



ANNUAL 20 | 20
REPORT 11 | 12

Cover image: All photographs are of associates of Tata Consultancy Services

The Annual General Meeting will be held on Friday, June 29, 2012, at Birla Matushri Sabhagar, Sir V. T. Marg, New Marine Lines, Mumbai 400020, 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

As of April 02, 2012

1 R N Tata
Chairman

2 S Ramadorai
Vice Chairman

3 A Mehta
Director

4 V Thyagarajan
Director

5 C M Christensen
Director

6 R Sommer
Director

7 Laura Cha
Director

8 V Kelkar
Director

9 I Hussain
Director

10 N Chandrasekaran
Chief Executive Officer
and Managing Director

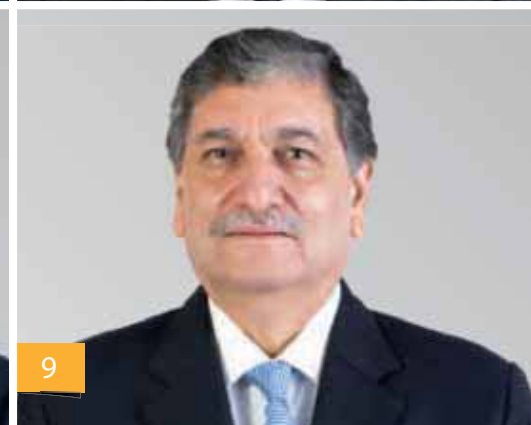
11 S Mahalingam
Chief Financial Officer
and Executive Director

12 P A Vandrevala
Director

13 O P Bhatt
Director

14 C P Mistry
Director





Financial Highlights



31%

Revenue

Up 31% @
₹ 48,894 crore

29%

Operating Profit

Up 29% @
₹ 13,517 crore

15%

Net Profit

Up 15% Y-o-Y @
₹ 10,413 crore

Company's
impact on
India's economy

10.0%
of India's IT industry

3.3%

of India's exports

4.7%

weightage in
BSE Sensex

12.0%

of India's oil import bill

4.0%

weightage in
NSE Nifty

Our Leadership Team

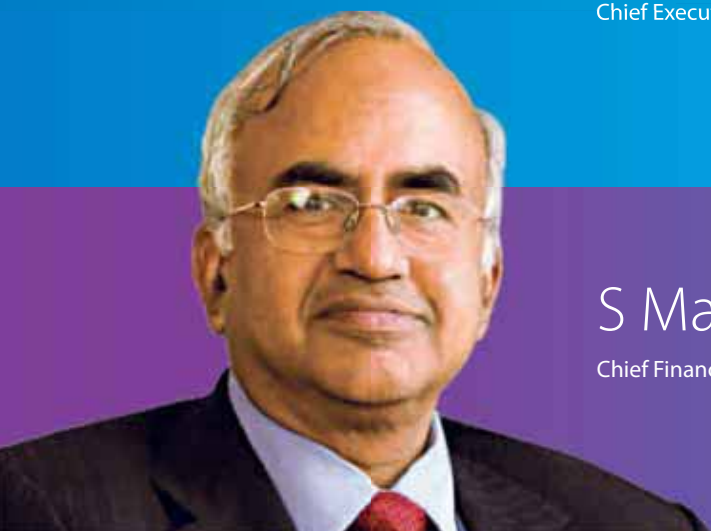
N Chandrasekaran

Chief Executive Officer and Managing Director



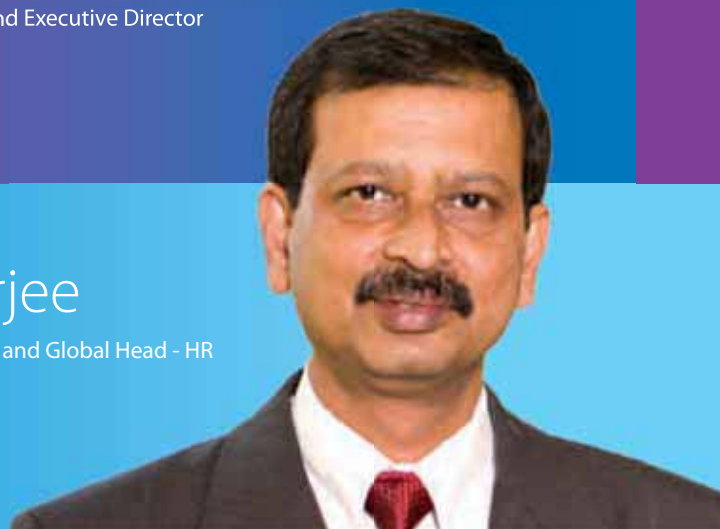
S Mahalingam

Chief Financial Officer and Executive Director



A Mukherjee

Executive Vice President and Global Head - HR





Letter from CEO

Dear Shareholders,

It has been another milestone year for your Company in 2011-12 with strong performance across all dimensions. It has been made all the more memorable with the organisation achieving the \$10-billion mark in revenue at the end of the financial year. This has been made possible by the sustained performance by all teams and units across the world.

On a consolidated basis, revenue for 2011-12 grew by 31% to ₹ 48,894 crore (\$10.17 billion), driven by customer demand for our holistic portfolio of services and solutions. Your Company continued to sustain its profitability, despite a volatile external environment. The net profits grew by 15% to ₹ 10,413 crore.

We have continued our practice to consistently reward our shareholders with a higher dividend. This year our dividend payout is ₹ 25 per share including ₹ 8 proposed

as final dividend and ₹ 8 proposed as special dividend. The earnings per share for the Company increased to ₹ 53.07.

During the financial year 2011-12, your Company was able to capture the business momentum, with all markets and the industries in which it operates growing in double digits. Our strategy to partner with customers and co-create solutions to drive optimisation and agility across the enterprise is yielding results for our customers. New service lines like Infrastructure Services, BPO and Enterprise Solutions gained global scale during the year with each service line clocking more than \$ 1 billion in annual revenues. All other service lines also performed admirably with each growing by double digits.

Your Company's ability to grow in a rapidly evolving external environment is due to its customer-centric

approach, balanced nature of the business portfolio and presence across all regions. Global corporations want to optimise as well as innovate to drive agility and growth in their business. Your Company is well placed to help them in multiple parts of their business with its deep domain knowledge, global scale and industry-leading solutions. This momentum is reflected in customer metrics as well as the increasing holistic nature of the customer wins. Over the last 12 months, your Company added 141 new customers across the world to take its active customer base to 1076. The movement of customers across each revenue band from \$1 million onwards has been very positive, including growing the number of \$100 million customers to fourteen from eight in the previous year.

As we continue to meet customers across the world, we remain convinced of the huge potential of your Company in the global market with potential for growth in every industry segment, service line and market. The key will be our ability to remain relevant to our customers, understand their business needs and perform with rigor to meet those needs.

Across multiple industries globally, technology spend is increasing moving from the back-end of the business - where it brought in efficiency - to the front-office, where it is being leveraged to gain consumer/customer insights and drive growth. Emerging technologies like cloud computing, big-data analytics and social media backed by 3G and 4G technologies is driving this transformation at customer touch points across industries. Your Company's early investments in these game-changing technologies are enabling it to play an increasingly strategic role in this transformation and help customers prepare for the future and drive growth.

With a fast expanding organisation that has inducted and integrated 70,400 professionals in the past 12 months, your Company continues to be recognised as a benchmark brand for learning and development of young IT professionals. Your Company's continued success is due to the dedication, commitment and performance of 2,38,583 energetic professionals, who remain its biggest asset. Efforts to continuously engage with this base of professionals as well as create comprehensive career paths has helped increase our talent retention rate to 87.8% - the highest in the Indian IT industry. We continue to invest in their development and capabilities through training in new technologies, domain and processes in a mode of engaged collaboration.

Innovation through strong research and development continues to be a major focus area for your Company. We are increasing our investment in many areas including new sensor-based technologies, intelligent infrastructure, platforms for genomics research, information fusion for enterprises and green technologies.

This is resulting in more Intellectual Property Rights (IPR) being generated by your Company. We have increased our patent filings significantly and 460 patents were filed in several countries in 2011-12. Until now, cumulatively, TCS has filed 855 patent applications of which 72 have been granted.

Your Company continues to invest in sustainable infrastructure and campuses that are world-class and intelligent. It added over 24,700 seats during the year in its centres.

Your Company was recognised by industry, customers and media for excellence along many dimensions including overall financial performance, human resources, sustainability, investor relations, infrastructure, communications and governance. The Company received multiple awards during the year.

Looking ahead to 2012-13, global macro-economic challenges persist. The world is witnessing slower GDP growth as well as slower job growth across developed and emerging markets. Currency volatility continues. These issues are likely to cloud prospects in the short-term. However, this is not a new phenomenon and global corporations recognise that they need to be nimble to adapt to changes in the environment. Your Company is strategically partnering with many customers across different areas of their business to help them in this process.

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

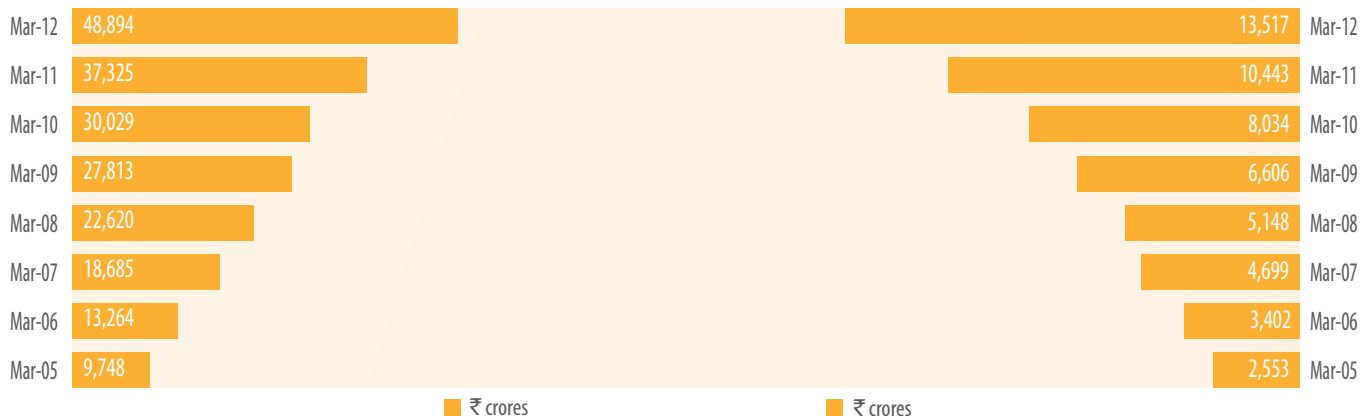
N Chandrasekaran

Chief Executive Officer and Managing Director

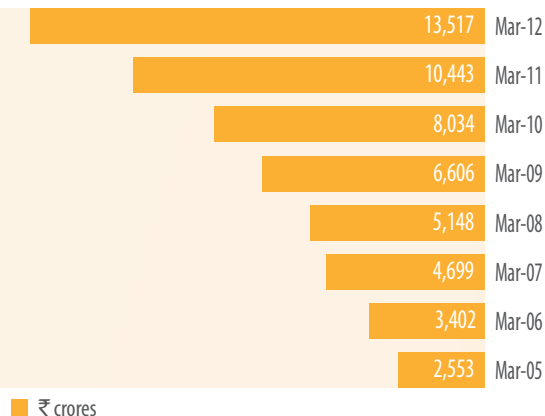
May 26, 2012

Key Trends (FY 2005 - 2012)

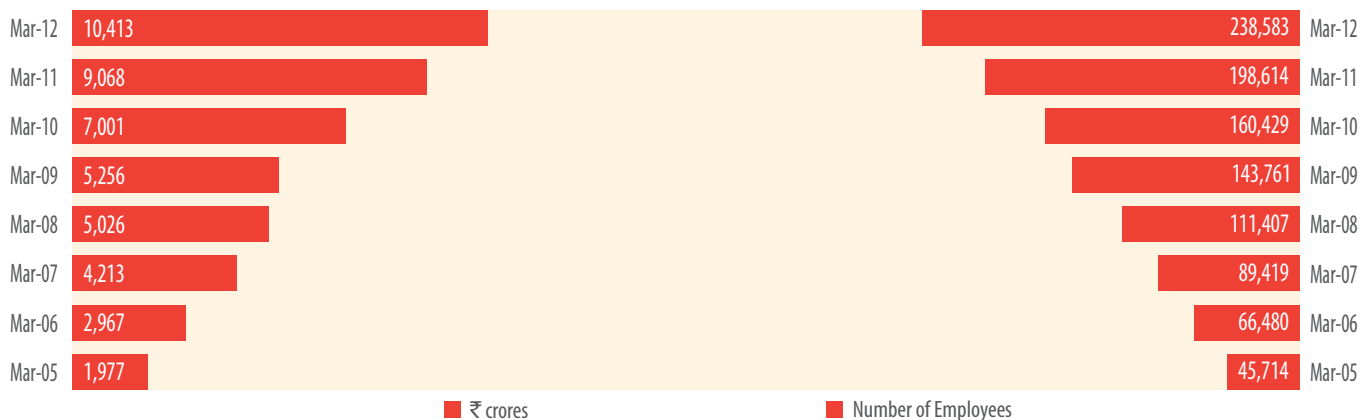
Revenue



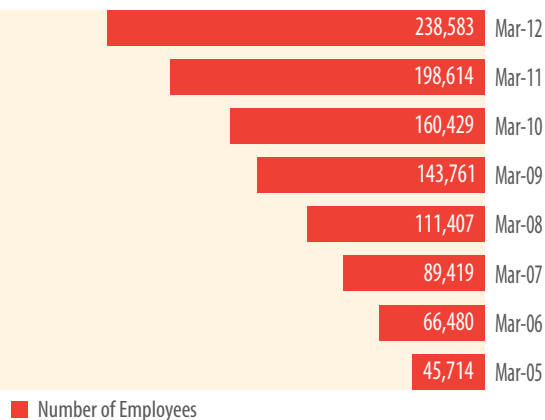
Operating Profit



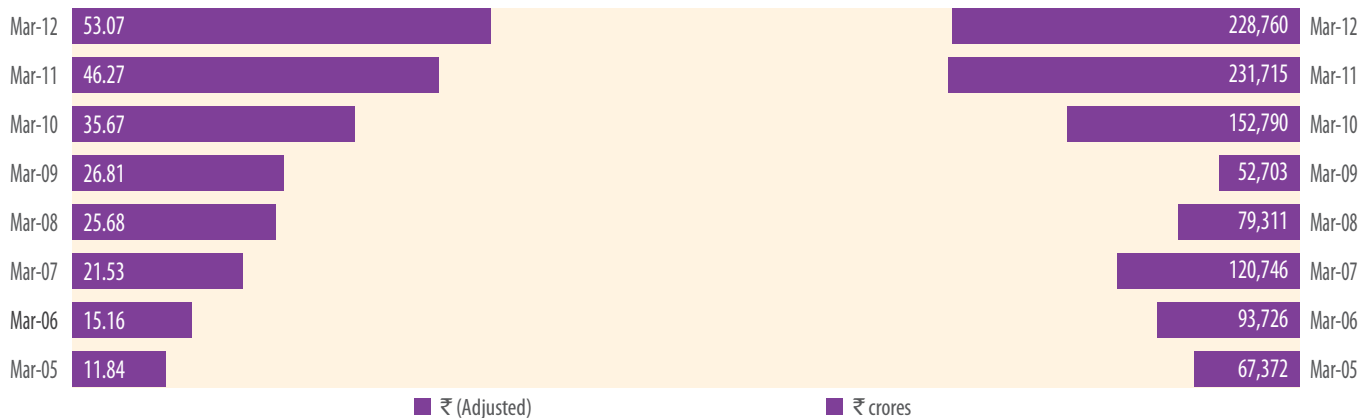
Net Profit



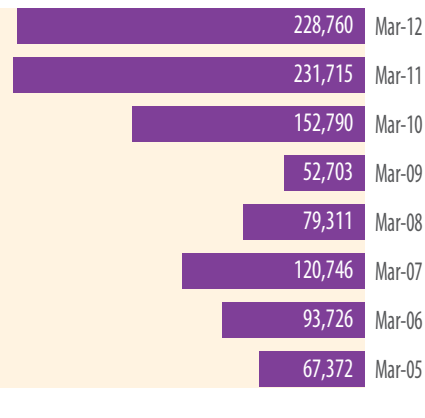
Number of Employees



EPS (Adjusted)



Market Cap



* All figures as on March 31

Board of Directors

(As of April 2, 2012)

R N Tata (*Chairman*)
S Ramadorai (*Vice Chairman*)
N Chandrasekaran (*CEO & Managing Director*)
Aman Mehta
V Thyagarajan
Prof. Clayton M Christensen
Dr. Ron Sommer
Laura M Cha
S Mahalingam (*CFO & Executive Director*)
Phiroz Vandrevalla
Dr. Vijay Kelkar
Ishaat Hussain
O. P. Bhatt
Cyrus Mistry

Company Secretary

Suprakash Mukhopadhyay

Statutory Auditors

Deloitte Haskins & Sells

IFRS Auditors

Deloitte Haskins & Sells

Registered Office

9th Floor, Nirmal Building
Nariman Point, Mumbai 400 021
Tel : 91 22 6778 9595
Fax : 91 22 6778 9660
Website : 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

Registrars & Transfer Agents

TSR Darashaw 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
Website: www.tsrdarashaw.com

Management Team

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

Management Team

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

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, 2012.

1. Financial Results

(₹ crores)

		Unconsolidated		Consolidated	
		2011 - 2012	2010 - 2011	2011 - 2012	2010 - 2011
(i)	Revenue from operations	38,858.54	29,275.41	48,893.83	37,324.51
(ii)	Operating expenditure	27,472.82	20,511.88	34,458.52	26,146.15
(iii)	Depreciation and amortisation	688.17	537.82	917.94	735.26
(iv)	Operating profit	10,697.55	8,225.71	13,517.37	10,443.10
(v)	Interest expense	16.40	20.01	22.23	26.48
(vi)	Other income (net)	2,685.18	494.73	428.17	604.00
(vii)	Profit before tax	13,366.33	8,700.43	13,923.31	11,020.62
(viii)	Provision for tax	2,390.35	1,130.44	3,399.86	1,830.83
(ix)	Minority interest and share of loss of associate	-	-	109.96	121.75
(x)	Profit for the year	10,975.98	7,569.99	10,413.49	9,068.04
(xi)	Balance brought forward from previous year	14,069.20	10,458.13	18,635.05	13,604.84
(xii)	Amount available for appropriation	25,045.18	18,028.12	29,048.54	22,672.88
Appropriations					
(a)	Interim dividends on equity shares	1,761.49	1,174.32	1,761.49	1,174.32
(b)	Proposed final dividend on equity shares (including special dividend)	3,131.55	1,565.78	3,131.55	1,565.78
(c)	Total dividend on equity shares (a + b)	4,893.04	2,740.10	4,893.04	2,740.10
(d)	Proposed dividend on redeemable preference shares	22.00	11.00	22.00	11.00
(e)	Tax on dividend	797.34	450.82	806.86	459.15
(f)	General reserve	1,097.60	757.00	1,166.10	827.58
(g)	Balance carried to balance sheet	18,235.20	14,069.20	22,160.54	18,635.05
(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 ₹ 8 per share and a special dividend of ₹ 8 per share for the financial year 2011-12 taking the total dividend to ₹ 25 per share (previous year ₹ 14 per share) on the capital of 1,95,72,20,996 equity shares of ₹1 each. The final dividend and the special dividend on the equity shares, if approved by the members would involve a cash outflow of ₹ 3,639.57 crores including dividend tax. For equity shares, the proposed final dividend (including special dividend), interim dividends already paid and dividend tax for the financial year 2011-12 would aggregate ₹ 5,686.82 crores, resulting in a payout of 51.93% of unconsolidated profit of the Company (54.75% of consolidated profit).

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 twenty-two paise (₹ 0.22) per share on 100,00,00,000 redeemable preference shares of ₹ 1 each for the financial year 2011-12.

3. Transfer to Reserves

The Company proposes to transfer ₹ 1,097.60 crores to the general reserve out of the amount available for appropriations and an amount of ₹ 18,235.20 crores is proposed to be retained in the statement of profit and loss.

4. Company's Performance

During the financial year 2011-12, the volatility in the macroeconomic environment continued to cast its shadow and most of the markets where TCS operates in, were impacted. Even in this environment, the Company recorded industry leading financial performance. The major contributing factors for such all round performance across geographies and industry verticals were the Company's customer-centric approach and its ability to innovate customer specific solutions, focus on pricing, disciplined execution of complex projects and the rigor in following strong internal processes.

In the financial year 2011-12, the Company continued its strong growth momentum across major markets. Revenue growth in the year remained high in North America (29.62%), UK (29.16%), Europe (41.62%), Asia Pacific (50.67%) and Middle East & Africa (43.38%). Other geographies also witnessed double digit growth rates.

In the financial year 2011-12, most of the industry verticals registered healthy growth rates. Revenue growth in BFSI (27.44%), Retail & Consumer Packaged Goods (45.05%) and Manufacturing (38.11%) were significant contributors. Revenue growth in "other industry verticals" was also significantly high at 37.27% - the major contributors were Life Sciences and Healthcare (33.10%), Hi-Tech (57.32%), Travel, Transport & Hospitality (42.85%).

The Company became the first Indian IT Company to cross the US \$10 billion milestone in terms of annual revenue.

On consolidated basis, revenue for the year 2011-12 at ₹ 48,893.83 crores was higher by 31.00% (₹ 37,324.51 crores in 2010-11), operating profit at ₹ 13,517.37 crores was higher by 29.44% (₹ 10,443.10 crores in 2010-11) and the net profit for the year at ₹ 10,413.49 crores was higher by 14.84% (₹ 9,068.04 crores in 2010-11).

On unconsolidated basis, revenue for the year 2011-12 at ₹ 38,858.54 crores was higher by 32.73 % (₹ 29,275.41 crores in 2010-11), operating profit at ₹ 10,697.55 crores was higher by 30.05% (₹ 8,225.71 crores in 2010-11) and the net profit for the year at ₹ 10,975.98 crores was higher by 44.99% (₹ 7,569.99 crores in 2010-11).

The Company has been making good progress in the strategic initiatives to drive its non-linear growth. Software products (Asset Leveraged Solutions) have added significant new customers during the year. Platform based BPO or process cloud have been offered in the areas of life insurance and pensions, analytics, finance and accounts, HR outsourcing and procurement. iON, the Company's cloud based platform for small and medium businesses launched in early 2011 has gained momentum in 2012.

5. International Credit Rating

The Company continues to have an A3 investment-grade issuer rating as well as an indicative foreign currency debt rating of Baa1, with a stable outlook from Moody's Investors Services. The rating is not for any specific debt issuance of the Company.

Standard and Poor's ratings services has assigned BBB positive corporate credit rating with outlook as Negative to the Company.

The Company has also been rated by Dun & Bradstreet at 5A1 (Condition-Strong). The rating is assigned on the basis of tangible net worth and composite appraisal of the Company.

6. Strategic Alliance

With the objective of moving towards its goal of being amongst the top IT companies in the world, the Company has made acquisitions/alliances over the past few years either directly or through its subsidiaries.

On January 24, 2012, Tata Consultancy Services Japan Limited, a wholly owned subsidiary, entered into an agreement with Mitsubishi Corporation, pursuant to which a new subsidiary company, Nippon TCS Solution Center Limited (NTSC) has been setup. NTSC will offer a full service suite of IT, BPO and infrastructure services to Japanese corporations.

7. Human Resource Development

Employees today are looking for development opportunities, future career options, empowerment and work-life balance in an organisation. To retain leadership position, the Company continuously innovates and customises its human resource (HR) strategy to meet changing employee needs.

The global diverse talent base of 2,38,583 competent people, consisting of 110 nationalities, 31.6% women, 69% belonging to Gen Y is the key asset to retain the competitive edge and leadership position in the market. The Company's HR processes cope up with the scale and complexity to manage this diverse talent base spread across 55 countries. The Company continues to invest in its people to upgrade their technical, domain and

leadership capability. A total of 9,972 person years of effort were invested in the year 2011-12 on various learning and development programmes including the Initial Learning Programme (ILP) offered to trainees joining the Company.

During the year 2011-12, the consolidated gross addition of 70,400 employees and net addition of 39,969 employees was highest ever in the history of the Company. This included 1,898 people in-sourced from customer organisations.

The academic interface programme (AIP) was strengthened and expanded to reach 673 institutes in India and 184 institutes abroad. The Company visited 389 campuses in India and released 43,604 offers. The Company also conducted campus placements outside India especially in USA, Canada, China, Uruguay and Hungary.

The rigorous focus on talent engagement, deployment on right projects, role & career progression and benchmarked compensation & benefits helped the Company to attract and retain the best talent. The Company has launched Employee Assistance Programme, which would provide employees 24X7 confidential counselling services, to enable them to cope more effectively with stressful situations. The Company improved its talent retention globally which is reflected in the attrition dropping from 14.4% in the year 2010-11 to 12.2% in the year 2011-12.

The Company sustained high utilisation rates throughout the year (82.2% excluding trainees and 74.4% including trainees). Such high level of utilisation could be achieved due to the robustness of the Company's sourcing to staffing process and talent management practices that ensured the availability of people with the right competencies at right places to meet the business demand.

8. Quality Initiatives

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

TCS continues to maintain the enterprise-wide highest maturity Level 5 for CMMI®-DEV (Development) and CMMI®-SVC (Services) models. In the year 2011-12, TCS had set a new benchmark as the first publicly stated recipient to achieve a Multiple Simultaneous Appraisal against two constellations of the CMMI® model; and is also the first organisation in the world to be appraised at Level 5 of the CMMI®-SVC model, which underscores the maturity of the firm's fast growing business process outsourcing (BPO) and infrastructure services business.

TCS is enterprise-wide certified against ISO 9001:2008 (Quality Management), ISO 27001:2005 (Security Management) and ISO 20000:2005 (Service Management). TCS also continues to maintain domain specific quality certifications AS 9100 (for Aerospace Industry), ISO 13485 (for Medical Devices) and TL 9000 (for Telecom Industry).

TCS is enterprise-wide certified against ISO 14001:2004 (Environmental Management) and OHSAS 18001:2007 (Occupational Health and Safety Management). These certifications demonstrate TCS' strong commitment to the environment and the occupational health and safety of its associates and business partners; and helps convey this to all its stakeholders, including customers.

In the area of Knowledge Management, TCS received the prestigious Most Admired Knowledge Enterprise (MAKE) award for the 7th time in India and Asia. TCS also received the global Independent Operating Unit (IOU) MAKE award for the 2nd time.

TCS launched 'Campus Commune', a social collaboration platform, to engage with potential and selected recruits from academic institutions. The network of students, faculty groups and TCS groups facilitate knowledge and experience sharing between academia and the Company. At the recently held World HRD Congress, Campus Commune was recognised as an innovative initiative in the talent recruitment and management area.

The cornerstone of these certifications is the in-house developed Integrated Quality Management System (iQMS) - a vibrant, process-driven, people-oriented and customer-focused quality management system. iQMS is continuously evolving to cater to the requirements of TCS' varied business offerings; and is the backbone supporting the Global Network Delivery Model (GNDM™).

9. Corporate Sustainability

The Company's initiatives in the community aim to create impact through empowerment so that the people in the community can make a better living and lead a better quality of life. The Company has chosen four areas to focus its energies on namely Education and Skill Development, Health, Environment and Affirmative Action.

Programmes undertaken under these four broad areas are aimed at economically backward and other marginalized groups (like women, children and aged) as well as those who are physically or socially disadvantaged.

The Company's community initiatives are delivered using four different approaches:

- (i) Leveraging the Company's core competencies in technology
- (ii) Creating conditions for employee participation through volunteering
- (iii) Building synergistic partnerships with clients and other partners like NGOs
- (iv) Financial sponsorships

In the Education and Skill Building area, the primary programmes are:

- (i) Computer-based Functional Literacy (CBFL) programme helps teach illiterate adults how to read and write. The literacy software was enhanced to support writing and numeracy in four additional local languages (Bengali, Oriya, Marathi, and Tamil). A total of nine languages are now covered under CBFL. TCS collaborated with Directorate of Adult Education under Saakshar Bharat Scheme to run camps in eight languages in India. More than 11,100 adults were made literate using the CBFL software.
- (ii) InSight, addressing school children to develop their communication skills and giving them an exposure to IT Industry.
- (iii) GoIT, addressing school children in Cincinnati, USA around the Company's campus and giving them exposure to the IT Industry and an opportunity to work on latest technology in the Company's research labs.
- (iv) mKrishi – Enhance farmer's knowledge about their crops and provide solutions to their problems over mobile phones.
- (v) Advanced Computer Training – The Company organises training for visually impaired candidates to improve their employability in IT/ITES industry. Two batches were completed during the year 2011-12.
- (vi) Skill Development – A special programme to develop skills of NGOs to help them manage their operations and finances better along with Yale University and one of the Company's large customers in the financial industry.
- (vii) TCS Research Scholar Scheme supporting students who wish to pursue PhD in India.
- (viii) Academic Collaboration by conducting faculty development programmes, workshops for students and establishing joint research labs in the Institutes.

In the area of Health, the primary programmes are:

- (i) Developing applications and Portals. During the year 2011-12, systems were developed and maintained, where necessary, for Lady Tata Memorial Trust in UK, Impact India, Smile Train, Childline, Mumbai Mobile Crèches, Cancer Institute (Chennai) and Tata Medical Centre.
- (ii) Creating awareness – HIV and AIDS awareness programmes were conducted by TCSers who have formed Club RED to drive this initiative. In addition, TCSers in USA participated in a number of Walks, sometimes for causes supported by the Company's customers to increase awareness of diabetes and cancer.
- (iii) Blood donation camps – These camps are organised regularly across the delivery centers in India and a similar drive was organised in Singapore in association with Red Cross.
- (iv) Today is a Good Day – A programme to increase awareness of cancer in UK.
- (v) WebHealth Center – Providing free medical consulting and advice over the web.

To promote wellness and raise money for local charities, TCS supports a number of sporting events, like Mumbai marathon, TCS World 10K race, TCS Amsterdam marathon as well as the New York City, Boston and Chicago marathons.

In the area of Environment, the primary programmes are:

- (i) Enhancing awareness – Organising different events to enhance awareness.
- (ii) Reduction of carbon footprint and waste within the organisation by following Reduce, Reuse and Recycle themes.

In the area of Affirmative Actions, the primary programme is as follows:

Enhancing Employability and Create Employment – The Company initiated a programme to train economically deprived and socially disadvantaged candidates for BPO jobs and absorb some of them based on the Company's requirements and their performance during training. The Company trained 7,828 economically weaker candidates during the year 2011-12, out of which 3,071 were socially disadvantaged candidates. Post completion of training, 1,018 offers were given, out of which 313 were socially disadvantaged candidates. During the year 2011-12, a total of 717 candidates offered (in the year 2011-12 and last quarter of the year 2010-11) joined TCS, out of which 326 are socially disadvantaged candidates.

10. Awards/Recognitions

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

India

- Outstanding Company of the Year 2012 - CNBC TV18
- Ranked #1 Employer in India – DataQuest
- Best Company to Work For - Business Today
- Ranked #1 in DataQuest Top 20 IT companies
- ICAI Award for Excellence in Financial Reporting
- IT Company of the Year - NDTV Business Leadership Awards
- Indian IT Company of the Year- Bloomberg-UTV CXO Awards 2011

Global

- 5th in Bloomberg Businessweek's Tech 100
- 7th in Newsweek's Global Green Rankings
- India's Best Managed Company - Finance Asia
- Forbes Asia's Fab 50 companies
- Gold SABRE, USA for Executive Leadership Communications
- Best Architecture Trophy 2011 for TCS campus at Siruseri, Chennai at International Property Awards

11. Corporate Governance Report and Management Discussion and Analysis Statement

Corporate Governance Report and Management Discussion and Analysis statement are attached to this Report.

12. Directors' Responsibility Statement

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 ("Act"), and based on the representations received from the operating management, the Directors hereby confirm that:

- (i) in the preparation of the Annual Accounts for the year 2011-12, the applicable Accounting Standards have been followed and there are no material departures;
- (ii) 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;
- (iii) 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;
- (iv) they have prepared the Annual Accounts on a going concern basis.

13. Subsidiary Companies and Consolidated Financial Statements

The Company had 54 subsidiaries at the beginning of the year. Four subsidiaries were set up during the year viz.:

- (i) Tata Consultancy Services Qatar S.S.C.
- (ii) Nippon TCS Solution Center Limited
- (iii) Tata Consultancy Services Osterreich GmbH
- (iv) Tata Consultancy Services Danmark ApS

The total number of subsidiaries as on March 31, 2012 is 58.

There has been no material change in the nature of the business of the subsidiaries. A statement containing brief financial details of the subsidiaries is included in the Annual Report.

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 statements have been prepared in accordance with the relevant accounting standards as prescribed under Section 211(3C) of the Act. These financial statements disclose the assets, liabilities, income, expenses and other details of the Company, its subsidiaries and associate companies.

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, 2012 is included in the Annual Report. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of the Company/its subsidiaries seeking such information at any point of time and are also 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, as above, at the head offices/registered offices of the respective subsidiary companies. The Company shall furnish a copy of the details of annual accounts of subsidiaries to any member on demand.

14. 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.

15. Directors

Mr. O. P. Bhatt and Mr. Cyrus Mistry have been appointed as Additional Directors on April 2, 2012. Mr. O. P. Bhatt is an Independent Director. As per the provisions of Section 260 of the Act, both the Directors hold office only up to the date of the forthcoming Annual General Meeting (AGM) of the Company and are eligible for appointment as Directors. The Company has received notices under Section 257 of the Act, in respect of the above persons, proposing their appointment as a Director of the Company. Resolutions seeking approval of the members for the appointment of Mr. O. P. Bhatt and Mr. Cyrus Mistry as Directors of the Company have been incorporated in the Notice of the forthcoming AGM along with brief details about them.

Prof. Clayton M. Christensen, Dr. Ron Sommer and Mr. S. Ramadorai, Directors, retire by rotation and being eligible have offered themselves for re-appointment.

Mrs. Laura M. Cha, a Director of the Company since November 2, 2006, who retires by rotation at the forthcoming AGM, has conveyed her decision not to offer herself for re-appointment. She is also the Chairperson of the Shareholders/Investors Grievance Committee. The Directors place on record their appreciation of the valuable contribution made by her.

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 up to the conclusion of the forthcoming AGM 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, is provided in annexure forming part of the 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. Acknowledgements

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

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 26, 2012

R. N. Tata
Chairman

Annexure to the Directors' Report

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

CONSERVATION OF ENERGY

The operations of the Company involve low energy consumption. Adequate measures have, however, been taken to conserve energy.

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

TCS conducts its R&D initiatives within the broad framework of innovation initiatives. TCS believes innovation can be broadly defined as an idea that makes a material difference to an organisation's current capabilities or creates a future capability. TCS organises its innovation initiatives into the following three categories:

- Derivative or sustaining innovation that continually provides improvements on current services and solutions
- Transformational improvement or platform innovation that facilitates a swift move to 'visible adjacencies' in terms of emerging technologies as well as markets
- Disruptive or breakthrough innovation that enables customers to access potentially game-changing or/and new market business models.

As part of its disruptive innovation initiatives, TCS is working with partners in diverse domains such as Participatory Sensing, Sensor Informatics, Ultrasound, Large Data Handling, Context-aware Multimodal Human Machine Interface (HMI), Privacy and Trust to create several breakthroughs in developing an intelligent infrastructure platform. This platform will sense data from multiple systems ranging from sensors to social networks, extract information as well as sentiment, analyse this data and help stakeholders make informed decisions. This will make transportation systems, public utilities, tourism, public safety and the community provide better services. TCS believes that this intelligent infrastructure platform will enable the Company's customers in different industries as well as city infrastructures to create new business models.

Health, pharma and related industries are increasingly reliant on software applications that crunch huge volume of data. TCS research invested in several tools that will aid these sectors and improve health. In the realm of Human Genome, TCS invested in tools for understanding genetic basis of disease and identification of genetic markers for disease, diagnostics and prognostics. In metagenomics, TCS worked on a software platform for analysis of metagenomes, identification of pathogens and design of probiotics. TCS is enabling bibliomes with Cloud based solutions for integration of structured and unstructured information.

As part of platform innovations (that enrich value in the near term), TCS enhanced its information fusion platform. Enterprises accumulate enormous amount of data and trigger creation of data outside the enterprise. Gathering and analysing data from diverse sources and formats, understanding patterns from the distributed data and providing actionable insights in a predictive way is a challenge for any business. TCS Enterprise Information Platform promises to do this for customers. TCS also continues to invest in developing transactional platforms that could radically change the overall cost structures and business delivery models in target industries. Currently, TCS is investing in such platforms across industry verticals like BFSI and Telecom. TCS is also developing a suite of platform products that are targeted at changing the technology delivery model for small and medium enterprises.

TCS expanded its green energy research. Apart from augmenting the building monitoring systems and green datacenter tool, the Company has worked on renewable energy integration. TCS tools can now enable customers choose the ideal power purchase plan from various energy sources, power suppliers to make more accurate predictions of wind and solar outputs and also know how to size hybrid power plants optimally. Smart water research is looking at improving legacy water systems and enabling arsenic removal at low cost.

The Company's social media research teams worked on creating a comprehensive brand awareness tool. They also cracked problems in enabling the workforce in global organisations to bring their own devices (such as smart phones and tablets) to work without compromising on organisational security.

TCS R&D also invested in derivative innovation (research that improves current offerings). TCS tools that improve productivity and quality in the software lifecycle are now categorised into platforms that align with the Company's service lines. These tools offer an integrated framework for end-to-end solutions for a given service line. Several risk, compliance, privacy and security solutions are being piloted. Other derivative innovation initiatives include systematically converting the domain knowledge garnered through the Company's extensive experience in select industries, into packaged software products and solutions. TCS has been very successful in this strategy in the BFSI space, where the BuNCS suite of products has been rated as among the best in the field by leading industry analysts globally. TCS is also investing in creating similar intellectual property in other key vertical industries like Retail.

TCS Co-innovation Network (COIN™) has scanned the emerging technology landscape and funneled in new ideas that can be taken to customers; some new offerings have been accepted by the customers. The research scholarship programme introduced last year to support PhDs who are working in the Company's areas of interest, continued to gain momentum and are currently supporting more than 80 PhDs from over 25 institutions.

TCS R&D also spent time and effort in the "invention" aspect with good results. Over 600 research papers were published in peer reviewed journals or were presented in national or international academic conferences by the Company's researchers.

TCS increased its Intellectual Property Rights (IPR) significantly. 460 patents were filed in several countries in the year 2011-12. Until now, cumulatively, TCS has filed 855 patent applications of which 72 have been granted. In the year 2011-12, 4 patents have been granted.

Benefits derived

R&D organisations in TCS continue to engage actively with customers across all geographies and businesses, to identify potential opportunities to apply TCS Intellectual Property and capability to enhance and deepen the relationships. About 90 "Innovation Days" were held, where senior customer executives and scientists met TCS researchers towards solving specific problems. TCS Innovation Forum held in Silicon Valley, drew a good response from academia, partners and customers.

The intellectual assets created by the R&D organisations are deployed and monetised in different business units and internal functions, resulting in substantial savings on license costs. Over 850 person-years of productivity savings were measured in different engagements.

TCS R&D has received several national and international awards, for example, the Infoworld Green15 Award, Information Week 500 Award, IEI Industry Excellence Award and Business World ICT Infocom Award. Internally, the Company has rewarded distinguished scientists, patent owners, and authors of papers. To nurture the culture of innovation, TCS R&D has built platforms for ideas and interaction among new recruits and campus hires.

Future plan of action

In the coming years, the R&D organisations will invest in several softwares, systems and application research projects. Supply chain frameworks, Integrated Computational Materials Engineering and Human Centered Systems are some examples. TCS is also integrating various enterprise applications on new age devices, to keep TCSers' work environment vibrant and agile.

Expenditure on R&D

R&D centers have been set up at various locations all over the world. Out of these, the R&D centers at Pune, Chennai, Bengaluru, Delhi- NCR, Hyderabad, Kolkata and Mumbai have been recognised by the Department of Scientific & Industrial Research (DSIR).

In addition to the 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.

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

(₹ crores)

	Expenditure on R & D and Innovation - TCS (unconsolidated)	Year ended 31.3.2012	Year ended 31.3.2011
(a)	Capital	1.82	1.41
(b)	Recurring	127.16	97.20
(c)	Total R&D expenditure	128.98	98.61
(d)	Innovation center expenditure	198.44	134.81
(e)	Total R&D and innovation expenditure	327.42	233.42
(f)	R&D and innovation expenditure as a percentage of total turnover	0.84%	0.80%

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

(₹ crores)

	Expenditure on R & D and Innovation - TCS (consolidated)	Year ended 31.3.2012	Year ended 31.3.2011
(a)	Capital	2.43	1.56
(b)	Recurring	141.88	106.13
(c)	Total R&D expenditure	144.31	107.69
(d)	Other Innovation expenditure	260.75	174.09
(e)	Total R&D and Innovation expenditure	405.06	281.78
(f)	R&D and Innovation expenditure as percentage of total turnover	0.83%	0.75%

Foreign exchange earnings and outgo

(₹ crores)

		Year ended 31.3.2012	Year ended 31.3.2011
(a)	Foreign exchange earnings	38,098.86	26,665.83
(b)	CIF Value of imports	235.69	375.87
(c)	Expenditure in foreign currency	12,263.02	8,890.64

On behalf of the Board of Directors,

Mumbai
May 26, 2012

R. N. Tata
Chairman

Management Discussion and Analysis

1. INDUSTRY OVERVIEW

The world wide spending towards information technology (IT) related products and services has crossed USD 1.7 trillion in 2011, a growth of 5.4% over 2010. Software, IT and BPO services, which were 63% of the total spending, grew at 4% over 2010.

Global IT services spending have increased from USD 586 billion in 2010 to USD 605 billion in 2011. BPO services spending have increased from USD 147 billion in 2010 to USD 153 billion in 2011. The geographic revenue break-up for IT and BPO services in 2011 was 46.5% (43.0% in 2010) for North America, 34.1% in 2011 (39.7% in 2010) for Europe, Middle East and Africa and 19.4% in 2011 (17.3% in 2010) for Asia Pacific.

Looking forward, the global IT services spending is expected to grow at a CAGR¹ of 4.5% over 2011-2013 while the global BPO services spending is expected to grow at CAGR of 5.3% during the same period.

During 2011, global IT offshoring accounted for 61% of the total global sourcing market while BPO offshoring accounted for 39%. Trends in global sourcing continued to remain positive, showing higher growth than the global spending. In 2011 global sourcing grew by 12% over 2010 (2010 growth over 2009 was 10.4%). The IT outsourcing market is expected to show a 3-year CAGR of 8% over 2011-2013, while BPO offshoring is expected to grow at CAGR of 7% over the same period².

The large size of the addressable global market and its steady expansion when viewed with the relatively low current level of penetration suggests significant headroom for future growth. The Company has positioned itself well for this anticipated growth in business with an appropriate structure, strategy and capabilities.

2. BUSINESS

2.1 Overview

TCS is an Information Technology (IT) services, consulting and business solutions company that delivers measurable results to global enterprises. The Company's full services portfolio consists of Application Development and Maintenance, Business Intelligence, Enterprise Solutions, Assurance Services, Engineering and Industrial Services, IT Infrastructure Services, Business Process Outsourcing, Consulting and Asset Leveraged Solutions. In addition, the Company has launched several new service offerings around Mobility, Social Computing, Big Data and Cloud.

The Company has built strong domain capabilities in a range of industry verticals, positioning itself as a strategic partner capable of reliably delivering innovative

technology-led solutions to business problems. Key industry verticals serviced by the Company are Banking, Financial Services and Insurance, Retail and Consumer Packaged Goods, Telecom, Media and Entertainment, Hi-Tech, Manufacturing, Life Sciences and Healthcare, Energy, Resources and Utilities, and Travel, Transportation and Hospitality.

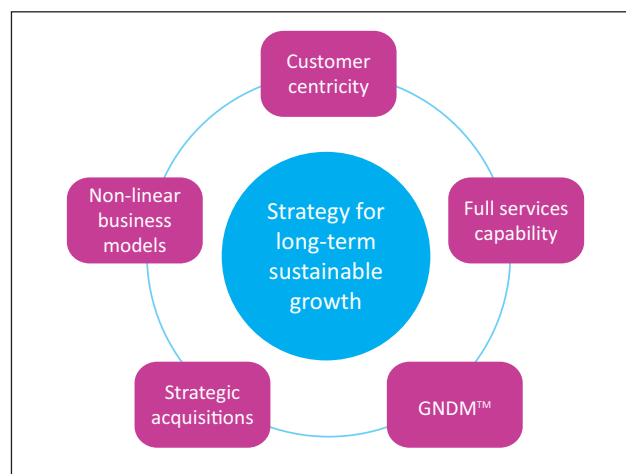
The Company has also been steadily expanding its geographic footprint. In addition to the traditional markets for its services – namely, North America, United Kingdom and Continental Europe, the Company has been expanding its presence in emerging markets like Asia-Pacific, India, Latin America and Middle East & Africa.

In North America, the Company has strengthened its local presence by investing and recruiting talent in local centers such as Cincinnati, OH, Midland, MI and Troy, MI. TCS also opened a state-of-art office facility in Santa Clara, CA, which will serve as customer collaboration center and headquarter for mobility solutions unit and other upcoming technologies.

As at March 31, 2012, TCS had 183 offices in 43 countries and 117 delivery centers in 21 countries.

2.2 Strategy

The Company's strategy to support longer term growth is to continually extend the core IT services business by expanding its geographic reach, industry coverage and service capabilities and by deepening existing client relationships, building or acquiring emerging businesses and adopting or creating new business models and business solutions. Key elements of the Company's strategy for longer term growth are summarised in the chart below.



¹Compound Annual Growth Rate

² Source: NASSCOM Strategic Review 2012

2.2.1 Customer centricity

Building and maintaining deep customer relationship is the key to the Company's mission to be a trusted business partner to global enterprises. The Company's industry-segmented, customer-centric organisation is an important enabler to achieve such mission. By building business units around groups of key clients in each industry vertical and giving end-to-end sales and delivery responsibility to the business head, TCS has ensured high levels of accountability, superior customer service and intimacy. The success of the strategy is visible from the movement of customers to higher revenue buckets as shown in the table below.

Last twelve months revenue buckets	Number of clients		
	Fiscal 2012	Fiscal 2011	Fiscal 2010
\$ 1 million +	522	458	409
\$ 5 million +	245	208	183
\$ 10 million +	170	143	118
\$ 20 million +	99	81	63
\$ 50 million +	43	27	23
\$ 100 million +	14	8	7

2.2.2 Full services capability

The Company's continued investments in building full services capability has resulted in a comprehensive, integrated portfolio of services that captures the entire value-chain of IT, from consulting to products and from implementation to support, presenting a compelling value proposition for global enterprises. The strategy is finding strong resonance with clients looking to work with fewer vendors, who can offer transformative capabilities, global delivery footprint and time-to-market advantages in addition to optimisation. These end-to-end capabilities have made TCS a one-stop shop for many key clients, significantly deepening the relationship and boosting its share of wallet.

2.2.3 Global Network Delivery Model (GNDM™)

The Global Network Delivery Model (GNDM™) of TCS is an industry benchmark that allows the Company to seamlessly and uniformly deliver services to global customers from multiple global locations in India, China, Europe, North America and Latin America. The GNDM™ enables teams located in different delivery centers across the world to collaborate on projects and leverage all of the Company's assets while subscribing to 'One Global Service Standard'. With most of the large global clients expanding their focus beyond their home markets, the scale and depth of the Company's GNDM™ offering makes it the preferred strategic partner in all those global expansion initiatives.

2.2.4 Strategic acquisitions

The Company primarily focuses on organic growth. However, the Company is also open to selective strategic acquisitions in order to penetrate select markets, strengthen verticals as well as enhance offerings. The strategic acquisitions over the years have been successfully integrated and have provided value enhancement.

2.2.5 Non-linear growth

In order to strengthen future sustainability of the business model, the Company has been pursuing non-linear growth opportunities, which would bring in revenue growth without commensurate growth in headcount. Non-linearity in the current IT and IT enabled services businesses come from productivity-enhancing tools, frameworks, solution accelerators and managed services engagements.

The Company is pursuing three strategic initiatives to drive non-linear growth, namely, (1) Software Products (Asset Leveraged Solutions) (2) Platform based BPO services (Process Clouds) and (3) iON – an IT-as-a-service solution for small and medium business.

2.2.5.1 TCS financial solutions

TCS financial solutions is a strategic business unit that enhances the competitive capabilities of banking, financial services and insurance firms in over 80 countries, using the Company's best-in-class portfolio of business application solutions marketed under the brand of TCS BaNCS.

TCS BaNCS product set is a component repository consisting of over 30 business components covering businesses such as core banking, insurance, payments, corporate actions, securities and treasury. Each of these components enjoy marquee client-base and recognition as leader in respective space by industry analysts.

TCS financial solutions increased its substantive customer base by adding 39 new clients during fiscal 2012. In addition, 14 clients went "live" on TCS BaNCS solutions during fiscal 2012.

2.2.5.2 Platform based BPO

Platform based business process outsourcing or process cloud represents a new business model wherein TCS manages and executes customers' business processes using its own, centrally hosted technology platform. This involves combining intellectual property, infrastructure and BPO services into a bundled service offering that enables end-to-end execution of business processes.

The strategic driver behind this offering is to address a customer's increasing need for greater efficiency, superior business performance and single point of accountability in the execution of business processes. High interest in

cloud adoption, need for transformation of long-ignored core back-office functions and inherent need for analytics are the growth drivers leading TCS to believe that the environment is conducive for further growth. The model eliminates the need for the client to invest in on-premise IT infrastructure, software licenses and maintenance staff. Multi-tenancy of the platforms implies sharing of infrastructure and staff, which significantly reduces the per-transaction cost of technology.

The Company's platform based offerings are in the areas of (1) life insurance and pensions policy and administration, (2) analytics, (3) finance and accounts, (4) human resources outsourcing and (5) procurement. In addition, niche offerings in the areas of warranty analytics and collection/ sourcing were rolled out in fiscal 2012.

2.2.5.3 iON

iON, the TCS cloud-based comprehensive business automation platform for small and medium businesses (SMB), launched in February 2011, gained momentum in fiscal 2012. iON uses the very latest in scalable cloud-computing technology to deliver a shared, centrally-hosted, TCS-built world-class business automation suite to SMBs, eliminating the need for them to invest in any IT assets or employ IT staff. Clients pay a monthly rental for the software, as per usage, instead of the traditional one-time license.

The suite includes Human Resource Management, Customer Relationship Management, Payroll, Finance Management and niche industry-specific solutions in the manufacturing, education, retail, and healthcare verticals. These solutions are equipped with smart technologies like multi-channel interaction (mobile), smartcards, and social computing.

iON is now marketed through an augmented channel partner network of 109 cloud service providers. Penetration of channel partners into tier two cities has been a significant development during fiscal 2012. As on March 31, 2012, iON had 256 mid-market customers. Some of the well known brands in India run their daily operations on iON.

iON has filed 7 patents in the area of framework-based software development, public assessment technologies and cloud based multi-tenant systems; these technologies are at core of iON.

3. BRAND BUILDING

The Company continued its global marketing initiatives to promote the TCS brand, and the brand promise of 'experience certainty' to its clients. TCS participated in leading industry and business events around the world and held key customer summits world-wide, reaffirming its commitment to delivering a complete brand and organisational experience.

Apart from regular channels, TCS continues to invest in building the brand in the digital space using premium business and technology channels through focused branded properties and sponsorships. These include events and activities in sports such as Formula One motor sport, cricket, marathons and distance running events.

TCS continued to articulate the brand promise internally, using various channels and internal marketing assets and leveraged them to activate the brand amongst employees as well as other important stake holders.

4. TECHNOLOGY AND INNOVATION

TCS continues to invest in futuristic areas related to healthcare and life sciences, materials science, computer science and electrical / electronic engineering, in the TCS innovation labs as well as alliances enabled by the Company's Co-Innovation Network (COIN™).

The Company's R&D continued to make a difference to its customers and society. Whilst improving quality and efficiency of current offerings, the Company's customer focused technology initiatives have helped its customers prepare for future challenges. Several of the R&D outcomes have now moved into the mainstream business in the form of assets, solutions, frameworks, tools and products.

The TCS tools strategy now includes a platform-based approach that takes care of end-to-end execution of projects. R&D solutions from TCS help its customers improve operational efficiency, manage risk, work with smart frameworks, simplify complex IT infrastructure, collaborate better with their customers, and provide valuable insights for them to make well-informed decisions on their customers and products. Some of these tools can help multiple functions of an organisation, such as the core business process units, customer facing units, HR, managing physical infrastructure etc. TCS tools have seen greater implementation in all phases of the software lifecycle, ensuring efficient delivery and cost savings for the customer.

R&D initiatives in cloud computing and sustainability solutions have helped clients reduce capital expenditure and carbon footprint. R&D has enabled customers and the Company's internal operations to manage energy in data centers and facilities. There are several other initiatives that focus on outcome for societal and environmental value, like the award winning mKrishi platform which has turned out to be a boon for farmers.

The research scholar programme in India has established critical mass, with over 80 PhD scholars enrolled from more than 26 institutions across the country. TCS supports research and development in colleges and universities in the US through major charitable contributions. It includes Massachusetts Institute of Technology, University of

California Berkeley, Stanford University and University of Wisconsin, Milwaukee. The Co-innovation Network (COIN™) continued to scan the emerging technology landscape for promising new technology solutions that address customers' business problems; some of these have now been implemented.

4.1 Intellectual property (IP)

The Company's IP strategy seeks to build an effective portfolio of intellectual property assets for future monetisation, collaboration and risk mitigation.

In fiscal 2012, a model-based approach for IP management, invention valuation and collaborative mining of invention was developed and deployed across the Company. A centralised IP asset registry has also been set up to govern IP asset usage and value realisation. The reuse programme and corporate IPR cell have been integrated into corporate IPR group to facilitate and drive IP creation, valuation and utilisation. The first module for integrated IP management system has been released to administer the patent filing process.

The corporate IPR cell facilitated IP learning programme and invention mining workshops across the organisation that resulted in doubling the patent filing during fiscal 2012. The total number of patents granted as at March 31, 2012 was 72 (68 as at March 31, 2011). TCS had 855 patents filed in multiple jurisdictions as at March 31, 2012 (448 as at March 31, 2011).

4.2 Innovation in service offerings

The Company's continued investments in technology, process maturity and deep domain expertise have resulted in superior outcome for clients, which is recognised by the industry as benchmark in delivery excellence. While routinely winning awards from clients and alliance partners, the Company has been recognised by respected industry analysts as a leader in its existing service offerings such as application development and maintenance, enterprise solutions, IT infrastructure services, engineering and industrial services and asset leveraged solutions.

The Company continuously engages in customer-focused innovation and launches new offerings that use technology to address its clients' business problems. Some of the Company's newer service offerings are highlighted in this section.

4.2.1 New software products

The Company's current product portfolio largely consists of the highly successful TCS BaNCS suite covering the financial services value chain. The Company is now seeking to replicate that success in other industry verticals. Emerging offerings in this area, each with active clients, are described below:

Telecom : Our cloud-based Business Support System (BSS) platform for communication service providers bundles TCS' own BSS application, back-end infrastructure and services to address challenges like time to market, a convergent stack across various lines of business, predictable and utility based pricing etc. This BSS-as-a-service offering delivers pre-modeled, industry standard, business processes, end-to-end operations and support based on committed business service level agreements (SLAs) and "build-as-you-grow" and "pay-as-you-use" operating expenditure models.

Retail : TCS Rewardz™ is a cross-channel rewards management solution, which helps retailers achieve deep personalisation and ability to reward customers across all channels, for purchase as well as non-purchase transactions. TCS Rewardz™ comes along with a corporate instance, customer portal and a mobile loyalty application for customers.

TCS Nolyne™ is a service oriented architecture (SOA) enabled, platform and hardware-independent point of sale (POS) system which delivers to retailers the flexibility and agility needed to manage cross-channel transactions and enables seamless customer engagement. TCS Nolyne™ includes a cloud-enabled mobile POS solution and comprehensive store back office solution.

Hi-Tech : TCS has pioneered the development of an all encompassing integrated application for the legal industry called Legal Management System (LMS). LMS delivers tangible benefits to law firms and legal support services organisations across the world. The latest release of LMS places TCS in a strong position to achieve the challenging goals of law firms and address the issues relating to compliance with emerging regulations.

4.2.2 Eco-sustainability services

Eco-sustainability is becoming a mainstream metric for businesses, driven by resource cost and scarcity, competitive pressures, regulations and investors. Boards and CEOs are recognising the need and are integrating eco-sustainability into their business strategies to address growth and innovation, profitability, and risk to brand and reputation.

The eco-sustainability services unit has been set up by TCS to leverage opportunities that are arising. The engagements of the Company have been focused in the following areas encompassing sustainability consulting and IT systems leverage for driving the agenda:

- Strategy and risk – compliance management, reporting and disclosures
- Operations – sustainability performance management, energy management, green IT and data center, compliance management, renewable energy strategy, water and waste management

- Products - life cycle assessments, green engineering
- Supply chain - supplier sustainability, low carbon logistics

4.2.3 Mobility solutions

The Company's mobility solutions unit strives to transform enterprise business processes and customer service by leveraging mobile applications deployed on tablets and smart phones. This unit leverages three key trends in the industry: (1) tablets liberating information technology from the desktop (2) smartphones transforming customer service into anytime, anywhere contextual interactions and (3) tablets becoming the latest vehicle for attracting and retaining the most profitable customer segments. The Company offers application development and testing services as well as pre-built intellectual property in a licensed as well as fully-hosted business models.

The Company acquired large number of customers for its mobility solutions offerings across USA, Canada, UK, France, Denmark, Netherlands, Saudi Arabia, Qatar, Japan, Australia and Singapore. All the major industry segments were represented in the services revenue growth of this unit, with the BFS vertical contributing the most. Some of the mobile applications developed for our customers have been ranked best in their class in popular ratings.

The mobility solutions unit has also developed several intellectual property assets consisting of (a) foundational platforms that help deploy mobility in enterprises (b) horizontal solutions that are applicable to any enterprise across industry vertical and (c) industry-specific vertical solutions applicable to particular industries. These assets, launched in fiscal 2012 are already seeing significant traction around the world with several deployments. The Company has also filed patent applications for several new-to-the-world innovations embedded in these assets.

4.2.4 Social computing solutions

The social computing solution offerings include a suite of cloud-based platforms, solutions and services around social media aimed at (1) driving engagement and superior customer experience (2) creating value for customer while generating new revenue and (3) improving customer contact strategy through reduced cost and greater reach.

These offerings include: (1) insight solutions - analysis of social voice covering brand mentions, conversations and feedback (2) customer intimacy solutions - digital solutions to reach and engage customer base through social media (3) collaborative solutions - digital solutions that facilitate dialogue and collaboration within the organisation and between organisation and its customers and (4) enterprise integration - embedded insights from social media.

4.2.5 Big Data solutions

NextGen solutions of TCS is a dedicated horizontal delivery unit set up in fiscal 2012 to help customers utilise the burgeoning volume, variety and velocity of data (Big Data) and create value for all stakeholders. The Company has established alliances with leading technology providers and has invested in building a highly skilled team and state of the art Big Data infrastructure.

TCS is working on creating niche analytical business solutions using Big Data, for customer specific problems that are not solved easily using traditional architectures. In addition, the Company is looking to leverage its deep domain expertise across different verticals, analytics and visualisation capabilities to build intellectual property that addresses specific business problems using Big Data.

5. HUMAN RESOURCES STRATEGY

The Company's innovative human resources management strategies supported its business growth in a challenging environment. The strategic initiative to recruit, integrate and retain a diverse workforce in the "One TCS" culture and build a competency-driven organisation has helped it retain its leadership position. The focus has been to create an environment where performance is rewarded, individuals are respected and associates get opportunities to realise their potential.

As at March 31, 2012, the total employee strength was 238,583. The workforce was drawn from 110 nationalities, spread across 55 countries. Women comprised 31.6% of the workforce while members of Gen-Y comprised 69%. Key achievements during the year were

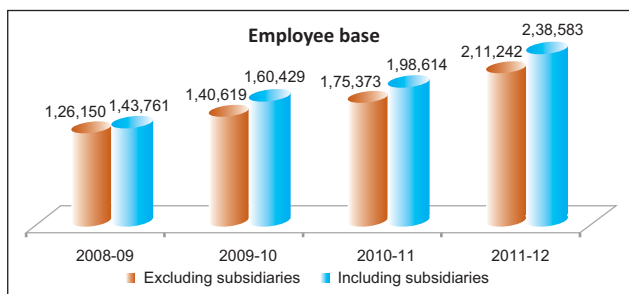
- recruitment of 70,400 employees across the world
- on-boarding of 32,263 fresh hires from various campuses
- achieving a best-in-class retention rate
- maintaining uniformly high utilisation rate through the year

5.1 Talent acquisition

TCS consolidated headcount fiscal 2012 summary

	India	Overseas	Total
Opening headcount (As of April 1, 2011)	1,84,603	14,011	1,98,614
Gross additions	61,055	9,345	70,400
Attrition	24,823	5,608	30,431
Net additions	36,232	3,737	39,969
Closing headcount (As of March 31, 2012)	2,20,835	17,748	2,38,583

The number of non-Indian nationals was 17,329 as at March 31, 2012, up from 13,665 as at March 31, 2011.



The total gross addition of 70,400 employees as well as net addition of 39,969 during fiscal 2012 has been the highest ever. The gross addition includes 1,898 people in-sourced from customer organisations globally. The breakup of the gross addition is 61,055 in India and 9,345 outside India.

TCS visited 389 campuses in India and made 43,604 offers to engineering trainees and 424 offers to management trainees from the top engineering and management institutes in India. TCS continues to remain the employer of choice at the engineering campuses with 99.7% day one slots as against 99.4% in the previous year.

A social engagement platform, Campus Commune, has been rolled out for various academic interest groups including students, teachers and TCS experts to connect, communicate and collaborate. This platform will also help TCS to enhance its engagement with the students who have been given offers to join the Company.

The Company continued its efforts to recruit from colleges outside India especially in USA, Canada, China, Uruguay and Hungary. TCS recruited (1) engineering graduates from 27 universities in USA and 3 universities in Canada and (2) management graduates from the top five business schools in USA.

5.2 Academic interface programme

The Company continues to invest in talent development through a well-established academic interface programme, providing internships, organising faculty development programmes, conducting student workshops to orient them to the IT industry and sponsoring technical and research programmes in various institutes.

A total of 673 institutes in India and 184 institutes overseas were involved in the Company's industry - academia collaboration network. These institutes as well as the Company have benefitted in the process. This initiative helps in developing skills which make the students better professionals and relevant for the IT Industry. The Company supports 82 research scholars pursuing their PhD in 26 institutes across India, through research scholarship programme.

5.3 Learning and development

The Company continued to invest in updating and upgrading employee skills through channels such as classroom-based training, technology-enabled learning, external certifications, on-the-job-training and sponsorship for higher education.

A total of 9,972 person years of effort was invested in fiscal 2012 on various learning and development programmes, including initial learning programme (ILP) that 32,263 trainees went through. The ILP course material was revamped in fiscal 2012 in order to (1) cover emerging technologies, (2) provide greater emphasis to hands-on training, with assignments reflecting real-life business problems. The Company deployed the ILP globally, which now covers South Africa, Japan, China, Canada and the United States.

We continued to invest in continuous learning programmes for enhancing the competencies of associates in technology, domain and processes to address business demand, improve workforce productivity and enhance human capital value. During fiscal 2012, employees completed 37,297 certifications.

5.4 Talent management, leadership development and talent retention

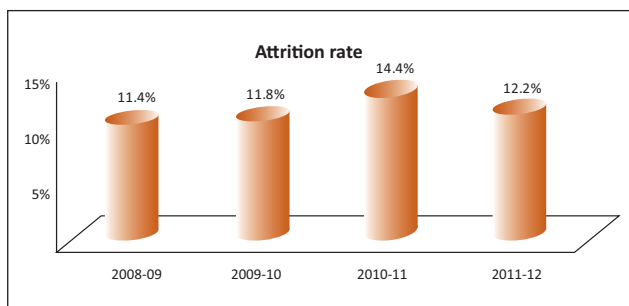
The Company has been successful in building a performance driven culture through a systematic performance appraisal process influencing total compensation. Annual benchmark compensation surveys in the countries where we are present, are used to align our compensation and benefits with market norms. A number of rewards and recognition mechanisms have been institutionalised in the organisation to recognise contribution of employees on projects or other key initiatives.

Leadership development programmes (LDP) conducted at the leadership institute at Trivandrum training center help associates to identify, assess, educate and provide opportunities for experiential learning to the leadership talent pool. For middle management and senior leaders, the Company uses the programmes offered by reputed management institutes in India and abroad in addition to internal workshops and programmes. LDPs were scaled up for increased reach in India and overseas. The forward-executive education, a unique programme for women managers was launched in fiscal 2012 to encourage greater participation of women in senior leadership roles.

Continuous employee engagement through town halls, one-on-one meetings, regular communication and other modes helped the Company foster an open and transparent culture. Towards furthering a healthy work-life balance, the Company also organised fun events, sports, cultural activities and volunteering for social causes. Employees are encouraged to involve their families in these activities.

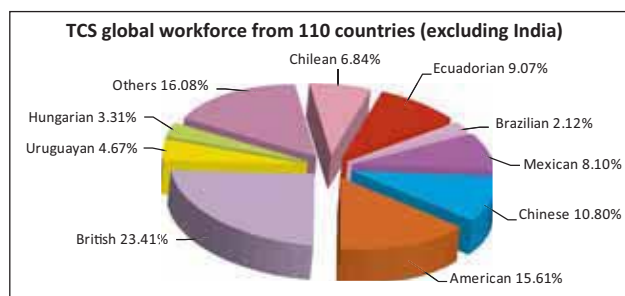
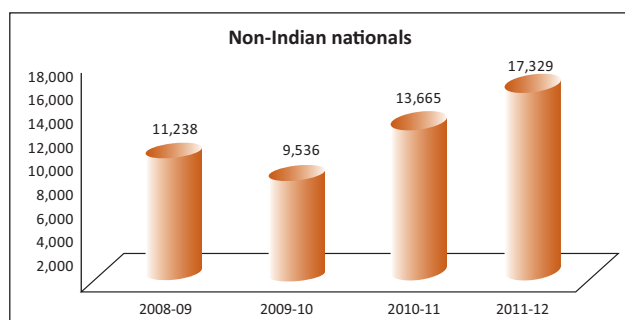
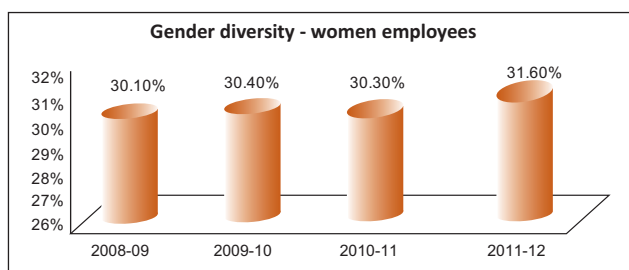
Employee well-being remained a priority and the Company continued its investments in various initiatives starting from comprehensive health insurance for its employees, providing gymnasiums, organising sports and enhancing employee awareness of typical health issues associated with the industry. The serenity programme has been enhanced and 'Employee Assistance' programme was launched during fiscal 2012 aimed at providing employees confidential counseling services, available 24X7, which would help them cope more effectively with stress.

All these employee engagement initiatives and HR interventions have helped improve talent retention. We remain the industry benchmark for talent retention. The Company's attrition rate including BPO has come down to 12.2% in fiscal 2012, as compared to 14.4% in fiscal 2011. The annual employee satisfaction survey showed an increase in employee engagement score.



5.5 Talent diversity

The Company's talent acquisition plan includes an optimal mix of fresh and experienced hires with diverse educational, cultural and national backgrounds. The diversity broadens the talent pool available to the Company and at the same time, enriches the quality of workforce coming from different cultures with different outlook, conducive for innovation and improved productivity. Efforts were also made to integrate differently abled individuals into the workforce. The Company's workforce comprises 110 nationalities and average age of an employee is 28 years.



5.6 Compliance

The compliance cell within HR continues to track the changes in immigration, employment and labour laws in the countries where we are present. HR compliance is approached from both reactive and proactive standpoints. Reactive compliance efforts focus on preventing, limiting or mitigating the risks and liabilities.

Proactive compliance initiatives are considering measures such as changes in policies and procedures as well as changes in the legal environment for mitigating future risks, and enhancing the compliance awareness of our managers globally.

6. RISKS

The Company has put in place an Enterprise-wide Risk Management (ERM) programme based on the Committee of Sponsoring Organisations of the Treadway Commission (COSO) framework. Reports are placed before the Board of Directors at regular intervals.

The risk management process is continuously improved and adapted to the changing global risk scenario. The agility of the risk management process is monitored and reviewed for appropriateness with the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven as well as quarterly basis.

The risk categories covered under the ERM programme includes strategic, operational and financial as well as compliance-related risks across various levels of the organisation. This includes risk assessment and mitigation at the company level, business / functional unit level, relationship level and project level.

Some of the key strategic risks the Company faces, their impact and corresponding risk mitigation actions undertaken by the Company are discussed in the table:

Key risks	Impact on TCS	Mitigation
Uncertainties in global economy	Slowdown in the global economic environment and corporate IT spending budget could impact the Company's business. For example, a sovereign default in Europe could have a cascading effect on the global economy. The resultant dislocation could lead to demand compression, pricing pressure and/or increased credit risk.	• Diversification across geographies with focus on emerging markets • Diversification of product and services offerings • Building greater client intimacy by optimising operating metrics to lower costs • Broad-basing the number of key clients by gradually moving clients up the revenue bands, so that concentration risks are reduced
Protectionism in major markets	TCS is a global company with presence in more than 40 countries. Its business and operations could be impacted by local regulatory, economic and political conditions. Restrictive legislations that impede the free flow of talent in key markets could disrupt operations and hamper growth in those markets.	• Leveraging the GNDM™ • Advance planning for visas • Increased local recruitment • Working through industry bodies to articulate the Company's point of view to legislators and the public
Commoditisation of offerings / value proposition	The competitors may develop similar offerings leading to dilution of the Company's current competitive positioning in the marketplace. Greater competition could result in pricing pressure and may hurt Company's profitability.	• Broadening the Company's service offerings to become an integrated full services partner to clients • Greater focus on larger, more complex deals that play to the Company's strengths in programme management and domain expertise • Building greater brand awareness with the Company's Experience Certainty 2.0 theme • Additional investment in building intellectual property, in newer business models and in tools that improve productivity
Business model redundancy	Newer business models like cloud computing and other pay-for-use models which change the manner of consumption of IT services could result in demand compression/pricing pressure on the existing T&M and Turnkey jobs.	• Continually scanning the environment and polling clients to detect emerging trends early enough • Investing in building new IPR • Investing in emerging business models that leverage cloud computing to deliver software on a pay-per-use basis
Supply-side risks	Talented employees with knowledge and skill are the key to the success of the Company. The Company could be impacted by the loss of such critical talent. Any difficulty in attracting sufficient numbers of software engineers, or deterioration in their quality, can impact the Company's ability to deliver.	• Broadening the catchment area and recruiting science graduates to expand the available pool of fresh recruits • Investing in improving the quality of graduates while strengthening our brand image on campuses and getting us the coveted 'Day One' placement slot during recruitment season • Mature HR processes, competitive remuneration, growth opportunities and an empowering, engaging workplace to ensure high employee satisfaction and retention. • Scale up the Company's delivery footprint in other geographies with large talent pools
Integration risks in M&A	Post acquisition, the Company faces the challenges associated with cultural, financial and technology integration. This could result in failure to reach the strategic objective for the acquisition and the resultant synergy expected.	• Well-laid out integration plan and close monitoring of the same. Close review of performance of acquired units and taking timely action as required
Financial risks	Payment delays or defaults, rupee appreciation, wage inflation and other cost escalations could reduce the Company's earnings.	• Robust accounts receivable management • Decentralised, institutionalised framework to control expenses • Focus on improving productivity and leveraging the employee pyramid • Currency hedging and quarterly review of hedging strategies by the Risk Management Board

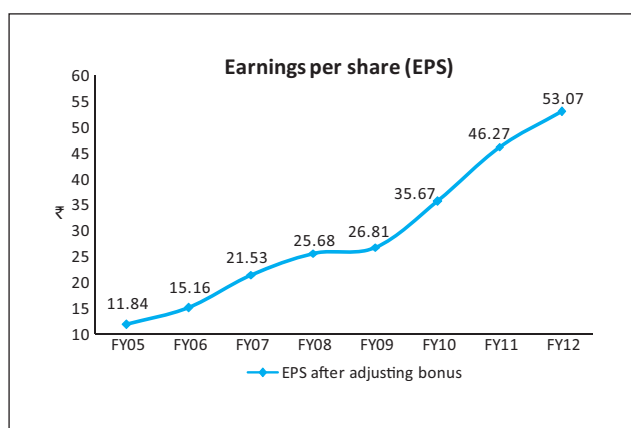
VALUE CREATION SINCE FISCAL 2005

Over the years, TCS has grown consistently across geographies leveraging its large portfolio of industry verticals and service practices. As for the customers, the Company's ability to innovate customer specific solutions, disciplined execution of complex projects and customer centricity has turned TCS into a trusted business partner.

In its journey towards technical and professional excellence, TCS has not only added value to customers' businesses, but created significant wealth for its shareholders and other stake holders. The wealth so created has been judiciously allocated and shared with the stake holders. The data for the Company's performance over the last eight years at consolidated level given below bring out the success of the endeavor.

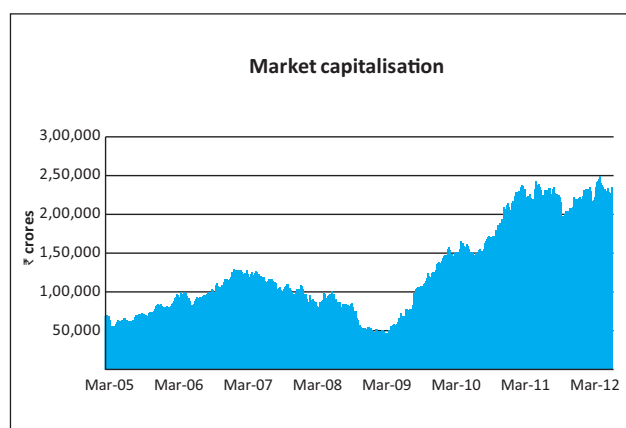
VALUE CREATION Earnings per share

Earnings per share (EPS), after adjusting for two 1:1 bonus issues, went up from ₹ 11.84 in fiscal 2005 to ₹ 53.07, in fiscal 2012 - 4.5 times in eight years.



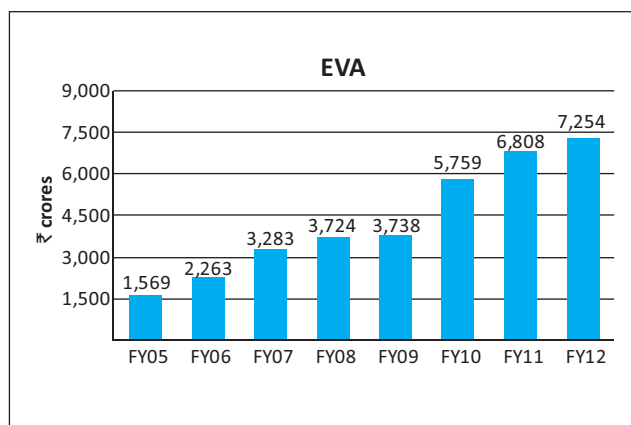
Market capitalisation

Market capitalisation crossed ₹ 2,29,000 crores on March 31, 2012. Compared to the listing price, capital appreciation of a share, post two 1:1 bonus issues is more than 5 times.



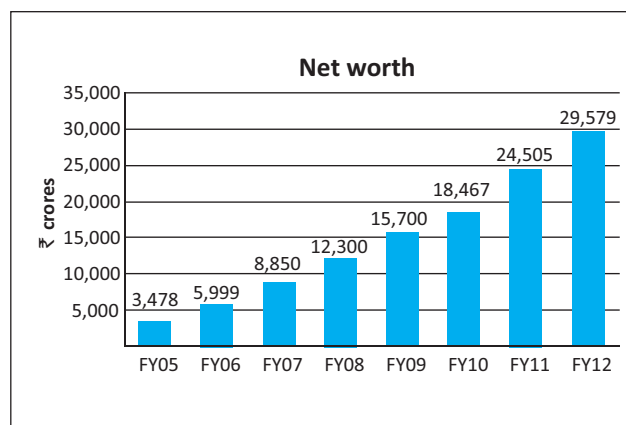
Economic value addition (EVA)

EVA per annum in the last eight years has registered steady increase - more than 4.5 times in eight years.



Increase in net worth

The net worth of the Company has increased 8.5 times in the last eight years.

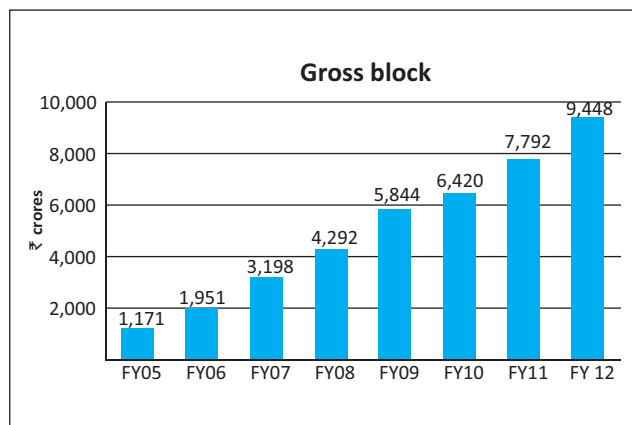


TATA CONSULTANCY SERVICES LIMITED

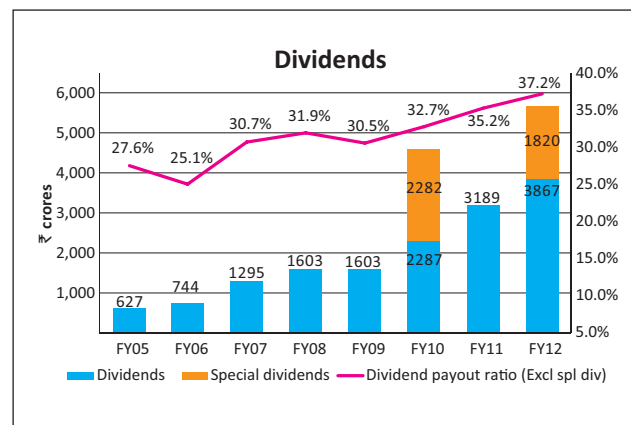
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Increase in gross block

The gross block of the Company has increased more than 8 times in the last eight years.



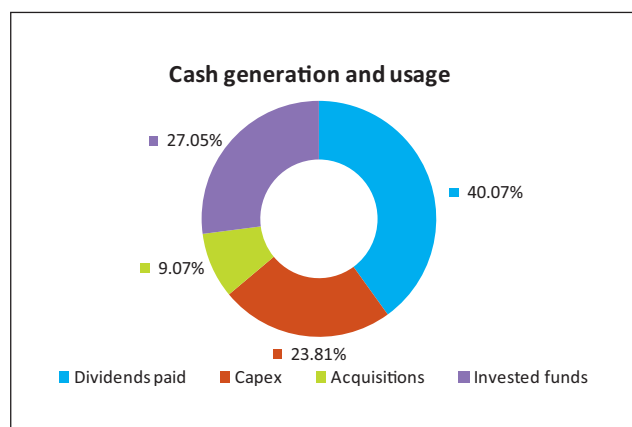
Dividend for the periods and payout ratio (excluding special dividend) have remained high. In addition, substantial special dividends were declared for two of the last three fiscals.



SHARING OF WEALTH

Sharing of cash generated since fiscal 2005

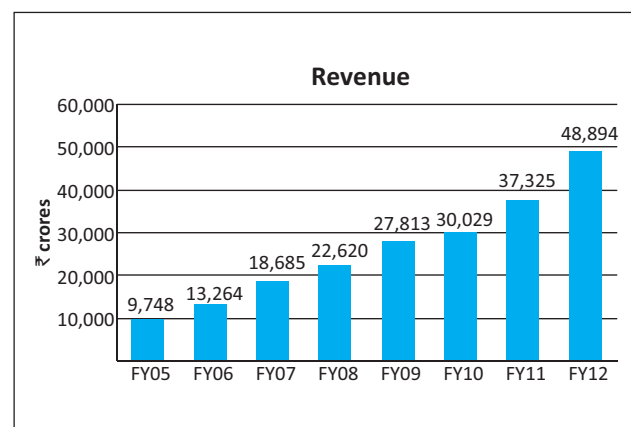
Of the cash generated during fiscal 2005 to 2012, as much as 40% has been distributed to the shareholders as dividend (final and special dividend, to be paid post fiscal 2012 not considered).



OPERATIONAL EXCELLENCE

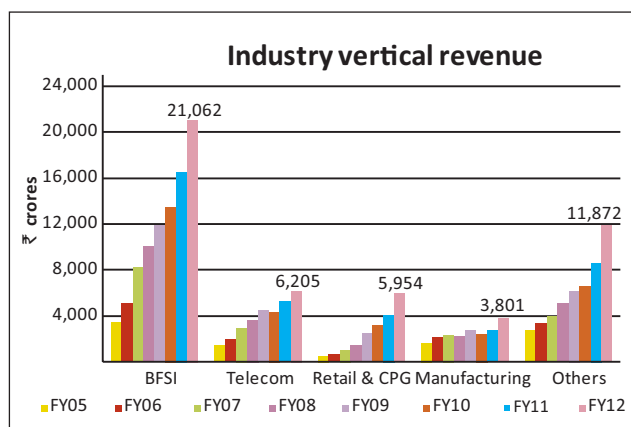
Revenue trend

Revenue grew to a record high of ₹ 48,894 crores (USD 10.17 billion) in fiscal 2012 – growth of five times in eight years.



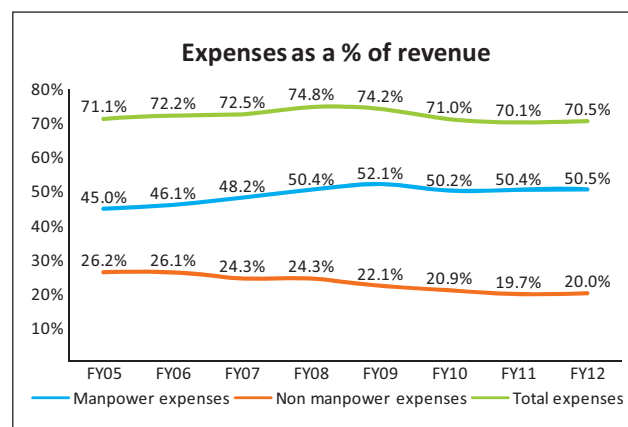
Growth in industry verticals

Over the last eight years all industry verticals grew at double digit CAGR. In particular, BFSI, Retail & CPG and 'other verticals' like Hi-tech, Life Science & Healthcare have emerged as star performers.



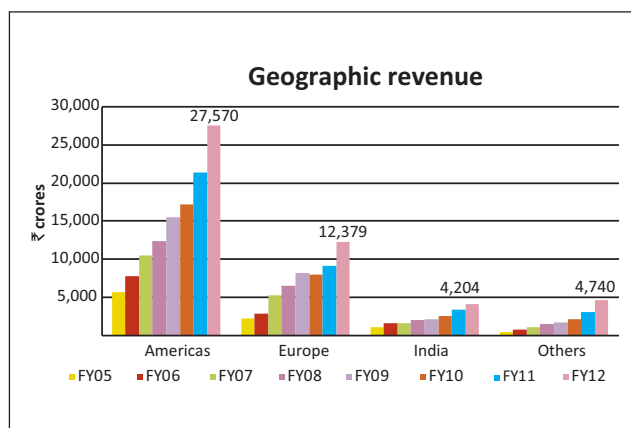
Management of costs

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



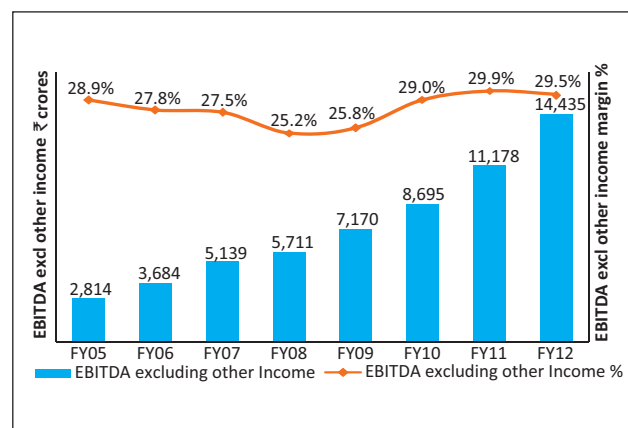
Growth in geographic revenue

Over the last 8 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

Earnings before interest, tax, depreciation and amortisation (EBITDA) excluding other income have grown by more than five times in the last eight years. Profitability has been one of the focus areas of the Company, as reflected in the EBITDA margin.



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 Ministry of Corporate Affairs (MCA) has notified revised schedule VI of the Companies Act, 1956 with effect from April 1, 2011. As a result, the comparative numbers for the previous financial year have been appropriately restated.

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, depicting the performance of the Company including all its subsidiaries and associates 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 and associates.

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 (hereinafter referred to as TCS or the Company) for the financial year ended March 31, 2012.

The revenue of the Company aggregated ₹ 48,893.83 crores in fiscal 2012 (₹ 37,324.51 crores in fiscal 2011), registering a growth of 31.00%. TCS had the distinction of being the first Indian IT company to cross the USD 10 billion revenue milestone in fiscal 2012.

Other financial performance parameters are shown below:

- The Company's earnings before interest, taxes, depreciation, and amortisation (EBITDA) excluding other income aggregated ₹ 14,435.31 crores in fiscal 2012 (₹ 11,178.36 crores in fiscal 2011) – a growth of 29.14%.
- The profit before tax (PBT) aggregated ₹ 13,923.31 crores in fiscal 2012 (₹ 11,020.62 crores in fiscal 2011) – a growth of 26.34%.
- The net profit after tax (PAT) for fiscal 2012 aggregated ₹ 10,413.49 crores (₹ 9,068.04 crores in fiscal 2011) – a growth of 14.84%. TCS is the first Indian IT company, which has crossed ₹ 10,000 crores of PAT in a year.
- Gross dividend paid/ proposed for the fiscal 2012 in respect of equity shares aggregated ₹ 5,686.81 crores (₹ 3,189.14 crores in fiscal 2011).
- The Company's consolidated earnings per share (EPS) were ₹ 53.07 in fiscal 2012 (₹ 46.27 in fiscal 2011) – a growth of 14.70%.

DISCUSSIONS ON CONSOLIDATED FINANCIAL RESULTS

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

	Fiscal 2012		Fiscal 2011		% growth
	₹ crores	% of revenue	₹ crores	% of revenue	
Revenue from operations	48,893.83	100.00	37,324.51	100.00	31.00
Expenses					
Employee benefit expenses	18,571.88	37.98	13,850.54	37.11	34.09
Overseas business expenses (employee allowances paid overseas)	6,132.11	12.54	4,955.16	13.28	23.75
Services rendered by business associates (BA) and others	2,391.30	4.89	1,743.65	4.67	37.14
Employee and BA related expenses	27,095.29	55.41	20,549.35	55.06	31.85
Overseas business expenses (other than employee allowances paid overseas)	668.43	1.38	542.51	1.45	23.21
Operation and other expenses	6,694.80	13.69	5,054.29	13.54	32.46
Total expenses	34,458.52	70.48	26,146.15	70.05	31.79
Earnings before interest, taxes depreciation and amortisation (EBITDA)	14,435.31	29.52	11,178.36	29.95	29.14
Other income (net)	428.17	0.88	604.00	1.62	(29.11)
Finance costs	22.23	0.04	26.48	0.07	(16.05)
Depreciation and amortisation expense	917.94	1.88	735.26	1.97	24.85
Profit before tax (PBT)	13,923.31	28.48	11,020.62	29.53	26.34
Tax expense	3,399.86	6.96	1,830.83	4.91	85.70
Profit for the year before minority interest and share of loss of associate	10,523.45	21.52	9,189.79	24.62	14.51
Minority interest and share of loss of associate	(109.96)	(0.22)	(121.75)	(0.32)	(9.68)
Profit for the year (PAT)	10,413.49	21.30	9,068.04	24.30	14.84

Revenue

Analysis of revenue growth

(Amount in %)

Growth attributable to	Fiscal 2012	Fiscal 2011
Volume	23.05	29.65
Realisation	1.13	(0.30)
Mix (On-site / offshore)	(1.17)	(0.85)
Impact of exchange rate	7.99	(4.20)
Total growth	31.00	24.30

The growth in volume in fiscal 2012 was less than that of fiscal 2011 primarily on account of lingering economic uncertainties and resultant reduction in discretionary spending by customers. Realisation and offshore leverage improved marginally. Impact of exchange rate fluctuation contributed positively.

(Amount in ₹)

	Fiscal 2012			Fiscal 2011	% change in average
	High	Low	Average	Average	
USD	54.31	43.86	48.12	45.60	5.53
GBP	83.93	70.89	77.02	71.00	8.48
EUR	71.88	61.92	66.36	60.40	9.87
AUD	55.17	45.73	50.30	43.25	16.31
CAD	52.75	44.54	48.56	44.77	8.46

Out of the total revenue of the Company, 92% was earned in foreign currencies. Fiscal 2012 witnessed strong volatility in exchange rates particularly affecting USD, GBP and Euro. Net impact of such strong volatility in exchange rates on revenue of the Company has been a positive variance of 7.99% in fiscal 2012.

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In fiscal 2012, the consolidated revenue of the Company has crossed USD 10 billion, the first IT Company in India to achieve this feat. Service lines BPO, IT IS, Enterprise Solutions as well as the industry vertical Retail and CPG have individually crossed the USD 1 billion milestone in revenue.

Revenue by industry

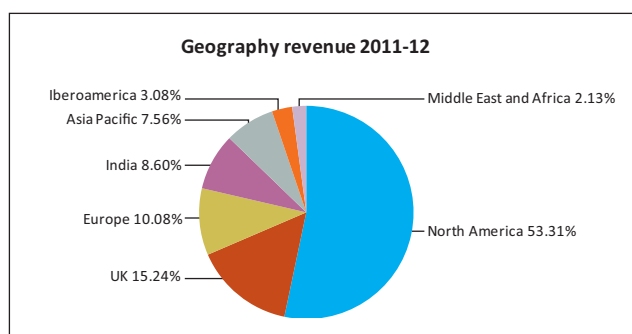
Revenue of TCS accrue in the following major industries: (1) Banking, Financial Services and Insurance (2) Telecom, Media and Entertainment (3) Retail and Consumer Packaged Goods(CPG) (4) Manufacturing (5) Hi-Tech (6) Life Sciences and Healthcare (7) Travel, Transportation and Hospitality (8) Energy, Resources and Utilities (9) Others.

During fiscal 2012, revenue for all industry verticals have shown double digit growth. Details are discussed in segment results section.

Revenue by geographic segments

	Fiscal 2012			Fiscal 2011		
	₹ crores	% of revenue	% growth	₹ crores	% of revenue	% growth
North America	26,064.25	53.31	29.62	20,107.48	53.87	26.82
UK	7,453.28	15.24	29.16	5,770.80	15.46	18.74
Europe	4,928.25	10.08	41.62	3,479.87	9.32	10.49
India	4,202.29	8.60	22.34	3,435.06	9.20	32.22
Asia Pacific	3,697.89	7.56	50.67	2,454.31	6.58	56.10
Latin America	1,505.56	3.08	11.52	1,350.03	3.62	(4.76)
Middle East and Africa	1,042.31	2.13	43.38	726.96	1.95	26.16
Total	48,893.83	100.00	31.00	37,324.51	100.00	24.30

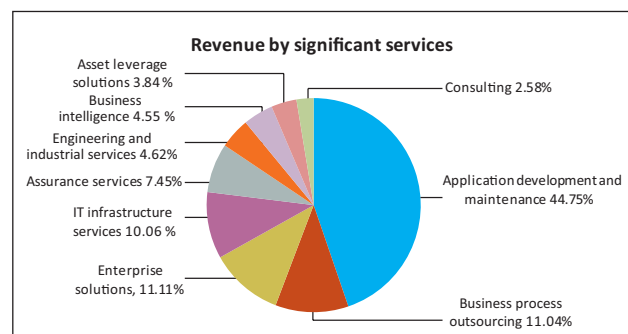
Revenue by geographic segments



North America, United Kingdom and Europe are the major markets that the Company continues to focus on for its growth and these constituted 78.63% of the Company's revenue in Fiscal 2012 (78.66% in fiscal 2011).

Among the emerging markets, Australia and Middle East countries have been showing good growth. Latin America has improved significantly in fiscal 2012. Revenue from India also registered reasonably good growth of 22.34%.

Revenue by significant services



IT-infrastructure services, assurance services, asset leveraged solutions and consulting have shown excellent growth rates. ADM and BPO have also shown good growth in fiscal 2012. The composition of revenue, service-line-wise are shown in the next table.

Revenue by significant services

Service lines	Fiscal 2012			Fiscal 2011		
	₹ crores	% of revenue	% growth	₹ crores	% of revenue	% growth
Application development and maintenance (ADM)	21,879.65	44.75	26.17	17,339.26	46.46	18.51
Business process outsourcing (BPO)	5,396.11	11.04	28.28	4,208.32	11.27	21.58
Enterprise solutions (ES)	5,430.94	11.11	43.46	3,785.63	10.14	20.35
IT infrastructure services (IT IS)	4,919.20	10.06	39.96	3,514.80	9.42	39.93
Assurance services	3,643.51	7.45	44.01	2,530.03	6.78	67.20
Engineering and Industrial services (EIS)	2,258.47	4.62	26.03	1,791.98	4.80	19.80
Business intelligence (BI)	2,226.26	4.55	12.31	1,982.21	5.31	15.91
Asset leverage solutions	1,879.67	3.84	38.03	1,361.78	3.65	37.86
Consulting	1,260.02	2.58	55.46	810.50	2.17	41.37
Total	48,893.83	100.00	31.00	37,324.51	100.00	24.30

Revenue from fixed-price-fixed-time contracts

Nature of contract	Fiscal 2012	Fiscal 2011
Time and material basis	52.62%	50.65%
Fixed price, fixed time	47.38%	49.35%
Total	100.00%	100.00%

The mix of revenue from time and material contracts and fixed price, fixed time contracts has remained steady with the former marginally going up in fiscal 2012.

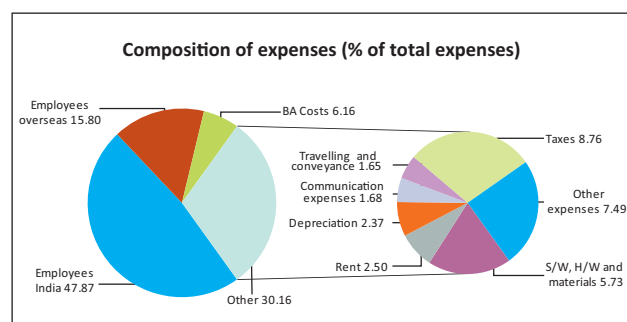
Revenue by location of service delivery

On-site revenue is for those services which are performed at client locations. Off-site revenue reflect 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 revenue from GDC was as follows:

Revenue mix (% of revenue)	Fiscal 2012	Fiscal 2011
On-site	45.01	44.02
Offshore (India)	50.57	50.96
Off-site (GDC)	4.42	5.02
Total off-site	54.99	55.98
Total	100.00	100.00

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

Expenses



Employee and BA related 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 comprises 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 expenses'.

(₹ crores)

	Fiscal 2012		Fiscal 2011		% growth
	₹ crores	% of revenue	₹ crores	% of revenue	
Employee benefit expenses	18,571.88	37.98	13,850.54	37.11	34.09
Overseas business expenses (employee allowances paid overseas)	6,132.11	12.54	4,955.16	13.28	23.75
Services rendered by BA and others	2,391.30	4.89	1,743.65	4.67	37.14
Total	27,095.29	55.41	20,549.35	55.06	31.85

Total employee and BA related expenses have increased by 31.85%. However, these expenses in relation to revenue increased marginally by 0.35%, mainly due to lower utilisation and higher BA costs.

Average utilisation including trainees as well as excluding trainees are given below.

	Fiscal 2012	Fiscal 2011
Utilisation (including trainees)	74.40%	76.20%
Utilisation (excluding trainees)	82.20%	83.10%

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 overseas. These expenses increased from ₹ 542.51 crores in fiscal 2011 (1.45% of revenue) to ₹ 668.43 crores in fiscal 2012 (1.38% of revenue). Overseas travel which constituted the largest component, increased from ₹ 450.52 crores in fiscal 2011 (1.21% of revenue) to ₹ 571.29 crores in fiscal 2012 (1.17% of revenue).

Operation and other expenses

	Fiscal 2012		Fiscal 2011	
	₹ crores	% of revenue	₹ crores	% of revenue
Software licenses, hardware and material costs	2,221.82	4.55	1,625.09	4.35
Communication	650.20	1.33	549.39	1.47
Travelling and conveyance	640.75	1.31	473.73	1.27
Rent	968.22	1.98	734.77	1.97
Legal and professional fees	346.61	0.71	222.43	0.60
Repairs and maintenance	325.66	0.66	256.69	0.69
Electricity	366.32	0.74	302.08	0.81
Recruitment and training	223.18	0.46	210.68	0.56
Others	952.04	1.95	679.43	1.82
Total	6,694.80	13.69	5,054.29	13.54

The marginal increase of 0.15% in operation and other expenses (from 13.54% of revenue in fiscal 2011 to 13.69% of revenue in fiscal 2012) was primarily due to

- increase in software licenses, hardware and material costs 0.20%
- increase in legal and professional fees 0.11%
- increase in 'other expenses' 0.13% primarily arising out of (a) lower write back of provision for bad debts 0.22% (b) offset by lower miscellaneous expenses 0.16%
- offset by decrease in communication expenses 0.14%, recruitment and training expenses 0.10%.

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

EBITDA in fiscal 2012 was ₹ 14,435.31 crores (₹ 11,178.36 crores in fiscal 2011). There was a drop of 0.43% in EBITDA as percentage of revenue. The decrease was primarily attributable to

- increase in employee and BA related costs 0.35%
- increase in operation and other expenses 0.15%
- offset by a decrease in overseas business expenses 0.07%.

Other income (net)

Other income in fiscal 2012 was ₹ 428.17 crores (₹ 604.00 crores in fiscal 2011), a decrease of 29.11%. As a percentage of revenue, other income was 0.88% in fiscal 2012 and 1.62% in fiscal 2011. The decrease of 0.74% was primarily attributable to

- increase in exchange loss (net) 0.77%
- decrease in profit on redemption of mutual funds and sale of other current investments (net) 0.16%
- offset by increase in interest income 0.24%

Forward and option contracts: The Company enters into various foreign exchange forward 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, cumulative gains or losses on such instruments are retained in the 'shareholders' funds' and thereafter transferred to the profit and loss account on maturity. 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 for the period.

Foreign exchange forward and currency options 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 41 to the consolidated accounts provides details of the Company's 'Derivative Financial Instruments'.

Depreciation and amortisation expense

Depreciation and amortisation expense increased from ₹ 735.26 crores (1.97% of revenue) in fiscal 2011 to ₹ 917.94 crores (1.88% of revenue) in fiscal 2012. The increase was primarily due to additional capitalisation in items of tangible fixed assets.

Profit before tax (PBT)

PBT in fiscal 2012 was ₹ 13,923.31 crores (₹ 11,020.62 crores in fiscal 2011). As a percentage of revenue PBT decreased from 29.53% in fiscal 2011 to 28.48% in fiscal 2012. The decline of 1.05% can be primarily attributed to lower EBITDA of 0.43% and drop in other income 0.74%.

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 had been benefiting from certain tax incentives under the Indian Income Tax Act, 1961 (IT Act), in respect of IT services exported from designated 'Software Technology Park (STP)' units. The income tax incentives applicable to STP expired on March 31, 2011. The Company continues to avail tax incentives applicable to Special Economic Zones (SEZ) under the 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 ₹ 1,830.83 crores in fiscal 2011 to ₹ 3,399.86 crores in fiscal 2012. As a percentage of revenue, it increased from 4.91% in fiscal 2011 to 6.96% in fiscal 2012. The effective tax rate has gone up from 16.61% in fiscal 2011 to 24.42% in fiscal 2012, primarily on account of (1) expiry of period of tax holiday for STP units and (2) tax on dividends received from foreign subsidiaries.

Minority interest

Minority interest registered a decrease from ₹ 121.45 crores in fiscal 2011 to ₹ 109.96 crores in fiscal 2012, primarily due to lower profit in two of the subsidiaries.

Profit for the year (PAT)

The PAT was ₹ 10,413.49 crores in fiscal 2012 (21.30% of revenue) as compared to ₹ 9,068.04 crores in fiscal 2011 (24.30% of revenue).

Consolidated segment result

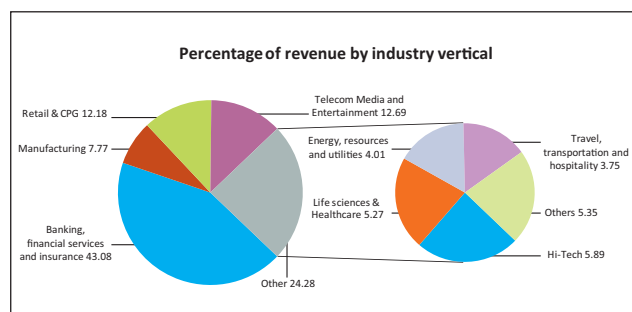
The Company considers 'Industry' as its primary segment and 'Geography' as its secondary segment.

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 industry revenue and each industry segment's result, i.e., operating profit (excluding unallocated expenses) as a percentage of total industry segment result.

(₹ crores)

	Segment revenue				Segment result			
	Fiscal 2012	Fiscal 2011	Fiscal 2012	Fiscal 2011	Fiscal 2012	Fiscal 2011	Fiscal 2012	Fiscal 2011
	₹ crores		% of revenue		₹ crores		% of segment result	
Banking, Financial Services and Insurance	21,062.22	16,526.60	43.08	44.28	6,493.07	5,170.84	45.36	46.74
Manufacturing	3,800.54	2,751.76	7.77	7.37	985.89	704.3	6.89	6.37
Retail & Consumer Packaged Goods (CPG)	5,954.47	4,105.05	12.18	11.00	1,742.14	1,071.68	12.17	9.69
Telecom, Media and Entertainment	6,204.69	5,292.45	12.69	14.18	1,889.57	1,843.78	13.20	16.66
Others	11,871.91	8,648.65	24.28	23.17	3,202.81	2,273.49	22.38	20.55
Total	48,893.83	37,324.51	100.00	100.00	14,313.48	11,064.09	100.00	100.00
Unallocable expenses (net)					818.34	647.47		
Operating income					13,495.14	10,416.62		
Other income (net)					428.17	604.00		
Profit before tax					13,923.31	11,020.62		

Revenue by Industry in fiscal 2012



In fiscal 2012, BFSI continued to grow at a healthy rate of 27.44% over fiscal 2011 due to sustained demand. Industry verticals which recorded high growth in fiscal 2012 were Retail and CPG (45.05%), Manufacturing (37.27%), Life sciences and Healthcare (33.10%), Hi-Tech (57.32%), Energy, resources and utilities (25.28%) and Travel, transportation and hospitality (43.85%). Telecom grew at 17.24% in fiscal 2012.

Industry segment wise performance

Banking, Financial Services and Insurance (BFSI)

(₹ crores)

	Fiscal 2012	Fiscal 2011	% growth
BFSI revenue	21,062.22	16,526.60	27.44
% mix of total revenue	43.08	44.28	
Segment result BFSI	6,493.07	5,170.84	25.57
% margin of segment revenue	30.83	31.29	
% mix of total segment result	45.36	46.74	

After the global financial crisis of 2008, the financial services industry has been adjusting and adapting to an environment characterised by margin compression, higher volatility and far-reaching regulations. Customers in this segment were cautious in their spending, but are looking at optimisation while still investing in new technologies like 'mobility' and 'big data' to create newer revenue streams and also for ensuring compliance and alignment with changing regulations.

In fiscal 2012, BFSI constituted 43.08% of Company's revenue (44.28% in fiscal 2011) and contributed 45.36% of total segment result (46.74% in fiscal 2011).

Telecom, media and entertainment

(₹ crores)

	Fiscal 2012	Fiscal 2011	% growth
Telecom, media and entertainment revenue	6,204.69	5,292.45	17.24
% mix of total revenue	12.69	14.18	
Segment result telecom, media and entertainment	1,889.57	1,843.78	2.48
% margin of segment revenue	30.45	34.84	
% mix of total segment result	13.20	16.66	

In the telecom segment, increasing demand for 'wireless data' and emerging competition from 'over-the-top' players is stimulating investments by telecom companies towards network up-gradation and new service offerings. TCS remains focused on helping its customers with increased investment in analytics, exploitation of channels, next generation networks and platforms while having sustained focus on strengthening 'outsourcing and managed services'.

In the media and entertainment segment, TCS has built industry-specific solutions to enable the industry's digital transformation, for publishers to create and distribute digital products across multiple channels and also to make their content production process more effective, efficient and agile. The Company is enabling broadcasters to manage and monetise their digital assets by digitising their 'rights and royalties management' systems and providing strategic consulting services to help them in their digital transformation journey (workflow, distribution, archiving etc).

In fiscal 2012 revenue in telecom witnessed moderate growth of 17.24% (13.06% in fiscal 2011). The year-on-year improvement was driven by recovery of business with some of the strategic customers. In addition, the Company won large deals in this segment across multiple geographies.

Retail and consumer packaged goods (CPG)

(₹ crores)

	Fiscal 2012	Fiscal 2011	% growth
Retail and CPG revenue	5,954.47	4,105.05	45.05
% mix of total revenue	12.18	11.00	
Segment result retail & CPG	1,742.14	1,071.68	62.56
% margin of segment revenue	29.26	26.11	
% mix of total segment result	12.17	9.69	

The Company's integrated service offerings and continued customer focus has propelled retail and CPG unit as one of the leading growth verticals in TCS. Harnessing strategic partnerships with existing clients and an increasing client base, growth has been demonstrated across Consulting, IT Infrastructure Services, BPO, Assurance and Enterprise Solutions. During fiscal 2012, the segment has (1) won several transformational deals using the Company's deep domain capabilities (2) offered non-linear solutions using the Company's domain driven 'Full Services Offerings' for certain mission critical programmes and (3) used the Company's rich repository of intellectual properties to bring best practices to its customers.

The segment revenue has shown a healthy growth of 45.05% in fiscal 2012 (29.03% in fiscal 2011). Segment result as a percentage of segment revenue in fiscal 2012 was 29.26% (26.11% in fiscal 2011), and showed growth of 62.56% over fiscal 2011 (26.60% in fiscal 2011).

Manufacturing

(₹ crores)

	Fiscal 2012	Fiscal 2011	% growth
Manufacturing revenue	3,800.54	2,751.76	38.11
% mix of total revenue	7.77	7.37	
Segment result manufacturing	985.89	704.3	39.98
% margin of segment revenue	25.94	25.59	
% mix of total segment result	6.89	6.37	

The market has shown relatively more buoyancy in fiscal 2012 as compared to fiscal 2011, with customers initiating multiple transformation programmes across the value chain with a focus on analytics, mobility, social media and eco-sustainability, along with special emphasis on the current market needs through new product introduction, customer experience management and operational excellence.

Manufacturing industry revenue had a growth rate of 38.11% in fiscal 2012 (21.25% in fiscal 2011). Segment results were marginally better in fiscal 2012 at 25.94% of segment revenue (25.59% in fiscal 2011).

Others

	(₹ crores)		
	Fiscal 2012	Fiscal 2011	% growth
Others revenue	11,871.91	8,648.65	37.27
% mix of total revenue	24.28	23.17	
Segment result others	3,202.81	2,273.49	40.88
% margin of segment revenue	26.98	26.29	
% mix of total segment result	22.38	20.55	

Segments combined in 'others' comprised:

- Life Sciences and Healthcare
- Energy, Resources and Utilities
- Travel, Transportation and Hospitality
- Hi-tech
- Others.

All the sub-segements showed good revenue growth over the prior year, reflecting the Company's growing domain expertise in these industries:

- Life Sciences and Healthcare (revenue growth of 33.10%),
- Energy, Resources and Utilities (revenue growth of 25.58%),
- Hi-Tech (revenue growth of 57.32%) and
- Travel, Transportation and Hospitality (revenue growth of 42.85%).

The segments stated above, in aggregate, showed an excellent growth in revenue, 37.27% in fiscal 2012 (31.84% in fiscal 2011). Segment margin remained steady at 26.98% in fiscal 2012 (26.29% in fiscal 2011).

Life sciences and healthcare

Strong domain knowledge, process outsourcing and technology expertise enabled TCS to effectively serve its customers in drug discovery, drug development, manufacturing, sales & distribution initiatives across the globe, with projects in North America, Europe, Latin America and Asia Pacific. TCS also acquired several new pharmaceutical and medical devices customers in fiscal 2012. The Company now works with several leading pharmaceutical companies in the world and our capabilities in life sciences R&D IT outsourcing have been rated very highly by leading industry analysts.

On the healthcare front, far-reaching regulatory changes, especially in the US, have led to increased focus on technology. For 'Providers', the move away from

fee-for-service dominance and the introduction of risk continued to be a major driver in fiscal 2012. The traditional business-to-business orientation of major 'Payors' continued to migrate to more consumer-centric approaches and capabilities. TCS partnered with clients in both segments, helping them drive down costs and adapt to the evolving patient-centric future of the industry. The Company works with several of the largest healthcare players globally.

Hi-Tech

The Company's Hi-Tech industry solutions unit provides optimal, customised and comprehensive solutions across varied high technology industry segments, namely, computer platform and services companies, software firms, electronics and semiconductor companies, and professional services firms (legal, HR, tax & accounting and consulting & advisory/analyst firms).

Building on its vast experience in engineering and industrial services, business process transformation, innovations in IT solutions, TCS offers comprehensive portfolio of end-to-end solutions and services that maximise growth, increase operational excellence, manage risk, reduce costs and improve profitability for customers.

Energy, resources and utilities

TCS is positioned as a strategic partner to many of its key customers across the oil and gas, alternative energy, oil field services, metals, mining and construction sectors in the energy and resources industry. The key challenges in this industry are centered on predictability and reliability of assets and operations.

TCS has leveraged its uniquely strong position in IT and EIS to offer petro-technical data integration, plant integration, product to production lifecycle and supply chain solutions.

The Company's continued customer focus into newer markets in the utility space has enabled the Company to acquire marquee customers in fiscal 2012. Globally TCS has been delivering projects in areas of capital investment planning, metering services, and billing settlement in both retail and wholesale. In India the Company has been conducting large distribution modernisation programmes across the country. The Company continues to leverage its full range of end-to-end IT and ITES services offerings.

Travel, transportation and hospitality (TTH)

The TTH unit has been one of the high growth verticals for the Company in the last two years. Besides the traditional services such as application development and support services, BPO and infrastructure services, the unit has focused on getting closer to the customer by emphasising more on innovation and developing offerings in emerging areas such as mobility and social media. This approach has been validated by the fact that this segment works with leaders in almost every sub-vertical within TTH.

FINANCIAL POSITION — CONSOLIDATED

Share capital

	(₹ crores)	
	As at March 31, 2012	As at March 31, 2011
Authorised		
225 crores equity shares of ₹ 1 each	225.00	225.00
100 crores redeemable preference shares of ₹ 1 each	100.00	100.00
Total	325.00	325.00
Issued, subscribed and fully paid-up		
195.72 crores equity shares of ₹ 1 each	195.72	195.72
100 crores redeemable preference shares of ₹ 1 each	100.00	100.00
Total	295.72	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 substantially from ₹ 200.77 crores as at March 31 2011 to ₹ 779.42 crores as at March 31, 2012, due to high volatility in exchange rates of currencies in fiscal 2012.

The closing balance of hedging reserve account, arising out of cash flow hedges as at March 31, 2012 was a net loss of ₹ 133.09 crores (₹ 62.73 crores net gain as at March 31, 2011). Note 41 to consolidated notes to accounts gives details of movements in the hedging reserve account.

Balance in statement of profit and loss as at March 31, 2012 was at ₹ 22,160.54 crores (₹ 18,635.05 crores as at March 31, 2011) 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 2012 stood at ₹ 29,283.51 crores, an increase of 20.96% over ₹ 24,209.09 crores at the end of fiscal 2011. ₹ 1,166.10 crores were transferred to the general reserve from the profit and loss account for fiscal 2012.

Short-term and long-term borrowings

	(₹ crores)					
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
	Short-term borrowings		Long-term borrowings		Total borrowings	
Secured loans repayable on demand from banks	-	0.46	-	-	-	0.46
Unsecured loans repayable on demand from banks	0.89	31.11	-	-	0.89	31.11
Secured loans - long-term maturities of finance lease obligations	-	-	112.61	33.70	112.61	33.70
Unsecured Loans - other borrowings	-	-	2.76	4.00	2.76	4.00
Total	0.89	31.57	115.37	37.70	116.26	69.27

The Company's long-term obligations under finance lease (refer note no 5 in consolidated notes to accounts) was ₹ 112.61 crores as at March 31, 2012 (₹ 33.70 crores as at March 31, 2011). These are secured against fixed assets obtained under finance lease arrangements.

Trade payables (current liabilities)

Trade payables (current liabilities), representing payables for purchase of goods and services increased from ₹ 2,572.33 crores as at March 31, 2011 to ₹ 3,247.87 crores as at March 31, 2012. As percentage of revenue, trade payables have come down from 6.89% last year to 6.64% in the current year.

Deferred tax liability (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 balance sheet 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 ₹ 173.45 crores as at March 31, 2012 (₹ 109.49 crores as at March 31, 2011).

Deferred tax assets are created against certain items such as employee benefits, depreciation & amortisation and provision for doubtful debts. As at March 31, 2012, the net deferred tax asset had a balance of ₹ 256.04 crores (₹ 160.18 crores as at March 31, 2011). The Company assesses the likelihood of deferred tax assets getting recovered from future taxable income.

Other current and long-term liabilities

(₹ crores)

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
	Other current liabilities		Other long-term liabilities		Total other liabilities	
Income received in advance	823.01	771.94	-	-	823.01	771.94
Advance received from customers	71.81	37.36	-	-	71.81	37.36
Other payables	1,507.64	1,099.74	10.63	-	1,518.27	1,099.74
Other liabilities	19.74	14.16	274.38	185.61	294.12	199.77
Total	2,422.20	1,923.20	285.01	185.61	2,707.21	2,108.81

Other current liabilities

Current liabilities increased to ₹ 2,422.20 crores as at March 31, 2012 (₹ 1,923.20 crores as at March 31, 2011). The increase was primarily due to

- increase in income received in advance from ₹ 771.94 crores at March 31 2011 to ₹ 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 from ₹ 1,099.74 crores as at March 31, 2011 to ₹ 1,507.64 crores as at March 31, 2012; other payables include (1) fair values of foreign exchange forward and currency option contracts ₹ 240.38 crores as at March 31, 2012 (₹ 14.77 crores as at March 31, 2011) and (2) Statutory liabilities ₹ 612.07 crores as at March 31, 2012 (₹ 499.57 crores as at March 31, 2011)
- other current liabilities increased from ₹ 14.16 crores as at March 31, 2011 to ₹ 19.74 crores as at March 31, 2012 primarily on account of increase in current maturities of finance lease obligations ₹ 9.05 crores as at March 31, 2012 (₹ 4.28 crores as at March 31, 2011).

Other long-term liabilities

Other long-term liabilities increased to ₹ 285.01 crores as at March 31, 2012 (₹ 185.61 crores as at March 31, 2011). The increase was primarily attributable to

- fair values of foreign exchange forward and currency option contracts secured against trade receivables ₹ 52.51 crores as at March 31, 2012 (₹ 42.94 crores as at March 31, 2011)
- capital creditors ₹ 31.63 crores as at March 31, 2012 (₹ 24.87 crores as at March 31, 2011) and
- other liabilities ₹ 190.24 crores as at March 31, 2012 (₹ 117.80 crores as at March 31, 2011) comprising mainly lease rental liabilities.

Short-term and long-term provisions

(₹ crores)

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
	Short-term provisions		Long-term provisions		Total provisions	
Provision for employee benefits	641.45	527.35	217.65	139.23	859.10	666.58
Proposed final dividend on equity shares	3,131.55	1,565.78	-	-	3,131.55	1,565.78
Proposed dividend on redeemable preference shares	22.00	11.00	-	-	22.00	11.00
Tax on dividend	524.07	266.74	-	-	524.07	266.74
Current income taxes (net)	472.07	339.53	-	-	472.07	339.53
Other provisions	2.91	8.53	-	-	2.91	8.53
Total	4,794.05	2,718.93	217.65	139.23	5,011.70	2,858.16

The increase in short-term provisions was mainly attributable to

- proposed final dividend on equity shares ₹ 3,131.55 crores as at March 31, 2012 (₹ 1,565.78 crores as at March 31, 2011)
- tax on dividend ₹ 524.07 crores as at March 31, 2012 (₹ 266.74 crores as at March 31, 2011)
- provision for employee benefits, which mainly comprises liability for compensated absences, ₹ 641.45 crores as at March 31, 2012 (₹ 527.35 crores as at March 31, 2011)
- current income taxes(net) ₹ 472.07 crores as at March 31, 2012 (₹ 339.53 crores as at March 31, 2011).

The increase in long-term provisions from ₹ 139.23 crores as at March 31, 2011 to ₹ 217.65 crores as at March 31, 2012 was attributable to employee benefits such as gratuity and other retirement benefits.

Fixed assets

Additions to the gross block in fiscal 2012 amounted to ₹ 1,735.86 crores (₹ 1,493.79 crores in fiscal 2011).

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 14 locations in India, which are presently at different stages of completion.

The number of seats available in India as at March 31, 2012 was 1, 53,334 (1, 28,572 seats as at March 31, 2011).

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, 2012 stood at ₹ 3,543.46 crores (₹ 3,232.00 crores as at March 31, 2011). Significant acquisitions which resulted in goodwill were TCS e-Serve Limited, TCS Do Brazil Ltda, TCS Financial Solutions Australia Holdings Pty Limited, Diligenta Limited and TCS Switzerland Limited.

Most of these acquisitions are contributing significantly to the overall financial performance of the Company.

Overview of funds invested

(₹ crores)

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
	Current		Non-current		Total funds invested	
Investments	772.68	683.99	577.65	1,078.68	1,350.33	1,762.67
Deposits with banks	4,799.19	3,911.76	2,513.89	2,677.24	7,313.08	6,589.00
Inter-corporate deposits	652.00	250.00	281.40	-	933.40	250.00
Cash and bank balances	1,204.28	789.09	-	-	1,204.28	789.09
Total	7,428.15	5,634.84	3,372.94	3,755.92	10,801.09	9,390.76

Investable funds went up by ₹ 1,410.33 crores (₹ 9,390.76 crores as at March 31, 2011 to ₹ 10,801.09 crores as at March 31, 2012), mainly driven by

- increase in deposits with banks ₹ 724.08 crores, arising out of a strategy to maximise yield on funds invested
- increase in inter-corporate deposits ₹ 683.40 crores, since these offered relatively good yield with minimum risk
- increase in cash and bank balances ₹ 415.19 crores
- decrease in investment ₹ 412.34 crores, details of which are given in the table below.

(₹ crores)

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
	Current investments		Non-current investments		Total investments	
Investments in mutual funds (unquoted)	231.89	343.24	-	-	231.89	343.24
Investments in bonds (quoted)	7.46	7.17	-	-	7.46	7.17
Investments in bonds and debentures (unquoted)	533.33	333.58	523.12	1,049.39	1,056.45	1,382.97
Other investments	-	-	54.53	29.29	54.53	29.29
Total	772.68	683.99	577.65	1,078.68	1,350.33	1,762.67

Acquisitions/ divestments/ liquidations

Details of acquisitions and liquidations are given in note 30 to the consolidated financial statements. The significant developments in fiscal 2012 were (1) acquisition of 24% of the remaining shares in Diligenta Limited, (2) setting up of a fully owned subsidiary in Qatar, (3) setting up of Nippon TCS Solution Center Limited, 60% owned by TCS and 40% owned by Mitsubishi Corp in Japan, (4) setting up a fully owned subsidiary in Austria and (5) setting up of a fully owned subsidiary in Denmark.

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Unbilled revenue

Unbilled revenue (UBR) increased by ₹ 898.91 crores during fiscal 2012. UBR as at March 31, 2012 constituted 4.60% of the revenue (3.61% as at March 31, 2011).

Trade receivables (net)

Trade receivables increased by ₹ 3,325.38 crores during fiscal 2012. As a percentage of revenue, trade receivables were at 23.56% as at March 31, 2012 (21.96% as at March 31, 2011).

Short-term and long-term loans and advances

(₹ crores)

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
	Short-term loans and advances		Long-term loans and advances		Total loans and advances	
Loans and advances to employees	171.25	187.49	9.70	12.20	180.95	199.69
Advance tax [including refund receivable(net)]	-	225.92	1,470.06	918.77	1,470.06	1,144.69
MAT credit entitlement	10.29	20.94	1,465.83	1,010.77	1,476.12	1,031.71
Other loans and advances	1,921.22	1,377.89	696.58	272.63	2,617.80	1,650.52
Capital advances	-	-	346.09	229.49	346.09	229.49
Others	152.43	154.40	529.37	509.58	681.80	663.98
Total	2,255.19	1,966.64	4,517.63	2,953.44	6,772.82	4,920.08

Loans and advances as at March 31, 2012 increased by ₹ 1,852.74 crores arising out of (1) increase in short-term loans and advances ₹ 288.55 crores and (2) increase in long-term loans and advances ₹ 1,564.19 crores.

The increase in short-term loans and advances ₹ 543.33 crores was primarily attributable to the increase in the category 'other loans and advances', comprising increase in short-term inter-corporate deposits, prepaid expenses related to certain large projects, offset by decrease in advance tax ₹ 225.92 crores.

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

- increase in MAT credit ₹ 455.06 crores, mainly due to applicability of MAT on SEZ operations effective April 1, 2011
- increase in advance tax (net of provision for taxes) ₹ 551.29 crores, mainly driven by payments made against demands from tax authorities, which have been contested by the Company
- increase in other loans and advances ₹ 423.95 crores, mainly due to increase in long-term inter corporate deposits and prepaid expenses related to certain large projects
- increase in capital advances ₹ 116.60 crores, arising out of higher capital outlay in fiscal 2012.

Other current and non-current assets

(₹ crores)

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
	Other current assets		Other non-current assets		Total Other assets	
Future finance lease receivables less unearned finance income	1.24	1.70	0.93	2.17	2.17	3.87
Interest receivable	430.48	116.59	131.96	99.94	562.44	216.53
Other non-current assets	-	-	2,526.76	2,677.24	2,526.76	2,677.24
Other current assets	26.15	-	-	-	26.15	-
Total	457.87	118.29	2,659.65	2,779.35	3,117.52	2,897.64

Other current and non-current assets as at March 31, 2012 were higher by ₹ 219.88 crores primarily on account of higher interest receivable on inter corporate deposits and fixed deposits with banks. Other non-current assets included bank deposits ₹ 2,513.89 crores as at March 31, 2012 (₹ 2,677.24 crores as at March 31, 2011).

CASH FLOW — CONSOLIDATED

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

Summary of cash flow statement is given below:

	(₹ crores)	
	Fiscal 2012	Fiscal 2011
Net cash provided by/ (used in):		
Operating activities	7,008.35	6,614.38
Investing activities	(2,727.45)	(1,461.54)
Financing activities	(3,955.09)	(4,658.90)
Net increase in cash and cash equivalents	325.81	493.94
Exchange difference on translation of foreign currency cash and cash equivalents	119.09	30.28
Net increase in cash and cash equivalents after translation	444.90	524.22

Cash flow from operating activities

	(₹ crores)	
	Fiscal 2012	Fiscal 2011
Profit before tax and exceptional Items	13,923.31	11,020.62
Add: depreciation and non cash items	997.20	614.30
Other non operating income	(780.81)	(566.82)
Effect of working capital changes	(3,062.95)	(2,190.20)
Taxes paid	(4,068.40)	(2,263.52)
Net cash provided by operating activities	7,008.35	6,614.38

The profit before tax in fiscal 2012 was ₹ 13,923.31 crores (₹ 11,020.62 crores for fiscal 2011). The need for incremental working capital in fiscal 2012 arose on account of business growth and the year-on-year depreciation of the rupee. There was also an increase in income tax payments in fiscal 2012 on account of applicability of MAT to SEZ operations. The resultant net cash in flow was ₹ 7,008.35 crores (₹ 6,614.38 crores in fiscal 2011) from operating activities.

Cash flow from investing activities

	(₹ crores)	
	Fiscal 2012	Fiscal 2011
Fixed assets (net)	(1,987.36)	(1,808.50)
Sale of other investments (net)	447.24	2,001.67
Fixed deposits with banks (net) having maturity over three months	(700.28)	(2,141.38)
Inter-corporate deposits (net)	(683.41)	40.00
Other items (net)	196.36	446.67
Net cash used for investing activities	(2,727.45)	(1,461.54)

During fiscal 2012, the most significant use of cash in investing activity was purchase of fixed assets, investment in fixed deposit and inter-corporate deposits as shown in the above table.

'Other items' includes interest and dividends received ₹ 425.72 crores in fiscal 2012 offset by purchase of shares from minority shareholder ₹ 229.16 crores.

Cash flow from financing activities

	(₹ crores)	
	Fiscal 2012	Fiscal 2011
Dividends paid including dividend tax	(3,891.16)	(4,592.69)
Other payments	(63.93)	(66.21)
Net cash used in financing activities	(3,955.09)	(4,658.90)

A special dividend proposed for fiscal 2010 was approved and paid in fiscal 2011 and hence the cash out flow in fiscal 2011 was much higher compared to fiscal 2012.

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

(₹ crores)

	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
Revenue								
Total revenue	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	44,689.41	33,889.45	27,431.02	25,630.76	20,573.90	17,003.22	11,607.08	8,560.90
Domestic revenue	4,204.42	3,435.06	2,597.90	2,182.12	2,045.62	1,681.99	1,656.91	1,187.57
Revenue from offshore business	22,612.84	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	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	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	4,202.29	3,435.06	2,597.90	2,182.12	2,045.62	1,681.99	1,656.91	1,187.57
Others	4,740.20	3,181.27	2,148.52	1,818.33	1,576.83	1,167.93	800.46	539.32
Cost								
Employee cost	24,703.99	18,805.69	15,065.75	14,483.20	11,411.05	9,001.39	6,111.52	4,384.52
Other operating cost	9,754.53	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)	34,458.52	26,146.15	21,334.37	20,643.08	16,908.14	13,546.36	9,579.69	6,934.64
Profitability								
EBITDA (before other Income)	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	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	10,413.49	9,068.04	7,000.64	5,256.42	5,026.02	4,212.63	2,966.74	1,977.00
Capital accounts (₹ crores)								
Share capital	295.72	295.72	295.72	197.86	197.86	97.86	48.93	48.01
Reserves and surplus	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	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	1,350.33	1,762.67	3,682.08	1,614.41	2,606.16	1,256.87	704.62	421.54
Net current assets	12,810.08	9,790.38	7,395.02	7,544.12	5,553.32	4,331.11	2,867.18	1,797.09
Earnings per share in ₹								
EPS - as reported	53.07	46.27	35.67	53.63	51.36	43.05	60.63	47.37
EPS - adjusted for bonus issues	53.07	46.27	35.67	26.81	25.68	21.53	15.16	11.84
Headcount (number)								
Headcount (including subsidiaries) as on March 31st	2,38,583	1,98,614	1,60,429	1,43,761	1,11,407	89,419	66,480	45,714

RATIO ANALYSIS

	Units	FY 2011-12	FY 2010-11	FY 2009-10	FY 2008-09	FY 2007-08	FY 2006-07	FY 2005-06	FY 2004-05
Ratios - financial performance									
International revenue/total revenue	%	91.40	90.80	91.35	92.15	90.96	91.00	87.51	87.82
Domestic revenue/total revenue	%	8.60	9.20	8.65	7.85	9.04	9.00	12.49	12.18
Employee cost/total revenue	%	50.53	50.38	50.17	52.07	50.45	48.17	46.08	44.98
Other operating cost/total revenue	%	19.95	19.67	20.88	22.15	24.30	24.32	26.15	26.16
Total cost/total revenue	%	70.48	70.05	71.05	74.22	74.75	72.50	72.22	71.14
EBIDTA (before other Income)/total revenue	%	29.52	29.95	28.95	25.78	25.25	27.50	27.78	28.86
Profit before tax/total revenue	%	28.48	29.53	27.61	22.11	25.84	26.32	26.44	27.02
Tax/total revenue	%	6.95	4.91	3.99	3.02	3.48	3.55	3.84	4.07
Effective tax rate - Tax/PBT	%	24.42	16.61	14.44	13.64	13.45	13.50	14.53	15.07
Profit after tax/total revenue	%	21.30	24.30	23.31	18.90	22.22	22.55	22.37	20.28
Ratios - growth									
International revenue	%	31.87	23.54	7.02	24.58	21.00	46.49	35.58	N/A
Total revenue	%	31.00	24.30	7.97	22.96	21.06	40.87	36.06	N/A
EBIDTA (before other Income)	%	29.14	28.57	21.27	25.54	11.14	39.48	30.94	N/A
Profit after tax	%	14.84	29.53	33.18	4.58	19.31	42.00	50.07	N/A
Ratios - Balance Sheet									
Debt-equity ratio	Nos.	-	-	0.01	0.04	0.04	0.06	0.02	0.06
Current ratio	Nos.	2.22	2.35	1.88	2.26	2.24	2.24	2.25	2.24
Days sales outstanding (DSO) in ₹ terms	Days	86	80	71	79	87	84	90	77
Days sales outstanding (DSO) in \$ terms	Days	81	82	74	74	87	88	90	78
Invested funds / total assets	%	34.83	36.81	45.68	26.29	28.97	27.03	17.67	17.92
Invested funds / total revenue	%	22.03	25.08	28.90	15.76	16.76	13.94	8.43	7.05
Capital expenditure / total revenue	%	4.06	4.85	3.43	3.95	5.58	6.64	4.69	3.72
Operating cash flows / total revenue	%	14.33	17.72	24.66	19.45	17.22	18.58	18.76	21.46
Free cash flow/operating cash flow ratio	%	71.64	72.66	86.07	79.70	67.60	64.25	74.97	82.64
Depreciation / average gross block	%	10.65	10.35	10.78	11.13	15.05	17.10	18.09	13.57
Ratios - per share									
EPS - adjusted for bonus	₹	53.07	46.27	35.67	26.81	25.68	21.53	15.16	11.84
Price earning ratio, end of year	Nos.	22.01	25.56	21.89	10.07	15.79	28.97	31.57	30.23
Dividend per share	₹	25.00	14.00	20.00	14.00	14.00	13.00	13.50	11.50
Dividend per share - adjusted for bonus	₹	25.00	14.00	20.00	7.00	7.00	6.50	3.38	2.88
Dividend payout % (based on consolidated profits)	%	54.75	35.22	65.45	30.54	31.89	30.74	25.07	27.55
Market capitalisation/total revenue	%	4.67	6.20	5.09	1.90	3.51	6.53	7.06	7.05

FINANCIAL PERFORMANCE UNCONSOLIDATED

The Management's 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 and related notes to the financial statements for the years ended March 31, 2012 and March 31, 2011.

Summary

Revenue of TCS Limited aggregated ₹ 38,858.54 crores in fiscal 2012 as compared to ₹ 29,275.41 crores in fiscal 2011, registering a growth of 32.73%.

Other significant financial parameters are shown below:

- Company's earnings excluding other income, before interest, taxes, depreciation, and amortisation (EBITDA) aggregated ₹ 11,385.72 crores in fiscal 2012 (₹ 8,763.53 crores in fiscal 2011), registering a growth of 29.92%
- Company's profit before tax (PBT) aggregated ₹ 13,366.33 crores in fiscal 2012 (₹ 8,700.43 crores in fiscal 2011), registering a growth of 53.63%
- Company's profit after tax (PAT) aggregated ₹ 10,975.98 crores in fiscal 2012 (₹ 7,569.99 crores in fiscal 2011), registering a growth of 44.99%
- Company's earnings per share (EPS) were ₹ 55.95 in fiscal 2012 (₹ 38.61 in fiscal 2011), registering a growth of 44.91%.

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 2012, the Company declared three interim dividends of ₹ 3 per equity share. A final dividend of ₹ 8 per equity share has been recommended by the board of directors at its meeting held on April 23, 2012. In addition, the board of directors has also recommended a special dividend of ₹ 8 per equity share for the year ended March 31, 2012.

On approval by the shareholders of the final dividend of ₹ 8 per equity share and the special dividend of ₹ 8 per equity share, the total dividend for fiscal 2012 would be ₹ 25 per equity share of ₹ 1 each (total dividend for fiscal 2011, ₹ 14 per equity share).

In addition, the board of directors has recommended dividend of ₹ 0.22 per preference share of ₹ 1 each.

DISCUSSIONS ON FINANCIAL PERFORMANCE - UNCONSOLIDATED

The Management's 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):

	Fiscal 2012		Fiscal 2011		% growth
	₹ crores	% of revenue	₹ crores	% of revenue	
Revenue from operations	38,858.54	100.00	29,275.41	100.00	32.73
Expenses					
Employee benefit expenses	14,100.41	36.29	10,221.85	34.91	37.94
Overseas business expenses (employee allowances paid overseas)	5,465.84	14.07	4,501.75	15.38	21.42
Services rendered by business associates (BA) and others	2,607.69	6.71	1,735.72	5.93	50.24
Total employee and BA related expenses	22,173.94	57.07	16,459.32	56.22	34.72
Overseas business expenses (other than employee allowance paid overseas)	580.79	1.49	446.65	1.53	30.03
Operation and other expenses	4,718.09	12.14	3,605.91	12.32	30.84
Total expenses	27,472.82	70.70	20,511.88	70.07	33.94
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	11,385.72	29.30	8,763.53	29.93	29.92
Other income (net) excluding dividend income	257.18	0.66	455.46	1.56	(43.53)
Dividend income	2,428.00	6.25	39.27	0.13	6,082.84
Finance costs	16.40	0.04	20.01	0.06	(18.04)
Depreciation and amortisation expense	688.17	1.77	537.82	1.84	27.96
Profit before tax (PBT)	13,366.33	34.40	8,700.43	29.72	53.63
Tax expense	2,390.35	6.15	1,130.44	3.86	111.45
Profit for the year (PAT)	10,975.98	28.25	7,569.99	25.86	44.99

Revenue from operations

Total revenue increased from ₹ 29,275.41 crores in fiscal 2011 to ₹ 38,858.54 crores in fiscal 2012, registering a growth of 32.73%.

Revenue from information technology and consultancy services increased from ₹ 28,171.26 crores in fiscal 2011 to ₹ 37,453.57 crores in fiscal 2012, a growth of 32.95% (26.71% in fiscal 2011).

Revenue from sale of equipment and software licenses increased from ₹ 1,104.15 crores in fiscal 2011 to ₹ 1,404.97 crores in fiscal 2012, an increase of 27.24 % (36.06% in fiscal 2011). Sale of equipment and software licenses constituted 3.62% of total revenue in fiscal 2012 (3.77% in fiscal 2011).

Expenses
Employee and BA related expenses

	Fiscal 2012		Fiscal 2011		% growth
	₹ crores	% of revenue	₹ crores	% of revenue	
Employee benefit expenses	14,100.41	36.29	10,221.85	34.91	37.94
Overseas business expenses (employee allowances paid overseas)	5,465.84	14.07	4,501.75	15.38	21.42
Services rendered by BA and others	2,607.69	6.71	1,735.72	5.93	50.24
Total	22,173.94	57.07	16,459.32	56.22	34.72

Total employee and BA related expenses have increased by 34.72% from ₹ 16,459.32 crores in fiscal 2011 to ₹ 22,173.94 crores in fiscal 2012. These costs as a percentage of revenue were 57.07% in fiscal 2012 (56.22% in fiscal 2011). The increase in employee costs in fiscal 2012 over fiscal 2011, 0.85% of revenue was primarily attributable to lower utilisation and higher BA costs.

Overseas business expenses (other than employee allowances paid overseas)

Overseas business expenses (other than employee allowances paid overseas) went up from ₹ 446.65 crores (1.53 % of revenue) in fiscal 2011 to ₹ 580.79 crores (1.49 % of revenue) in fiscal 2012. This increase was mainly due to increase in overseas travel related costs.

Operation and other expenses

	Fiscal 2012		Fiscal 2011	
	₹ crores	% of revenue	₹ crores	% of revenue
Software licenses, hardware and material cost	1,933.55	4.98	1,438.49	4.91
Communication	375.60	0.97	302.57	1.03
Travelling and conveyance	398.81	1.03	295.75	1.01
Rent	635.41	1.63	477.64	1.63
Legal and professional fees	166.99	0.42	122.10	0.42
Repairs and maintenance	219.67	0.57	180.47	0.62
Electricity	292.10	0.75	240.00	0.82
Recruitment and training	170.76	0.44	165.84	0.57
Others	525.20	1.35	383.05	1.31
Total	4,718.09	12.14	3,605.91	12.32

Operation and other expenses as percentage of revenue decreased from 12.32% in fiscal 2011 to 12.14% in fiscal 2012.

The decrease of 0.18% was primarily due to

- decrease in recruitment and training expenses 0.13%
- decrease in electricity expenses 0.07%
- decrease in repairs and maintenance expenses 0.05%
- offset by an increase in software licenses, hardware and material costs purchased 0.07%.

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

EBITDA increased from ₹ 8,763.53 crores (29.93% of revenue) in fiscal 2011 to ₹ 11,385.72 crores (29.30% of revenue) in fiscal 2012. The decrease in the EBITDA of 0.63% as a percentage of revenue during fiscal 2012 was primarily attributable to

- increase in the cost of services rendered by BA 0.78%
- offset by decrease in operation and other expenses 0.18%.

Other income (net)

	Fiscal 2012		Fiscal 2011		% growth
	₹ crores	% of revenue	₹ crores	% of revenue	
Dividend income	2,428.00	6.25	39.27	0.13	6,082.84
Others (net)	257.18	0.66	455.46	1.56	(43.53)
Total	2,685.18	6.91	494.73	1.69	442.76

The board of directors of some of the subsidiaries declared and paid dividend to TCS based on their undistributed earnings and future investment plans. The Company received dividend of ₹ 2,428.00 crores in fiscal 2012 (₹ 39.27 crores in fiscal 2011). Consequently, dividend income has increased from 0.13% of revenue in fiscal 2011 to 6.25% of revenue in fiscal 2012.

Other income (net) excluding dividend received from subsidiaries was ₹ 257.18 crores (0.66% of revenue) in fiscal 2012 as compared to ₹ 455.46 crores (1.56% of revenue) in fiscal 2011.

The primary reasons for the decrease in other income excluding dividend were

- increase in exchange loss (net) 0.93%
- decrease in profit on redemption of mutual funds and sale of other current investments (net) 0.22%
- offset by an increase in interest income 0.23%.

Depreciation and amortisation expense

Depreciation and amortisation expense increased from ₹ 537.82 crores (1.84% of revenue) in fiscal 2011 to ₹ 688.17 crores (1.77% of revenue) in fiscal 2012, primarily on account of investment in infrastructural facilities.

Profit before tax (PBT)

PBT increased from ₹ 8,700.43 crores (29.72% of revenue) in fiscal 2011, to ₹ 13,366.33 crores (34.40% of revenue) in fiscal 2012. The primary reasons for the increase in the PBT of 4.68% were due to

- increase in dividend income 6.12%
- decrease in other income 0.90%
- decrease in EBITDA 0.63%
- decrease in depreciation charge 0.07%

Tax expense

The tax expense increased from ₹ 1,130.44 crores in fiscal 2011 (3.86% of revenue) to ₹ 2,390.35 crores in fiscal 2012 (6.15% of revenue). The substantial increase in net tax expense was primarily attributable to expiry of period of tax holiday for STP units and tax on significant amount of dividend received from subsidiaries.

Profit for the year (PAT)

The Company's PAT was ₹ 10,975.98 crores in fiscal 2012 (₹ 7,569.99 crores in fiscal 2011). Net profit margin increased from 25.86% in fiscal 2011 to 28.25% in fiscal 2012. The improvement of 2.39% was attributable to higher PBT 4.68% offset by higher taxes 2.29%.

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, 2011 was ₹ 3,183.14 crores. On transfer of 10.00% of the profit after tax in fiscal 2012 amounting to ₹ 1,097.60 crores (₹ 757.00 crores in fiscal 2011), the general reserve as at March 31, 2012 increased to ₹ 4,280.74 crores.

Foreign currency translation reserve was ₹ 152.46 crores as at March 31, 2012 (₹ 101.61 crores as at March 31, 2011).

The closing balance in hedging reserve account arising out of cash flow hedges as at March 31, 2012 showed an accumulated loss of ₹ 25.96 crores (gain of ₹ 11.35 crores as at March 31, 2011). Note 37 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, 2012 was ₹ 18,235.20 crores (₹ 14,069.20 crores as at March 31, 2011) 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, 2012 were ₹ 24,560.91 crores (₹ 19,283.77 crores, as at March 31, 2011), an increase of 27.37%.

Borrowings
Long-term borrowings

Long-term borrowings as at March 31, 2012 aggregated ₹ 96.23 crores (₹ 36.33 crores as at March 31, 2011) primarily due to finance lease obligations of ₹ 93.47 crores (₹ 32.33 crores as at March 31, 2011) which are secured against fixed assets. For details refer note 32 'Obligations towards finance leases' of the unconsolidated notes to accounts.

Deferred tax liability (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 and amortisation. The net deferred tax liability was ₹ 118.10 crores as at March 31, 2012 (₹ 69.32 crores as at March 31, 2011).

Deferred tax assets are created against certain items such as employee benefits, depreciation and amortisation and provision for doubtful debts. As at March 31, 2012, the net deferred tax asset had a balance of ₹ 139.74 crores (₹ 52.03 crores as at March 31, 2011). 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, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
	Other current liabilities		Other long-term liabilities		Total other liabilities	
Income received in advance	561.18	557.34	-	-	561.18	557.34
Advance received from customers	12.47	116.37	-	-	12.47	116.37
Other payables and liabilities	1,024.91	910.56	197.59	129.91	1,222.50	1,040.47
Total	1,598.56	1,584.27	197.59	129.91	1,796.15	1,714.18

Other current and long-term liabilities increased to ₹ 1,796.15 crores as at March 31, 2012 (₹ 1,714.18 crores as at March 31, 2011). Current liabilities increased to ₹ 1,598.56 crores as at March 31, 2012 (₹ 1,584.27 crores as at March 31, 2011).

The increase in other payables and liabilities was primarily due to

- increase in fair values of foreign exchange forward and option contracts secured against trade receivables ₹ 123.69 crores
- increase in statutory current liabilities such as Value Added Tax (VAT), Tax Deducted at Source (TDS) and others ₹ 40.04 crores
- increase in other payments and liabilities mainly on account of lease rental liabilities.

Short-term and long-term provisions

Provisions aggregated ₹ 4,544.52 crores as at March 31, 2012 (₹ 2,490.11 crores as at March 31, 2011). The composition of provisions is disclosed in the table below:

(₹ crores)

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
	Short-term provisions		Long-term provisions		Total provisions	
Provision for employee benefits	506.63	398.70	154.78	76.17	661.41	474.87
Proposed final dividend on equity shares	3,131.55	1,565.78	-	-	3,131.55	1,565.78
Proposed dividend on redeemable preference shares	22.00	11.00	-	-	22.00	11.00
Tax on dividend	511.59	255.79	-	-	511.59	255.79
Current income taxes (net)	217.24	182.09	-	-	217.24	182.09
Provision for warranties	0.73	0.58	-	-	0.73	0.58
Total	4,389.74	2,413.94	154.78	76.17	4,544.52	2,490.11

The increase in short term provisions was mainly attributable to

- increase in proposed final dividend on equity shares ₹ 1,565.77 crores
- increase in tax on dividend ₹ 255.80 crores
- increase in provision for employee benefits ₹ 107.93 crores, which mainly comprise liability for compensated absences
- increase in current income taxes(net) ₹ 35.15 crores.

Increase in long term provisions of ₹ 78.61 crores were attributable to employee retirement benefits.

Fixed assets

The significant additions to gross block in fiscal 2012 were

- land and buildings ₹ 325.97 crores in fiscal 2012 (₹ 280.69 crores in fiscal 2011)
- leasehold improvements ₹ 204.59 crores in fiscal 2012 (₹ 98.54 crores in fiscal 2011)
- computer equipment ₹ 413.33 crores in fiscal 2012 (₹ 490.29 crores in fiscal 2011)
- office equipment, electrical installations, and furniture and fixtures ₹ 399.25 crores in fiscal 2012 (₹ 269.39 crores in fiscal 2011).

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 ₹ 1,682.98 crores as at March 31, 2012 (₹ 1,132.27 crores as at March 31, 2011).

Current investments and non-current investments

(₹ crores)

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
	Current investments		Non-current investments		Total	
Investments in debentures	533.33	333.33	333.33	866.67	866.66	1,200.00
Investments in fully paid-up equity shares of subsidiaries and others	-	-	4,442.58	4,210.98	4,442.58	4,210.98
Investments in fully paid-up preference shares of subsidiaries and others	-	-	370.84	376.86	370.84	376.86
Other investments	4.91	4.25	3.40	3.40	8.31	7.65
Total	538.24	337.58	5150.15	5457.91	5688.39	5795.49

Significant investments during fiscal 2012 were

- acquisition of remaining 24 percent of shares in Diligenta Limited
- setting up a 100 percent subsidiary in the Middle- East in Qatar
- partial redemption of unquoted debentures.

Unbilled revenue

Unbilled revenue were ₹ 1,567.47 crores as at March 31, 2012 (₹ 836.37 crores as at March 31, 2011) representing 4.03% of revenue for fiscal 2012 (2.86% for fiscal 2011).

Trade receivables

Trade receivables as at March 31, 2012 aggregated ₹ 9,107.72 crores (₹ 4,806.67 crores as at March 31, 2011). As a percentage of revenue, trade receivables were at 23.44% as at March 31, 2012 compared to 16.42% as at March 31, 2011.

Short-term and long-term loans and advances

(₹ crores)

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
	Short-term loans and advances		Long-term loans and advances		Total loans and advances	
Loans and advances to employees	140.09	130.68	9.05	10.90	149.14	141.58
Advance tax [including refund receivable(net)]	-	-	978.58	513.89	978.58	513.89
MAT credit entitlement	-	-	1,443.60	1,007.50	1,443.60	1,007.50
Other loans and advances	1,508.63	1,238.37	1,574.52	1,105.09	3,083.15	2,343.46
Capital advances	-	-	327.06	226.71	327.06	226.71
Total	1,648.72	1,369.05	4,332.81	2,864.09	5,981.53	4,233.14

Loans and advances as at March 31, 2012 increased by ₹ 1,748.39 crores. The increase was primarily attributable to

- increase in MAT credit ₹ 436.10 crores, mainly due to applicability of MAT on SEZ operations effective April 1, 2011
- increase in advance tax (net of provision for taxes) ₹ 464.69 crores, is attributable to payments made against demands from tax authorities, which have been contested by the Company
- increase in other loans and advances ₹ 739.69 crores, mainly due to increase in inter corporate deposits and prepaid expenses related to certain large projects
- increase in capital advances ₹ 100.35 crores, related to infrastructural facilities in progress.

Other current and non-current assets

(₹ crores)

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
	Other current assets		Other non-current assets		Total	
Interest receivable	389.43	94.92	126.75	119.26	516.18	214.18
Long-term bank deposits	-	-	2,510.13	2,484.00	2,510.13	2,484.00
Total	389.43	94.92	2,636.88	2,603.26	3,026.31	2,698.18

Other current and non-current assets as at March 31, 2012 were higher by ₹ 328.13 crores primarily on account of higher interest receivable on inter-corporate deposits and fixed deposits with banks.

Cash and cash equivalents

(₹ crores)

	As at March 31, 2012	As at March 31, 2011
Cash and bank balances	327.07	584.52
Short - term bank deposits	2953.00	2536.00
Total	3280.07	3120.52

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, 2012, the Company had available lines of credit with multiple banks aggregating ₹ 4,184.00 crores interchangeable between fund-based and non-fund based limits (₹ 2,104.00 crores as at March 31, 2011). As at March 31, 2012 the Company had utilised ₹ 1,938.97 crores of these limits (₹ 1,182.73 crores utilised as at March 31, 2011). The available unutilised facility as at March 31, 2012 was ₹ 2,245.03 crores (₹ 921.27 crores as at March 31, 2011).

Summary of cash flow statement is given below

(₹ crores)

	Fiscal 2012	Fiscal 2011
Net cash provided by/ (used in):		
Operating activities	3,174.63	5,719.88
Investing activities	433.36	(841.76)
Financing activities	(3,897.22)	(4,605.61)
Net (decrease)/increase in cash and cash equivalents	(289.23)	272.51
Exchange difference on translation of foreign currency cash and cash equivalents	31.02	11.39
Net (decrease)/increase in cash and cash equivalents after translation	(258.21)	283.90

Cash flows from operating activities

(₹ crores)

	Fiscal 2012	Fiscal 2011
Operating profit before working capital changes	11,083.53	8,606.91
Effect of working capital changes	(4,613.98)	(1,406.69)
Taxes paid	(3,294.92)	(1,480.34)
Net cash provided by operating activities	3,174.63	5,719.88

In fiscal 2012, the Company generated net cash of ₹ 3,174.63 crores (₹ 5,719.88 crores in fiscal 2011) from operating activities. The primary reason for the decrease in fiscal 2012 is attributable to additional working capital requirements and higher taxes (expiry of STP scheme with effect from April, 2011 and increased tax on dividend received from subsidiaries).

Cash flows from investing activities

(₹ crores)

	Fiscal 2012	Fiscal 2011
Fixed assets (net)	(1,689.15)	(1,562.68)
Sale of other investments (net)	122.60	2,139.99
Fixed deposits with banks having maturity more than three months (net)	(443.13)	(1,922.03)
Dividend received from subsidiaries	2,447.47	33.39
Others	(4.43)	469.57
Net cash provided by/(used in) investing activities	433.36	(841.76)

In fiscal 2012, the Company generated ₹ 433.36 crores from investing activities (₹ 841.76 crores of cash used in fiscal 2011).

The significant items of investing activities were

- increase in dividends received from subsidiaries ₹ 2,414.08 crores
- increase in fixed assets (net) ₹ 126.47 crores.

Cash flows from financing activities

(₹ crores)

	Fiscal 2012	Fiscal 2011
Dividend paid (including dividend tax)	(3,879.81)	(4,584.38)
Repayments of borrowings	(1.25)	(1.24)
Interest paid	(16.16)	(19.99)
Net cash used in financing activities	(3,897.22)	(4,605.61)

The significant item of cash used in financing activities was payment of dividend ₹ 3,879.81 crores including dividend tax (₹ 4,584.38 crores in fiscal 2011). Dividend outflow in fiscal 2011 was higher due to special dividend for fiscal 2010 paid in fiscal 2011.

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 or losses, 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 and 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 planning and conduct of internal audit is oriented towards the review of controls in the management of risks and opportunities in the Company's activities. The internal audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operations such as software delivery, accounting and finance, procurement, employee engagement, travel, insurance, IT processes in the Company, including significant subsidiaries and selected foreign branches. Safeguarding of assets and their protection against unauthorised use are also a part of these exercises.

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 the implementation of corrective actions. The 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 from time to time.

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, projections and so on whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which the Company does not have any direct control.

Corporate Governance Report for the year 2011-12

I. Company's Philosophy on Corporate Governance

Effective corporate governance practices constitute the strong foundations on which successful commercial enterprises are built to last. These practices are categorised through principle based standards and not just through a framework enforced by regulation. It develops through adoption of ethical practices in all of its dealings with a wide group of stakeholders encompassing regulators, employees, shareholders, customers and vendors.

Strong leadership and effective corporate governance practices have been the Company's hallmark and it has inherited these from the Tata culture. The Company will continue 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. By combining ethical values with business acumen, globalisation with national interests and core business with emerging business, the Company aims to be amongst the largest and most respected global organisations. 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, as also 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, 2012, the Company has twelve Directors with a Non-Executive Chairman and a Non-Executive Vice Chairman. Of the twelve Directors, ten (i.e. 83.33%) are Non-Executive Directors and six (i.e. 50.00%) are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges.
- (ii) None of the Directors on the Board, are Members of more than ten Committees or Chairman of more than five Committees across all the public companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2012 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 companies 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 2011-12		Whether attended last AGM held on July 1, 2011	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 (Chairman) DIN 00000001	Non-Independent, Non-Executive	7	5	Yes	9	1	-	-
Mr. S. Ramadorai (Vice-Chairman) DIN 00000002	Non-Independent, Non-Executive	7	7	Yes	8	6	4	4
Mr. N. Chandrasekaran (Chief Executive Officer and Managing Director) DIN 00121863	Non-Independent, Executive	7	7	Yes	1	3	-	1
Mr. Aman Mehta DIN 00009364	Independent, Non-Executive	7	6	Yes	-	5	4	3
Mr. V. Thyagarajan DIN 00017541	Independent, Non-Executive	7	7	Yes	-	1	-	1
Prof. Clayton M. Christensen DIN 00020111	Independent, Non-Executive	7	3	No	-	-	-	-
Dr. Ron Sommer DIN 00621387	Independent, Non-Executive	7	6	No	-	1	-	-
Mrs. Laura M. Cha DIN 00909210	Independent, Non-Executive	7	3	No	-	-	-	-
Mr. S. Mahalingam (Chief Financial Officer and Executive Director) DIN 00121727	Non-Independent, Executive	7	7	Yes	1	3	1	-
Dr. Vijay Kelkar DIN 00011991	Independent, Non-Executive	7	5	Yes	3	5	-	1
Mr. Ishaat Hussain DIN 00027891	Non-Independent, Non-Executive	7	7	Yes	2	11	3	5
Mr. Phiroz Vandrevala* DIN 01778976	Non-Independent, Non-Executive	7	7	Yes	-	2	-	1

* Ceased to be the Executive Director and appointed as Director in non-independent and non-executive capacity w.e.f. May 13, 2011.

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 21, 2011; May 20, 2011; July 14, 2011; October 17, 2011; December 9, 2011; January 17, 2012 and March 9, 2012 and adjourned meeting on March 10, 2012.
- 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 2011-12, 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.
- (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 of the Company was held on July 1, 2011 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 2011-12	
		Held	Attended
Mr. Aman Mehta (Chairman)	Independent, Non-Executive	7	6
Mr. V. Thyagarajan	Independent, Non-Executive	7	7
Dr. Ron Sommer	Independent, Non-Executive	7	6
Dr. Vijay Kelkar	Independent, Non-Executive	7	5
Mr. Ishaat Hussain	Non-Independent, Non-Executive	7	7

- (vi) Seven Audit Committee Meetings were held during the year. The dates on which the said meetings were held are as follows:
- April 21, 2011; May 20, 2011; July 14, 2011; October 17, 2011; December 9, 2011; January 17, 2012 and March 9, 2012.
- 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 2011-12	
		Held	Attended
Mr. Aman Mehta (Chairman)	Independent, Non-Executive	1	1
Mr. R. N. Tata	Non-Independent, Non-Executive	1	1
Mr. S. Ramadorai	Non-Independent, Non-Executive	1	1
Mr. V. Thyagarajan	Independent, Non-Executive	1	1

- (iv) One meeting of the Remuneration Committee was held during the year on May 20, 2011.
 (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 Companies Act, 1956, based on the performance of the Company as well as that of the Managing Director and each Executive Director.

During the year 2011-12, the Company paid sitting fees of Rupees Ten thousand 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 Annual General Meeting 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 Companies Act, 1956. 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, 2012:

- (a) Non-Executive Directors

(₹ Lakh)

Name	Commission	Sitting Fees
Mr. R. N. Tata	800.00	0.60
Mr. S. Ramadorai	200.00	1.30
Mr. Aman Mehta	120.00	1.30
Mr. V. Thyagarajan	94.00	1.80
Prof. Clayton M. Christensen	58.00	0.30
Dr. Ron Sommer	93.00	1.40
Mrs. Laura M. Cha	40.00	0.40
Dr. Vijay Kelkar	69.00	1.20
Mr. Ishaat Hussain	Nil	1.70
Mr. Phiroz Vandrevalla	26.00	0.60

(b) Managing Director and Executive Directors

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)	83.82	116.83	600.00	Nil
Mr. S. Mahalingam Chief Financial Officer and Executive Director (w.e.f. September 6, 2007 for a period of 5 years)	54.86	47.77	250.00	Nil
Mr. Phiroz Vandrevala Executive Director (w.e.f. September 7, 2007 upto May 12, 2011)	4.95	6.13	Nil	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 ₹ 84.40 lakh to the former Managing Director.

Services of the Managing Director and Executive Directors 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 shares of the Company held by the Directors as on March 31, 2012 are given below:

Name	Number of shares
Mr. R. N. Tata	15,23,256
Mr. S. Ramadorai	1,99,120
Mr. N. Chandrasekaran	88,528
Mr. S. Mahalingam	1,61,680
Mr. Ishaat Hussain	1,740
Mr. Phiroz Vandrevala	80,000

The Company has not issued any convertible debentures.

C. Shareholders/Investors Grievance Committee

- 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.
- One meeting of the Shareholders/Investors Grievance Committee was held during the year on December 9, 2011.

- (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 2011-12	
		Held	Attended
Mrs. Laura M. Cha (Chairperson)	Independent, Non-Executive	1	1
Mr. S. Ramadorai	Non-Independent, Non-Executive	1	1
Mr. V. Thyagarajan	Independent, Non-Executive	1	1

- (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 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
11th 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 2011-12 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
-	188	187	1

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. Two meetings of the Ethics and Compliance Committee were held during the year on May 20, 2011 and October 17, 2011.

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 2011-12	
		Held	Attended
Mr. S. Ramadorai	Non-Independent, Non-Executive	2	2
Mr. V. Thyagarajan	Independent, Non-Executive	2	2

Mr. S. Mahalingam, Chief Financial Officer and Executive Director was appointed as the Compliance Officer by the Board in 2004, to ensure compliance and effective implementation of the Insider Trading Code.

(ii) Bank Account Committee:

The Company has a Bank Account Committee of Directors to approve of the opening and closing of bank accounts of the Company and to authorise persons to operate the bank accounts of the Company. The Committee comprises of Mr. Aman Mehta (Independent, Non-Executive), Mr. N. Chandrasekaran (Non-Independent, Executive) and Mr. S. Mahalingam (Non-Independent, Executive).

(iii) Nominations Committee:

The Company has a Nominations Committee of Directors comprising of Mr. V. Thyagarajan (Independent, Non-Executive) as the Chairman, Mr. R. N. Tata (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 has an Executive Committee of Directors comprising of Mr. R. N. Tata (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 intent to avail expertise of all the Board members.

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

The Company has a Software Technology Parks of India (STPI)/Special Economic Zone (SEZ) Committee of Directors comprising of Mr. V. Thyagarajan (Independent, Non-Executive), Mr. N. Chandrasekaran (Non-Independent, Executive) and Mr. S. Mahalingam (Non-Independent, Executive). The STPI/SEZ Committee is responsible for approval from time to time, 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.

Three meetings of the Risk Management Committee were held during the year on May 3, 2011, August 29, 2011 and March 5, 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 2011-12	
		Held	Attended
Mr. Ishaat Hussain	Non-Independent, Non-Executive	3	3
Mr. S. Ramadorai	Non-Independent, Non-Executive	3	2
Mr. N. Chandrasekaran	Non-Independent, Executive	3	3
Mr. S. Mahalingam	Non-Independent, Executive	3	3

(vii) Health, Safety and Sustainability Committee:

A Health, Safety and Sustainability Committee of Directors has been constituted on July 9, 2011 which 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.

Two meetings of the Health, Safety and Sustainability Committee were held during the year on July 14, 2011 and December 9, 2011.

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 2011-12	
		Held	Attended
Dr. Vijay Kelkar (Chairman)	Independent, Non-Executive	2	2
Dr. Ron Sommer	Independent, Non-Executive	2	2
Mr. N. Chandrasekaran	Non-Independent, Executive	2	2

IV. General Body Meetings

(i) General Meeting

(a) Annual General Meeting:

Details	Date	Time	Venue
Annual General Meeting 2008-09	June 30, 2009	3.30 p.m.	Birla Matushri Sabhagar 19, Sir Vithaldas Thackersey Marg New Marine Lines Mumbai – 400 020
Annual General Meeting 2009-10	July 2, 2010		
Annual General Meeting 2010-11	July 1, 2011		

(b) Extraordinary General Meeting:

No Extraordinary General Meeting of the Members was held during the year 2011-12.

(ii) Postal Ballot

No Postal Ballot was conducted during the year 2011-12.

(iii) Special Resolutions

At the Annual General Meeting of the Company held on June 30, 2009, a Special Resolution was passed for the payment of commission to the non-whole-time Directors of the Company. The resolution was passed with the requisite majority.

At the Annual General Meeting 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 SEBI or any statutory authority, on any matter related to capital markets, during the last three years 2009-10, 2010-11 and 2011-12 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, 2011 was sent to every Member in October 2011.

(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 Statement is a part of the Company's Annual Report.

VIII. General Shareholder Information**(i) Annual General Meeting:**

Date	: June 29, 2012
Time	: 3:30 p.m.
Venue	: Birla Matushri Sabhaghar 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 Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM to be held on June 29, 2012.

(ii) Financial Calendar:

Year ending	: March 31
AGM in	: June
Dividend Payment	: The final dividend and special dividend, if declared, shall be paid/credited on July 3, 2012.

(iii) Date of Book Closure/Record Date : As mentioned in the Notice of the AGM to be held on June 29, 2012.**(iv) Listing on Stock Exchanges** : National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra(East), Mumbai 400 051
: BSE Limited
25th Floor, P. J. Towers, Dalal Street
Mumbai 400 001**(v) Stock Codes/Symbol** :
National Stock Exchange of India Limited : TCS
BSE Limited : 532540
Listing Fees as applicable have been paid.**(vi) Corporate Identification Number (CIN) of the Company** : L22210MH1995PLC084781**(vii) Dividend Policy:**

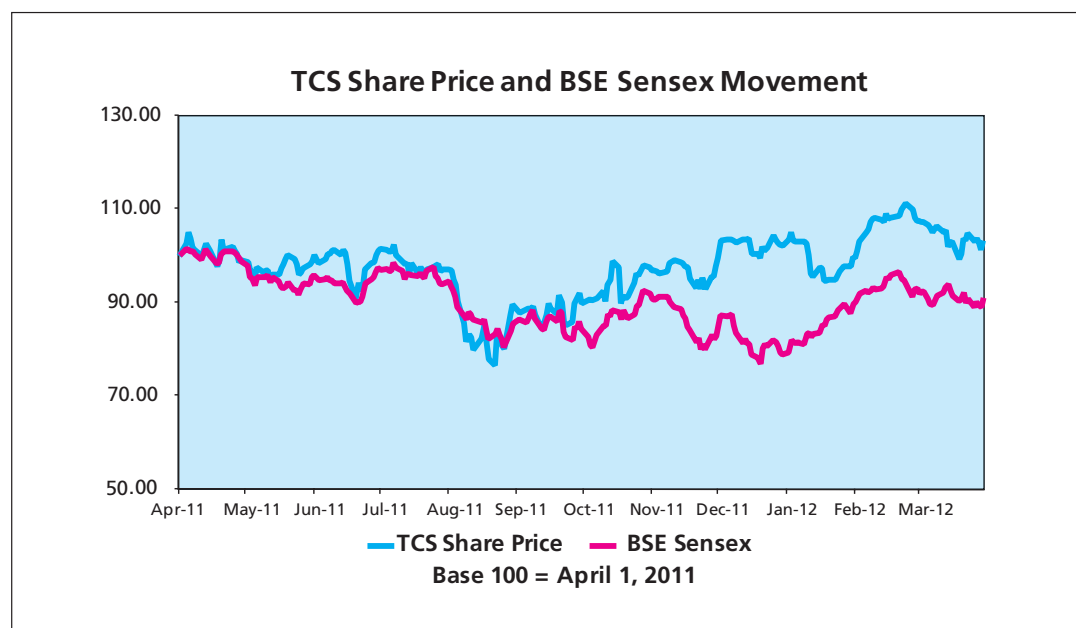
Dividends, other than interim dividend(s), are to be declared at the Annual General Meetings of shareholders based on the recommendation of the Board of Directors. Generally, the factors that may be considered by the Board of Directors before making any recommendations for dividend include, without limitation, 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 closing prices) and number of shares traded during each month in the year 2011-12 on National Stock Exchange of India Limited and BSE Limited:

Month	National Stock Exchange of India Limited			BSE Limited		
	High (₹)	Low (₹)	Total Number of Shares Traded	High (₹)	Low (₹)	Total Number of Shares Traded
April 2011	1,239.85	1,144.60	3,72,65,141	1,239.40	1,149.70	62,22,585
May 2011	1,175.00	1,111.75	2,11,14,643	1,176.40	1,112.15	28,55,679
June 2011	1,191.05	1,069.30	3,12,04,481	1,188.75	1,069.55	28,45,829
July 2011	1,195.90	1,122.55	3,28,89,312	1,196.00	1,122.65	32,12,450
August 2011	1,135.25	918.05	4,54,54,323	1,133.60	918.30	63,50,253
September 2011	1,061.45	985.70	4,18,64,034	1,060.30	988.80	48,02,182
October 2011	1,134.25	1,033.55	4,06,35,067	1,134.50	1,033.50	54,02,851
November 2011	1,131.00	1,062.30	2,45,55,014	1,130.80	1,062.40	29,98,121
December 2011	1,188.40	1,133.35	2,67,61,157	1,187.90	1,133.10	32,02,346
January 2012	1,197.60	1,075.55	4,17,24,662	1,196.70	1,075.35	42,52,739
February 2012	1,270.00	1,128.70	2,84,22,699	1,269.15	1,128.00	26,01,987
March 2012	1,219.60	1,122.00	3,11,88,505	1,221.25	1,122.40	21,80,648

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



(x) Registrar and Transfer Agents:

Name and Address	:	TSR Darashaw Limited (TSRDL) 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 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 TSRDL:

(a) Branches of TSRDL:

- TSR Darashaw Limited
503, Barton Centre, 5th Floor
84, Mahatma Gandhi Road
Bangalore 560 001
Telephone: 91 80 2532 0321
Fax: 91 80 2558 0019
E-mail: tsrdlbg@tsrdarashaw.com
- TSR Darashaw Limited
Bungalow No. 1, 'E' Road
Northern Town, Bistupur
Jamshedpur 831 001
Telephone: 91 657 2426616
Fax: 91 657 2426937
E-mail: tsrdljsr@tsrdarashaw.com
- TSR Darashaw Limited
Tata Centre, 1st 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 Limited
2/42, Sant Vihar
Ansari Road, Daryaganj
New Delhi 110 002
Telephone: 91 11 2327 1805
Fax: 91 11 2327 1802
E-mail: tsrdldel@tsrdarashaw.com

(b) Agent of TSRDL:

Shah Consultancy Services Limited
3, Sumatinath Complex, Pritam Nagar
2nd Dhal, 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 TSRDL 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 Directors, the Chief Financial Officer and the Company Secretary are severally empowered to approve transfers.

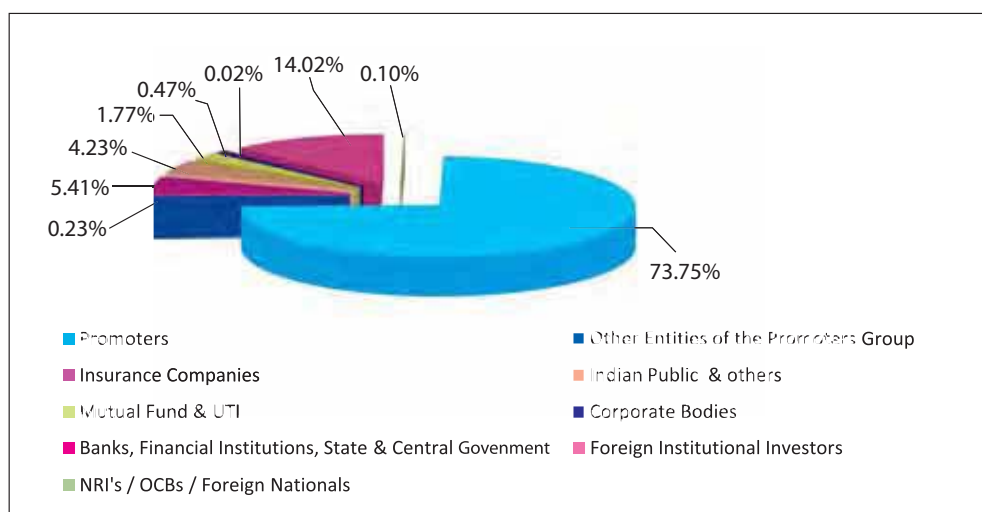
(xiii) Shareholding as on March 31, 2012:

(a) Distribution of Equity Shareholding as on March 31, 2012:

Number of shares	Holding	Percentage to capital	Number of accounts	Percentage to total accounts
1 - 1000	4,97,18,197	2.54	6,47,609	98.67
1001 - 5000	1,34,92,069	0.69	6,748	1.03
5001 - 10000	46,24,223	0.24	659	0.10
10001 - 20000	49,34,925	0.25	340	0.05
20001 - 30000	39,57,307	0.20	160	0.02
30001 - 40000	35,52,238	0.18	103	0.02
40001 - 50000	29,21,807	0.15	65	0.01
50001 - 100000	1,41,92,269	0.73	195	0.03
100001 - above	1,85,98,27,961	95.02	449	0.07
GRAND TOTAL	1,95,72,20,996	100.00	6,56,328	100.00

(b) Categories of Equity Shareholders as on March 31, 2012:

Category	Number of shares held	Percentage of holding
Promoters	1,44,34,51,698	73.75
Other Entities of the Promoters Group	44,89,212	0.23
Insurance Companies	10,58,86,434	5.41
Indian Public & others	8,28,15,131	4.23
Mutual Fund & UTI	3,46,00,298	1.77
Corporate Bodies	92,05,755	0.47
Banks, Financial Institutions, State & Central Government	3,57,961	0.02
Foreign Institutional Investors	27,43,81,589	14.02
NRI's/OCBs/Foreign Nationals	20,32,918	0.10
GRAND TOTAL	1,95,72,20,996	100.00



(c) Distribution and Category of Redeemable Preference Shareholder as on March 31, 2012:

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, 2012:

Sr. No.	Name of the Shareholder	Number of shares held	Percentage of holding
1	Tata Sons Limited	144,34,51,698	73.75
2	Life Insurance Corporation of India	5,49,30,108	2.81
3	Franklin Templeton Investment Funds	3,39,34,366	1.73
4	Aberdeen Global Indian Equity Fund Mauritius Limited	1,38,00,000	0.71
5	Oppenheimer Developing Markets Fund	1,10,83,042	0.57
6	Vanguard Emerging Markets Stock Index Fund, Aseries of Vanguard International Equity Index Fund	86,77,184	0.44
7	Government of Singapore	70,27,647	0.36
8	ICICI Prudential Life Insurance Company Ltd.	69,42,163	0.35
9	FID Funds (Mauritius) Limited	65,65,391	0.34
10	SBI Life Insurance Co. Ltd.	64,66,051	0.33

(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. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 99.97% of the Company's equity share capital are dematerialised as on March 31, 2012.

The Company's equity shares are regularly traded on the National Stock Exchange of India Limited and BSE Limited, 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, 2012, 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 Agreement 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, 2011	200	8232
Shareholders who approached the Company for transfer of shares from suspense account during the year	10	492
Shareholders to whom shares were transferred from the suspense account during the year	10	492
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2012	190	7740

The voting rights on the shares outstanding in the suspense account as on March 31, 2012 shall remain frozen till the rightful owner of such shares claims the shares.

(xvii) Transfer of Unpaid/Unclaimed amounts to Investor Education and Protection Fund:

Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed/unpaid dividend, application money, debenture interest and interest on deposits as well as principal amount of debentures and deposits pertaining to the Company and Tata Infotech Limited (TIL), as applicable, remaining unpaid or unclaimed for period of seven years from the date they became due for payment, have been transferred to the Investor Education and Protection Fund (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 claims. Members who have not yet encashed their dividend warrant(s) for the financial years 2004-05 onwards, are requested to make their claims without any delay to the Company's Registrar and Transfer Agents, TSR Darashaw Limited.

(a) For shareholders of erstwhile Tata Infotech Limited (TIL) which has merged with the Company:

A separate communication has been sent in January 2012 to the shareholders who have not encashed their dividend warrants and which are not yet transferred to IEPF, providing them details of the unencashed warrants and requesting 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:

Financial Year	Date of declaration	Date of payment	Last date for claiming unpaid dividend
2004-05	August 24, 2005	August 25, 2005	August 23, 2012
2005-06	August 24, 2005	September 19, 2005	August 23, 2012
	October 14, 2005	October 29, 2005	October 13, 2012
	January 17, 2006	January 30, 2006	January 16, 2013

(b) For Shareholders of Tata Consultancy Services Limited (TCS):

A separate communication has been sent in January 2012 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 year 2012-13:

Financial Year	Date of declaration	Date of payment	Last date for claiming unpaid dividend
2004-05	July 19, 2005	July 20, 2005	July 18, 2012
2005-06	August 12, 2005	August 29, 2005	August 11, 2012
	October 11, 2005	October 28, 2005	October 10, 2012
	January 12, 2006	January 30, 2006	January 11, 2013

(xviii) "Go Green" Initiative:

As a continuing endeavour towards the "Go Green" initiative, the Company had sent intimation of dividends declared during the year 2011-12 by e-mail to those shareholders whose e-mail addresses were made available to the Depositories or the Registrar and Transfer Agents. Physical credit intimation was sent to only those shareholders whose e-mail addresses were not available and for the bounced e-mail cases.

Shareholders are requested to support this Green Initiative by registering/updating their e-mail addresses for receiving electronic communications.

(xix) Converting of shares held in physical form to dematerialise form:

During the year 2011-12, the Company has continued with its initiative to encourage the shareholders for dematerialising the shares held by them in physical form. The Company has in this regard appointed Geojit BNP Paribas Financial Services Limited, an external agency which specialises in providing depository services, to assist the shareholders who would like to convert their physical holding into dematerialise form. A separate communication has been sent in March 2012 to the shareholders holding shares in physical form requesting them to convert their holdings into dematerialise form.

(xx) Plant Locations:

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.

(xxi) Address for correspondence:

Tata Consultancy Services Limited
9th 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 financial year ended March 31, 2012, 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, Vice President Global Human Resources and the Company Secretary as on March 31, 2012.

N. Chandrasekaran

Chief Executive Officer & Managing Director

Mumbai, April 23, 2012

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, 2012, as stipulated in Clause 49 of the Listing Agreements of the Company 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 26, 2012

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF TATA CONSULTANCY SERVICES LIMITED

1. We have audited the attached Consolidated Balance Sheet of **TATA CONSULTANCY SERVICES LIMITED** ("the Company") and its subsidiaries (collectively referred as "the TCS Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries whose financial statements reflect total assets (net) of ₹ 4825.13 crores as at March 31, 2012, total revenues of ₹ 7601.89 crores and net cash inflow amounting to ₹ 514.17 crores for the year ended on that date. These financial statements and other financial information has been audited by other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standard (AS) 21, Consolidated Financial Statements prescribed by the Central Government under Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies.
5. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company and the aforesaid subsidiaries and other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the TCS Group as at March 31, 2012;
 - (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the TCS Group for the year ended on that date; and
 - (iii) in the case of Consolidated Cash Flow Statement, of the cash flows of the TCS Group for the year ended on that date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.117366W)

P.R.RAMESH
Partner
(Membership No. 70928)

Mumbai, April 23, 2012

Consolidated Balance Sheet as at March 31, 2012

(₹ crores)

	Note	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	295.72	295.72
(b) Reserves and surplus	4	29283.51	24209.09
		29579.23	24504.81
Minority interest		558.77	458.17
Non-current liabilities			
(a) Long-term borrowings	5	115.37	37.70
(b) Deferred tax liabilities (net)	6 (a)	173.45	109.49
(c) Other long-term liabilities	7	285.01	185.61
(d) Long-term provisions	8	217.65	139.23
		791.48	472.03
Current liabilities			
(a) Short-term borrowings	9	0.89	31.57
(b) Trade payables		3247.87	2572.33
(c) Other current liabilities	10	2422.20	1923.20
(d) Short-term provisions	11	4794.05	2718.93
		10465.01	7246.03
TOTAL		41394.49	32681.04
II. ASSETS			
Non-current assets			
(a) Fixed assets	12		
(i) Tangible assets		4820.73	3935.33
(ii) Intangible assets		297.87	311.76
(iii) Capital work-in-progress		1446.37	1193.89
		6564.97	5440.98
(b) Non-current investments	13	577.65	1078.68
(c) Deferred tax assets (net)	6 (b)	256.04	160.18
(d) Long-term loans and advances	14	4517.63	2953.44
(e) Other non-current assets	15	2659.65	2779.35
(f) Goodwill (on Consolidation)		3543.46	3232.00
		18119.40	15644.63
Current assets			
(a) Current investments	16	772.68	683.99
(b) Inventories	17	17.77	22.82
(c) Unbilled revenue	18	2247.76	1348.85
(d) Trade receivables	19	11520.35	8194.97
(e) Cash and bank balances	20	6003.47	4700.85
(f) Short-term loans and advances	21	2255.19	1966.64
(g) Other current assets	22	457.87	118.29
		23275.09	17036.41
TOTAL		41394.49	32681.04
III. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS	1-47		

As per our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

P. R. Ramesh
Partner

Ratan N. Tata
Chairman

Aman Mehta
Director

Dr. Ron Sommer
Director

Phiroz Vandrevala
Director

O.P. Bhatt
Director

For and on behalf of the Board

S. Ramadorai
Vice Chairman

V. Thyagarajan
Director

Laura M. Cha
Director

Dr. Vijay Kelkar
Director

Cyrus Mistry
Director

N. Chandrasekaran
CEO and Managing Director

Prof. Clayton M. Christensen
Director

S. Mahalingam
Chief Financial Officer
and Executive Director

Ishaat Hussain
Director

Suprakash Mukhopadhyay
Company Secretary

Mumbai, April 23, 2012

Mumbai, April 23, 2012

Consolidated Statement of Profit and Loss for the year ended March 31, 2012

		(₹ crores)	
	Note	2012	2011
I. Revenue from operations	23	48893.83	37324.51
II. Other income (net)	24	428.17	604.00
TOTAL REVENUE		49322.00	37928.51
III. Expenses:			
(a) Employee benefit expenses	25	18571.88	13850.54
(b) Operation and other expenses	26	15886.64	12295.61
(c) Finance costs	27	22.23	26.48
(d) Depreciation and amortisation expense	12	917.94	735.26
TOTAL EXPENSES		35398.69	26907.89
IV. PROFIT BEFORE TAX		13923.31	11020.62
V. Tax expense:			
(a) Current tax	28	3886.09	2065.95
(b) Deferred tax		(31.30)	17.15
(c) Fringe benefit tax		0.13	(0.03)
(d) MAT credit entitlement		(455.06)	(252.24)
		3399.86	1830.83
VI. PROFIT FOR THE YEAR BEFORE MINORITY INTEREST AND SHARE OF LOSS OF ASSOCIATE		10523.45	9189.79
VII. Minority interest		109.96	121.45
VIII. Share of loss of associate		-	0.30
IX. PROFIT FOR THE YEAR		10413.49	9068.04
X. Earnings per equity share: - Basic and diluted (₹)	38	53.07	46.27
Weighted average number of equity shares (face value of ₹ 1 each)		195,72,20,996	195,72,20,996
XI. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS	1-47		

As per our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

P. R. Ramesh
Partner

Mumbai, April 23, 2012

Ratan N. Tata
Chairman

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Director

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Chief Financial Officer
and Executive Director

Ishaat Hussain
Director

Suprakash Mukhopadhyay
Company Secretary
Mumbai, April 23, 2012

Consolidated Cash Flow Statement for the year ended March 31, 2012

	Note	2012	2011
(₹ crores)			
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxes		13923.31	11020.62
Adjustments for:			
Depreciation and amortisation expense		917.94	735.26
Bad debts written off		44.19	24.94
Write back of provision for doubtful debts (net)		(25.69)	(102.30)
Provision for doubtful advances		7.42	4.05
Advances (written back) / written-off		(1.05)	0.41
Diminution in value of investments (net)		-	0.58
Impairment of goodwill		21.18	0.71
Interest expense		22.23	26.48
Loss on sale of fixed assets (net)		0.35	1.82
Unrealised exchange loss / (gain)		152.30	(19.07)
Exchange difference on translation of foreign currency cash and cash equivalents		(119.09)	(30.28)
Dividend income		(6.41)	(16.04)
Interest income		(765.22)	(497.23)
Profit on redemption of mutual funds and sale of other current investments (net)		(31.76)	(81.85)
Operating profit before working capital changes		14139.70	11068.10
Inventories		5.05	(5.03)
Unbilled revenue		(898.91)	(144.36)
Trade receivables		(3342.83)	(2229.21)
Loans and advances and other assets		(561.46)	(380.12)
Trade payables, other liabilities and provisions		1339.79	556.94
Adjustment of translation differences on working capital		395.41	11.58
Cash generated from operations		11076.75	8877.90
Taxes paid		(4068.40)	(2263.52)
Net cash provided by operating activities		7008.35	6614.38
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(2007.07)	(1826.61)
Proceeds from sale of fixed assets		19.71	18.11
Adjustment of purchase consideration		-	27.33
Commercial papers purchased		-	(146.02)
Commercial papers matured		-	150.00
Purchase of mutual funds and other investments		(16937.99)	(49686.01)
Redemption of mutual funds and sale of other investments		17385.23	51687.68
Advance towards investment		(0.20)	-
Inter-corporate deposits placed		(1676.21)	(286.00)
Inter-corporate deposits refunded		992.80	326.00
Fixed deposit placed with banks having original maturity over three months		(4251.63)	(6109.59)
Fixed deposit with banks matured having original maturity over three months		3551.35	3968.21
Purchase of shares from minority shareholders		(229.16)	(6.59)
Acquisition of subsidiaries net of cash (including additional consideration)		-	7.16
Dividends received		6.41	16.04
Interest received		419.31	398.75
Net cash used in investing activities		(2727.45)	(1461.54)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings (net)		(32.90)	(30.40)
Proceeds from issue of long-term borrowings		-	10.29
Repayment of long-term borrowings		(1.25)	(4.28)
Dividend paid, including dividend tax		(3879.81)	(4584.38)
Dividend tax on dividend paid by subsidiaries		(11.35)	(8.31)
Dividend paid to minority shareholders of subsidiaries		(17.12)	(15.98)
Proceeds from issue of shares to minority shareholders		9.71	0.66
Interest paid		(22.37)	(26.50)
Net cash used in financing activities		(3955.09)	(4658.90)
Net increase in cash and cash equivalents		325.81	493.94
Cash and cash equivalents at beginning of the year		1548.59	1024.37
Exchange difference on translation of foreign currency cash and cash equivalents		119.09	30.28
Cash and cash equivalents at end of the year		1993.49	1548.59
Earmarked balances with banks	20	15.77	26.12
Short-term bank deposits		3994.21	3126.14
Cash and Bank balances at the end of the year	20	6003.47	4700.85
IV. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS	1-47		

As per our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

P. R. Ramesh
Partner

Ratan N. Tata
Chairman

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Chief Financial Officer
and Executive Director

Ishaat Hussain
Director

Suprakash Mukhopadhyay
Company Secretary

Mumbai, April 23, 2012

Mumbai, April 23, 2012

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 a wide range of information technology and consultancy services including systems, hardware and software, communications and networking, hardware sizing and capacity planning, software management solutions, technology education services and business process outsourcing. 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, 2012, 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 cost to the Group of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates on which the investments in the subsidiary companies are made, is recognised as ‘Goodwill (on Consolidation)’ being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Group, it is recognised as ‘Capital Reserve (on Consolidation)’ and shown under the head ‘Reserves and Surplus’, 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 are made by the Group in the subsidiary companies 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 expenses during the year. Example of such estimates include provision for doubtful debts, employee benefits, provision for income taxes, accounting for contract costs expected to be incurred, the useful lives of depreciable fixed assets and provisions 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 leases 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 leased 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 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 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 the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. 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 any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

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 an expense when employees have rendered services entitling them to contributions.

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, and otherwise is 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

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 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.

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

Revenues from Business Process Outsourcing (BPO) services are recognised on time and material, fixed price and unit priced contracts. Revenue on time and material and unit priced contracts is recognised as the related services are rendered. 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.

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 overseas 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, 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 Group will pay normal income tax after the tax holiday period. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Group and the asset can be measured reliably.

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 are capable of reversal 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 tax paid and income tax provision arising in the same tax jurisdiction and the Group intends to settle the asset and liability on a net basis.

Notes forming part of the Consolidated Financial Statements

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 its 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 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 basis.

p) Provisions, Contingent liabilities and Contingent assets

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

q) Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

Notes forming part of the Consolidated Financial Statements

3) SHARE CAPITAL

The authorised, issued, subscribed and fully paid-up share capital comprises of equity shares and redeemable preference shares having a par value of ₹ 1 each as follows:

	(₹ crores)	
	As at March 31, 2012	As at March 31, 2011
Authorised		
(i) 225,00,00,000 equity shares of ₹ 1 each (March 31, 2011 : 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, 2011 : 100,00,00,000 redeemable preference shares of ₹ 1 each)	100.00	100.00
	<u>325.00</u>	<u>325.00</u>
Issued, Subscribed and Fully paid-up		
(i) 195,72,20,996 equity shares of ₹ 1 each (March 31, 2011 : 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, 2011 : 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, 2012		As at March 31, 2011	
	Number of shares	Amount (₹ crores)	Number of shares	Amount (₹ crores)
Equity shares				
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>
Preference shares				
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.

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.

Notes forming part of the Consolidated Financial Statements

c) Shares held by holding company and its subsidiaries and associates

(₹ crores)

	As at March 31, 2012	As at March 31, 2011
Equity shares		
Holding Company		
144,34,51,698 equity shares (March 31, 2011 : 144,34,04,398 equity shares) are held by Tata Sons Limited	144.35	144.34
Subsidiaries and associates of Holding Company		
10,29,700 equity shares (March 31, 2011 : 10,29,700 equity shares) held by Tata Industries Limited	0.10	0.10
20,70,735 equity shares (March 31, 2011 : 12,29,101 equity shares) are held by Tata AIG Life Insurance Company Limited	0.21	0.12
5,90,452 equity shares (March 31, 2011 : 5,55,452 equity shares) are held by Tata Investment Corporation Limited	0.06	0.06
200 equity shares (March 31, 2011 : 200 equity shares) are held by Tata Capital Limited	-	-
3,91,200 equity shares (March 31, 2011 : 3,91,200 equity shares) are held by Tata Global Beverages Limited	0.04	0.04
83,232 equity shares (March 31, 2011 : 3,32,928 equity shares) are held by Tata International Limited	0.01	0.03
452 equity shares (March 31, 2011 : 452 equity shares) are held by The Tata Power Company Limited	-	-
Total	144.77	144.69
Preference shares		
Holding Company		
100,00,00,000 redeemable preference shares (March 31, 2011 : 100,00,00,000 redeemable preference shares) are held by Tata Sons Limited	100.00	100.00
Total	100.00	100.00

d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2012	As at March 31, 2011
Equity shares		
Tata Sons Limited, the Holding Company	144,34,51,698 73.75%	144,34,04,398 73.75%
Preference shares		
Tata Sons Limited, the Holding Company	100,00,00,000 100%	100,00,00,000 100%

e) Shares allotted as fully paid up by way of bonus shares (during 5 years preceding March 31, 2012)

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, 2012	As at March 31, 2011
(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	200.77	108.75
(ii) Additions during the year (net)	578.65	92.02
	779.42	200.77
(e) Hedging reserve (Refer note 41)		
(i) Opening balance	62.73	(6.07)
(ii) (Deductions) / Additions during the year (net)	(195.82)	68.80
	(133.09)	62.73
(f) General reserve		
(i) Opening balance	3367.17	2539.59
(ii) Transferred from statement of profit and loss	1166.10	827.58
	4533.27	3367.17
(g) Surplus in statement of profit and loss		
(i) Opening balance	18635.05	13604.84
(ii) Add : Profit for the year	10413.49	9068.04
	29048.54	22672.88
(iii) Less : Appropriations		
(a) Interim dividends on equity shares	1761.49	1174.32
(b) Proposed final dividend on equity shares	3131.55	1565.78
(c) Dividend on redeemable preference shares	22.00	11.00
(d) Tax on dividend	806.86	459.15
(e) General reserve	1166.10	827.58
	22160.54	18635.05
	29283.51	24209.09

The Board of Directors at its meeting held on April 23, 2012 has recommended a final dividend of ₹ 16 per equity share including ₹ 8 per equity share as special dividend.

5) LONG-TERM BORROWINGS

Long-term borrowings consist of the following:

(₹ crores)

	As at March 31, 2012	As at March 31, 2011
(a) Secured loans		
Long-term maturities of finance lease obligations	112.61	33.70
(b) Unsecured loans		
Other borrowings (from entities other than banks)	2.76	4.00
	115.37	37.70

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, 2012	As at March 31, 2011
(a) Deferred tax liabilities (net)		
(i) Foreign branch profit tax	102.84	60.15
(ii) Depreciation and amortisation	10.38	1.38
(iii) Employee benefits	6.49	-
(iv) Others	53.74	47.96
	173.45	109.49
(b) Deferred tax assets (net)		
(i) Depreciation and amortisation	(30.94)	(20.38)
(ii) Employee benefits	149.16	70.40
(iii) Provision for doubtful debts	56.25	49.34
(iv) Others	81.57	60.82
	256.04	160.18

7) OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of the following:

(₹ crores)

	As at March 31, 2012	As at March 31, 2011
(a) Trade payables	10.63	-
(b) Other liabilities	274.38	185.61
	285.01	185.61
Other liabilities pertains to :		
Fair values of foreign exchange forward and currency option contracts secured against trade receivables	52.51	42.94
Capital creditors	31.63	24.87
Others	190.24	117.80

8) LONG-TERM PROVISIONS

Long-term provisions consist of the following:

(₹ crores)

	As at March 31, 2012	As at March 31, 2011
Provision for employee benefits	217.65	139.23
	217.65	139.23

Provision for employee benefits includes provision for gratuity and other 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, 2012	As at March 31, 2011
(a) Secured loans		
Loans repayable on demand from banks	-	0.46
(b) Unsecured loans		
Loans repayable on demand from banks	0.89	31.11
	0.89	31.57

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, 2012	As at March 31, 2011
(a) Current maturities of long-term debt	1.24	1.25
(b) Current maturities of finance lease obligations	9.05	4.28
(c) Interest accrued but not due on borrowings	0.05	0.19
(d) Income received in advance	823.01	771.94
(e) Unpaid dividends	9.40	8.41
(f) Equity share application monies refundable	-	0.03
(g) Advance received from customers	71.81	37.36
(h) Other payables	1507.64	1099.74
	2422.20	1923.20
Other payables includes :		
Fair values of foreign exchange forward and currency option contracts secured against trade receivables	240.38	14.77
Statutory liabilities	612.07	499.57
Capital creditors	167.41	163.37

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, 2012	As at March 31, 2011
(a) Provision for employee benefits	641.45	527.35
(b) Others		
(i) Proposed final dividend on equity shares	3131.55	1565.78
(ii) Proposed dividend on redeemable preference shares	22.00	11.00
(iii) Tax on dividend	524.07	266.74
(iv) Current income taxes (net)	472.07	339.53
(v) Other provisions	2.91	8.53
	4794.05	2718.93

Notes forming part of the Consolidated Financial Statements

12) FIXED ASSETS

Fixed assets consist of the following:

Description	Gross Block as at April 1, 2011	Additions	Deletions/ Adjustments	Translation exchange difference	Gross Block as at March 31, 2012	Accumulated depreciation / Amortisation as at April 1, 2011	Depreciation / Amortisation for the year	Deletions/ Adjustments	Translation exchange difference	Accumulated Depreciation / Amortisation at March 31, 2012	Net book value as at March 31, 2012	Net book value as at March 31, 2011
(₹ crores)												
(i) Tangible assets												
Freehold land	329.55	-	-	1.93	331.48	-	-	-	-	-	331.48	329.55
Leasehold land	97.72	1.98	-	-	99.70	(11.55)	(1.74)	-	-	(13.29)	86.41	86.17
Freehold buildings	1721.38	438.40	-	6.26	2166.04	(290.79)	(77.49)	-	(0.57)	(368.85)	1797.19	1430.59
Factory buildings	1.51	1.26	-	-	2.77	(0.83)	(0.20)	-	-	(1.03)	1.74	0.68
Leasehold buildings	91.08	3.34	(79.26)	0.94	16.10	(41.50)	(2.23)	33.27	(0.43)	(10.89)	5.21	49.58
Leasehold improvements	610.50	226.35	89.41	13.96	940.22	(304.02)	(96.74)	(37.97)	(4.93)	(443.66)	496.56	306.48
Plant and machinery	32.24	0.12	(24.60)	2.89	10.65	(27.37)	(0.05)	19.06	(2.19)	(10.55)	0.10	4.87
Computer equipment	2440.95	543.30	(108.57)	27.82	2903.50	(1592.64)	(422.50)	92.17	(14.66)	(1937.63)	965.87	848.31
Vehicles	28.06	1.80	(3.56)	(0.11)	26.19	(15.64)	(3.80)	2.71	0.12	(16.61)	9.58	12.42
Office equipment	777.19	248.56	16.38	7.11	1049.24	(337.51)	(98.74)	(0.83)	(3.48)	(440.56)	608.68	439.68
Electrical installations	584.53	133.85	(2.42)	5.57	721.53	(263.82)	(65.83)	2.02	(2.79)	(330.42)	391.11	320.71
Furniture and fixtures	484.04	124.93	(38.25)	5.81	576.53	(377.75)	(91.57)	20.25	(0.66)	(449.73)	126.80	106.29
Total	7198.75	1723.89	(150.87)	72.18	8843.95	(3263.42)	(860.89)	130.68	(29.59)	(4023.22)	4820.73	3935.33
Previous year	5928.50	1418.78	(171.31)	22.78	7198.75	(2675.11)	(686.21)	112.30	(14.40)	(3263.42)	3935.33	
(ii) Intangible assets												
Goodwill on acquisition	235.56	-	-	31.71	267.27	(98.54)	(20.99)	-	(14.55)	(134.08)	133.19	137.02
Acquired contract rights	181.51	-	-	24.43	205.94	(75.96)	(16.17)	-	(11.21)	(103.34)	102.60	105.55
Intellectual property / distribution rights	12.92	-	-	0.01	12.93	(11.06)	(0.38)	-	-	(11.44)	1.49	1.86
Software licenses	104.50	11.97	(63.93)	6.20	58.74	(94.00)	(12.95)	64.06	(5.53)	(48.42)	10.32	10.50
Rights under licensing agreement	59.00	-	-	-	59.00	(2.17)	(6.56)	-	-	(8.73)	50.27	56.83
Total	593.49	11.97	(63.93)	62.35	603.88	(281.73)	(57.05)	64.06	(31.29)	(306.01)	297.87	311.76
Previous year	491.01	75.01	3.33	24.14	593.49	(222.36)	(49.05)	(1.35)	(8.97)	(281.73)	311.76	
(iii) Capital work-in-progress												
Grand total	7792.24	1735.86	(214.80)	134.53	9447.83	(3545.15)	(917.94)	194.74	(60.88)	(4329.23)	6564.97	5440.98

- (a) Freehold buildings include ₹ 2.67 crores (March 31, 2011: ₹ 2.67 crores) being value of investment in shares of Co-operative Housing Societies and Limited Companies.
- (b) Legal formalities relating to conveyance of freehold building having net book value ₹ 0.23 crore (March 31, 2011: ₹ 0.23 crore) are pending completion.
- (c) Net book value of computer equipment of ₹20.89 crores (March 31, 2011 ₹1.82 crores), furniture and fixtures of ₹ Nil (March 31, 2011 ₹ 3.00 crores) and lease hold improvements of ₹ 92.57 crores (March 31, 2011: ₹ 30.70 crores) are under finance lease.

Notes forming part of the Consolidated Financial Statements

13) NON-CURRENT INVESTMENTS

Non-current investments consist of the following:

	As at March 31, 2012	As at March 31, 2011
(₹ crores)		
(a) TRADE INVESTMENTS (at cost)		
Fully paid equity shares (unquoted)		
National Power Exchange Limited	1.40	1.40
Philippine Dealing System Holdings Corporation	4.58	4.01
Firstech Solutions Co. Limited	1.05	0.92
Taj Air Limited	19.00	19.00
Yodlee, Inc.	-	-
ALMC HF (formerly Straumur - Burdaras Investment Bank hf.)	-	-
(b) OTHER INVESTMENTS		
Fully paid preference shares (unquoted)		
Tata AutoComp Systems Limited (8% cumulative redeemable preference shares)	5.00	5.00
Others		
Investment in debentures and bonds (unquoted)*	523.12	1049.39
Investment in government securities (unquoted)	24.67	-
	578.82	1079.72
Less: Provision for diminution in value of investments	(1.17)	(1.04)
	577.65	1078.68
Book value of unquoted investments (net of provision)	577.65	1078.68

* Unquoted debentures and bonds 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 installment was received on January 21, 2012. The debentures issued by Panatone Finvest Limited would be redeemed at the end of the third year. The amount receivable on redemption within a period of one year from the date of balance sheet is classified under Current investment and balance as Non-current investment. The non-convertible debentures issued by Tata Sons Limited and its subsidiary, Panatone Finvest Limited carry an interest rate of 8.50% and 8.75%, respectively.

Notes forming part of the Consolidated Financial Statements

14) LONG-TERM LOANS AND ADVANCES

Long-term loans and advances consist of the following:

	As at March 31, 2012	As at March 31, 2011
(a) Secured, considered good		
Loans and advances to employees	0.27	0.37
(b) Unsecured, considered good		
(i) Capital advances	346.09	229.49
(ii) Security deposits	481.01	461.61
(iii) Loans and advances to employees	9.43	11.83
(iv) Loans and advances to related parties	48.36	47.97
(v) Advance tax (including refunds receivable) (net)	1470.06	918.77
(vi) MAT credit entitlement	1465.83	1010.77
(vii) Other loans and advances	696.58	272.63
(c) Unsecured, considered doubtful		
Other loans and advances	0.45	0.02
Less : Provision for doubtful loans and advances	(0.45)	(0.02)
	<u>4517.63</u>	<u>2953.44</u>
Loans and advances to related parties pertain to:		
Tata Sons Limited	2.97	2.97
Tata Realty and Infrastructure Limited	45.39	45.00
Other loans and advances considered good includes:		
Fair values of foreign exchange forward and currency option contracts	-	14.53
Inter-corporate deposits	281.40	-
Indirect tax recoverable	52.30	52.30
Prepaid expenses	341.61	189.35

15) OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

	As at March 31, 2012	As at March 31, 2011
(a) Future finance lease receivables	0.96	2.34
Less: Unearned finance income	(0.03)	(0.17)
	<u>0.93</u>	<u>2.17</u>
(b) Interest receivable	131.96	99.94
(c) Other non-current assets	2526.76	2677.24
	<u>2659.65</u>	<u>2779.35</u>
Other non-current assets includes long-term bank deposits	2513.89	2677.24

Notes forming part of the Consolidated Financial Statements

16) CURRENT INVESTMENTS

Current investments consist of the following:

	As at March 31, 2012	As at March 31, 2011
(a) Investment in mutual funds (unquoted)	231.89	343.24
(b) Investment in bonds (quoted)	7.46	7.17
(c) Investment in debentures and bonds (unquoted)	533.33	333.58
	772.68	683.99
(i) Market value of quoted investments	8.18	7.49
(ii) Book value of quoted investments	7.46	7.17
(iii) Book value of unquoted investments	765.22	676.82

17) INVENTORIES

Inventories consist of the following:

	As at March 31, 2012	As at March 31, 2011
(a) Raw materials, sub-assemblies and components	13.49	4.86
(b) Finished goods and Work-in-progress	1.45	13.07
(c) Stores and spares	2.53	4.60
(d) Goods-in-transit	0.30	0.29
	17.77	22.82

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

18) UNBILLED REVENUE

Unbilled revenue as at March 31, 2012, amounting to ₹ 2247.76 crores (March 31, 2011 : ₹ 1348.85 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:

	As at March 31, 2012	As at March 31, 2011
(a) Over six months from the date they were due for payment		
(i) Considered good	1058.64	432.18
(ii) Considered doubtful	193.54	224.16
(b) Others		
(i) Considered good	10461.71	7762.79
(ii) Considered doubtful	-	9.54
	11713.89	8428.67
Less: Provision for doubtful receivables	(193.54)	(233.70)
	11520.35	8194.97

Notes forming part of the Consolidated Financial Statements

20) CASH AND BANK BALANCES

Cash and bank balances consist of the following:

	As at March 31, 2012	As at March 31, 2011
(a) Cash and cash equivalents		
(i) Balances with banks		
In current accounts	1136.08	672.48
In cash credit accounts	14.27	26.32
In deposit accounts with original maturity less than 3 months	804.98	785.62
(ii) Cheques on hand	17.14	54.33
(iii) Cash on hand	4.53	2.40
(iv) Remittances in transit	16.49	7.44
	1993.49	1548.59
(b) Other bank balances		
(i) Earmarked balances with banks	15.77	26.12
(ii) Short-term bank deposits	3994.21	3126.14
	6003.47	4700.85

Balances with banks in current accounts do not include fourteen bank accounts having a balance of ₹ 0.31 crores (March 31, 2011: ₹ Nil) operated by the Company on behalf of a third party.

21) SHORT-TERM LOANS AND ADVANCES

Short-term loans and advances consist of the following:

	As at March 31, 2012	As at March 31, 2011
(a) Secured, considered good		
Loans and advances to employees	0.36	0.39
(b) Unsecured, considered good		
(i) Loans and advances to employees	170.89	187.10
(ii) Loans and advances to related parties	152.43	154.40
(iii) Advance tax (including refunds receivable) (net)	-	225.92
(iv) MAT credit entitlement	10.29	20.94
(v) Other loans and advances	1921.22	1377.89
(c) Unsecured, considered doubtful		
(i) Loans and advances to employees	33.81	27.54
(ii) Other loans and advances	12.21	10.96
Less : Provision for doubtful loans and advances	(46.02)	(38.50)
	2255.19	1966.64

Notes forming part of the Consolidated Financial Statements

	(₹ crores)	
	As at March 31, 2012	As at March 31, 2011
Loans and advances to related parties pertain to:		
Tata Sons Limited	0.01	-
Tata Sky Limited	-	30.00
Tata Realty and Infrastructure Limited	120.00	120.00
Tata Teleservices Limited	2.39	4.38
Tata AIG General Insurance Company Limited	0.02	0.01
Infiniti Retail Limited	-	0.01
Tata Teleservices (Maharashtra) Limited	0.01	-
Tata Autocomp Systems Limited	30.00	-
Other loans and advances considered good includes:		
Fair values of foreign exchange forward and currency option contracts	152.37	99.66
Security deposits	130.80	54.20
Inter-corporate deposits	502.00	100.00
Prepaid expenses	815.13	796.50

22) OTHER CURRENT ASSETS

Other current assets consist of the following:

	(₹ crores)	
	As at March 31, 2012	As at March 31, 2011
(a) Future finance lease receivables	1.38	2.09
Less: Unearned finance income	(0.14)	(0.39)
	1.24	1.70
(b) Interest receivable	430.48	116.59
(c) Other current assets	26.15	-
	<u>457.87</u>	<u>118.29</u>

23) REVENUE FROM OPERATIONS

Revenue from operations consist of revenues from:

	(₹ crores)	
	2012	2011
(a) Information technology and consultancy services	47436.63	36046.13
(b) Sale of equipment and software licenses	1457.45	1278.65
Less : Excise duty	(0.25)	(0.27)
	<u>48893.83</u>	<u>37324.51</u>

Notes forming part of the Consolidated Financial Statements

24) OTHER INCOME (NET)

Other income (net) consist of the following:

	(₹ crores)	
	2012	2011
(a) Interest income	765.22	497.23
(b) Dividend income	6.41	16.04
(c) Profit on redemption of mutual funds and sale of other current investments (net)	31.76	81.85
(d) Rent	16.94	4.54
(e) Loss on sale of of fixed assets (net)	(0.35)	(1.82)
(f) Exchange loss (net)	(426.02)	(36.23)
(g) Miscellaneous income	34.21	42.39
	428.17	604.00
Dividend income pertains to:		
Dividend from mutual funds	6.01	15.27
Dividends from other long-term investments	0.40	0.77
Exchange loss (net) includes:		
Loss on foreign exchange forward and currency option contracts which have been designated as Cash Flow Hedges (Refer note 41)	(748.82)	(29.10)

25) EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses consist of the following:

	(₹ crores)	
	2012	2011
(a) Salaries and incentives	16351.26	12154.66
(b) Contributions to -		
(i) Provident fund	412.72	320.01
(ii) Superannuation scheme	120.81	99.82
(iii) Gratuity fund	108.37	94.75
(iv) Social security and other benefit plans for overseas employees	421.69	261.51
(c) Staff welfare expenses	1157.03	919.79
	18571.88	13850.54

Notes forming part of the Consolidated Financial Statements

26) OPERATION AND OTHER EXPENSES

Operation and other expenses consist of the following:

	(₹ crores)	
	2012	2011
(a) Overseas business expenses	6800.54	5497.67
(b) Services rendered by business associates and others	2391.30	1743.65
(c) Software, hardware and material costs	1538.71	1100.99
(d) Cost of software licenses	683.11	524.10
(e) Communication expenses	650.20	549.39
(f) Travelling and conveyance expenses	640.75	473.73
(g) Rent	968.22	734.77
(h) Legal and professional fees	346.61	222.43
(i) Repairs and maintenance	325.66	256.69
(j) Electricity expenses	366.32	302.08
(k) Bad debts written-off	44.19	24.94
(l) Advances (written back)/written-off	(1.05)	0.41
(m) Write back of provision for doubtful debts (net)	(25.69)	(102.30)
(n) Provision for doubtful advances	7.42	4.05
(o) Recruitment and training expenses	223.18	210.68
(p) Diminution in value of investments (net)	-	0.58
(q) Commission and brokerage	40.33	20.37
(r) Printing and stationery	50.59	45.87
(s) Insurance	32.76	30.98
(t) Rates and taxes	108.24	79.98
(u) Entertainment	34.11	25.14
(v) Impairment of goodwill (Refer note 44)	21.18	0.71
(w) Other expenses	639.96	548.70
	15886.64	12295.61
Overseas business expenses includes:		
Travel expenses	571.29	450.52
Employee allowances	6132.11	4955.16
Repairs and maintenance includes:		
Buildings	161.57	126.12
Office and computer equipment	159.58	118.10

27) FINANCE COSTS

Finance costs consist of the following:

	(₹ crores)	
	2012	2011
Interest expense	22.23	26.48
	22.23	26.48

28) Current tax is adjusted for the effect of additional provision (net) of ₹ 18.43 crores for the year ended March 31, 2012 (March 31, 2011: ₹ 132.76 crores) in domestic and certain overseas jurisdictions relating to earlier years.

Notes forming part of the Consolidated Financial Statements

29) (a) Particulars of subsidiaries and associate

Name of the Company	Country of incorporation	Percentage of voting power as at March 31, 2012	Percentage of voting power as at March 31, 2011
Subsidiaries (held directly)			
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	76.00
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 SA	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 (w.e.f. 28.07.2010)	India	74.00	74.00
Retail FullServe Limited (w.e.f. 08.10.2010)	India	100.00	100.00
Tata Consultancy Services Qatar S.S.C. (w.e.f. 20.12.2011)	Qatar	100.00	-
Subsidiaries (held indirectly)			
CMC Americas Inc.	USA	100.00	100.00
TCS Financial Solutions Beijing Co., Ltd. (formerly Financial Network Services (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
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

Notes forming part of the Consolidated Financial Statements

Name of the Company	Country of incorporation	Percentage of voting power as at March 31, 2012	Percentage of voting power as at March 31, 2011
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.	Uruguay	100.00	100.00
Diligenta 2 Limited (w.e.f. 31.08.2010)	UK	100.00	100.00
MS CJV Investments Corporation (w.e.f. 04.10.2010)	USA	100.00	100.00
CMC eBiz Inc. (w.e.f. 27.01.2011)	USA	100.00	100.00
Nippon TCS Solution Center Limited (w.e.f. 24.01.2012)	Japan	60.00	-
Tata Consultancy Services Osterreich GmbH (w.e.f. 09.03.2012)	Austria	100.00	-
Tata Consultancy Services Danmark ApS (w.e.f. 16.03.2012)	Denmark	100.00	-
Associate			
National Power Exchange Limited (Ceased to be an associate w.e.f. 04.09.2010)	India	19.04	19.04

(b) The contribution of the subsidiaries formed during the year is as under:

Name of subsidiary	(₹ crores)		
	Revenue (post incorporation)	Net profit/(loss) (post incorporation)	Net assets
Tata Consultancy Services Qatar S.S.C.	47.98	2.17	4.97
Nippon TCS Solution Center Limited	-	(0.59)	21.13
Tata Consultancy Services Osterreich GmbH	-	(0.05)	0.07
Tata Consultancy Services Danmark ApS	-	(0.08)	36.45

30) Acquisitions / Divestments

- In terms of the shareholders agreement dated March 23, 2006, Phoenix Group Services Limited (formerly known as Pearl Group Services Limited), exercised their put option and sold equity holding of 24% in Diligenta Limited to the Company at a fixed price of ₹ 228.00 crores (GBP 30.24 million) in September 2011. Thereby Diligenta Limited became a wholly owned subsidiary of the Company.
- Tata Consultancy Services Morocco SARL AU, a wholly owned subsidiary, is in the process of being voluntarily liquidated.
- On December 20, 2011, the Company has subscribed to 100% equity share capital of Tata Consultancy Services Qatar S.S.C.
- On January 24, 2012, the Company through its wholly owned subsidiary, Tata Consultancy Services Japan Limited subscribed to 60 percent share capital of Nippon TCS Solution Center Limited.
- On March 9, 2012, the Company through its wholly owned subsidiary, Tata Consultancy Services Netherlands BV subscribed to 100 percent share capital of Tata Consultancy Services Osterreich GmbH.
- On March 16, 2012, the Company through its wholly owned subsidiary, Tata Consultancy Services Netherlands BV subscribed to 100 percent share capital of Tata Consultancy Services Danmark ApS.

- The Company has given 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 on March 31, 2012.

Notes forming part of the Consolidated Financial Statements

32) Employee retirement benefits

a) Defined contribution plans

The Company and its subsidiaries make Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for qualifying 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 Group 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 ₹ 412.72 crores (March 31, 2011: ₹ 320.01 crores) for provident fund contributions and ₹ 120.81 crores (March 31, 2011: ₹ 99.82 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 ₹ 191.35 crores (March 31, 2011: ₹ 145.77 crores) towards other foreign defined contribution plans.

b) Defined benefit plans

The Company and its subsidiaries in India provide for gratuity, post retirement medical benefit and pension plan, a defined benefit retirement plan covering eligible employees in India. 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. 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, 2012	Unfunded As at March 31, 2012	Funded As at March 31, 2012	Unfunded As at March 31, 2012	As at March 31, 2012
i) Change in benefit obligations:					
Project benefit obligation, beginning of the year	601.06 496.45	1.59 0.76	222.22 172.80	- -	824.87 670.01
Service cost	100.85 89.90	0.79 1.05	19.88 18.33	4.48 -	126.00 109.28
Interest cost	54.52 40.79	0.17 0.19	9.52 7.78	0.60 -	64.81 48.76
Acquisitions	- -	- 0.72	- -	- -	- 0.72
Actuarial loss /(gain)	2.60 6.49	(0.84) (0.93)	(3.88) (5.49)	1.53 -	(0.59) 0.07
Plan participants' contributions	- -	- -	6.74 6.00	- -	6.74 6.00
Exchange loss/ adjustments	- -	- -	32.17 31.15	0.34 -	32.51 31.15
Past service cost	- 4.13	- -	- 0.37	- -	- 4.50
Benefits paid	(36.04) (36.70)	- (0.20)	(18.95) (8.72)	(0.97) -	(55.96) (45.62)
Projected benefit obligation, end of the year	722.99 601.06	1.71 1.59	267.70 222.22	5.98 -	998.38 824.87

Notes forming part of the Consolidated Financial Statements

(₹ crores)

Retirement benefits	Indian		Foreign		Consolidated
	Funded As at March 31, 2012	Unfunded As at March 31, 2012	Funded As at March 31, 2012	Unfunded As at March 31, 2012	As at March 31, 2012
ii) Change in plan assets:					
Fair value of plan assets, beginning of the year	518.91	-	213.65	-	732.56
	436.83	-	155.31	-	592.14
Expected return on plan assets	43.11	-	10.67	-	53.78
	37.60	-	8.65	-	46.25
Plan participants' contributions	-	-	6.74	-	6.74
	-	-	6.00	-	6.00
Employers' contributions	36.64	-	21.03	-	57.67
	71.91	-	20.38	-	92.29
Exchange gain / adjustments	-	-	31.76	-	31.76
	-	-	28.04	-	28.04
Benefits paid	(36.04)	-	(18.95)	-	(54.99)
	(36.70)	-	(8.72)	-	(45.42)
Actuarial gain	6.61	-	4.39	-	11.00
	9.27	-	3.99	-	13.26
Fair value of plan assets, end of the year	569.23	-	269.29	-	838.52
	518.91	-	213.65	-	732.56
Excess of (obligation over plan assets)/ plan assets over obligation	(153.76)	(1.71)	1.59	(5.98)	(159.86)
	(82.15)	(1.59)	(8.57)	-	(92.31)
iii) (Accrued liability)/ Excess funding	(153.76)	(1.71)	1.59	(5.98)	(159.86)
	(82.15)	(1.59)	(8.57)	-	(92.31)

(₹ crores)

Retirement benefits	Indian		Foreign		Consolidated
	Funded As at March 31, 2012	Unfunded As at March 31, 2012	Funded As at March 31, 2012	Unfunded As at March 31, 2012	As at March 31, 2012
iv) Net gratuity and other cost:					
Service cost	100.85	0.79	19.88	4.48	126.00
	89.90	1.05	18.33	-	109.28
Interest on defined benefit obligation	54.52	0.17	9.52	0.60	64.81
	40.79	0.19	7.78	-	48.76
Expected return on plan assets	(43.11)	-	(10.67)	-	(53.78)
	(37.60)	-	(8.65)	-	(46.25)
Past service cost	-	-	-	-	-
	4.13	-	0.37	-	4.50
Net actuarial (gain) / loss recognised in the year	(4.01)	(0.84)	(8.27)	1.53	(11.59)
	(2.78)	(0.93)	(9.48)	-	(13.19)
Net gratuity and other cost	108.25	0.12	10.46	6.61	125.44
	94.44	0.31	8.35	-	103.10
Actual return on plan assets	49.72	-	15.06	-	64.78
	46.87	-	12.64	-	59.51

Notes forming part of the Consolidated Financial Statements

(₹ crores)

Retirement benefits	Indian		Foreign		Consolidated
	Funded As at March 31, 2012	Unfunded As at March 31, 2012	Funded As at March 31, 2012	Unfunded As at March 31, 2012	As at March 31, 2012
v) Category of assets:					
Corporate bonds	-	-	119.68	-	119.68
	-	-	92.15	-	92.15
Equity shares	-	-	52.56	-	52.56
	-	-	42.09	-	42.09
Index linked gilt	-	-	56.46	-	56.46
	-	-	38.15	-	38.15
Insurer managed funds	569.15	-	16.65	-	585.80
	517.58	-	12.94	-	530.52
Cash and bank balances	-	-	1.27	-	1.27
	-	-	1.07	-	1.07
Others	0.08	-	22.67	-	22.75
	1.33	-	27.25	-	28.58
Total	569.23	-	269.29	-	838.52
	518.91	-	213.65	-	732.56

vi) Assumptions used in accounting for the gratuity plan

Discount rate

8.25%-8.50% **2.75% -7.00%**

8.00% 3.00% - 5.50%

Salary escalation rate

4.00% -9.00% **1.50 % - 3.60%**

4.00% -12.00% 1.50% - 3.60%

Expected rate of return on plan assets

8.00%-9.00% **3.50% -5.45%**

8.00% 4.00% - 5.45%

The estimate of future salary increases considered in actuarial valuation take account of 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.

Notes forming part of the Consolidated Financial Statements

(₹ crores)

Particulars	Indian				
	2012	2011	2010	2009	2008
Experience adjustment					
On plan liability loss /(gain)	44.05	31.05	4.55	(19.01)	(27.75)
On plan asset gain	6.61	9.27	3.47	5.08	3.96
Present value of benefit obligation	724.70	602.65	497.21	425.38	332.21
Fair value of plan assets	569.23	518.91	436.83	359.63	266.56
Excess of obligation over plan assets	(155.47)	(83.74)	(60.38)	(65.75)	(65.65)

(₹ crores)

Particulars	Foreign				
	2012	2011	2010	2009	2008
Experience adjustment					
On plan liability (gain)/loss	(0.38)	(3.74)	(10.86)	4.46	(0.31)
On plan asset gain	4.16	0.33	(12.02)	(6.17)	(0.25)
Present value of benefit obligation	273.68	222.22	172.80	159.71	119.21
Fair value of plan assets	269.29	213.65	155.31	137.62	124.31
Excess of (obligation over plan assets) / plan assets over obligation	(4.39)	(8.57)	(17.49)	(22.09)	5.10

The expected benefits are based on the same assumptions used to measure Group's gratuity obligations as at March 31, 2012. The Group is expected to contribute ₹ 92.41 crores to gratuity funds for the year ended March 31, 2013, comprising domestic component of ₹ 71.24 crores and foreign component of ₹ 21.17 crores.

Previous years' figures are in italics.

33) 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 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 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 revenues 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.

Notes forming part of the Consolidated Financial Statements

Year ended March 31, 2012

(₹ crores)

Particulars	Business segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Revenue	21062.22 16526.60	3800.54 2751.76	5954.47 4105.05	6204.69 5292.45	11871.91 8648.65	48893.83 37324.51
Segment result	6493.07 5170.84	985.89 704.30	1742.14 1071.68	1889.57 1843.78	3202.81 2273.49	14313.48 11064.09
Unallocable expenses (net)						818.34 647.47
Operating income						13495.14 10416.62
Other income (net)						428.17 604.00
Profit before tax						13923.31 11020.62
Tax expense						3399.86 1830.83
Profit before minority interest and share of loss of associate						10523.45 9189.79
Minority interest						109.96 121.45
Share of loss of associate						- 0.30
Profit for the year						10413.49 9068.04

As at March 31, 2012

(₹ crores)

Particulars	Business segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Segment assets	9518.98 7449.23	1108.35 768.37	1472.26 1074.60	2064.38 1890.32	5897.81 3805.07	20061.78 14987.59
Unallocable assets						21332.71 17693.45
Total assets						41394.49 32681.04
Segment liabilities	948.55 751.88	116.86 59.42	88.60 107.02	163.12 210.31	718.81 628.31	2035.94 1756.94
Unallocable liabilities						9220.55 5961.12
Total liabilities						11256.49 7718.06

Notes forming part of the Consolidated Financial Statements

Year ended March 31, 2012

(₹ crores)

Particulars	Business segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Other information						
Capital expenditure (allocable)	59.43	-	0.87	-	109.49	169.79
	<i>40.14</i>	-	<i>0.39</i>	-	<i>100.26</i>	<i>140.79</i>
Capital expenditure (unallocable)						1818.55
						<i>1749.25</i>
Depreciation (allocable)	95.27	-	8.71	-	17.85	121.83
	<i>99.15</i>	-	<i>4.56</i>	-	<i>10.56</i>	<i>114.27</i>
Depreciation (unallocable)						796.11
						<i>620.99</i>
Other significant non cash expenses (allocable)	23.89	4.92	2.14	4.02	11.08	46.05
	<i>13.30</i>	<i>3.77</i>	<i>0.15</i>	<i>(122.52)</i>	<i>33.11</i>	<i>(72.19)</i>
Other significant non cash expenses (net) (unallocable)						-
						<i>0.58</i>

The following Geographic segments individually contribute 10 percent or more of the Group's revenues and segment assets:

(₹ crores)

Geographic segment	Revenues for the year ended March 31, 2012	Segment assets as at March 31, 2012
Americas	27569.81	8362.22
	<i>21457.51</i>	<i>6293.40</i>
Europe	12381.53	5139.30
	<i>9250.67</i>	<i>3511.18</i>
India	4202.29	5537.94
	<i>3435.06</i>	<i>4414.15</i>

Previous year's figures are in Italics.

34) Related Party Disclosures

A) Related parties and their relationship

I) Holding Company

Tata Sons Limited

II) Fellow subsidiaries with whom the Group has transactions

- Tata Capital Limited
- Tata AIG General Insurance Company Limited
- Tata AIG Life Insurance Company Limited
- Tata Consulting Engineers Limited
- Tata Housing Development Company Limited

Notes forming part of the Consolidated Financial Statements

- Tata Limited
- Panatone Finvest Limited
- Tata Business Support Services Limited
- Tata Sky Limited
- Tata Teleservices Limited
- Tata Teleservices (Maharashtra) Limited
- VIOM Networks Limited
- Infiniti Retail Limited
- Computational Research Laboratories Limited
- Tata Realty and Infrastructure Limited
- Tata Securities Limited
- e-Nxt Financials Limited
- Tata Investment Corporation Limited
- Nova Integrated Systems Limited
- Tara Aerospace Systems Limited
- Tata Advanced Systems Limited
- TC Travel and Services Limited
- Tata Lockheed Martin Aerostructures Limited
(formerly Tata Aerostructures Limited) (w.e.f. 05.04.2010)
- TT Holdings & Services Limited (w.e.f. 25.08.2010)
- Tata Industries Limited (w.e.f. 01.09.2010)
- Tata Advanced Materials Limited (w.e.f. 01.09.2010)
- Tata International Limited (w.e.f. 01.09.2010)
- TATA Africa Holdings (Kenya) Limited (w.e.f. 01.09.2010)
- Tata Autocomp Systems Limited (w.e.f. 01.09.2010)
- Drive India Enterprise Solutions Limited (w.e.f. 01.09.2010)
- Tata Capital Housing Finance Limited
- MMP Mobi Wallet Payment Systems Limited (w.e.f. 29.07.2010)
- Tata Interactive Systems GmbH
- Tata Africa Holdings (SA) (Proprietary) Limited (w.e.f. 01.09.2010)
- Tata Capital Plc.

III) Associate

National Power Exchange Limited (ceased to be an associate w.e.f. 04.09.2010)

IV) Key Management Personnel

- Mr. N. Chandrasekaran
- Mr. S. Mahalingam
- Mr. Phiroz Vandrevala (upto 13.05.2011)

B) Transactions with related parties for the year ended March 31, 2012

(₹ crores)					
Particulars	Holding Company	Fellow subsidiaries	Associate	Key Management Personnel and their relatives	Total
Brand equity contribution	78.55	-	-	-	78.55
	67.01	-	-	-	67.01
Purchase of fixed assets	-	25.33	-	-	25.33
	-	32.15	-	-	32.15

Notes forming part of the Consolidated Financial Statements

(₹ crores)

Particulars	Holding Company	Fellow subsidiaries	Associate	Key Management Personnel and their relatives	Total
Loans and advances given	0.01 0.37	0.02 -	- -	- -	0.03 0.37
Loans and advances repaid	-	2.00	-	-	2.00
Inter-corporate deposits placed	-	185.01 175.00	-	-	185.01 175.00
Inter-corporate deposits matured	-	185.00 180.00	-	-	185.00 180.00
Purchase of investments	-	- 146.02	-	-	- 146.02
Redemption of investments (including interest)	333.34 -	- 150.00	-	-	333.34 150.00
Revenue	1.21 0.15	471.24 399.99	- 0.20	-	472.45 400.34
Interest income	87.60 89.50	33.37 34.93	-	-	120.97 124.43
Dividend income	-	0.40 0.77	-	-	0.40 0.77
Other income	-	0.02 0.68	-	-	0.02 0.68
Purchase of goods, services and facilities (including reimbursement)	0.70 0.87	300.61 122.63	-	-	301.31 123.50
Rent expense	0.74 0.74	4.19 3.23	-	0.08 0.08	5.01 4.05
(Write back)/provision for doubtful debts (net)	(0.10) (0.20)	(5.08) (2.31)	- 0.03	-	(5.18) (2.48)
Bad debts written-off	0.10 -	3.90 0.10	-	-	4.00 0.10
Dividend paid on equity shares	2453.82 2886.81	3.50 4.10	-	0.43 0.67	2457.75 2891.58
Dividend on redeemable preference shares paid	11.00 17.00	-	-	-	11.00 17.00
Remuneration	-	-	-	11.65 10.05	11.65 10.05

C) Balances with related parties as at March 31, 2012

(₹ crores)

Particulars	Holding Company	Fellow subsidiaries	Associate	Key Management Personnel and their relatives	Total
Trade receivables, Unbilled revenue, loans and advances, Other assets (net)	101.88 63.79	340.75 332.76	- 0.06	0.01 0.01	442.64 396.62
Trade payables, Income received in advance, Advances from customers	80.43 67.15	28.33 34.55	- 0.02	-	108.76 101.72
Investment in debentures	778.58 1079.86	200.00 200.00	-	-	978.58 1279.86

Notes forming part of the Consolidated Financial Statements

D) Disclosure of material transactions/balances with related parties

(₹ crores)

Particulars	2012	2011
<u>Purchase of fixed assets</u>		
Tata Consulting Engineers Limited	10.68	10.75
Tata Realty And Infrastructure Limited	13.16	20.54
<u>Loans and advances given during the year</u>		
Tata Sons Limited	0.01	0.37
Tata AIG General Insurance Company Limited	0.01	-
Tata Teleservices (Maharashtra) Limited	0.01	-
<u>Loans and advances repaid during the year</u>		
Tata Teleservices Limited	2.00	-
<u>Inter-corporate deposits placed</u>		
Tata Realty And Infrastructure Limited	120.00	170.00
Tata Autocomp Systems Limited	30.00	-
<u>Inter-corporate deposits matured</u>		
Tata Sky Limited	40.00	5.00
Tata Autocomp Systems Limited	-	25.00
Tata Realty And Infrastructure Limited	120.00	150.00
<u>Purchase of investments</u>		
Tata Capital Limited	-	146.02
<u>Redemption of investments (including interest)</u>		
Tata Sons Limited	333.34	-
Tata Capital Limited	-	150.00
<u>Revenue</u>		
Tata Teleservices Limited	309.65	251.59
Tata Teleservices (Maharashtra) Limited	60.28	62.32
<u>Interest income</u>		
Tata Sons Limited	87.60	89.50
Panatone Finvest Limited	17.50	17.50
<u>Purchase of goods, services and facilities (including reimbursement)</u>		
Tata Teleservices Limited	39.97	45.79
Tata Teleservices (Maharashtra) Limited	19.96	25.10
TC Travel And Services Limited	28.75	25.11
TT Holdings & Services Limited	187.01	1.20
<u>Rent expense</u>		
Tata Sons Limited	0.74	0.74
Tata Limited	1.05	1.25
Tata Africa Holdings (SA) (Proprietary) Limited	2.84	1.91
<u>Provision/(write back) of doubtful debts (net)</u>		
VIOM Networks Limited	0.35	0.41
TATA Africa Holdings (Kenya) Limited	(0.25)	0.25
Tata Teleservices Limited	(5.12)	(3.05)
<u>Bad debts written-off</u>		
Tata AIG Life Insurance Company Limited	0.02	0.08
Tata Teleservices Limited	3.86	-

Notes forming part of the Consolidated Financial Statements

	(₹ crores)	
Particulars	2012	2011
Dividend paid on equity shares		
Tata Sons Limited	2453.82	2886.81
Remuneration to Key Management Personnel		
Mr. N. Chandrasekaran	8.01	5.30
Mr. S. Mahalingam	3.53	2.85
Mr. Phiroz Vandrevala	0.11	1.90
Trade receivables, Unbilled revenue, Loans and advances, Other assets (net)		
Tata Sons Limited	101.88	63.79
Tata Teleservices Limited	77.15	80.17
Tata Realty and Infrastructure Limited	170.03	168.30
Tata Sky Limited	10.96	40.39
Trade payables, Income received in advance, Advances from customers		
Tata Sons Limited	80.43	67.15
Tata Teleservices Limited	16.99	16.41
Investment in debentures		
Tata Sons Limited	778.58	1079.86
Panatone Finvest Limited	200.00	200.00

Previous year's figures are in italics.

35) Obligations towards operating leases

	(₹ crores)	
Non-cancellable operating lease obligation	As at March 31, 2012	As at March 31, 2011
Not later than one year	532.33	451.78
Later than one year but not later than five years	1381.72	1391.04
Later than five years	888.67	1012.22
Total	2802.72	2855.04

Rental expenses of ₹ 485.26 crores (March 31, 2011: ₹ 358.57 crores) in respect of obligation under non-cancellable operating leases and ₹ 482.96 crores (March 31, 2011: ₹ 376.20 crores) in respect of cancellable operating leases have been charged to the statement of profit and loss.

36) Finance leases

a) Group as lessor

	(₹ crores)	
Particulars	As at March 31, 2012	As at March 31, 2011
(i) Gross investment		
Not later than one year	1.38	2.09
Later than one year but not later than five years	0.96	2.34
Later than five years	-	-
Total	2.34	4.43
(ii) Present value of minimum lease payments receivable		
Not later than one year	1.24	1.70
Later than one year but not later than five years	0.93	2.17
Later than five years	-	-
Total	2.17	3.87
Add: Unearned Finance Income	0.17	0.56
Total	2.34	4.43

Notes forming part of the Consolidated Financial Statements

b) Group as lessee

(₹ crores)

Obligations towards finance leases	As at March 31, 2012	As at March 31, 2011
Assets acquired under finance lease		
(i) Minimum lease payments:		
Not later than one year	23.66	10.13
Later than one year but not later than five years	106.27	38.90
Later than five years	80.40	10.92
Total	210.33	59.95
(ii) Present value of minimum lease payments:		
Not later than one year	9.05	4.28
Later than one year but not later than five years	60.34	23.61
Later than five years	52.27	10.09
Total	121.66	37.98
Add: Future finance charges	88.67	21.97
Total	210.33	59.95

The finance lease arrangements are renewable at the option of the lessee.

37) Receivables under sub leases

(₹ crores)

Sub lease receivables	As at March 31, 2012	As at March 31, 2011
Not later than one year	12.39	1.30
Later than one year but not later than five years	45.83	0.90
Later than five years	8.56	-
Total	66.78	2.20

The total amount recognised in the statement of profit and loss for the year ended March 31, 2012 is ₹ 16.43 crores (March 31, 2011: ₹ 2.86 crores).

38) Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

(₹ crores)

	2012	2011
Profit for the year	10413.49	9068.04
Less: Dividend on preference shares (including dividend tax)	25.57	12.78
Amount available for equity shareholders	10387.92	9055.26
Weighted average number of equity shares	195,72,20,996	195,72,20,996
Earning per equity share basic and diluted (₹)	53.07	46.27
Face value per equity share (₹)	1.00	1.00

Notes forming part of the Consolidated Financial Statements

39) Contingent liabilities

(₹ crores)

Particulars	As at March 31, 2012	As at March 31, 2011
Claims against the Group not acknowledged as debt	113.16	83.96
Income tax demands (See note (a) below)	1714.41	842.04
Indirect tax demands	157.39	144.68
Guarantees given by the Group (See note (b) below)	651.58	704.21
Unexpired letters of credit	0.09	1.57
Other contingencies	0.10	0.94

Notes:

- TCS e-Serve Limited has received demands aggregating ₹ 330.07 crores (March 31, 2011: ₹ 236.41 crores) in respect of income tax matters in dispute. TCS e-Serve Limited has paid advance taxes aggregating to ₹ 321.85 crores (March 31, 2011: ₹ 185.13 crores) against disputed amounts for the various assessment years. The Company is entitled to an indemnification from the seller, of the above referred contingent claims on TCS e-Serve Limited, and would be required to refund to the seller, amounts equal to the monies received by TCS e-Serve Limited, on all such claims, as an adjustment to the purchase price consideration.
- The Group has provided guarantees aggregating to ₹ 651.58 crores (GBP 80.00 million) (March 31, 2011: ₹ 704.21 crores) (GBP 98.10 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.

40) Capital and other commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 1792.68 crores (March 31, 2011: ₹ 1208.27 crores).
- The Company has a purchase commitment towards India Innovation Fund for the uncalled amount of balance ₹ 80,963.86 per unit for 1000 units aggregating to ₹ 8.10 crores (March 31, 2011: ₹ 9.00 crores).

41) 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, 2012:

- The following are outstanding foreign exchange forward contracts, which have been designated as Cash Flow Hedges as at:

Foreign currency	March 31, 2012			March 31, 2011		
	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	44	288.01	(98.19)	52	207.82	34.70
Sterling Pound	26	9.38	(5.70)	38	27.70	1.71
Australian Dollar	44	11.14	(7.40)	19	9.50	(2.27)

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, 2012			March 31, 2011		
	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	81	2185.00	29.56	58	349.38	(16.79)
Sterling Pound	33	217.50	14.66	9	54.00	8.63
Euro	21	210.00	18.64	21	149.00	1.06
Australian dollar	6	30.00	3.34	-	-	-

Net loss on derivative instruments of ₹ 117.02 crores recognised in Hedging reserve as of March 31, 2012, is expected to be reclassified to the statement of profit and loss by March 31, 2013.

The movement in Hedging reserve during the year ended March 31, 2012, for derivatives designated as Cash Flow Hedges is as follows:

	(₹ crores)	
	2012	2011
Balance at the beginning of the year	62.73	(6.07)
Changes in the fair value of effective portion of discontinued/ matured cash flow hedges during the year	(762.67)	(12.67)
Losses transferred to statement of profit and loss on occurrence of forecasted hedge transaction	715.49	33.04
Change in the fair value of effective portion of outstanding cash flow hedges	(154.80)	47.98
Amount transferred to minority interest during the year	6.16	0.45
Balance at the end of the year	(133.09)	62.73

In addition to the above Cash Flow Hedges, the Group has outstanding foreign exchange forward and currency option contracts with notional amount aggregating ₹ 8506.37 crores (March 31, 2011: ₹ 4649.67 crores) whose fair value showed a loss of ₹ 95.43 crores as at March 31, 2012 (March 31, 2011 : gain of ₹ 29.44 crores). Exchange loss of ₹ 213.44 crores (March 31, 2011 : exchange gain of ₹ 1.86 crores) on foreign exchange forward and currency option contracts for the year ended March 31, 2012, have been recognised in the statement of profit and loss.

- 42) Increase in payables and finance lease obligation in respect of purchase of fixed assets amounting to ₹ 94.48 crores for the year ended March 31, 2012 (increase in March 31, 2011: ₹ 52.84 crores) have been considered as non-cash transactions in the cash flow statement.
- 43) Research and development expenditure aggregating to ₹ 141.88 crores (March 31, 2011: ₹ 106.13 crores) was incurred during the year.
- 44) Operation and other expenses include an impairment loss on goodwill on consolidation of ₹ 21.18 crores due to the deterioration of the financial outlook of a subsidiary in the banking, financial services and insurance segment.
- 45) Trade payables include payable to Micro, small and medium enterprises ₹ 1.30 crores (March 31, 2011: ₹ 7.42 crores).
- 46) Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Group financial statements.
- 47) These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act 1956. Previous period figures have been recasted / restated to confirm to the classification of the current period.

AUDITORS' REPORT

TO THE MEMBERS OF TATA CONSULTANCY SERVICES LIMITED

1. We have audited the attached Balance Sheet of **TATA CONSULTANCY SERVICES LIMITED** ("the Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("CARO") issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (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 dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.117366W)

P. R. RAMESH
Partner
(Membership No. 70928)

Mumbai, April 23, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

1. Having regard to the nature of the Company's business / activities for the year, clause (xiii) of paragraph 4 of CARO 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.
3. In respect of the Company's inventory:
 - (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. In respect of unsecured loans granted by the Company to companies covered in the Register under Section 301 of the Companies Act, 1956 and according to the information and explanations given to us -
 - (a) During the year, the Company has not given any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of sub clauses (a) to (d) of clause 4(iii) of CARO are not applicable to the Company.
 - (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clauses (e), (f) and (g) of clause 4(iii) of CARO are not applicable to the Company.
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 Companies Act, 1956, 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 Section 301 that were 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 except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
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 clause 4(vi) of CARO are not applicable to the Company.
8. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
9. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect to the manufacture of electronic products and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product or services of the Company.
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 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) No undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty and cess were in arrears, as at March 31, 2012 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, 2012 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	High Court	5.33
	2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08	Tribunal	7.81
	2004-05, 2007-08, 2008-09, 2009-10	Deputy Commissioner	11.82
	2001-02, 2002-03	Commissioner of Sales Tax	0.03
	2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09	Joint Commissioner	9.12
	2001-02, 2005-06	Assistant Commissioner	0.48
	2007-08	Additional Commissioner	0.01
Service Tax	2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10	Commissioner of Service Tax	4.34
Income Tax	2005-06	Appellate Tribunal	75.33
	2007-08, 2008-09	Commissioner of Income Tax (Appeals)	324.71

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 did not have any amount outstanding to a financial institution or a bank. Therefore the provisions of clause (xi) of paragraph 4 of CARO are not applicable.
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 CARO 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 subsidiary is wholly owned the terms and conditions of the guarantee given by the Company for loan taken by the subsidiary from a bank 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 loans have been applied for the purpose for which they were raised.
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 not been used during the year for long- term investment.
18. According to the information and explanations given to us, during the period 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 Companies Act, 1956.
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 material fraud on or by the Company has been noticed or reported during the course of our audit.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.117366W)

P. R. RAMESH
Partner
(Membership No. 70928)

Mumbai, April 23, 2012

Balance Sheet as at March 31, 2012

(₹ crores)

	Note	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	295.72	295.72
(b) Reserves and surplus	4	24560.91	19283.77
		<u>24856.63</u>	<u>19579.49</u>
Non - current liabilities			
(a) Long - term borrowings	5	96.23	36.33
(b) Deferred tax liabilities (net)	6(a)	118.10	69.32
(c) Other long - term liabilities	7	197.59	129.91
(d) Long - term provisions	8	154.78	76.17
		<u>566.70</u>	<u>311.73</u>
Current liabilities			
(a) Trade payables		2847.18	2153.38
(b) Other current liabilities	9	1598.56	1584.27
(c) Short - term provisions	10	4389.74	2413.94
		<u>8835.48</u>	<u>6151.59</u>
TOTAL		<u>34258.81</u>	<u>26042.81</u>
II. ASSETS			
Non - current assets			
(a) Fixed assets	11		
(i) Tangible assets		4012.16	3363.78
(ii) Intangible assets		51.46	58.40
(iii) Capital work-in-progress		<u>1399.82</u>	<u>1072.86</u>
		5463.44	4495.04
(b) Non - current investments	12	5150.15	5457.91
(c) Deferred tax assets (net)	6(b)	139.74	52.03
(d) Long - term loans and advances	13	4332.81	2864.09
(e) Other non - current assets	14	2636.88	2603.26
		<u>17723.02</u>	<u>15472.33</u>
Current assets			
(a) Current investments	15	538.24	337.58
(b) Inventories	16	4.14	5.37
(c) Unbilled revenue	17	1567.47	836.37
(d) Trade receivables	18	9107.72	4806.67
(e) Cash and bank balances	19	3280.07	3120.52
(f) Short - term loans and advances	20	1648.72	1369.05
(g) Other current assets	21	389.43	94.92
		<u>16535.79</u>	<u>10570.48</u>
TOTAL		<u>34258.81</u>	<u>26042.81</u>
III. NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-46		

As per our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells**
Chartered Accountants

Ratan N. Tata
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

Laura M. Cha
Director

S. Mahalingam
Chief Financial Officer
and Executive Director

Phiroz Vandrevalla
Director

Dr. Vijay Kelkar
Director

Ishaat Hussain
Director

O.P. Bhatt
Director

Cyrus Mistry
Director

Suprakash Mukhopadhyay
Company Secretary

Mumbai, April 23, 2012

Mumbai, April 23, 2012

Statement of Profit and Loss for the year ended March 31, 2012

(₹ crores)

	Note	2012	2011
I. Revenue from operations	22	38858.54	29275.41
II. Other income (net)	23	2685.18	494.73
TOTAL REVENUE		41543.72	29770.14
III. Expenses:			
(a) Employee benefit expenses	24	14100.41	10221.85
(b) Operation and other expenses	25	13372.41	10290.03
(c) Finance costs	26	16.40	20.01
(d) Depreciation and amortisation expense	11	688.17	537.82
TOTAL EXPENSES		28177.39	21069.71
IV. PROFIT BEFORE TAX		13366.33	8700.43
V. Tax expense:			
(a) Current tax	27	2865.38	1335.73
(b) Deferred tax		(38.93)	30.32
(c) MAT credit entitlement		(436.10)	(235.61)
		2390.35	1130.44
VI. PROFIT FOR THE YEAR		10975.98	7569.99
VII. Earnings per equity share: - Basic and diluted (₹)	33	55.95	38.61
Weighted average number of equity shares (face value of ₹ 1 each)		195,72,20,996	195,72,20,996
VIII. NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-46		

As per our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

P. R. Ramesh
Partner

Ratan N. Tata
Chairman

Aman Mehta
Director

Dr. Ron Sommer
Director

Phiroz Vandrevalla
Director

O.P. Bhatt
Director

For and on behalf of the Board

S. Ramadorai
Vice Chairman

V. Thyagarajan
Director

Laura M. Cha
Director

Dr. Vijay Kelkar
Director

Cyrus Mistry
Director

N. Chandrasekaran
CEO and Managing Director

Prof. Clayton M. Christensen
Director

S. Mahalingam
Chief Financial Officer
and Executive Director

Ishaat Hussain
Director

Suprakash Mukhopadhyay
Company Secretary
Mumbai, April 23, 2012

Mumbai, April 23, 2012

Cash Flow Statement for the year ended March 31, 2012

	Note	2012	2011
(₹ crores)			
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxes		13366.33	8700.43
Adjustments for:			
Depreciation and amortisation expense		688.17	537.82
Bad debts written off		34.31	19.04
Write back of provision for doubtful debts		(23.85)	(106.41)
Provision for doubtful advances		7.16	10.45
Advances (written back) / written-off		(1.05)	0.02
Diminution in value of long-term investments (net)		-	8.29
Interest expense		16.40	20.01
(Profit) / Loss on sale of fixed assets (net)		(0.33)	1.26
Unrealised exchange loss / (gain)		149.56	(31.78)
Exchange difference on translation of foreign currency cash and cash equivalents		(31.02)	(11.39)
Realised exchange gain on redemption of preference shares		(3.03)	-
Dividend income (including exchange gain)		(2448.07)	(39.27)
Interest income		(658.57)	(427.95)
Profit on redemption of mutual funds and sale of other current investments (net)		(12.48)	(73.61)
Operating profit before working capital changes		11083.53	8606.91
Inventories		1.23	1.41
Unbilled revenue		(717.12)	(189.41)
Trade receivables		(4311.51)	(1387.12)
Loans and advances and other assets		(404.49)	(438.97)
Trade payables, other liabilities and provisions		817.91	607.40
Cash generated from operations		6469.55	7200.22
Taxes paid		(3294.92)	(1480.34)
Net cash provided by operating activities		3174.63	5719.88
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(1690.57)	(1564.66)
Proceeds from sale of fixed assets		1.42	1.98
Adjustment of purchase consideration		-	27.33
Purchase of trade investments		(231.60)	(57.06)
Proceeds from sale / transfer of trade investments		342.38	-
Commercial papers purchased		-	(146.02)
Commercial papers matured		-	150.00
Purchase of mutual funds and other investments		(13565.83)	(45598.56)
Redemption of mutual funds and sale of other investments		13577.65	47791.63
Advance towards investment		(0.20)	-
Loans repaid by subsidiaries		-	31.94
Inter-corporate deposits placed		(1289.20)	(201.00)
Inter-corporate deposits refunded		927.80	256.00
Fixed deposit placed with banks having original maturity over three months		(2979.13)	(5095.00)
Fixed deposit placed with banks matured having original maturity over three months		2536.00	3172.97
Dividends received from subsidiaries (including exchange gain)		2447.47	33.39
Dividends received from other investments		0.60	5.88
Interest received		356.57	349.42
Net cash provided by / (used in) investing activities		433.36	(841.76)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(1.25)	(1.24)
Dividend paid, including dividend tax		(3879.81)	(4584.38)
Interest paid		(16.16)	(19.99)
Net cash used in financing activities		(3897.22)	(4605.61)
Net (decrease) / increase in cash and cash equivalents		(289.23)	272.51
Cash and cash equivalents at beginning of the year		577.18	293.28
Exchange difference on translation of foreign currency cash and cash equivalents		31.02	11.39
Cash and cash equivalents at end of the year		318.97	577.18
Earmarked balances with banks	19	8.10	7.34
Short - term bank deposits		2953.00	2536.00
Cash and Bank balances at the end of the year	19	3280.07	3120.52
IV. NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-46		

As per our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

P. R. Ramesh
Partner

Ratan N. Tata
Chairman

Aman Mehta
Director

Dr. Ron Sommer
Director

Phiroz Vandrevala
Director

O.P. Bhatt
Director

For and on behalf of the Board

S. Ramadorai
Vice Chairman

V. Thyagarajan
Director

Laura M. Cha
Director

Dr. Vijay Kelkar
Director

Cyrus Mistry
Director

N. Chandrasekaran
CEO and Managing Director

Prof. Clayton M. Christensen
Director

S. Mahalingam
Chief Financial Officer
and Executive Director

Ishaat Hussain
Director

Suprakash Mukhopadhyay
Company Secretary

Mumbai, April 23, 2012

Mumbai, April 23, 2012

Notes forming part of the Financial Statements

1) Corporate information

Tata Consultancy Services Limited (referred to as "TCS Limited" or the "Company") and its subsidiaries provide a wide range of information technology and consultancy services including systems, hardware and software, communications and networking, hardware sizing and capacity planning, software management solutions, technology education services and business process outsourcing. 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, 2012, 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 expenses during the year. Example of such estimates include provision for doubtful debts, employee benefits, provision for income taxes, accounting for contract costs expected to be incurred, the useful lives of depreciable fixed assets and provisions 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%
Factory buildings	Straight line	10%
Leasehold improvements	Straight line	Lease period
Plant and machinery	Straight line	33.33%
Computer equipment	Straight line	25%
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.

Notes forming part of the Financial Statements

e) Leases

Assets leased 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.

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 are stated at cost, less provision for other than temporary diminution in value. Current investments, except for current maturities of long term investments, comprising investment 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 contributions.

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, and otherwise is 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.

Notes forming part of the Financial Statements

Revenues from Business Process Outsourcing (BPO) services are recognised on time and material, fixed price and unit priced contracts. Revenue on time and material and unit priced contracts is recognised as the related services are rendered. 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.

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 to the tax laws, 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 it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

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 are capable of reversal 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 and where the Company 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 gain and loss 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.

Notes forming part of the Financial Statements

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.

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 cash and have 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, 2012	As at March 31, 2011
Authorised			
(i)	225,00,00,000 equity shares of ₹ 1 each (March 31, 2011 : 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, 2011 : 100,00,00,000 redeemable preference shares of ₹ 1 each)	100.00	100.00
		325.00	325.00
Issued, Subscribed and Fully paid up			
(i)	195,72,20,996 equity shares of ₹ 1 each (March 31, 2011 : 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, 2011 : 100,00,00,000 redeemable preference shares of ₹ 1 each)	100.00	100.00
		295.72	295.72

a) Reconciliation of number of shares

	As at March 31, 2012		As at March 31, 2011	
	Number of shares	Amount (₹ crores)	Number of shares	Amount (₹ crores)
Equity shares				
Opening balance	195,72,20,996	195.72	195,72,20,996	195.72
Changes during the year	-	-	-	-
Closing balance	195,72,20,996	195.72	195,72,20,996	195.72
Preference shares				
Opening balance	100,00,00,000	100.00	100,00,00,000	100.00
Changes during the year	-	-	-	-
Closing balance	100,00,00,000	100.00	100,00,00,000	100.00

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, 2012	As at March 31, 2011
Equity shares		
Holding Company		
144,34,51,698 equity shares (March 31, 2011 : 144,34,04,398 equity shares) are held by Tata Sons Limited	144.35	144.34
Subsidiaries and associates of Holding Company		
10,29,700 equity shares (March 31, 2011 : 10,29,700 equity shares) are held by Tata Industries Limited	0.10	0.10
20,70,735 equity shares (March 31, 2011 : 12,29,101 equity shares) are held by Tata AIG Life Insurance Company Limited	0.21	0.12
5,90,452 equity shares (March 31, 2011 : 5,55,452 equity shares) are held by Tata Investment Corporation Limited	0.06	0.06
200 equity shares (March 31, 2011 : 200 equity shares) are held by Tata Capital Limited	-	-
3,91,200 equity shares (March 31, 2011 : 3,91,200 equity shares) are held by Tata Global Beverages Limited	0.04	0.04
83,232 equity shares (March 31, 2011 : 3,32,928 equity shares) are held by Tata International Limited	0.01	0.03
452 equity shares (March 31, 2011 : 452 equity shares) are held by The Tata Power Company Limited	-	-
Total	144.77	144.69
Preference shares		
Holding Company		
100,00,00,000 redeemable preference shares (March 31, 2011 : 100,00,00,000 redeemable preference shares) are held by Tata Sons Limited	100.00	100.00
Total	100.00	100.00

Notes forming part of the Financial Statements

d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2012	As at March 31, 2011
Equity shares		
Tata Sons Limited, the Holding Company	144,34,51,698	144,34,04,398
	73.75%	73.75%
Preference shares		
Tata Sons Limited, the Holding Company	100,00,00,000	100,00,00,000
	100%	100%

e) Shares allotted as fully paid up by way of bonus shares (during 5 years preceding March 31, 2012)

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, 2012	As at March 31, 2011
(a) Securities premium reserve	1918.47	1918.47
	1918.47	1918.47
(b) Foreign currency translation reserve		
(i) Opening balance	101.61	94.98
(ii) Addition during the year (net)	50.85	6.63
	152.46	101.61
(c) Hedging reserve account (Refer Note 37)		
(i) Opening balance	11.35	(76.82)
(ii) (Deductions) / Additions during the year (net)	(37.31)	88.17
	(25.96)	11.35
(d) General reserve		
(i) Opening balance	3183.14	2426.14
(ii) Transferred from statement of profit and loss	1097.60	757.00
	4280.74	3183.14
(e) Surplus in statement of profit and loss		
(i) Opening balance	14069.20	10458.13
(ii) Add : Profit for the year	10975.98	7569.99
	25045.18	18028.12
Less : Appropriations		
(a) Interim dividends on equity shares	1761.49	1174.32
(b) Proposed final dividend on equity shares	3131.55	1565.78
(c) Dividend on redeemable preference shares	22.00	11.00
(d) Tax on dividend	797.34	450.82
(e) General reserve	1097.60	757.00
	18235.20	14069.20
	24560.91	19283.77

The Board of Directors at its meeting held on April 23, 2012 has recommended a final dividend of ₹ 16 per equity share including ₹ 8 per equity share as special dividend.

Notes forming part of the Financial Statements

5) LONG - TERM BORROWINGS

Long - term borrowings consist of the following:

(₹ crores)

	As at March 31, 2012	As at March 31, 2011
(a) Secured loans		
Long - term maturities of obligations under finance lease	93.47	32.33
(b) Unsecured loans		
Other borrowings (from entities other than banks)	2.76	4.00
	<u>96.23</u>	<u>36.33</u>

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

6) DEFERRED TAX BALANCES

Major components of the deferred tax balances consist of the following:

(₹ crores)

	As at March 31, 2012	As at March 31, 2011
(a) Deferred tax liabilities (net)		
(i) Foreign branch profit tax	102.84	60.15
(ii) Depreciation and amortisation	9.83	1.32
(iii) Others	5.43	7.85
	<u>118.10</u>	<u>69.32</u>
(b) Deferred tax assets (net)		
(i) Depreciation and amortisation	(33.31)	(31.78)
(ii) Employee benefits	90.98	34.06
(iii) Provision for doubtful debts	38.92	31.25
(iv) Others	43.15	18.50
	<u>139.74</u>	<u>52.03</u>

7) OTHER LONG - TERM LIABILITIES

Other long - term liabilities consist of the following:

(₹ crores)

	As at March 31, 2012	As at March 31, 2011
(a) Trade payables	10.63	-
(b) Other liabilities	186.96	129.91
	<u>197.59</u>	<u>129.91</u>
Other liabilities comprise :		
Fair value of foreign exchange forward and currency option contracts secured against trade receivables	41.37	41.80
Capital creditors	31.63	24.87
Others	113.96	63.24

Notes forming part of the Financial Statements

8) LONG - TERM PROVISIONS

Long - term provisions consist of the following:

(₹ crores)

	As at March 31, 2012	As at March 31, 2011
Provision for employee benefits	154.78	76.17
	<u>154.78</u>	<u>76.17</u>

Provision for employee benefits includes provision for gratuity and other retirement benefits.

9) OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

(₹ crores)

	As at March 31, 2012	As at March 31, 2011
(a) Current maturities of long-term debt	1.24	1.25
(b) Current maturities of finance lease obligations	6.73	3.54
(c) Interest accrued but not due on borrowings	0.05	0.12
(d) Income received in advance	561.18	557.34
(e) Unpaid dividends	8.10	7.31
(f) Equity share application monies refundable	-	0.03
(g) Advance received from customers	12.47	116.37
(h) Other payables	1008.79	898.31
	<u>1598.56</u>	<u>1584.27</u>
Other payables comprise :		
Fair values of foreign exchange forward and currency option contracts secured against trade receivables	137.01	12.89
Statutory liabilities	337.74	297.70
Capital creditors	153.74	143.83
Others	380.30	443.89

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

10) SHORT - TERM PROVISIONS

Short - term provisions consist of the following:

(₹ crores)

	As at March 31, 2012	As at March 31, 2011
(a) Provision for employee benefits	506.63	398.70
(b) Others		
(i) Proposed final dividend on equity shares	3131.55	1565.78
(ii) Proposed dividend on redeemable preference shares	22.00	11.00
(iii) Tax on dividend	511.59	255.79
(iv) Current income taxes (net)	217.24	182.09
(v) Provision for warranties	0.73	0.58
	<u>4389.74</u>	<u>2413.94</u>

Notes forming part of the Financial Statements

11) FIXED ASSETS

Fixed assets consist of the following:

		(₹ crores)							
Description	Gross Block as at April 1, 2011	Additions	Deletions / Adjustments	Gross Block as at March 31, 2012	Accumulated Depreciation / Amortisation as at April 1, 2011	Depreciation / Amortisation for the year	Deletions / Adjustments	Accumulated Depreciation / Amortisation as at March 31, 2012	Net book value as at March 31, 2012
(i) Tangible assets									
Freehold land	315.95	-	-	315.95	-	-	-	-	315.95
Leasehold land	92.50	0.10	-	92.60	(11.02)	(1.66)	-	(12.68)	79.92
Freehold buildings	1610.57	324.61	-	1935.18	(282.22)	(73.93)	-	(356.15)	1579.03
Factory buildings	1.51	1.26	-	2.77	(0.83)	(0.20)	-	(1.03)	1.74
Leasehold buildings	9.81	-	-	9.81	(6.83)	(0.98)	-	(7.81)	2.00
Leasehold improvements	487.64	204.59	(1.94)	690.29	(253.23)	(66.39)	1.94	(317.68)	372.61
Plant and machinery	10.90	0.12	(0.37)	10.65	(10.87)	(0.05)	0.37	(10.55)	0.10
Furniture and fixtures	321.73	90.18	(4.73)	407.18	(284.80)	(67.53)	4.72	(347.61)	59.57
Vehicles	18.72	1.41	(1.05)	19.08	(10.83)	(2.32)	0.92	(12.23)	6.85
Office equipment	647.71	181.36	(1.24)	827.83	(252.21)	(72.94)	0.80	(324.35)	503.48
Computer equipment	1984.80	413.33	(81.00)	2317.13	(1302.61)	(342.47)	67.00	(1578.08)	739.05
Electrical installations	456.69	127.71	(2.48)	581.92	(179.30)	(52.76)	2.00	(230.06)	351.86
Total	5958.53	1344.67	(92.81)	7210.39	(2594.75)	(681.23)	77.75	(3198.23)	4012.16
Previous year	4858.50	1141.83	(41.80)	5958.53	(2097.98)	(535.33)	38.56	(2594.75)	3363.78
(ii) Intangible assets									
Intellectual property / distribution rights	12.63	-	-	12.63	(11.06)	(0.38)	-	(11.44)	1.19
Rights under licensing agreement	59.00	-	-	59.00	(2.17)	(6.56)	-	(8.73)	50.27
Total	71.63	-	-	71.63	(13.23)	(6.94)	-	(20.17)	51.46
Previous year	12.71	60.89	(1.97)	71.63	(12.71)	(2.49)	1.97	(13.23)	58.40
(iii) Capital work-in-progress									
Grand total	6030.16	1344.67	(92.81)	7282.02	(2607.98)	(688.17)	77.75	(3218.40)	5463.44
									4495.04

- (a) Freehold buildings include ₹ 2.67 crores (March 31, 2011 : ₹ 2.67 crores) being value of investment in shares of Co-operative Housing Societies and Limited Companies.
(b) Leasehold improvements under finance lease have a net book value of ₹ 92.57 crores (March 31, 2011 : ₹ 30.70 crores).
(c) Legal formalities relating to conveyance of freehold building having net book value ₹ 0.23 crore (March 31, 2011 : ₹ 0.23 crore) are pending completion.

Notes forming part of the Financial Statements

12) NON - CURRENT INVESTMENTS

Non - current investments consist of the following:

				(₹ crores)	
In Numbers	Currency	Face Value Per share	Description	As at March 31, 2012	As at March 31, 2011
(A) TRADE INVESTMENTS (at cost)					
(i) Subsidiary companies					
(a) Fully paid equity shares (quoted)					
154,89,922	INR	10	CMC Limited	379.89	379.89
(b) Fully paid equity shares (unquoted)					
88,41,33,400	Peso	1	TCS Iberoamerica SA	165.23	165.23
15,75,300	INR	10	APOnline Limited	-	-
1,300	EUR	325	Tata Consultancy Services Belgium SA	1.06	1.06
66,000	EUR	1000	Tata Consultancy Services Netherlands BV	402.87	402.87
1,000	SEK	100	Tata Consultancy Services Sverige AB	18.89	18.89
1	EUR	-	Tata Consultancy Services Deutschland GmbH	1.72	1.72
20,000	USD	10	Tata America International Corporation	452.92	452.92
75,82,820	SGD	1	Tata Consultancy Services Asia Pacific Pte Ltd.	18.69	18.69
10,48,500	INR	10	WTI Advanced Technology Limited	38.52	38.52
10,00,000	AUD	1	TCS FNS Pty Limited	3.38	3.38
10,00,001	GBP	1	Diligenta Limited (2,40,000 shares purchased during the year)	429.05	199.89
1,100	USD	0.25	Tata Consultancy Services Canada Inc.	31.25	31.25
51,00,000	INR	10	C-Edge Technologies Limited	5.10	5.10
8,90,000	INR	10	MP Online Limited	0.89	0.89
14,76,000	Dirhams	10	Tata Consultancy Services Morocco SARL AU	8.17	8.17
84,00,000	RAND	1	Tata Consultancy Services (Africa) (PTY) Ltd.	4.92	4.92
119,36,313	INR	10	TCS e-Serve Limited (Refer Note 35)	2426.20	2426.20
50,000	INR	10	Retail Full Serve Limited (formerly SUPERVALU Services India Private Limited)	36.17	36.17
18,89,000	INR	10	MahaOnline Limited	1.89	1.89
-	QAR	-	Tata Consultancy Services Qatar S.S.C.	2.44	-
(c) Fully paid preference shares (unquoted)					
4,20,00,000	GBP	1	Diligenta Limited 10% cumulative redeemable preference shares	363.04	363.04
-	USD	-	Tata Consultancy Services Canada Inc. 16% cumulative redeemable preference shares (1,99,960 shares redeemed during the year)	-	6.02
28,00,000	INR	10	APOnline Limited 6% redeemable preference shares	2.80	2.80

Notes forming part of the Financial Statements

12) NON - CURRENT INVESTMENTS (Continued)

				(₹ crores)	
In Numbers	Currency	Face Value Per share	Description	As at March 31, 2012	As at March 31, 2011
(ii) Others					
(a) Fully paid equity shares (unquoted)					
4,63,865	USD	0.001	Yodlee, Inc.	-	-
25,00,000	INR	10	National Power Exchange Limited	2.50	2.50
190,00,000	INR	10	Taj Air Limited	19.00	19.00
69	EUR	297	ALMC HF (formerly Straumur-Burdaras Investment Bank hf.)	-	-
(b) Fully paid preference shares (unquoted)					
50,00,000	INR	10	Tata AutoComp Systems Limited 8% cumulative redeemable preference shares	5.00	5.00
(B) OTHERS					
(i) Bonds (unquoted)					
15	INR	1000000	10% Housing Urban Development Corporation Limited Bonds (2014)	1.50	1.50
180	INR	100000	8% IDBI Bonds (2013)	1.80	1.80
10	INR	100000	8% IDBI Bonds (2018)	0.10	0.10
69	EUR	297	0% ALMC HF (2014) (formerly Straumur- Burdaras Investment Bank hf.)	0.12	0.12
(ii) Debentures (unquoted)					
10,000	INR	333333.33	Tata Sons Limited 8.50% non-convertible debentures (2014)	333.33	666.67
-	INR	-	Panatone Finvest Limited 8.75% non-convertible debentures (2013)	-	200.00
				5158.44	5466.20
Provision for diminution in value of investments				(8.29)	(8.29)
				5150.15	5457.91
Book value of quoted investments				379.89	379.89
Book value of unquoted investments (net of provision)				4770.26	5078.02

Market value of quoted investments as classified above as at March 31, 2012 is ₹ 1540.94 crores (March 31, 2011: ₹ 1612.11 crores).

The Company has given undertakings 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 on March 31, 2012.

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 installment was received on January 21, 2012. The debentures issued by Panatone Finvest Limited would be redeemed at the end of the third year. The amount receivable on redemption within a period of one year from the date of the balance sheet is classified under Current investment and balance as Non - current investment.

Notes forming part of the Financial Statements

12) NON - CURRENT INVESTMENTS (Continued)

In terms of the shareholders agreement dated March 23, 2006, Phoenix Group Services Limited (formerly known as Pearl Group Services Limited), exercised their put option and sold equity holding of 24% in Diligenta Limited to the Company at a fixed price of ₹ 228.00 crores (GBP 30.24 million) in September 2011. Thereby Diligenta Limited became wholly owned subsidiary of the Company.

Tata Consultancy Services Morocco SARL AU, a wholly owned subsidiary, is in the process of being voluntarily liquidated.

On December 20, 2011, the Company has subscribed to 100 percent equity share capital of Tata Consultancy Services Qatar S.S.C.

On January 24, 2012, the Company through its wholly owned subsidiary, Tata Consultancy Services Japan Limited subscribed to 60 percent share capital of Nippon TCS Solution Center Limited.

On March 9, 2012, the Company through its wholly owned subsidiary, Tata Consultancy Services Netherlands BV subscribed to 100 percent share capital of Tata Consultancy Services Osterreich GmbH.

On March 16, 2012, the Company through its wholly owned subsidiary, Tata Consultancy Services Netherlands BV subscribed to 100 percent share capital of Tata Consultancy Services Danmark ApS.

13) LONG - TERM LOANS AND ADVANCES (Unsecured)

Long - term loans and advances consist of the following:

	(₹ crores)	
	As at March 31, 2012	As at March 31, 2011
Considered good		
(i) Capital advances	327.06	226.71
(ii) Security deposits	387.26	370.10
(iii) Loans and advances to employees	9.05	10.90
(iv) Loans and advances to related parties	541.23	487.96
(v) Advance tax (including refunds receivable (net))	978.58	513.89
(vi) MAT credit entitlement	1443.60	1007.50
(vii) Other loans and advances	646.03	247.03
	4332.81	2864.09
Loans and advances to related parties comprise :		
TCS FNS Pty Limited	201.51	175.47
TCS Iberoamerica SA	291.35	263.71
CMC Limited	0.01	0.81
Tata Realty and Infrastructure Limited	45.39	45.00
Tata Sons Limited	2.97	2.97
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	352.13	194.73

Notes forming part of the Financial Statements

14) OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

		(₹ crores)	
		As at March 31, 2012	As at March 31, 2011
(a)	Interest receivable	126.75	119.26
(b)	Long - term bank deposits	2510.13	2484.00
		<u>2636.88</u>	<u>2603.26</u>

15) CURRENT INVESTMENTS

Current investments consist of the following:

				(₹ crores)	
In Numbers	Currency	Face Value Per share	Description	As at March 31, 2012	As at March 31, 2011
			(i) Bonds (unquoted)		
-	INR	-	10% Housing Urban Development Corporation Limited Bonds (2012)	-	0.25
			(ii) Investment in mutual and other funds (unquoted)		
30,02,000	INR	10	HDFC Debt Fund for Cancer Cure - 50% Dividend Donation Option	3.00	3.00
1,000	INR	19036.15	India Innovation Fund	1.91	1.00
			(iii) Debentures (unquoted)		
10,000	INR	333333.33	Tata Sons Limited 8.50% non-convertible debentures (2013)	333.33	333.33
2,000	INR	1000000	Panatone Finvest Limited 8.75% non-convertible debentures (2013)	200.00	-
				<u>538.24</u>	<u>337.58</u>

16) INVENTORIES

Inventories consist of the following:

		(₹ crores)	
		As at March 31, 2012	As at March 31, 2011
(a)	Raw materials, sub-assemblies and components	3.30	4.39
(b)	Finished goods and Work-in-progress	0.54	0.80
(c)	Goods-in-transit	0.30	0.18
		<u>4.14</u>	<u>5.37</u>

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

Notes forming part of the Financial Statements

17) UNBILLED REVENUE

Unbilled revenue as at March 31, 2012 amounting to ₹ 1567.47 crores (March 31, 2011: ₹ 836.37 crores) primarily comprises of the revenue recognised in relation to efforts incurred on turnkey contracts priced on a fixed time, fixed price basis of ₹ 1208.10 crores (March 31, 2011: ₹ 780.11 crores).

18) TRADE RECEIVABLES (Unsecured)

Trade receivables consist of the following:

	(₹ crores)	
	As at March 31, 2012	As at March 31, 2011
(a) Over six months from the date they were due for payment		
(i) Considered good	1283.77	834.02
(ii) Considered doubtful	127.78	150.76
(b) Others		
(i) Considered good	7823.95	3972.65
(ii) Considered doubtful	-	0.87
	9235.50	4958.30
Less: Provision for doubtful receivables	(127.78)	(151.63)
	9107.72	4806.67

19) CASH AND BANK BALANCES

Cash and bank balances consist of the following:

	(₹ crores)	
	As at March 31, 2012	As at March 31, 2011
(a) Cash and cash equivalents		
(i) Balances with banks		
In current accounts	176.99	162.85
In deposit accounts with original maturity less than 3 months	123.89	359.75
(ii) Cheques on hand	16.37	52.06
(iii) Cash on hand	0.70	0.76
(iv) Remittances in transit	1.02	1.76
	318.97	577.18
(b) Other bank balances		
(i) Earmarked balances with banks	8.10	7.34
(ii) Short - term bank deposits	2953.00	2536.00
	3280.07	3120.52

Balances with banks in current accounts do not include fourteen bank accounts having a balance of ₹ 0.31 crore (March 31, 2011: ₹ Nil) operated by the Company on behalf of a third party.

Notes forming part of the Financial Statements

20) SHORT - TERM LOANS AND ADVANCES (Unsecured)

Short – term loans and advances consist of the following:

(₹ crores)

	As at March 31, 2012	As at March 31, 2011
(a) Considered good		
(i) Loans and advances to employees	140.09	130.68
(ii) Loans and advances to related parties	176.84	177.78
(iii) Other loans and advances	1331.79	1060.59
(b) Considered doubtful		
(i) Loans and advances to employees	32.15	26.29
(ii) Loans and advances to related parties	5.93	5.19
(iii) Other loans and advances	6.65	6.09
Less : Provision for doubtful loans and advances	(44.73)	(37.57)
	<u>1648.72</u>	<u>1369.05</u>
Loans and advances to related parties considered good comprise:		
Tata Sons Limited	0.01	-
TCS FNS Pty Limited	50.98	38.92
MahaOnline Limited	-	0.19
Tata Sky Limited	-	30.00
Tata Realty and Infrastructure Limited	100.00	100.00
WTI Advanced Technology Limited	-	0.26
CMC Limited	1.56	4.01
Tata Teleservices Limited	2.38	4.38
Tata AIG General Insurance Company Limited	0.02	0.01
Infiniti Retail Limited	-	0.01
Tata Teleservices (Maharashtra) Limited	0.01	-
APOne Limited	-	-
Tata Consultancy Services Qatar S.S.C.	21.79	-
TCS e-Serve Limited	0.09	-
Other loans and advances considered good comprise:		
Security deposits	96.63	42.43
Inter - corporate deposits	250.00	100.00
Indirect tax recoverable	68.59	113.92
Fair values of foreign exchange forward and currency option contracts	151.77	52.33
Advance to suppliers	32.36	34.97
Other amounts recoverable in cash or kind for value to be received	732.44	716.94
Loans and advances to related parties considered doubtful comprise:		
Tata Consultancy Services Morocco SARL AU	5.93	5.19
Other loans and advances considered doubtful comprise:		
Security deposits	0.50	0.15
Advance to suppliers	1.02	0.70
Other amounts recoverable in cash or kind for value to be received	5.13	5.24

21) OTHER CURRENT ASSETS

Other current assets consist of the following:

(₹ crores)

	As at March 31, 2012	As at March 31, 2011
Interest receivable	389.43	94.92
	<u>389.43</u>	<u>94.92</u>

Notes forming part of the Financial Statements

22) REVENUE FROM OPERATIONS

Revenue from operations consist of revenues from:

	2012	2011
(a) Information technology and consultancy services	37453.57	28171.26
(b) Sale of equipment and software licenses	1405.22	1104.42
Less : Excise duty	(0.25)	(0.27)
	38858.54	29275.41

(₹ crores)

23) OTHER INCOME (NET)

Other income (net) consist of the following:

	2012	2011
(a) Interest income	658.57	427.95
(b) Dividend income	2428.00	39.27
(c) Profit on redemption of mutual funds and sale of other current investments (net)	12.48	73.61
(d) Rent	1.63	1.34
(e) Profit / (loss) on sale of fixed assets (net)	0.33	(1.26)
(f) Exchange loss (net)	(432.82)	(53.04)
(g) Miscellaneous income	16.99	6.86
	2685.18	494.73
Interest income comprise :		
Interest on bank deposits	474.59	232.81
Interest on Inter - corporate deposits	53.29	27.76
Interest on bonds and debentures	97.74	102.83
Interest on loan given to subsidiary	23.68	23.53
Interest on commercial paper	-	3.98
Other interest	9.27	37.04
Dividend income comprise :		
Dividends from subsidiaries (trade investments)	2427.40	33.39
Dividends from other long-term investments (trade investments)	0.40	0.77
Dividends from mutual funds (other investments)	0.20	5.11
Exchange loss (net) includes:		
Loss on foreign exchange forward and currency option contracts which have been designated as Cash Flow Hedges (Refer Note 37)	(746.01)	(93.92)

(₹ crores)

24) EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses consist of the following:

	2012	2011
(a) Salaries and incentives	12440.11	8915.60
(b) Contributions to -		
(i) Provident fund	359.36	285.78
(ii) Superannuation scheme	91.19	73.74
(iii) Gratuity fund	110.78	91.11
(iv) Social security and other plans for overseas employees	203.39	145.39
(c) Staff welfare expenses	895.58	710.23
	14100.41	10221.85

(₹ crores)

Notes forming part of the Financial Statements

25) OPERATION AND OTHER EXPENSES

Operation and other expenses consist of the following:

	(₹ crores)	
	2012	2011
(a) Overseas business expenses	6046.63	4948.40
(b) Services rendered by business associates and others	2607.69	1735.72
(c) Software, hardware and material costs	1274.34	1043.17
(d) Cost of software licenses	659.21	395.32
(e) Communication expenses	375.60	302.57
(f) Travelling and conveyance expenses	398.81	295.75
(g) Rent	635.41	477.64
(h) Legal and professional fees	166.99	122.10
(i) Repairs and maintenance	219.67	180.47
(j) Electricity expenses	292.10	240.00
(k) Bad debts written off	34.31	19.04
(l) Write back of provision for doubtful debts	(23.85)	(106.41)
(m) Provision for doubtful advances	7.16	10.45
(n) Advances (written back) / written-off	(1.05)	0.02
(o) Recruitment and training expenses	170.76	165.84
(p) Diminution in value of long-term investments (net)	-	8.29
(q) Commission and brokerage	20.08	15.73
(r) Printing and stationery	19.51	18.00
(s) Insurance	15.54	15.81
(t) Rates and taxes	59.96	42.75
(u) Entertainment	20.23	14.93
(v) Other expenses	373.31	344.44
	13372.41	10290.03
(i) Overseas business expenses includes:		
Travel expenses	519.11	391.91
Employee allowances	5465.84	4501.75
(ii) Repairs and maintenance comprises of:		
Buildings	101.83	74.84
Office and computer equipment	117.84	105.63
(iii) Software, hardware and material costs includes:		
Material Costs		
(a) Raw materials, sub-assemblies and components consumed	11.78	17.71
(b) Opening Stock:		
Finished goods and work-in-progress	0.80	1.67
(c) Less: Closing Stock:		
Finished goods and work-in-progress	0.54	0.80
	0.26	0.87
	12.04	18.58
(iv) Other expenses includes:		
Stores and spare parts consumed	0.03	0.04

Notes forming part of the Financial Statements**26) FINANCE COSTS**

Finance costs consist of the following:

	(₹ crores)	
	2012	2011
Interest expense	16.40	20.01
	<u>16.40</u>	<u>20.01</u>

- 27)** Current tax includes write back of provision (net) of ₹ 34.99 crores (Previous year: Additional provision (net) ₹ 94.50 crores) in domestic and certain overseas jurisdictions relating to earlier years.

28) Retirement benefit plans**a) Defined contribution plans**

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for qualifying 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 ₹ 359.36 crores (March 31, 2011: ₹ 285.78 crores) for provident fund contributions and ₹ 91.19 crores (March 31, 2011: ₹ 73.74 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 ₹ 89.55 crores (March 31, 2011: ₹ 61.39 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 qualifying 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 tables sets out the funded status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2012.

	(₹ crores)	
	As at March 31, 2012	As at March 31, 2011
i) Change in benefit obligations:		
Project benefit obligation, beginning of the year	552.80	452.49
Service cost	93.56	81.39
Interest cost	50.36	37.07
Actuarial loss	14.48	14.46
Benefits paid	(31.95)	(32.61)
Projected benefit obligation, end of the year	679.25	552.80
ii) Change in plan assets:		
Fair value of plan assets, beginning of the year	494.42	420.14
Expected return on plan assets	40.99	36.15
Employers' contributions	31.95	65.08
Benefits paid	(31.95)	(32.61)
Actuarial gain	6.63	5.66
Fair value of plan assets, end of the year	542.04	494.42
Excess of obligation over plan assets	(137.21)	(58.38)
Accrued liability	(137.21)	(58.38)
	(₹ crores)	
	2012	2011
iii) Net gratuity and other cost:		
Service cost	93.56	81.39
Interest on defined benefit obligation	50.36	37.07
Expected return on plan assets	(40.99)	(36.15)
Net Actuarial losses recognised in the year	7.85	8.80
Net gratuity and other cost	110.78	91.11
Actual return on plan assets	47.62	41.82
	(₹ crores)	
	As at March 31, 2012	As at March 31, 2011
iv) Category of assets:		
Insurer managed funds	541.96	494.36
Others	0.08	0.06
Total	542.04	494.42
	(₹ crores)	
	As at March 31, 2012	As at March 31, 2011
v) Assumption used in accounting for gratuity plan:		
Discount rate	8.50	8.00
Salary escalation rate	6.00	6.00
Expected rate of return on plan assets	8.00	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)				
	2012	2011	2010	2009	2008
Experience adjustment					
On plan liabilities	43.75	35.00	4.93	(16.54)	(26.62)
On plan assets	6.63	5.67	3.91	6.12	4.13
Present value of benefit obligation	679.25	552.80	452.49	385.23	315.26
Fair value of plan assets	542.04	494.42	420.14	344.16	264.87
Excess of obligation over plan assets	(137.21)	(58.38)	(32.35)	(41.07)	(50.39)

The expected contribution is based on the same assumptions used to measure the Company's gratuity obligations as of March 31, 2012. The Company is expected to contribute ₹ 64.17 crores to gratuity funds for the year ended March 31, 2013.

29) 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 each reporting 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, 2012

Particulars	Business Segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Revenue	15275.61	3081.59	5180.21	5353.50	9967.63	38858.54
	11719.88	2257.38	3533.18	4578.05	7186.92	29275.41
Segment result	4781.54	804.99	1501.74	1630.36	2667.09	11385.72
	3797.37	567.62	894.22	1626.90	1885.71	8771.82
Unallocable expenses (net)						704.57
						566.12
Operating income						10681.15
						8205.70
Other income (net)						2685.18
						494.73
Profit before tax						13366.33
						8700.43
Tax expense						2390.35
						1130.44
Profit for the year						10975.98
						7569.99

Notes forming part of the Financial Statements

As at March 31 , 2012

(₹ crores)

Particulars	Business Segments					Total
	Banking, Financial Services and Insurance	Manufacturing	Retail and Consumer Packaged Goods	Telecom, Media and Entertainment	Others	
Segment assets	3645.13 <i>1797.98</i>	698.94 <i>320.46</i>	1083.82 <i>474.36</i>	1682.96 <i>1415.21</i>	4284.27 <i>2162.05</i>	11395.12 <i>6170.06</i>
Unallocable assets						22863.69 <i>19872.75</i>
Total assets						34258.81 <i>26042.81</i>
Segment liabilities	469.45 <i>436.40</i>	85.10 <i>39.34</i>	76.54 <i>87.35</i>	142.20 <i>202.46</i>	518.83 <i>447.24</i>	1292.12 <i>1212.79</i>
Unallocable liabilities						8110.06 <i>5250.53</i>
Total liabilities						9402.18 <i>6463.32</i>
Other Information						
Capital expenditure (unallocable)						1671.63 <i>1554.59</i>
Depreciation and amortisation (unallocable)						688.17 <i>537.82</i>
Other significant non cash expense (allocable)	1.43 <i>13.44</i>	3.94 <i>2.99</i>	2.26 <i>0.66</i>	5.36 <i>(114.45)</i>	3.58 <i>20.46</i>	16.57 <i>(76.90)</i>
Other significant non cash expense (net) (unallocable)						- <i>8.29</i>

The following Geographic segments individually contribute 10 percent or more of the Company's revenue and segment assets:

(₹ crores)

Geographic segment	Revenue for the year ended March 31, 2012	Segment assets as at March 31, 2012
Americas	22415.45 <i>16907.78</i>	4337.03 <i>1256.44</i>
Europe	9386.41 <i>7039.12</i>	2830.68 <i>1939.03</i>
India	3316.53 <i>2759.36</i>	3189.97 <i>2450.99</i>

Previous year's figures are in Italics.

Notes forming part of the Financial Statements

30) 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 De Espana S.A.
- vi. Tata Consultancy Services Do Brasil Ltda
- vii. Tata Consultancy Services Chile S.A.
- viii. TATASOLUTION CENTER S.A
- ix. Tata Consultancy Services Portugal Unipessoal Limitada
- x. TCS Uruguay S.A.
- xi. 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)
- 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 Solutions (Beijing) Co. Ltd. (formerly Financial Network Services (Beijing) Co. Ltd.)
- i. MS CJV Investments Corporation
- i. Diligenta 2 Limited

Notes forming part of the Financial Statements

- | | | |
|-----|--|--|
| 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 | |
| 21. | Tata Consultancy Services Qatar S. S. C. | |
| | (w.e.f. 20.12.2011) | |

III. Fellow Subsidiaries with whom the Company has transactions

- Tata Capital Limited
- Tata AIG General Insurance Company Limited
- Tata AIG Life Insurance Company Limited
- Tata Consulting Engineers Limited
- Tata Housing Development Company Limited
- Tata Limited
- Panatone Finvest Limited
- Tata Business Support Services Limited
- Tata Sky Limited
- Tata Teleservices Limited
- Tata Teleservices (Maharashtra) Limited
- VIOM Networks Limited
- Infiniti Retail Limited
- Computational Research Laboratories Limited
- Tata Realty And Infrastructure Limited
- Tata Securities Limited
- e-Nxt Financials Limited
- Tata Investment Corporation Limited
- Nova Integrated Systems Limited
- Tara Aerospace Systems Limited
- Tata Advanced Systems Limited
- TC Travel And Services Limited
- Tata Lockheed Martin Aerostructures Limited (formerly Tata Aerostructures Limited) (w.e.f. 05.04.2010)
- TT Holdings & Services Limited (w.e.f. 25.08.2010)
- Tata Industries Limited (w.e.f. 01.09.2010)
- Tata Advanced Materials Limited (w.e.f. 01.09.2010)
- Tata International Limited (w.e.f. 01.09.2010)
- TATA Africa Holdings (Kenya) Limited (w.e.f. 01.09.2010)
- Tata Autocomp Systems Limited (w.e.f. 01.09.2010)
- Drive India Enterprise Solutions Limited (w.e.f. 01.09.2010)
- Tata Capital Housing Finance Limited
- MMP Mobi Wallet Payment Systems Limited (w.e.f. 29.07.2010)
- Tata Interactive Systems GmbH

IV) Associate

- National Power Exchange Limited (ceased to be an associate w.e.f. 04.09.2010)

V) Key Management Personnel

- Mr. N. Chandrasekaran
- Mr. S. Mahalingam
- 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, 2012

(₹ crores)

	Holding Company	Subsidiaries	Fellow Subsidiaries	Associate	Key Management Personnel and their relatives	Total
Brand equity contribution	52.80 51.69	- -	- -	- -	- -	52.80 51.69
Purchase of fixed assets	- -	13.55 37.88	24.06 32.14	- -	- -	37.61 70.02
Loans and advances given	0.01 0.37	29.40 -	0.02 -	- -	- -	29.43 0.37
Loans and advances repaid	- -	4.14 31.94	2.00 -	- -	- -	6.14 31.94
Inter-corporate deposit placed	- -	16.00 5.00	100.00 85.00	- -	- -	116.00 90.00
Inter-corporate deposit matured	- -	16.00 5.00	130.00 105.00	- -	- -	146.00 110.00
Purchase of investment	- -	2.44 1.93	- 146.02	- -	- -	2.44 147.95
Redemption / sale of investment (including interest)	333.34 -	6.02 -	- 150.00	- -	- -	339.36 150.00
Revenue	1.19 0.15	24226.98 17662.18	465.81 398.27	- 0.20	- -	24693.98 18060.80
Interest income	79.87 85.00	24.38 23.62	28.05 33.66	- -	- -	132.30 142.28
Dividend income	- -	2427.40 33.39	0.40 0.77	- -	- -	2427.80 34.16
Rent income	- -	1.62 0.72	- -	- -	- -	1.62 0.72
Other income	- -	0.65 0.03	0.02 0.65	- -	- -	0.67 0.68
Purchase of goods, services and facilities (including reimbursement)	0.40 0.63	1493.41 846.57	293.81 117.47	- -	- -	1787.62 964.67
Rent expense	0.74 0.74	36.15 33.64	1.34 1.33	- -	0.08 0.08	38.31 35.79
(Write back) / provision for doubtful debts (net)	(0.10) (0.20)	0.34 5.88	(5.08) (2.31)	- 0.03	- -	(4.84) 3.40
Bad debts written-off	0.10 -	8.55 -	3.90 0.10	- -	- -	12.55 0.10
Dividend paid on equity shares	2453.82 2886.81	- -	3.14 4.10	- -	0.43 0.67	2457.39 2891.58
Dividend on redeemable preference shares paid	11.00 17.00	- -	- -	- -	- -	11.00 17.00
Guarantees	- -	2057.65 176.59	- -	- -	- -	2057.65 176.59
Remuneration	- -	- -	- -	- -	11.65 10.05	11.65 10.05

Notes forming part of the Financial Statements

C) Balances with related parties as at March 31, 2012

						(₹ crores)
	Holding Company	Subsidiaries	Fellow Subsidiaries	Associate	Key Management Personnel and their relatives	Total
Trade receivables, unbilled revenue, loans and advances (net)	94.15 59.28	5644.71 2075.42	282.52 311.57	- 0.06	0.01 0.01	6021.39 2446.34
Trade payables, income received in advance, advances from customers	53.40 51.73	1105.44 861.57	27.31 34.44	- 0.02	- -	1186.15 947.76
Guarantees	- -	3389.90 2120.91	- -	- -	- -	3389.90 2120.91
Investment in debentures	666.66 1000.00	- -	200.00 200.00	- -	- -	866.66 1200.00

D) Disclosure of material transactions / balances with related parties

	(₹ crores)	
	2012	2011
<u>Purchase of fixed assets</u>		
CMC Limited	13.38	37.87
Tata Consulting Engineers Limited	10.68	10.75
Tata Realty And Infrastructure Limited	13.16	20.54
<u>Loans and advances given during the year</u>		
Tata Sons Limited	0.01	0.37
Tata Consultancy Services Qatar S. S. C.	21.79	-
TCS Financial Solutions Australia Pty Limited	6.29	-
<u>Loans and advances repaid during the year</u>		
CMC Limited	3.70	-
Tata Teleservices Limited	2.00	-
TCS Financial Solutions Australia Pty Limited	-	31.94
<u>Inter-corporate deposits placed</u>		
Tata Realty And Infrastructure Limited	100.00	80.00
TCS e-Serve Limited	16.00	-

Notes forming part of the Financial Statements

	(₹ crores)	
	2012	2011
<u>Inter-corporate deposits matured</u>		
Tata Realty And Infrastructure Limited	100.00	80.00
Tata Autocomp Systems Limited	-	25.00
TCS e-Serve Limited	16.00	-
Tata Sky Limited	30.00	-
<u>Purchase of investments</u>		
Tata Capital Limited	-	146.02
Tata Consultancy Services Qatar S.S.C.	2.44	-
<u>Redemption / sale of investments (including interest)</u>		
Tata Sons Limited	333.34	-
Tata Capital Limited	-	150.00
<u>Revenue</u>		
Tata America International Corporation	20051.77	14883.99
<u>Interest income</u>		
Tata Sons Limited	79.87	85.00
TCS Financial Solutions Australia Pty Limited	14.11	12.82
Panatone Finvest Limited	17.50	17.50
<u>Dividend income</u>		
Tata America International Corporation	1899.73	-
TCS e-Serve Limited	35.81	17.90
CMC Limited	15.49	15.49
<u>Other income</u>		
TCS Financial Solutions Australia Pty Limited	0.35	-
Tata Consultancy Services Canada Inc.	0.30	0.03
<u>Rent income</u>		
CMC Limited	0.15	0.13
WTI Advanced Technology Limited	0.23	0.22
TCS e-Serve Limited	0.27	0.20
APOnline Limited	0.05	0.17
C-Edge Technologies Limited	0.92	-
<u>Purchase of goods, services and facilities (including reimbursement)</u>		
CMC Limited	200.60	132.35
CMC Americas Inc.	535.80	322.49
TT Holdings & Services Limited	186.76	1.20

Notes forming part of the Financial Statements

	(₹ crores)	
	2012	2011
<u>Rent expense</u>		
CMC Limited	20.76	13.76
Diligenta Limited	15.39	17.77
<u>Provision / (write back) for doubtful debts</u>		
Tata Consultancy Services Morocco SARL AU	0.34	5.88
Tata Teleservices Limited	(5.12)	(3.05)
<u>Bad debts written-off</u>		
Tata Consultancy Services Do Brasil Ltda	7.61	-
Tata Teleservices Limited	3.86	-
Tata AIG Life Insurance Company Limited	0.02	0.08
<u>Dividend paid on equity shares</u>		
Tata Sons Limited	2453.82	2886.81
<u>Guarantees given during the year</u>		
Diligenta Limited	1767.43	164.02
<u>Remuneration to Key Management Personnel</u>		
Mr. N.Chandrasekaran	8.01	5.30
Mr. S. Mahalingam	3.53	2.85
Mr. Phiroz Vandrevala	0.11	1.90
<u>Trade receivables, unbilled revenue, loans and advances</u>		
Tata America International Corporation	3532.73	599.84
TCS Iberoamerica SA	316.41	279.53
TCS Financial Solutions Australia Pty Limited	113.68	331.89
<u>Trade payables, income received in advance, advances from customers</u>		
Tata America International Corporation	403.08	234.08
TCS Financial Solutions Australia Pty Limited	150.95	69.47
Tata Consultancy Services Netherlands BV	22.39	104.47
<u>Guarantees outstanding</u>		
Diligenta Limited	3076.70	1978.41
<u>Investment in debentures</u>		
Tata Sons Limited	666.66	1000.00
Panatone Finvest Limited	200.00	200.00

Previous year's figures are in italics.

Notes forming part of the Financial Statements

31) Obligations towards operating leases

(₹ crores)

Non-cancellable operating lease obligation	As at March 31, 2012	As at March 31, 2011
Not later than one year	365.91	307.94
Later than one year but not later than five years	1038.92	872.00
Later than five years	898.52	760.87
Total	2303.35	1940.81

Rent expenses of ₹ 359.35 crores (Previous year: ₹ 263.46 crores) in respect of obligation under non-cancellable operating leases and ₹ 276.06 crores (Previous year : ₹ 214.18 crores) in respect of cancellable operating leases have been charged to the statement of profit and loss.

32) Obligations towards finance leases

(₹ crores)

Assets acquired under finance lease	As at March 31, 2012	As at March 31, 2011
(i) Minimum lease payments:		
Not later than one year	20.25	9.38
Later than one year but not later than five years	85.19	37.52
Later than five years	80.40	10.92
Total	185.84	57.82
(ii) Present value of minimum lease payments:		
Not later than one year	6.73	3.54
Later than one year but not later than five years	41.20	22.23
Later than five years	52.27	10.10
	100.20	35.87
Add : Future finance charges	85.64	21.95
Total	185.84	57.82

33) Earnings per equity share (EPS)

(₹ crores)

	2012	2011
Profit for the year	10975.98	7569.99
Less : Preference share dividend (including dividend tax)	25.57	12.78
Amount available for equity shareholders	10950.41	7557.21
Weighted average number of shares	195,72,20,996	195,72,20,996
Earning per share basic and diluted (₹)	55.95	38.61
Face value per equity share (₹)	1.00	1.00

Notes forming part of the Financial Statements

34) Auditor's remuneration

	(₹ crores)	
	2012	2011
For services as auditors, including quarterly audits	2.52	2.10
For Tax audit	0.42	0.35
For Other services	2.96	3.02
Reimbursement of out-of-pocket expenses	0.13	0.12
For service tax	0.68	0.58

Service tax credit has been / will be availed.

In addition to the above, fees amounting to ₹ 3.06 crores (Previous year ₹ 0.70 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.

35) Contingent liabilities

	(₹ crores)	
	As at March 31, 2012	As at March 31, 2011
Claims against the Company not acknowledged as debt	21.49	21.45
Income tax demands	1381.97	602.65
Indirect tax demands	61.44	62.61
Guarantees given by the Company on behalf of subsidiaries (See (b) below)	3389.90	2120.91

- TCS e-Serve Limited has received demands aggregating ₹ 330.07 crores (March 31, 2011: ₹ 236.41 crores) in respect of income tax matters in dispute. TCS e-Serve Limited has paid advance taxes aggregating to ₹ 321.85 crores (March 31, 2011: ₹ 185.13 crores) against disputed amounts for the various assessment years. The Company is entitled to an indemnification from the seller, of the above referred contingent claims on TCS e-Serve Limited, and would be required to refund to the seller, amounts equal to monies received by TCS e-Serve Limited, on all such claims, as an adjustment to the purchase price consideration.
- The Company has provided guarantees aggregating to ₹ 3068.55 crores (GBP 376.75 million) (March 31, 2011: ₹ 1978.41 crores) (GBP 275.60 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.

36) Capital and other commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 1682.98 crores (March 31, 2011: ₹ 1132.27 crores).
- The Company has undertaken to provide continued financial support to its subsidiaries APOnline Limited and TCS FNS Pty Limited.
- The Company has a purchase commitment towards India Innovation Fund for the uncalled amount of balance ₹ 80963.86 per unit of 1000 units aggregating to ₹ 8.10 crores (March 31, 2011: ₹ 9.00 crores).

Notes forming part of the Financial Statements

37) Derivative financial instruments

The Company, in accordance with its risk management policies and procedures, enters 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 Company has outstanding foreign currency option contracts, which have been designated as Cash Flow Hedges, as at:

Foreign Currency	March 31, 2012			March 31, 2011		
	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	81	2185.00	29.56	6	145.00	(39.52)
Sterling Pound	33	217.50	14.66	9	54.00	8.64
Euro	21	210.00	18.64	21	149.00	1.06
Australian dollar	6	30.00	3.34	-	-	-

Net loss on derivative instruments of ₹ 16.87 crores recognised in Hedging reserve as of March 31, 2012, is expected to be reclassified to the statement of profit and loss by March 31, 2013.

The movement in Hedging reserve during the year ended March 31, 2012, for derivatives designated as Cash Flow Hedges is as follows:

	(₹ crores)	
	Year ended March 31, 2012	Year ended March 31, 2011
Balance at the beginning of the year	11.35	(76.82)
Changes in the fair value of effective portion of discontinued / matured Cash Flow Hedges during the year	(723.22)	(11.71)
Losses transferred to statement of profit and loss on occurrence of forecasted hedge transaction	716.20	94.06
Changes in the fair value of effective portion of outstanding Cash Flow Hedges	(30.29)	5.82
Balance at the end of the year	(25.96)	11.35

In addition to the above Cash Flow Hedges, the Company has outstanding foreign exchange forward and currency option contracts with notional amount aggregating ₹ 8222.75 crores (March 31, 2011: ₹ 4432.67 crores) whose fair value showed a loss of ₹ 92.81 crores as on March 31, 2012 (March 31, 2011: gain of ₹ 27.45 crores). Exchange loss of ₹ 192.83 crores (Previous year: ₹ 8.88 crores) on foreign exchange forward and currency option contracts 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 ₹ 338.23 crores (March 31, 2011: ₹ 109.03 crores).

Notes forming part of the Financial Statements

38) Micro and small enterprises

(₹ crores)

	As at March 31, 2012		As at March 31, 2011	
	Principal	Interest	Principal	Interest
Amount due to vendor	0.42	-	6.99	-
Principal amount paid (includes unpaid) beyond the appointed date	51.30	-	60.38	-
Interest accrued and remaining unpaid (includes interest disallowable)	-	0.70	-	0.39

39) Income in foreign currency

(₹ crores)

	2012	2011
(a) Consultancy services	35545.82	26535.18
(b) FOB value of exports of equipment and licenses	144.46	114.08
(c) Interest income	29.60	16.57
(d) Dividend income	2374.60	-
(e) Other income (net)	4.38	-

40) Expenditure in foreign currency

(₹ crores)

	2012	2011
(a) Royalty	2.53	2.48
(b) Legal and professional fees	114.27	91.92
(c) Interest	0.76	0.22
(d) Services rendered by business associates and others	2188.97	1375.92
(e) Communication expenses	183.14	142.80
(f) Foreign taxes	773.81	296.46
(g) Overseas business expenses	5671.04	4682.89
(h) Overseas employee costs	2133.90	1395.76
(i) Travelling and conveyance expenses	128.52	88.28
(j) Software, hardware and material cost	510.61	357.70
(k) Other expenses	555.47	456.21

Notes forming part of the Financial Statements

41) Value of imports calculated on CIF basis

	(₹ crores)	
	2012	2011
Raw materials, sub-assemblies and components	8.19	14.04
Capital goods	227.49	361.82
Stores and spare parts	0.01	0.01

42) Value of imported and indigenous raw materials, sub- assemblies and components, stores and spare parts consumed

	(₹ crores)			
	2012		2011	
	(₹ crores)	%	(₹ crores)	%
Raw materials, sub-assemblies and components				
Imported:	9.24	78.44	14.23	80.36
Indigenous:	2.54	21.56	3.48	19.64
	11.78	100.00	17.71	100.00
Stores and spare parts				
Imported:	0.01	33.96	0.01	26.91
Indigenous:	0.02	66.04	0.03	73.09
	0.03	100.00	0.04	100.00

Consumption figures shown above are after adjusting excess and shortages ascertained on physical count, unserviceable items, etc.

43) Remittance in foreign currencies for dividends

The Company has remitted ₹ Nil (March 31, 2011: ₹ 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 2010-11 and interim dividends for the year 2011-12, are as under:

	Number of non-resident shareholders	Number of equity shares held	Gross amount of dividend	
			(₹ crores)	
			2012	2011
Final dividend for 2009-10 declared in June 2010	9980	23,88,02,924	-	334.32
Interim dividend declared in July 2010	9950	23,95,09,865	-	47.90
Interim dividend declared in October 2010	9435	25,18,31,069	-	50.37
Interim dividend declared in January 2011	9626	25,55,13,132	-	51.10
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	-

Notes forming part of the Financial Statements

44) Disclosure under Clause 32 of the Listing Agreement

Amount of loans and advances in nature of loans outstanding from subsidiaries as at March 31, 2012:

(₹ crores)

Subsidiary Company	Outstanding as at March 31, 2012	Maximum amount outstanding during the year
TCS FNS Pty Limited *	246.20 214.39	251.74 235.62
TCS Iberoamerica SA **	47.88 263.71	315.25 278.37
Tata Consultancy Services Morocco SARL AU	5.93 5.19	6.20 5.48
MahaOnline Limited	- 0.19	- 2.08

No. of Shares

* 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.	1,59,37,457
(c) Tata Consultancy Services Do Brasil Ltda	8,67,31,803
(d) Tata Consultancy Services De Mexico S.A., De C.V.	49,500
(e) Tata Consultancy Services De Espana S.A.	59,598
(f) TCS Inversiones Chile Limitada	3,10,10,000
(g) Tata Consultancy Services Chile S.A.	1
(h) TCS Uruguay S.A.	5,40,000

Previous year's figures are in Italics.

- 45)** Research and development expenditure aggregating to ₹ 127.16 crores (Previous year: ₹ 97.20 crores) was incurred during the year.
- 46)** These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Previous years' 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	Capital	Reserves	Total assets	Total liabilities	Investment other than investment in subsidiary	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend	Country
														(₹ crores)
1	APOnline Limited	INR	1.000000	4.57	6.20	28.05	17.28	-	32.08	9.02	2.98	6.04	2.27	India
2	MP Online Limited	INR	1.000000	1.00	11.41	52.14	39.73	-	31.75	12.47	4.16	8.31	1.20	India
3	C-Edge Technologies Limited	INR	1.000000	10.00	34.43	75.75	31.32	3.97	114.10	27.88	8.92	18.96	-	India
4	WTI Advanced Technology Limited	INR	1.000000	1.05	71.27	81.19	8.87	29.16	43.76	7.39	1.98	5.41	-	India
5	MahaOnline Limited	INR	1.000000	2.55	1.77	92.57	88.25	-	91.96	2.98	1.02	1.96	-	India
6	Retail FullServe Limited	INR	1.000000	0.05	64.49	74.41	9.87	4.30	117.48	24.63	4.25	20.38	-	India
7	CMC Limited	INR	1.000000	30.30	666.12	1,078.19	381.77	151.58	995.22	190.05	46.72	143.33	37.88	India
8	CMC Americas Inc.	USD	50.940000	8.15	69.21	208.99	131.63	-	766.39	51.30	19.44	31.86	23.81	U.S.A.
9	CMC eBiz Inc.	USD	50.940000	0.01	6.25	12.83	6.57	-	32.85	9.57	3.78	5.79	-	U.S.A.
10	TCS e-Serve Limited	INR	1.000000	12.40	2,101.02	2,365.15	251.73	225.14	1,733.34	769.23	247.20	522.03	37.20	India
11	TCS e-Serve International Limited	INR	1.000000	10.00	217.92	287.04	59.12	9.00	351.75	127.37	7.16	120.21	-	India
12	TCS e-Serve America, Inc.	USD	50.940000	1.41	4.86	12.13	5.86	-	22.56	3.13	1.19	1.94	-	U.S.A.
13	Diligenta Limited	GBP	81.447964	350.23	131.05	777.17	295.89	-	708.37	63.05	7.61	55.44	-	U.K.
14	Diligenta 2 Limited	GBP	81.447964	0.01	159.74	208.07	48.32	-	447.93	26.72	1.20	25.52	-	U.K.
15	Tata Consultancy Services Canada Inc.	CAD	51.103531	36.11	233.77	600.08	330.20	-	1,562.73	238.23	66.22	172.01	117.54	Canada
16	Tata America International Corporation	USD	50.940000	1.02	1,497.74	5,578.38	4,079.62	-	23,967.84	1,034.84	376.81	658.03	2,058.58	U.S.A.
17	MS CIV Investments Corporation	USD	50.940000	7.15	-	7.15	-	-	-	-	-	-	-	U.S.A.
18	Tata Consultancy Services Asia Pacific Pte Ltd.	USD	50.940000	22.41	245.21	450.33	182.71	4.58	898.15	52.27	7.21	45.06	-	Singapore
19	Tata Consultancy Services (China) Co., Ltd.	CNY	8.097524	89.40	(2.12)	126.54	39.26	-	274.66	6.44	-	6.44	-	China
20	Tata Consultancy Services Japan Ltd.	JPY	0.620551	10.24	(24.11)	111.55	125.42	-	312.02	(29.71)	4.92	(34.63)	-	Japan
21	Tata Consultancy Services Malaysia Sdn Bhd	MYR	16.631859	3.33	24.83	67.86	39.70	-	108.71	25.89	6.56	19.33	4.20	Malaysia
22	Tata Information Technology (Shanghai) Company Limited	CNY	8.097524	32.78	23.67	56.74	0.29	-	1.15	(1.02)	-	(1.02)	-	China
23	PT Tata Consultancy Services Indonesia	IDR	0.005552	0.56	5.00	19.41	13.85	-	19.11	6.48	1.61	4.87	-	Indonesia
24	Tata Consultancy Services (Philippines) Inc.	PHP	1.187819	1.02	11.53	29.10	16.55	-	44.97	1.29	0.17	1.12	-	Philippines
25	Tata Consultancy Services (Thailand) Limited	THB	1.652035	1.32	2.79	6.15	2.04	-	8.51	0.69	0.19	0.50	-	Thailand
26	Nippon TCS Solution Center Limited (w.e.f. 24.01.2012)	JPY	0.620551	10.86	10.27	21.53	0.40	-	-	(0.59)	-	(0.59)	-	Japan
27	Tata Consultancy Services Belgium S.A.	EUR	67.943735	1.26	88.78	147.65	57.61	-	487.40	86.60	28.32	58.28	121.05	Belgium
28	Tata Consultancy Services Deutschland GmbH	EUR	67.943735	1.02	55.80	260.33	203.51	-	793.44	50.13	15.55	34.58	62.21	Germany
29	Tata Consultancy Services Sverige AB	SEK	7.692192	0.08	71.31	235.21	163.82	-	653.69	61.44	16.23	45.21	33.10	Sweden
30	Tata Consultancy Services Netherlands BV	EUR	67.943735	448.43	279.33	843.25	115.49	-	928.93	138.59	34.81	103.78	143.75	Netherlands
31	TCS Italia SRL	EUR	67.943735	14.95	(9.24)	55.39	49.68	-	152.73	6.09	4.77	1.32	-	Italy
32	Tata Consultancy Services Luxembourg S.A.	EUR	67.943735	29.22	(22.85)	33.81	27.44	-	66.72	(16.46)	-	(16.46)	-	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	Capital	Reserves	Total assets	Total liabilities	Investment other than investment in subsidiary	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend	Country
														(₹ crores)
33	Tata Consultancy Services Switzerland Ltd.	CHF	56.386981	8.46	231.59	418.69	178.64	7.46	761.54	45.43	13.36	32.07	-	Switzerland
34	Tata Consultancy Services France SAS	EUR	67.943735	2.04	3.37	124.07	118.66	-	325.83	3.58	0.14	3.44	-	France
35	Tata Consultancy Services Osterreich GmbH (w.e.f. 09.03.2012)	EUR	67.943735	0.12	(0.05)	0.13	0.06	-	-	(0.05)	0.01	(0.06)	-	Austria
36	Tata Consultancy Services Danmark ApS (w.e.f. 16.03.2012)	DKK	9.133948	0.91	35.54	36.53	0.08	-	-	(0.08)	-	(0.08)	-	Denmark
37	Tata Consultancy Services Morocco SARL AU	MAD	6.072527	8.96	(28.86)	1.15	21.05	-	(0.25)	(9.66)	-	(9.66)	-	Morocco
38	Tata Consultancy Services (Africa) (PTY) Ltd.	ZAR	6.635923	9.29	1.49	10.83	0.05	-	1.43	1.39	0.02	1.37	0.93	South Africa
39	Tata Consultancy Services (South Africa) (PTY) Ltd.	ZAR	6.635923	11.94	24.13	263.44	227.37	-	373.79	6.27	5.72	0.55	1.79	South Africa
40	TCS FNS Pty Limited	AUD	52.947036	5.30	(3.81)	1.49	-	-	-	(0.09)	-	(0.09)	-	Australia
41	TCS Financial Solutions Beijing Co., Ltd.	CNY	8.097524	1.56	9.95	60.67	49.16	-	80.69	9.47	(1.38)	10.85	-	China
42	TCS Financial Solutions Australia Holdings Pty Limited	AUD	52.947036	73.76	(21.37)	73.47	21.08	-	-	-	-	-	-	Australia
43	TCS Financial Solutions Australia Pty Limited	AUD	52.947036	0.01	(61.57)	151.66	213.22	-	86.26	46.18	1.68	44.50	-	Australia
44	TCS Management Pty Ltd.	AUD	52.947036	1.65	(16.23)	6.45	21.03	-	28.21	2.83	(0.02)	2.85	-	Australia
45	PT Financial Network Services	USD	50.940000	0.31	(0.35)	1.96	2.00	-	-	-	-	-	-	Indonesia
46	TCS Iberoamerica SA	UYU	2.625773	325.01	355.42	719.99	39.56	-	3.10	(8.76)	-	(8.76)	-	Uruguay
47	TCS Solution Center S.A.	UYU	2.625773	69.89	(12.69)	149.01	91.81	-	272.22	27.84	4.18	23.66	-	Uruguay
48	Tata Consultancy Services Argentina S.A.	ARS	11.650885	22.74	(33.57)	28.75	39.58	-	40.48	(21.30)	-	(21.30)	-	Argentina
49	Tata Consultancy Services Do Brasil Ltda	BRL	27.941418	205.26	(121.06)	279.64	195.44	-	249.01	(70.16)	(0.56)	(69.60)	-	Brazil
50	Tata Consultancy Services De Mexico S.A., De C.V.	MXN	3.988256	1.18	183.31	184.49	-	-	372.80	36.72	18.74	17.98	-	Mexico
51	Tata Consultancy Services De Espana S.A.	EUR	67.943735	0.46	(28.39)	65.64	93.57	-	70.84	(9.23)	-	(9.23)	-	Spain
52	Tata Consultancy Services Portugal Unipessoal Limitada	EUR	67.943735	0.03	18.07	34.78	16.68	-	40.13	3.67	1.05	2.62	-	Portugal
53	Tata Consultancy Services Chile S.A.	CLP	0.104304	135.77	228.15	409.85	45.93	14.71	250.24	10.51	(1.73)	12.24	-	Chile
54	TCS Inversiones Chile Limitada	CLP	0.104304	132.42	227.96	365.86	5.48	-	(0.01)	(0.01)	-	(0.01)	-	Chile
55	TATASOLUTION CENTER S.A.	USD	50.940000	15.29	101.82	170.91	53.80	-	281.39	38.71	12.01	26.70	-	Ecuador
56	TCS Uruguay S.A.	UYU	2.625773	0.12	12.46	14.98	2.40	-	64.05	(2.42)	0.37	(2.79)	-	Uruguay
57	MGDC S.C.	MXN	3.988256	0.02	42.46	70.37	27.89	-	223.08	17.01	4.73	12.28	-	Mexico
58	Tata Consultancy Services Qatar S.S.C. (w.e.f. 20.12.2011)	QAR	13.990662	2.80	2.17	51.84	46.87	-	48.24	2.41	0.24	2.17	-	Qatar

Note:

1. 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 31.03.2012

[illegible]

Notice

Notice is hereby given that the seventeenth Annual General Meeting of Tata Consultancy Services Limited will be held on Friday, June 29, 2012 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, 2012 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 2011-12 and to declare a Final Dividend and a Special Dividend on Equity Shares for the financial year 2011-12.
3. To declare Dividend on Redeemable Preference Shares for the financial year 2011-12.
4. To appoint a Director in place of Prof. Clayton M. Christensen, who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Dr. Ron Sommer, who retires by rotation, and being eligible offers himself for re-appointment.
6. To appoint a Director in place of Mr. S. Ramadorai, who retires by rotation, and being eligible offers himself for re-appointment.
7. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED that Mrs. Laura M. Cha, a Director liable to retire by rotation, who does not seek re-election, be not re-appointed a Director of the Company."

"RESOLVED FURTHER that the vacancy, so created on the Board of Directors of the Company, be not filled."

8. To appoint Auditors and fix their remuneration.

9. **Appointment of Mr. O. P. Bhatt as a Director of the Company**

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

"RESOLVED that Mr. O. P. Bhatt, who was appointed by the Board of Directors as an Additional Director of the Company with effect from April 2, 2012 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company."

10. **Appointment of Mr. Cyrus Mistry as a Director of the Company**

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

"RESOLVED that Mr. Cyrus Mistry, who was appointed by the Board of Directors as an Additional Director of the Company with effect from April 2, 2012 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company."

11. **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. 7, 9, 10 and 11 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, 5, 6, 9 and 10 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 9, 2012 to Friday, June 15, 2012, both days inclusive.
4. If the Final Dividend and Special Dividend as recommended by the Board of Directors is approved at the Annual General Meeting, payment of such dividend will be made on Tuesday, July 3, 2012 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 8, 2012;
 - 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 8, 2012.

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 15, 2012.

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 and e-mail address, etc., to their Depository Participant. Changes intimated to the Depository Participant 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 Limited (TSRDL) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to TSRDL.
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 TSRDL, for assistance in this regard.
7. Members holding physical shares in identical order of names in more than one folio are requested to send to the Company or TSRDL, 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. For Shareholders of erstwhile Tata Infotech Limited ("TIL") which has merged with the Company:

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 (relating to the erstwhile TIL) remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, have been transferred to the Investor Education and Protection Fund (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 who have not yet encashed their dividend warrant(s) for the financial years 2004-05 onwards, are requested to make their claims without any delay to TSRDL. It may be noted that the unclaimed dividends declared on August 24, 2005 can be claimed by the shareholders by August 23, 2012. Members' attention is particularly drawn to the "Corporate Governance" section of the Annual Report in respect of unclaimed dividend.

For Shareholders of Tata Consultancy Services Limited:

Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Act, all unclaimed/unpaid dividend and application money, remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, 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 who have not yet encashed their dividend warrant(s) for the financial years 2004-05 onwards, are requested to make their claims without any delay to TSRDL. It may be noted that the unclaimed dividend for the financial year 2004-05 declared on July 19, 2005 can be claimed by the shareholders by July 18, 2012. Members' attention is particularly drawn to the "Corporate Governance" section of the Annual Report in respect of unclaimed dividend.

11. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this Green Initiative by registering/updating their e-mail addresses for receiving electronic communications.

By Order of the Board of Directors

SUPRAKASH MUKHOPADHYAY

Vice President and Company Secretary

Mumbai, May 26, 2012

Registered Office:

9th 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. 7, 9, 10 and 11 of the accompanying Notice dated May 26, 2012:

Item No. 7

In accordance with the provisions of Section 256 of the Act and the Articles of Association of the Company, Mrs. Laura M. Cha retires by rotation at the forthcoming Annual General Meeting. Mrs. Laura M. Cha has not sought re-election. It has been decided by the Board that the vacancy so created on the Board of Directors of the Company should not be filled. The Board commends the resolution for approval by the Members.

Mrs. Laura M. Cha is a Director of the Company since November 2, 2006 and is also the Chairperson of the Shareholders'/Investors Grievance Committee. The Board has placed on record its appreciation of the contribution made by Mrs. Laura M. Cha to the Company.

Mrs. Laura M. Cha is concerned or interested in Item No. 7 of the accompanying Notice.

Item Nos. 9 and 10:

The Board of Directors has appointed Mr. O. P. Bhatt and Mr. Cyrus Mistry as Additional Directors of the Company with effect from April 2, 2012. As per the provisions of Section 260 of the Act, read with Article 73 of the Articles of Association of the Company, both the Directors hold office only up to the date of this Annual General Meeting of the Company, and are eligible for appointment as Directors. The Company has received notices under Section 257 of the Act, in respect of the candidates, proposing their appointment as Directors of the Company.

Mr. O. P. Bhatt is a graduate in Science and a post graduate in English Literature (Gold Medal). His last assignment from July 1, 2006 to March 31, 2011 was as Chairman, State Bank Group which includes State Bank of India, India's largest commercial bank, five associate banks in India and five banks overseas, SBI Life, the country's largest private life insurer, SBI Capital Markets, India's leading investment bank, SBI Fund Management and other subsidiaries spanning diverse activities, from general insurance to custodial services. He also served as Chairman of Indian Banks' Association, the apex body of Indian banks. He also served as India's economic diplomacy as government's nominee on India-US CEO Forum, Indo-French CEO Forum and Indo-Russia CEO Forum, forging links with a cross section of world's business leaders.

Mr. Cyrus Mistry is a graduate of Civil Engineering from Imperial College, UK and has an M.Sc. in Management from London Business School. He has been associated with the Shapoorji Pallonji Group since 1994. Under Mr. Mistry's guidance, Shapoorji Pallonji's construction business has grown from a turnover of US \$20 million to approximately US \$1.5 billion with presence in over 10 countries. He joined the Board of Tata Sons Limited in 2006 and is presently the Executive Deputy Chairman. He is also Director of Tata Industries Limited, The Tata Power Company Limited, Tata Teleservices Limited and Tata Steel Limited.

Keeping in view the experience and expertise of Mr. O. P. Bhatt and Mr. Cyrus Mistry, the Board considers it desirable that the Company should continue to receive the benefit of their valuable experience and advice and accordingly commends the Resolutions at Item Nos. 9 and 10 respectively, for approval by the Members.

Details regarding Mr. O. P. Bhatt and Mr. Cyrus Mistry have been given in the Annexure attached to the accompanying Notice. Mr. O. P. Bhatt and Mr. Cyrus Mistry are concerned or interested in the Resolutions of the accompanying Notice relating to their own appointment.

Item No. 11:

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. 11 for approval by the Members.

None of the Directors is concerned or interested in the Resolution at Item No. 11 of the accompanying Notice.

By Order of the Board of Directors

SUPRAKASH MUKHOPADHYAY

Vice President and Company Secretary

Mumbai, May 26, 2012

Registered Office:

9th Floor, Nirmal Building
Nariman Point
Mumbai 400 021

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

Particulars	Prof. Clayton M. Christensen	Dr. Ron Sommer	Mr. S. Ramadorai
Date of Birth	April 6, 1952	July 29, 1949	October 6, 1944
Date of Appointment	January 12, 2006	September 5, 2006	May 5, 2004
Qualifications	B.A. (Economics), M.Phil. (Economics), MBA and DBA from Harvard Business School	PhD in Mathematics	Bachelor's degree in Physics from Delhi University, Bachelor's degree in Electronics and Telecommunications from Indian Institute of Science, Bangalore, Master's degree in Computer Science from University of California, USA and Executive MBA from Sloan School of Management, Massachusetts Institute of Technology(MIT).
Expertise in specific functional areas	Professor at Harvard Business School. Expertise in Technology & Operations Management and General Management	Wide experience in Telecom and Business	Wide experience in Information Technology Services
Directorships held in other public companies (excluding foreign companies and section 25 companies)	Nil	Sistema Shyam Teleservices Limited	• Tata Industries Limited • Tata Elxsi Limited • Tata Technologies Limited • CMC Limited • Hindustan Unilever Limited • Piramal Healthcare Limited • Tata Teleservices (Maharashtra) Limited • Tata Communications Limited • Computational Research Laboratories Limited • Asian Paints Limited • Tata Advanced Systems Limited • BSE Limited • Tata Lockheed Martin Aerostructures Limited • Tara Aerospace Systems Limited
Memberships/ Chairmanships of committees of other public companies (includes only Audit Committee and Shareholders/ Investors Grievance Committee)	Nil	Nil	Audit Committee • Tata Technologies Limited* • Tata Elxsi Limited • Hindustan Unilever Limited • Tata Teleservices (Maharashtra) Limited • Tata Advanced Systems Limited* • Computational Research Laboratories Limited* • BSE Limited Shareholders/Investors Grievance Committee • BSE Limited*
Number of shares held in the Company	Nil	Nil	1,99,120

*Chairman of the Committee

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

Particulars	Mr. O. P. Bhatt	Mr. Cyrus Mistry
Date of Birth	March 7, 1951	July 4, 1968
Date of Appointment	April 2, 2012	April 2, 2012
Qualifications	Graduate degree in Science, Post Graduate degree in English Literature (Gold Medal).	Graduate degree in Civil Engineering from Imperial College, UK, M.Sc. in Management from London Business School.
Expertise in specific functional areas	Wide experience in Banking and Financial Markets	Wide business experience across a variety of industries
Directorships held in other public companies (excluding foreign companies and section 25 companies)	- Oil and Natural Gas Corporation Limited - Hindustan Unilever Limited	- Tata Sons Limited - Tata Industries Limited - The Tata Power Company Limited - Tata Teleservices Limited - Tata Steel Limited
Memberships/ Chairmanships of committees of other public companies (includes only Audit Committee and Shareholders/ Investors Grievance Committee)	Audit Committee - Oil and Natural Gas Corporation Limited - Hindustan Unilever Limited Shareholders/Investors Grievance Committee - Oil and Natural Gas Corporation Limited	Audit Committee Tata Sons Limited
Number of shares held in the Company	Nil	41,63,526

ATTENDANCE SLIP

(To be presented at the entrance)

17TH ANNUAL GENERAL MEETING ON FRIDAY, JUNE 29, 2012 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 Seventeenth Annual General Meeting of the Company to be held on
 Friday, June 29, 2012 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 2012. 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 9th 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.

Dematerialise your Physical Shares to Electronic Form

- Eliminate all risks associated with Physical Shares.
- Ease in Portfolio Management.

Contact us (Tel. no.: 022-6778 9595)/our Registrars and Transfer Agents (Tel no.: 022-6656 8484) for assistance.

Procedure for Dematerialisation of Shares

- Open Beneficiary Account with a Depository Participant (DP) registered with SEBI.
- Submit to DP, Share Certificate(s) and Dematerialisation Request Form (DRF) as provided by the DP, duly signed by all the holders with the names and signatures in the same order as appearing in the concerned Share certificate(s).



Awards and Recognitions

- Outstanding Company of the Year 2012 - CNBC TV18
- Ranked #1 Employer in India - DataQuest
- Best Company to Work For - Business Today
- Ranked #1 in DataQuest Top 20 IT companies
- ICAI Award for Excellence in Financial Reporting
- IT Company of the Year - NDTV Business Leadership Awards
- Indian IT Company of the Year - Bloomberg-UTV CXO Awards 2011
- 5th in Bloomberg Businessweek's Tech 100
- 7th in Newsweek's Global Green Rankings
- India's Best Managed Company - Finance Asia
- Forbes Asia's Fab 50 companies
- Gold SABRE, USA for Executive Leadership Communications
- Best Architecture Trophy 2011 for TCS campus at Siruseri, Chennai at International Property Awards
- Certified Top Employer in United Kingdom
- Winner in HR Asian Leadership Awards
- Talent Acquisition & AIP awards - World HRD congress
- Featured in 2011 InformationWeek 500 list
- N Chandrasekaran - Dataquest IT Person of the Year
- N Chandrasekaran - NDTV Profit's Business Leader of the Year
- N Chandrasekaran - E&Y Manager Entrepreneur of 2011
- S Mahalingam - CNBC-TV18's CFO of the Year
- S Mahalingam - CFO India Hall of Fame

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