TCS/SE - 1/SE/2014-15

April 4, 2014

**National Stock Exchange of India Limited**
**Exchange Plaza, Bandra Kurla Complex,**
**Mumbai**
**Fax No. 2659 8237 / 38**
**Kind Attn: Manager, Listing Department**

**BSE Limited**
**P. J. Towers, Dalal Street,**
**Mumbai**
**Fax No. 2272 2037 / 3121**
**Kind Attn: General Manager**
**Department of Corporate Services**
**Scrip Code No. 532540 (BSE)**

Dear Sirs,

We are enclosing herewith a note on change in accounting under Indian GAAP in respect of Hedge Accounting in line with Phase 3 of IFRS 9 by the Company, which is self explanatory.

Thanking you.

Yours faithfully,
For **Tata Consultancy Services Limited**

**Suprakash Mukhopadhyay**
**Vice President and Company Secretary**

Encl: As above

CIN - L22210MH1995PLC084781

**TATA CONSULTANCY SERVICES**
**Tata Consultancy Services Limited**
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Registered Office 9th Floor Nirmal Building Nariman Point Mumbai 400 021

# TCS adopts IFRS 9

Mumbai, April 4, 2014: Tata Consultancy Services (BSE: 532540, NSE: TCS), a leading IT services, consulting and business solutions organization, announced today that it has elected to apply International Financial Reporting Standard 9 (referred to as **IFRS 9**), *Financial Instruments*, from April 1, 2013, in accordance with the transition provisions set out in this standard. IFRS 9 will be applicable to the (i) classification and measurement of financial assets and financial liabilities (referred to as Phase 1); and (ii) hedge accounting (referred to as Phase 3).

Prior to the adoption of Phase 1 and Phase 3 of IFRS 9, the Company followed IAS 39, *Financial Instruments: Recognition and Measurement,* for classification and measurement of financial assets and liabilities, and hedge accounting.

The hedge accounting requirements in IFRS 9 align more closely with the Company's risk management policy. This change will reduce the volatility in the Company's reported quarterly profit or loss, resulting from the change in the time value of hedging instruments. In accordance with IFRS 9, the change in the time value will be accumulated under 'Other Comprehensive Income' (OCI) in the balance-sheet until the forecasted cash flow occurs, whereupon the accumulated balance will be transferred to the profit & loss account.

Exhibits A and B contain the net foreign exchange gains / losses as reported in the last eleven quarters under IAS 39 and the corresponding numbers as per IFRS 9.

## EXHIBIT A

Rs. in Crs

| Particulars | 2013-14 | | | | 2012-13 | | | | | 2011-12 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Total | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 | Q3 | Q4 | Total |
| Net foreign exchange gains / (losses) as per published results – (A) | (104) | (377) | 295 | **(186)** | (93) | 92 | (73) | 124 | **50** | 77 | (88) | (301) | (125) | **(437)** |
| Total Adjustments - Net impact on PBT due to IFRS 9 change – (B) | 190 | (48) | (134) | **8** | 135 | (128) | 56 | (100) | **(36)** | (20) | 133 | (110) | 30 | **33** |
| Revised Net foreign exchange gains / (losses) – (A) + (B) | 86 | (425) | 161 | **(178)** | 42 | (36) | (17) | 24 | **14** | 57 | 45 | (411) | (95) | **(404)** |

## EXHIBIT B

$ in mln

| Particulars | 2013-14 | | | | 2012-13 | | | | | 2011-12 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Total | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 | Q3 | Q4 | Total |
| Net foreign exchange gains / (losses) as per published results – (A) | (18) | (60) | 48 | **(31)** | (17) | 17 | (13) | 23 | **9** | 17 | (19) | (59) | (25) | **(86)** |
| Total Adjustments - Net impact on PBT due to IFRS 9 change – (B) | 33 | (8) | (22) | **4** | 25 | (23) | 10 | (18) | **(6)** | (4) | 29 | (21) | 6 | **9** |
| Revised Net foreign exchange gains / (losses) – (A) + (B) | 15 | (68) | 26 | **(27)** | 8 | (6) | (3) | 4 | **3** | 13 | 10 | (80) | (19) | **(77)** |

In Indian GAAP, the cumulative effect of such change will be given effect to in the quarter ending March 31, 2014.