) Company Limited	CNY	8.742706	35.39	25.02	60.75	0.34	-	0.79	(0.53)	-	(0.53)	-	China
22	PT Tata Consultancy Services Indonesia	IDR	0.005593	0.56	9.36	30.18	20.26	-	36.86	6.06	1.74	4.32	-	Indonesia
23	Tata Consultancy Services (Philippines) Inc.	PHP	1.330634	1.14	13.39	63.76	49.23	-	79.75	0.87	0.39	0.48	-	Philippines
24	Tata Consultancy Services (Thailand) Limited	THB	1.854576	1.48	4.88	10.09	3.73	-	14.35	2.36	0.62	1.74	-	Thailand
25	Nippon TCS Solution Center Limited	JPY	0.578592	10.13	13.45	39.81	16.23	-	33.32	6.09	2.21	3.88	-	Japan
26	Tata Consultancy Services Belgium S.A.	EUR	69.319435	1.31	70.06	202.07	130.70	-	508.94	64.37	21.63	42.74	63.23	Belgium
27	Tata Consultancy Services Deutschland GmbH	EUR	69.319435	1.04	33.55	304.73	270.14	-	1,005.04	14.11	5.36	8.75	32.12	Germany
28	Tata Consultancy Services Sverige AB	SEK	8.314174	0.08	76.25	255.19	178.86	-	739.96	45.33	11.39	33.94	33.54	Sweden
29	Tata Consultancy Services Netherlands BV	EUR	69.319435	457.51	506.84	1,082.81	118.46	-	1,231.04	354.73	38.49	316.24	94.38	Netherlands
30	TCS Italia SRL	EUR	69.319435	15.25	(9.21)	36.48	30.44	-	103.49	2.55	2.33	0.22	-	Italy
31	Tata Consultancy Services Luxembourg S.A.	EUR	69.319435	38.82	(28.47)	47.25	36.90	-	77.03	(5.00)	0.15	(5.15)	-	Luxembourg

**Statement pursuant to general exemption received under Section 212(8) of the Companies Act, 1956 relating to subsidiary companies**

Sr. No.	Name of the subsidiary company	Reporting currency	Exchange rate	(₹ crores)								Proposed dividend	Country	
				Capital	Reserves	Total assets	Total liabilities	Investment other than investment in subsidiary	Turnover	Profit before taxation	Provision for taxation			Profit after taxation
32	Tata Consultancy Services Switzerland Ltd.	CHF	56.919644	8.54	62.31	330.32	259.47	6.96	756.20	37.81	10.06	27.75	199.22	Switzerland
33	Tata Consultancy Services France SAS	EUR	69.319435	2.08	(12.58)	150.95	161.45	-	335.98	(15.88)	0.14	(16.02)	-	France
34	Tata Consultancy Services Österreich GmbH	EUR	69.319435	0.24	(0.17)	0.15	0.08	-	0.00	(0.10)	0.01	(0.11)	-	Austria
35	Tata Consultancy Services Danmark ApS	DKK	9.297476	0.93	39.50	77.30	36.87	-	151.73	4.41	1.08	3.33	-	Denmark
36	Tata Consultancy Services De Espana S.A.	EUR	69.319435	0.42	(62.90)	139.45	201.93	-	173.26	(36.36)	-	(36.36)	-	Spain
37	Tata Consultancy Services Portugal Unipessoal Limitada	EUR	69.319435	0.04	7.75	14.78	6.99	-	(4.50)	(10.34)	0.23	(10.57)	-	Portugal
38	Tata Consultancy Services Morocco SARL AU	MAD	6.261646	9.24	(30.55)	14.46	35.77	-	(0.38)	(0.79)	-	(0.79)	-	Morocco
39	Tata Consultancy Services (Africa) (PTY) Ltd.	ZAR	5.865249	8.21	1.69	9.95	0.05	-	1.67	1.63	0.02	1.61	1.23	South Africa
40	Tata Consultancy Services (South Africa) (PTY) Ltd.	ZAR	5.865249	10.56	46.75	271.45	214.14	-	389.20	23.59	7.34	16.25	2.11	South Africa
41	TCS FNS Pty Limited	AUD	56.638817	211.03	(4.08)	259.86	52.91	-	-	-	-	-	-	Australia
42	TCS Financial Solutions Beijing Co., Ltd.	CNY	8.742706	1.69	8.08	64.78	55.01	-	70.65	1.87	0.64	1.23	-	China
43	TCS Financial Solutions Australia Holdings Pty Limited	AUD	56.638817	78.90	(22.89)	56.01	-	-	-	(0.04)	-	(0.04)	-	Australia
44	TCS Financial Solutions Australia Pty Limited	AUD	56.638817	0.01	(38.58)	106.36	144.93	-	57.08	30.12	1.95	28.17	-	Australia
45	TCS Management Pty Ltd.	AUD	56.638817	1.77	(18.44)	4.51	21.18	-	8.96	(1.06)	0.02	(1.08)	-	Australia
46	PT Financial Network Services	USD	54.329800	0.33	(0.38)	2.08	2.13	-	-	-	-	-	-	Indonesia
47	TCS Iberoamerica SA	UYU	2.879163	524.53	220.07	841.89	97.29	-	47.48	43.08	-	43.08	-	Uruguay
48	TCS Solution Center S.A.	UYU	2.879163	41.87	9.69	217.30	165.74	-	347.77	40.22	15.19	25.03	-	Uruguay
49	Tata Consultancy Services Argentina S.A.	ARS	10.608181	55.55	(33.45)	56.29	34.19	-	65.98	3.84	-	3.84	-	Argentina
50	Tata Consultancy Services Do Brasil Ltda	BRL	26.378747	254.24	(202.45)	267.27	215.48	-	215.11	(43.33)	-	(43.33)	-	Brazil
51	Tata Consultancy Services De Mexico S.A., De C.V.	MXN	4.396397	1.26	225.63	448.95	222.06	-	650.54	145.31	71.50	73.81	-	Mexico
52	Tata Consultancy Services Chile S.A.	CLP	0.114899	144.08	319.26	534.54	71.20	10.85	321.21	29.43	5.53	23.90	-	Chile
53	TCS Inversiones Chile Limitada	CLP	0.114899	141.25	293.21	440.57	6.11	-	0.04	(0.03)	-	(0.03)	-	Chile
54	TATASOLUTION CENTER S.A.	USD	54.329800	16.30	61.44	227.95	150.21	-	367.75	38.66	7.04	31.62	-	Ecuador
55	TCS Uruguay S.A.	UYU	2.879163	0.12	27.10	35.66	8.44	-	71.53	13.43	0.89	12.54	-	Uruguay
56	MGDC S.C.	MXN	4.396397	0.02	36.19	160.72	124.51	-	327.37	1.37	11.80	(10.43)	-	Mexico
57	Tata Consultancy Services Qatar S.S.C.	QAR	14.922490	2.98	8.10	58.88	47.80	-	98.67	6.44	0.64	5.80	-	Qatar
58	Computational Research Laboratories Inc. (w.e.f. 16.08.2012)	USD	54.329800	0.01	(0.01)	0.07	0.07	-	0.01	(0.02)	(0.00)	(0.02)	-	U.S.A.

Notes:

- Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31.03.2013
- Retail FullServe Limited and Computational Research Laboratories Limited have been amalgamated with the Company w.e.f. appointed date April 1, 2012 and October 1, 2012 respectively

**ATTENDANCE SLIP**

(To be presented at the entrance)

**18<sup>TH</sup> ANNUAL GENERAL MEETING ON FRIDAY, JUNE 28, 2013 AT 3.30 P.M.**

at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020

Folio No. .... DP ID No. .... Client ID No. ....

Name of the Member ..... Signature .....

Name of the Proxyholder ..... Signature .....

1. Only Member/Proxyholder can attend the meeting.

2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the meeting.

**PROXY FORM**

I/We ..... of ..... in the district of .....  
 being a member(s) of the above named Company, hereby appoint .....  
 of ..... in the district of ..... or failing him/her ..... of .....  
 in the district of ..... as my/our  
 proxy to attend and vote for me/us and on my/our behalf at the eighteenth Annual General Meeting of the Company to be held on  
 Friday, June 28, 2013 at 3.30 p.m. at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020  
 and at any adjournment thereof.

Folio No. .... DP ID No. .... Client ID No. ....

No. of shares held .....

Signed this ..... day of ..... 2013.

Signature

Affix 15 Paise Revenue Stamp
---------------------------------------

This form is to be used     \*\* in favour of     the resolution. Unless otherwise instructed, the Proxy will act as he thinks fit.  
    \*\* against    

\*\* Strike out whichever is not desired.

NOTES: 1. This Proxy must be lodged with the Company at its Registered Office at 9<sup>th</sup> Floor, Nirmal Building, Nariman Point, Mumbai 400 021, not less than FORTY-EIGHT HOURS before the time for holding the aforesaid meeting.

2. Those Members who have multiple folios with different jointholders may use copies of this Attendance slip/Proxy.



## Awards and Recognitions

- Awarded "Company of the Year" by Business Standard
- Ranked as India's Most Valuable Company in BT 500 from Business Today
- Rated as one of the world's greenest companies by Newsweek Magazine
- Top rank in FinanceAsia's annual poll of the Best Managed Companies in Asia
- Recognised as an Achiever in 50 Most Engaged Workplaces™ ranking in the United States
- Won Eight awards at World HRD Congress including 'Recruiting and Staffing Industry Leader of the Year' and 'Best Employer Brand'
- CEO N Chandrasekaran awarded Asian Business Leader of the Year in CNBC Asia's Business Leadership Awards
- CEO N Chandrasekaran awarded Business Visionary of the Year in NDTV Profit Leadership awards
- CEO N Chandrasekaran awarded Indian Business Leader of the Year in CNBC TV 18's Business Leadership Awards
- Recognised as 'Big Four' IT Services brand by Brand Finance, the world leading brand valuation firm
- Won Aegis Graham Bell Award 2012 for Innovation
- Won Best CSR Award from NDTV Profit Leadership Awards

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