

# Deloitte Haskins & Sells LLP

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## **INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF TATA CONSULTANCY SERVICES LIMITED**

1. We have audited the accompanying Statement (the "Statement") comprising the Consolidated Financial Results of TATA CONSULTANCY SERVICES LIMITED (the "Company"), and its subsidiaries (the Company and its subsidiaries constitute the "Group") and the standalone financial results of the Company, for the Quarter and Six months ended September 30, 2014, being submitted by the Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 5 below. This Statement has been prepared by the Company on the basis of the related interim condensed consolidated financial statements of the Group and the interim condensed standalone financial statements of the Company for the Quarter and Six months ended September 30, 2014, which is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to express an opinion on the Statement, based on our audit of the related interim condensed consolidated and standalone financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25 on Interim Financial Reporting specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India.
2. We conducted our audit of the Statement 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 Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the Statement. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The consolidated financial results includes the unaudited interim condensed financial statements of 17 direct subsidiaries, whose interim condensed financial statements reflect total assets (net) of Rs. 1088240 lakhs as at September 30, 2014, total revenue of Rs. 395782 lakhs and Rs. 729362 lakhs, respectively for the Quarter and Six months ended September 30, 2014 and total profit after tax of Rs. 18798 lakhs and Rs. 44578 lakhs for the Quarter and Six months ended September 30, 2014, respectively, as considered in the consolidated financial results. Our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited interim financial statements.

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4. In our opinion and to the best of our information and according to the explanations given to us, and except for the possible effects of the matter described in paragraph 3 above, the Statement:
  - a. In the case of the consolidated financial results of the Group, includes the results for the Quarter and Six months ended September 30, 2014 of the entities listed in Note 1 to the Statement;
  - b. is presented in accordance with the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges; and
  - c. gives a true and fair view in conformity with the accounting principles generally accepted in India;
    - i. in the case of the consolidated financial results of the Group, of the net profit and other financial information of the Group for the Quarter and Six months ended September 30, 2014.
    - ii. in case of the standalone financial results of the Company, of the net profit and other financial information of the Company for the Quarter and Six months ended September 30, 2014.
5. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged / encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding as furnished by the Company in terms of Clause 35 of the Listing Agreements with the Stock Exchanges and the particulars relating to investor complaints disclosed in Part II - Select Information for the Six months ended September 30, 2014 of the Statement, from the details furnished by the Company's Registrars.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

*P. R. Ramesh*

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

Mumbai, October 16, 2014

**TATA CONSULTANCY SERVICES LIMITED**

Registered Office : 9th Floor, Nirmal Building, Narlman Point, Mumbai 400021

**PART I : Statement of Audited Consolidated Financial Results for the Quarter and Six months ended September 30, 2014**

(₹ in Lakhs)

		Quarter ended			Six months ended		Year ended
		Sept 30,	June 30,	Sept 30,	Sept 30,	Sept 30,	March 31,
		2014	2014	2013	2014	2013	2014
<b>1</b>	<b>INCOME FROM OPERATIONS</b>						
	a) Information technology and consultancy services	2335965	2179284	2053323	4515249	3808501	8013984
	b) Sale of equipment and software licenses (Net of excise)	45683	31819	44401	77502	87930	166952
	<b>Total income from operations (net)</b>	<b>2381648</b>	<b>2211103</b>	<b>2097724</b>	<b>4592751</b>	<b>3896431</b>	<b>8180936</b>
<b>2</b>	<b>EXPENSES</b>						
	a) Employee benefits expense	905612	853211	760956	1758823	1457481	2986001
	b) Overseas business expense	339647	328273	291318	667920	541140	1163642
	c) Services rendered by business associates and others	163339	133180	130118	296519	236344	493837
	d) Depreciation and amortisation expense	44921	41749	32787	86670	62502	134915
	e) Other expenses	293010	261184	252037	554194	483759	1022177
	<b>Total expenses</b>	<b>1746529</b>	<b>1617597</b>	<b>1467216</b>	<b>3364126</b>	<b>2781226</b>	<b>5800572</b>
<b>3</b>	<b>PROFIT FROM OPERATIONS BEFORE OTHER INCOME, FINANCE COSTS, EXCEPTIONAL ITEM AND TAX (1-2)</b>	<b>635119</b>	<b>593506</b>	<b>630508</b>	<b>1228625</b>	<b>1115205</b>	<b>2380364</b>
<b>4</b>	<b>OTHER INCOME (NET) ( Refer Note 4 )</b>	<b>66263</b>	<b>78715</b>	<b>(2571)</b>	<b>144978</b>	<b>23278</b>	<b>163674</b>
<b>5</b>	<b>PROFIT BEFORE FINANCE COSTS, EXCEPTIONAL ITEM AND TAX (3+4)</b>	<b>701382</b>	<b>672221</b>	<b>627937</b>	<b>1373603</b>	<b>1138483</b>	<b>2544038</b>
<b>6</b>	<b>FINANCE COSTS</b>	<b>6649</b>	<b>867</b>	<b>1267</b>	<b>7516</b>	<b>1942</b>	<b>3852</b>
<b>7</b>	<b>PROFIT BEFORE EXCEPTIONAL ITEM AND TAX (5-6)</b>	<b>694733</b>	<b>671354</b>	<b>626670</b>	<b>1366087</b>	<b>1136541</b>	<b>2540186</b>
<b>8</b>	<b>EXCEPTIONAL ITEM ( Refer Note 3 )</b>	<b>-</b>	<b>48975</b>	<b>-</b>	<b>48975</b>	<b>-</b>	<b>-</b>
<b>9</b>	<b>PROFIT BEFORE TAX (7+8)</b>	<b>694733</b>	<b>720329</b>	<b>626670</b>	<b>1415062</b>	<b>1136541</b>	<b>2540186</b>
<b>10</b>	<b>TAX EXPENSE</b>	<b>163506</b>	<b>159865</b>	<b>159465</b>	<b>323371</b>	<b>282050</b>	<b>606999</b>
<b>11</b>	<b>PROFIT AFTER TAXES BUT BEFORE MINORITY INTEREST (9-10)</b>	<b>531227</b>	<b>560464</b>	<b>467205</b>	<b>1091691</b>	<b>854491</b>	<b>1933187</b>
<b>12</b>	<b>MINORITY INTEREST</b>	<b>6799</b>	<b>3696</b>	<b>3872</b>	<b>10495</b>	<b>7208</b>	<b>16800</b>
<b>13</b>	<b>NET PROFIT FOR THE PERIOD (11-12)</b>	<b>524428</b>	<b>556768</b>	<b>463333</b>	<b>1081196</b>	<b>847283</b>	<b>1916387</b>
<b>14</b>	<b>Paid up equity share capital (Face Value : ₹ 1 per share)</b>	<b>19587</b>	<b>19587</b>	<b>19587</b>	<b>19587</b>	<b>19587</b>	<b>19587</b>
<b>15</b>	<b>Reserves excluding Revaluation Reserves</b>						<b>4899889</b>
<b>16</b>	<b>Basic and diluted earnings per share (in ₹)</b>	<b>26.78</b>	<b>28.42</b>	<b>23.63</b>	<b>55.20</b>	<b>43.20</b>	<b>97.67</b>
<b>17</b>	<b>Dividend per share (par value ₹ 1 each)</b>						
	Interim dividend on equity shares ( in ₹ )	5.00	45.00	4.00	50.00	8.00	12.00
	Final dividend on equity shares (in ₹)	-	-	-	-	-	20.00
	<b>Total dividend on equity shares (in ₹)</b>	<b>5.00</b>	<b>45.00</b>	<b>4.00</b>	<b>50.00</b>	<b>8.00</b>	<b>32.00</b>
	<b>Total equity dividend percentage</b>	<b>500.00</b>	<b>4500.00</b>	<b>400.00</b>	<b>5000.00</b>	<b>800.00</b>	<b>3200.00</b>
	<b>Dividend on redeemable preference shares (in ₹)</b>						<b>0.29</b>
	<b>Preference dividend percentage</b>						<b>29.00</b>

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**PART II: Selected Information for the quarter and six months ended September 30, 2014**

**(A) PARTICULARS OF SHAREHOLDING**

	Particulars	Quarter ended			Six months ended		Year ended
		Sept 30,	June 30,	Sept 30,	Sept 30,	Sept 30,	March 31,
		2014	2014	2013	2014	2013	2014
<b>1</b>	<b>Total Public Shareholding</b>						
	- Number of shares	511306869	511306869	509697786	511306869	509697786	511306869
	- Percentage of shareholding	26.10	26.10	26.04	26.10	26.04	26.10
<b>2</b>	<b>Promoters and promoter group Shareholding</b>						
	<b>a) Pledged / Encumbered</b>						
	- Number of shares	28673232	32073232	35233232	28673232	35233232	26073232
	- Percentage of shares (as a % of the total equity shareholding of promoter and promoter group)	1.98	2.22	2.43	1.98	2.43	1.80
	- Percentage of shares (as a % of the total equity share capital of the company)	1.46	1.64	1.80	1.46	1.80	1.33
	<b>b) Non-Encumbered</b>						
	- Number of shares	1418747878	1415347878	1412289978	1418747878	1412289978	1421347878
	- Percentage of shares (as a % of the total equity shareholding of promoter and promoter group)	98.02	97.78	97.57	98.02	97.57	98.20
	- Percentage of shares (as a % of the total equity share capital of the company)	72.44	72.26	72.16	72.44	72.16	72.57

**(B) Information on investors' complaints for the 3 months ended September 30, 2014**

Pending at the beginning of the quarter	Received during the quarter	Disposed of during the quarter	Remaining unresolved at the end of the quarter
3	52	55	-

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**(C) Consolidated Segment Information****(₹ in Lakhs)**

	Quarter ended			Six months ended		Year ended
	Sept 30,	June 30,	Sept 30,	Sept 30,	Sept 30,	March 31,
	2014	2014	2013	2014	2013	2014
<b>REVENUE BY INDUSTRY PRACTICE</b>						
Banking, Financial Services and Insurance	961150	921783	904410	1882933	1677208	3511241
Manufacturing	240175	189607	175647	429782	327631	698936
Retail and Consumer Packaged Goods	322087	304261	292533	626348	545952	1130906
Telecom, Media and Entertainment	276822	268696	241632	545518	451875	961374
Others	581414	526756	483502	1108170	893765	1878479
<b>REVENUE FROM OPERATIONS</b>	<b>2381648</b>	<b>2211103</b>	<b>2097724</b>	<b>4592751</b>	<b>3896431</b>	<b>8180936</b>
<b>SEGMENT RESULTS</b>						
Banking, Financial Services and Insurance	283341	277257	300298	560598	535280	1152277
Manufacturing	59063	54389	50291	113452	93492	205115
Retail and Consumer Packaged Goods	89140	90861	101834	180001	174404	367375
Telecom, Media and Entertainment	78776	70197	69886	148973	121927	274856
Others	165817	138643	137827	304460	246530	502896
<b>Total</b>	<b>676137</b>	<b>631347</b>	<b>660136</b>	<b>1307484</b>	<b>1171633</b>	<b>2502519</b>
Unallocable expenses (net)	47667	38708	30895	86375	58370	126007
<b>Operating income</b>	<b>628470</b>	<b>592639</b>	<b>629241</b>	<b>1221109</b>	<b>1113263</b>	<b>2376512</b>
Other income (net)	66263	78715	(2571)	144978	23278	163674
<b>PROFIT BEFORE EXCEPTIONAL ITEM AND TAX</b>	<b>694733</b>	<b>671354</b>	<b>626670</b>	<b>1366087</b>	<b>1136541</b>	<b>2540186</b>
Exceptional Item	-	48975	-	48975	-	-
<b>PROFIT BEFORE TAXES</b>	<b>694733</b>	<b>720329</b>	<b>626670</b>	<b>1415062</b>	<b>1136541</b>	<b>2540186</b>
			<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
			<b>Sept 30,</b>	<b>June 30,</b>	<b>Sept 30,</b>	<b>March 31,</b>
			<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
<b>SEGMENT CAPITAL EMPLOYED</b>						
Banking, Financial Services and Insurance			855644	840238	846600	834364
Manufacturing			239188	213277	185449	199443
Retail and Consumer Packaged Goods			307425	308539	257490	292446
Telecom, Media and Entertainment			334670	321569	291275	297664
Others			761264	732896	731200	700860
			<b>2498191</b>	<b>2416519</b>	<b>2312014</b>	<b>2324777</b>
Unallocable Assets (net)			2455912	2091928	2160019	2665498
<b>Total Capital Employed (net)</b>			<b>4954103</b>	<b>4608447</b>	<b>4472033</b>	<b>4990275</b>

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

Business segments comprise (1) banking, financial services and insurance, (2) manufacturing, (3) retail and consumer packaged goods, (4) telecommunication, media and entertainment and (5) others such as energy, resources and utilities, Hi-Tech, life science and healthcare, s-Governance, travel, transportation and hospitality, products, etc.

**TATA CONSULTANCY SERVICES LIMITED**

Registered Office : 9th Floor, Nirmal Building, Nariman Point, Mumbai 400021

**(D) Audited Consolidated Statement of Assets and Liabilities as at September 30, 2014**

(₹ in Lakhs)

		As at September 30,	As at March 31,
		2014	2014
<b>(A) EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
a) Share capital		19587	19587
b) Reserves and surplus		4826584	4899889
<b>Shareholders' funds</b>		<b>4846171</b>	<b>4919476</b>
<b>2 Minority Interest</b>		107932	70799
<b>3 Non- current liabilities</b>			
a) Long-term borrowings		14097	12726
b) Deferred tax liabilities (net)		33358	30880
c) Other long-term liabilities		78650	74307
d) Long-term provisions		45721	38559
<b>Non- current liabilities</b>		<b>171826</b>	<b>156472</b>
<b>4 Current liabilities</b>			
a) Short- term borrowings		5769	12709
b) Trade payables		642532	553602
c) Other current liabilities		388393	362124
d) Short- term provisions		336492	638596
<b>Current liabilities</b>		<b>1373186</b>	<b>1567031</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>		<b>6499115</b>	<b>6713778</b>
<b>(B) ASSETS</b>			
<b>1 Non- current assets</b>			
a) Fixed assets		1187783	1044403
b) Goodwill on consolidation		223515	226878
c) Non- current investments		16734	227527
d) Deferred tax assets (net)		51504	42006
e) Long-term loans and advances		663577	728662
f) Other non-current assets		57892	154533
<b>Non- current assets</b>		<b>2201005</b>	<b>2424009</b>
<b>2 Current assets</b>			
a) Current investments		43489	115847
b) Inventories		2453	1521
c) Unbilled revenue		454988	400561
d) Trade receivables		1990808	1823040
e) Cash and bank balances		1210143	1444184
f) Short-term loans and advances		501040	431080
g) Other current assets		95189	73536
<b>Current assets</b>		<b>4298110</b>	<b>4289769</b>
<b>TOTAL- ASSETS</b>		<b>6499115</b>	<b>6713778</b>

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**TATA CONSULTANCY SERVICES LIMITED**  
Registered Office : 9th Floor, Nirmal Building, Nariman Point, Mumbai 400021  
**Statement of Audited Financial Results for the Quarter and Six months ended September 30, 2014**

(₹ in Lakhs)

		Quarter ended			Six months ended		Year ended
		Sept 30,	June 30,	Sept 30,	Sept 30,	Sept 30,	March 31,
		2014	2014	2013	2014	2013	2014
<b>1</b>	<b>INCOME FROM OPERATIONS</b>						
	a) Information technology and consultancy services	1804271	1719829	1621459	3524100	3030241	6333283
	b) Sale of equipment and software licenses (Net of excise)	36234	24014	39313	60248	78396	134010
	<b>Total income from operations (net)</b>	<b>1840505</b>	<b>1743843</b>	<b>1660772</b>	<b>3584348</b>	<b>3108637</b>	<b>6467293</b>
<b>2</b>	<b>EXPENSES</b>						
	a) Employee benefits expense	626067	602484	542879	1228551	1068159	2146656
	b) Overseas business expense	301524	288436	254483	589960	470241	1014937
	c) Services rendered by business associates and others	126223	120524	115977	246747	213287	439842
	d) Depreciation and amortisation expense	34071	33526	26174	67597	50298	108055
	e) Other expenses	196553	183578	172588	380131	338001	712486
	<b>Total expenses</b>	<b>1284438</b>	<b>1228548</b>	<b>1112101</b>	<b>2512986</b>	<b>2139986</b>	<b>4421976</b>
<b>3</b>	<b>PROFIT FROM OPERATIONS BEFORE OTHER INCOME, FINANCE COSTS, EXCEPTIONAL ITEM AND TAX (1-2)</b>	<b>556067</b>	<b>515295</b>	<b>548671</b>	<b>1071362</b>	<b>968651</b>	<b>2045317</b>
<b>4</b>	<b>OTHER INCOME (NET)</b>	<b>86517</b>	<b>79896</b>	<b>151363</b>	<b>166413</b>	<b>177569</b>	<b>311471</b>
<b>5</b>	<b>PROFIT BEFORE FINANCE COSTS, EXCEPTIONAL ITEM AND TAX (3+4)</b>	<b>642584</b>	<b>595191</b>	<b>700034</b>	<b>1237775</b>	<b>1146220</b>	<b>2356788</b>
<b>6</b>	<b>FINANCE COSTS</b>	<b>5814</b>	<b>373</b>	<b>983</b>	<b>6187</b>	<b>1486</b>	<b>2341</b>
<b>7</b>	<b>PROFIT BEFORE EXCEPTIONAL ITEM AND TAX (5-6)</b>	<b>636770</b>	<b>594818</b>	<b>699051</b>	<b>1231588</b>	<b>1144734</b>	<b>2354447</b>
<b>8</b>	<b>EXCEPTIONAL ITEM</b>	<b>-</b>	<b>52776</b>	<b>-</b>	<b>52776</b>	<b>-</b>	<b>-</b>
<b>9</b>	<b>PROFIT BEFORE TAX (7+8)</b>	<b>636770</b>	<b>647594</b>	<b>699051</b>	<b>1284364</b>	<b>1144734</b>	<b>2354447</b>
<b>10</b>	<b>TAX EXPENSE</b>	<b>137602</b>	<b>137907</b>	<b>138276</b>	<b>275509</b>	<b>237770</b>	<b>506955</b>
<b>11</b>	<b>NET PROFIT FOR THE PERIOD (9-10)</b>	<b>499168</b>	<b>509687</b>	<b>560775</b>	<b>1008855</b>	<b>906964</b>	<b>1847492</b>
<b>12</b>	<b>Reserves excluding Revaluation Reserves</b>						<b>4385601</b>
<b>13</b>	<b>Basic and diluted earnings per share (in ₹)</b>	<b>25.48</b>	<b>26.02</b>	<b>28.60</b>	<b>51.51</b>	<b>46.25</b>	<b>94.15</b>

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**TATA CONSULTANCY SERVICES LIMITED**

Registered Office : 9th Floor, Nirmal Building, Nariman Point, Mumbai 400021

**Audited Statement of Assets and Liabilities as at September 30, 2014**

(₹ in Lakhs)

		As at September 30,	As at March 31,
		2014	2014
<b>(A)</b>	<b>EQUITY AND LIABILITIES</b>		
<b>1</b>	<b>Shareholder's funds</b>		
	a) Share Capital	19587	19587
	b) Reserves and Surplus	4247362	4385601
	<b>Shareholder's funds</b>	<b>4266949</b>	<b>4405188</b>
<b>2</b>	<b>Non- current Liabilities</b>		
	a) Long-term borrowings	7717	8969
	b) Deferred tax liabilities (net)	25078	22687
	c) Other long-term liabilities	70002	69044
	d) Long-term provisions	34705	27961
	<b>Non- current liabilities</b>	<b>137502</b>	<b>128661</b>
<b>3</b>	<b>Current Liabilities</b>		
	a) Short- term borrowings	292	-
	b) Trade payables	466592	397755
	c) Other current liabilities	271712	246032
	d) Short- term provisions	278536	582783
	<b>Current liabilities</b>	<b>1017132</b>	<b>1226570</b>
	<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>5421583</b>	<b>5760419</b>
<b>(B)</b>	<b>ASSETS</b>		
<b>1</b>	<b>Non- current assets</b>		
	a) Fixed Assets	1015276	897672
	b) Non- current investments	269780	509855
	c) Deferred tax assets (net)	28199	27358
	d) Long-term loans and advances	592118	687554
	e) Other non-current assets	42461	154499
	<b>Non- current assets</b>	<b>1947834</b>	<b>2276938</b>
<b>2</b>	<b>Current assets</b>		
	a) Current investments	600	73387
	b) Inventories	1649	857
	c) Unbilled revenue	283683	262608
	d) Trade receivables	1607958	1447189
	e) Cash and bank balances	1069580	1256626
	f) Short-term loans and advances	416748	368812
	g) Other current assets	93531	74002
	<b>Current assets</b>	<b>3473749</b>	<b>3483481</b>
	<b>TOTAL- ASSETS</b>	<b>5421583</b>	<b>5760419</b>



**Select explanatory notes to the statement of Audited Financial Results for the Quarter and Six months ended September 30, 2014.**

**1. Particulars of subsidiaries as on September 30, 2014**

**a) Subsidiaries (held directly)**

CMC Limited, Tata Consultancy Services Sverige AB, Tata Consultancy Services Asia Pacific Pte Ltd., TCS Iberoamerica SA, Tata Consultancy Services Netherlands BV, TCS FNS Pty Limited, APOne Limited, Tata America International Corporation, Tata Consultancy Services Belgium SA, Tata Consultancy Services Deutschland GmbH, WTI Advanced Technology Limited, Tata Consultancy Services Canada Inc., Diligenta Limited, C-Edge Technologies Limited, MP Online Limited, Tata Consultancy Services (Africa) (PTY) Ltd, MahaOnline Limited, Tata Consultancy Services Qatar S.S.C., Computational Research Laboratories Inc., TCS e-Serve International Limited

**b) Subsidiaries (held indirectly)**

CMC Americas Inc, CMC eBiz Inc, Tata Consultancy Services Japan, Ltd., Tata Consultancy Services Malaysia Sdn Bhd., Tata Consultancy Services (China) Co., Ltd., PT Tata Consultancy Services Indonesia, Tata Consultancy Services (Thailand) Limited, Tata Consultancy Services (Philippines) Inc., TCS Solution Center S.A., Tata Consultancy Services Argentina S.A., Tata Consultancy Services De Mexico S.A., De C.V., TCS Inversiones Chile Limitada, Tata Consultancy Services Do Brasil Ltda, Tata Consultancy Services Chile S.A., TATASOLUTION CENTER S.A., TCS Uruguay S.A., MGDC S.C., Tata Consultancy Services Luxembourg S.A., Tata Consultancy Services Switzerland Ltd., Tata Consultancy Services France SAS, TCS Italia SRL, Tata Consultancy Services De Espana S.A., Tata Consultancy Services Portugal Unipessoal Limitada, Tata Consultancy Services Osterreich GmbH, Tata Consultancy Services Danmark ApS, TCS Financial Solutions Australia Holdings Pty Limited, TCS Financial Solutions Australia Pty Limited, PT Financial Network Services, TCS Management Pty Ltd., TCS Financial Solutions (Beijing) Co., Ltd., MS CJV Investments Corporation, Diligenta 2 Limited, Tata Consultancy Services (South Africa) (PTY) Ltd, TCS e-Serve America, Inc, AltI S.A. (w.e.f. June 28, 2013), PLANAXIS TECHNOLOGIES INC (w.e.f. June 28, 2013), ALTI HR (w.e.f. June 28, 2013), ALTI INFRASTRUCTURES SYSTEMES & RESEAUX (w.e.f. June 28, 2013), ALTI NV (w.e.f. June 28, 2013), TESCOM (France) Software Systems Testing (w.e.f. June 28, 2013), ALTI Switzerland (w.e.f. June 28, 2013), TEAMLINK (w.e.f. June 28, 2013)

2. The audited consolidated financial results and the audited financial results of the Company for the quarter and six months ended September 30, 2014 have been reviewed by the Audit Committee of the Board and approved by the Board of Directors at its meeting held on October 16, 2014.
3. The Group has revised its policy of providing depreciation on fixed assets effective April 1, 2014. Depreciation is now provided on a straight line basis for all assets as against the policy of providing on written down value basis for some assets and straight line basis for others. Further the remaining useful life has also been revised wherever appropriate based on an evaluation. The carrying amount as on April 1, 2014 is depreciated over the revised remaining useful life. As a result of these changes, the depreciation charge for the quarter and six months ended September 30, 2014 is higher by ₹ 4196 lakhs and ₹ 10259 lakhs respectively and the effect relating to the period prior to April 1, 2014 is net credit of ₹ 48975 lakhs (excluding deferred tax of ₹ 11890 lakhs) which has been shown as an 'Exceptional Item' in the statement of profit and loss.
4. The accounting for change in fair value of the time value of options and forwards, which were previously recognised immediately in the statement of profit and loss, was revised in the quarter ended March 31, 2014 retrospectively with effect from April 1, 2013 to be accumulated in hedging reserve, a component of shareholders' funds and is reclassified to statement of profit and loss when the forecast transaction occurs. Had this change in accounting been given effect to in the quarter end six months ended September 30, 2013, other income would have been lower by ₹ 4790 lakhs and higher by ₹ 13468 lakhs respectively.
5. At their respective meetings held on July 17, 2014, the Boards of the Company and of its wholly owned subsidiary, WTI Advanced Technology Limited (WTI) have approved a Scheme of Amalgamation of WTI with the Company. The appointed date for the proposed Scheme is April 1, 2014. Pending sanction of the Hon'ble High Courts and other approvals, no effect has been given in the financial results for the quarter and six months ended September 30, 2014.
6. On July 1, 2014, the Company through its wholly owned subsidiary Tata Consultancy Services Asia Pacific Pte Ltd., acquired a controlling interest (51%) in IT Frontier Corporation (referred to as ITF) from Mitsubishi Corporation in Japan in exchange for a total purchase consideration of USD 57.90 million (₹ 34748 lakhs) consisting of a transfer of 49% ownership interest in Tata Consultancy Services Japan Ltd. to Mitsubishi Corporation and a cash consideration of USD 48.10 million (₹ 28882 lakhs).



7. On September 16, 2014, the Company acquired additional 40 per cent ownership interest in Tata Consultancy Services (Africa) (PTY) Ltd., for a purchase consideration of USD 10 million (₹ 6083 lakhs) from Tata Africa Holdings (SA) Proprietary Limited and thereby making it a wholly owned subsidiary of the Company.
8. During the quarter, Tata Consultancy Services Morocco SARL AU, a wholly owned subsidiary, has been voluntarily liquidated.
9. Income from Operations of subsidiaries of ₹ 395782 lakhs and ₹ 729362 lakhs for the quarter and six months ended September 30, 2014 respectively and assets (net) of those subsidiaries aggregating to ₹ 1088240 lakhs as at September 30, 2014 have not been audited.
10. Other Income (consolidated) for the quarter and six months ended September 30, 2014 includes foreign exchange gain (net) of ₹ 16440 lakhs and a gain (net) of ₹ 40411 lakhs respectively. (Previous period: loss (net) of ₹ 37734 lakhs and loss (net) ₹ 48175 lakhs respectively).
11. The Board of Directors at its meeting held on October 16, 2014, has declared an interim dividend of ₹ 5 per equity share.
12. Previous period/year's figures have been regrouped, wherever necessary.

For and on behalf of the Board of Directors

Mumbai  
October 16, 2014

  
**N. Chandrasekaran**  
CEO & Managing Director



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## Strong Volumes drive steady growth in Q2

Revenue at ₹23,816 crore up 7.7 % Q-o-Q; up 13.5 % Y-o-Y

- Net Profit at ₹ 5,244 crore down 5.8 % Q-o-Q; up 13.2% Y-o-Y
- Strong organic volume growth at 6.1%
- Crosses Milestone of employing 100,000 women professionals

**MUMBAI, October 16, 2014:** Tata Consultancy Services (BSE: 532540, NSE: TCS), the leading IT services, consulting and business solutions firm reported its consolidated financial results according to Indian GAAP for the quarter ended September 30, 2014.

### Financial Highlights for Quarter Ended September 30, 2014

- Operating Profit at ₹ 6,351 crore; Growth of 7.0 % Q-o-Q
- Operating Margin at 26.7 %
- Dividend per share of ₹ 5
- Earnings Per Share at ₹ 26.78

### Business Highlights for Quarter Ended September 30, 2014

- Gross employee addition: **20,350**
- Total headcount: **313,757**
- Utilization: **86.2%** (excluding trainees) & **81.3%** (including trainees)
- Four \$50+ million clients added; Nine \$20+ million clients added

**Commenting on the Q2 performance, Chief Executive Officer and Managing Director, N Chandrasekaran said:** "Driven by strong volumes and robust utilization rates, this has been a quarter of steady, consistent performance. Our well-rounded showing has been highlighted by broad-based growth in our key markets, industries and services as we continued to deepen our engagement with customers."

**Mr Chandrasekaran added:** "Our customers are focused on using Digital technologies to reimagine their business in multiple dimensions and with our significant investments as well as deep capabilities in these areas, we remain well positioned to act as a catalyst and enable their business innovation across the enterprise."

**Rajesh Gopinathan, Chief Financial Officer, said:** "We remain focused on supporting business growth by optimizing our operations and maintaining margins in our desired range. Our cash generation has been strong resulting in high cash conversion ratios and we continue to make investments for the business growth."

Growth in Q2 was broad-based with all industries growing on a sequential basis. The impact of the integration of newly merged entity in Japan also provided additional growth to units like Manufacturing, Hi-Tech. All core markets like North America, Europe and UK grew smartly. Emerging markets continued to be volatile with India growing while Latin America faltered in Q2. There was balanced growth across IT and other service lines led by Infrastructure Services and Engineering Services.

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#### **Select Key Wins**

- Chosen as a strategic partner by a leading North American diversified process manufacturing major for providing Application Management & Support services
- Chosen as the Technology Partner by a leading European Global Communications Software and Services Company and has been awarded the full Service Desk, Application Maintenance and Development portfolios
- Selected by a leading North American Investment Management Company as the sole right sourcing partner for providing Application Development, Assurance & IT Infrastructure Services
- Won an engagement to provide Infrastructure Services to a leading European oil services company
- Chosen as a strategic partner by a large North American health plan provider to provide next generation infrastructure solutions
- Selected by a leading UK-based mutual Financial Institution as their strategic partner to manage their core banking systems and Business Process Management Platform
- Chosen by a North American Utility major as a Strategic Partner to provide managed services across applications and infrastructure
- Chosen by a leading UK based Airline as its strategic partner to provide end to end Application and Infrastructure Transformation services across the Enterprise

#### **Key Wins in Digital Services and Solutions**

- Selected by a global technology pioneer to help architect and deliver its workplace re-imagination initiative
- Selected as a strategic partner by a North American property and casualty insurance company to drive its digital technology initiatives that involve policies and customer lifecycle management
- Selected by a North American commercial bank as a strategic partner to transform their Information Management landscape
- Selected by one of the largest retailers in Asia-Pacific for complete migration of their structured and unstructured data to a Hadoop based platform using the TCS Active Archive™ Big Data product
- Won an engagement with an Asia Pacific airline, to enable hyper-connected social collaboration within their operations unit by leveraging TCS Knome™ product
- Engaged by a leading European Airline company to enhance all their customer facing channels including web, mobile and airport kiosks
- Engaged by a leading North American Bank to establish a Centre of Excellence for Creative Design
- Engaged by a multi-brand online retailer to provide consulting services for personalized promotions at scale, product recommendations, and customer strategy and lifecycle management
- Engaged by a leading global bank to set up a User Experience Center for its retail banking division
- Engaged by a leading provider of general hospital healthcare services in the United States to consolidate huge volumes of data and enable analytics
- Engaged by an American drug wholesale company to provide consulting, implementation and enhancement for their data management initiative

#### **Innovation and Intellectual Property:**

- As of September 30, 2014, the company has applied for **1931** patents including **94** applied during the quarter. Till date, the company has been granted **150** patents.

#### **Human Resources:**

The company continued to hire to support business growth. There was a total gross addition of 20,350 people (net addition of 8,326 employees) taking the total employee strength of 313,757 employees on a consolidated

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basis. The utilization rate (excluding trainees) was at 86.2% and that including trainees was 81.3%. The attrition rate (LTM) was at 12.8% per cent including BPS.

During the quarter, the company crossed the milestone of employing 100,000 women professionals with a gender diversity ratio of 32.9%. "Diversity of talent remains a key source of strength for the organization and during the quarter, we crossed the milestone of having 100,000 women professionals in our workforce," said **Ajoy Mukherjee, Executive vice president and Global Head, Human Resources**. "Our hiring plan for FY15 is on track as we continue to build a talent pipeline in line with business demands."

#### **Awards and Recognition:**

##### **Business Leadership:**

- World's 100 Most Innovative Companies - Forbes
- Company of the Year – The Economic Times
- Six awards at Asia's Best Employer Brand Awards 2014, Singapore:
  - o BPO Organisation of the Year
  - o Talent Management
  - o Innovation in Recruitment
  - o Excellence in Training
  - o Best HR Strategy in Line With Business
  - o Operational Excellence & Quality in the BPO Industry
- Indian Multinational of the Year award - AIMA Managing India Awards 2014
- Best Technology Provider - Reactions (North America)
- Multiple awards at Asian Telecom Leadership Awards 2014
  - o Best Telecom Software
  - o Best Value Added Services Providers
  - o Best General Social Initiative Award for mKrishi
- Ranked among Top 10 global service providers in China

##### **Partner:**

- Multiple awards at the CA Technologies Partner Summit :
  - o FY14 Country Partner of the Year
  - o Partner of the Year - Security solutions
  - o Public Sector Partner of the Year
- Oracle Excellence Awards
  - o Global System Integrator Customer Experience (CX) Applications
  - o Specialised Partner of the Year

##### **Sustainability:**

- Global Leader in sustainability - Dow Jones Sustainability World Index 2014
- Ranked Number One of Top 100 Companies in Asia in Sustainability Ranking

##### **Leadership:**

##### **N Chandrasekaran:**

- Voted Best CEO in the Institutional Investor's 2014 Annual All-Asia Executive Team Rankings



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**Consolidated Statement of Profit and Loss**  
**For the quarter ended September 30, 2013, June 30, 2014 and September 30, 2014**  
**(In crores of ₹, except per share data)**

	Quarter ended September 30, 2013	Quarter ended June 30, 2014	Quarter ended September 30, 2014
<b>INCOME</b>			
a) IT & Consultancy Services	20,533	21,793	23,359
b) Manufacturing, Sale of equipment and Licences	444	318	457
<b>Total Income</b>	<b>20,977</b>	<b>22,111</b>	<b>23,816</b>
<b>EXPENDITURE</b>			
a) Salaries & Wages	7,610	8,532	9,056
b) Overseas business expenditure	2,913	3,283	3,396
c) Other operating expenses	3,821	3,943	4,564
<b>Total Expenditure</b>	<b>14,344</b>	<b>15,758</b>	<b>17,016</b>
<b>Profit Before Interest, Depreciation, Taxes &amp; Other Income</b>	<b>6,633</b>	<b>6,353</b>	<b>6,800</b>
Interest	12	9	67
Depreciation	328	417	449
<b>Profit Before Taxes &amp; Other Income</b>	<b>6,293</b>	<b>5,927</b>	<b>6,284</b>
Other income (expense), net	(26)	787	663
<b>Profit Before Taxes &amp; Exceptional Items</b>	<b>6,267</b>	<b>6,714</b>	<b>6,947</b>
Exceptional Items	0	490	0
<b>Profit Before Taxes</b>	<b>6,267</b>	<b>7,204</b>	<b>6,947</b>
Provision For Taxes	1,595	1,599	1,635
<b>Profit After Taxes &amp; Before Minority Interest</b>	<b>4,672</b>	<b>5,605</b>	<b>5,312</b>
Minority Interest	39	37	68
<b>Net Profit</b>	<b>4,633</b>	<b>5,568</b>	<b>5,244</b>
<b>Earnings per share in ₹</b>	<b>23.63</b>	<b>28.42</b>	<b>26.78</b>

**Consolidated Balance Sheet**  
**As at March 31, 2014 and September 30, 2014**  
**(In crores of ₹)**

	As at March 31, 2014	As at September 30, 2014
<b>EQUITY AND LIABILITIES</b>		
Shareholders' Funds	49,195	48,462
Minority Interest	708	1,079
Short term and long term borrowings	254	198
Deferred Tax Liabilities (net)	309	334
Current liabilities and provisions	15,543	13,674
Non-current liabilities and provisions	1,129	1,244
<b>Total Liabilities</b>	<b>67,138</b>	<b>64,991</b>
<b>ASSETS</b>		
Fixed Assets (net)	10,444	11,878
Investments	3,434	602
Deferred Tax Assets (net)	420	515
Goodwill (on consolidation)	2,269	2,235
Cash and Bank Balance	14,442	12,101
Current Assets, Loans and Advances	27,297	30,445
Non-current Assets, Loans and Advances	8,832	7,215
<b>Total Assets</b>	<b>67,138</b>	<b>64,991</b>

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**About Tata Consultancy Services Ltd (TCS)**

Tata Consultancy Services is an IT services, consulting and business solutions organization that delivers real results to global business, ensuring a level of certainty no other firm can match. TCS offers a consulting-led, integrated portfolio of IT, BPS, infrastructure, engineering and assurance services. This is delivered through its unique Global Network Delivery Model™, recognized as the benchmark of excellence in software development. A part of the Tata group, India's largest industrial conglomerate, TCS has over 310,000 of the world's best-trained consultants in 46 countries. The company generated consolidated revenues of US \$13.4 billion for year ended March 31, 2014 and is listed on the National Stock Exchange and Bombay Stock Exchange in India. For more information, visit us at [www.tcs.com](http://www.tcs.com).

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