

**TATA CAPITAL FOREX LIMITED**

**FINANCIALS**

**FY 2016-17**

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF TATA CAPITAL FOREX LIMITED  
Report on the Financial Statements**

We have audited the accompanying financial statements of **TATA CAPITAL FOREX LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its loss and its cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, based on our audit, we report, to the extent applicable that:
  - a) We have sought and 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 relevant books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts as at the March 31, 2017, for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

2. As required by the Companies (Auditors' Report) Order, 2016 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No.117365W)

**G. K. Subramaniam**  
Partner  
(Membership No. 109839)

**MUMBAI**, April 27, 2017

## **ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT**

**(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the “Act”)**

We have audited the internal financial controls over financial reporting of **TATA CAPITAL FOREX LIMITED** (the “Company”) as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures

that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 117365W)

**G. K. Subramaniam**  
Partner  
(Membership No.109839)

Place: Mumbai  
Date: April 27, 2017

## **ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT**

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- i.
  - a. According to the information and explanations given to us, 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 all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - c. According to the information and explanations given to us, the Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.
- ii. The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- iii. To the best of our knowledge and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- iv. The Company has not granted any loans, made investments or provided guarantees under the provisions of Sections 185 and 186 of the Act and hence reporting under clause (iv) of the Order is not applicable.
- v. To the best of our knowledge and according to the information and explanations given to us, the Company has not accepted any deposit during the year and no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals.
- vi. To the best our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company.
- vii. To the best of our knowledge and according to the information and explanations given to us, in respect of statutory dues:
  - a. The Company has been generally regular in depositing undisputed statutory dues, including Income-tax, Service Tax, Provident Fund, Employees' State Insurance, cess and other material statutory dues applicable to it to the appropriate authorities.
  - b. There were no undisputed amounts payable in respect of Income-tax, Service Tax, Provident Fund, Employees' State Insurance, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

- c. There are no dues of Income-tax and Service Tax as on March 31, 2017 on account of disputes.
- viii. To the best of our knowledge and according to the information and explanations given to us, the Company has not defaulted in the repayment of borrowings to banks. The Company has not taken any loans from banks and not taken any loans or borrowings from financial institutions and government or has not issued any debentures.
- ix. To the best of our knowledge and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. To the best of our knowledge and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of the erstwhile Companies Act, 1956 and of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. To the best of our knowledge and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- xv. To the best of our knowledge and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No.117365W)

**G. K. Subramaniam**  
Partner  
(Membership No. 109839)

MUMBAI, April 27, 2017



**TATA CAPITAL FOREX LIMITED**

**BALANCE SHEET AS AT MARCH 31, 2017**

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
		Amount (in Rs)	Amount (in Rs)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	3	109,339,690	104,339,690
(b) Reserves and surplus	4	(102,714,666)	(96,959,681)
<b>2 Non-current liabilities</b>			
(a) Long-term provisions	5	49,975	392,275
<b>3 Current liabilities</b>			
(a) Short-term borrowings	6	323,199,669	382,222,232
(b) Trade payables	7	234,556,053	351,512,311
(i) total outstanding dues of micro enterprises and small enterprises; and	7(a)	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	7	234,556,053	351,512,311
(c) Other current liabilities	8	28,632,464	21,097,290
(d) Short-term provisions	9	2,720,172	2,361,020
<b>TOTAL</b>		<b>595,783,357</b>	<b>764,965,137</b>
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets	10		
(i) Tangible assets		8,870,455	9,552,523
(ii) Intangible assets		-	3,098
(b) Long-term loans and advances	11	28,840,715	27,484,358
<b>2. Current assets</b>			
(a) Trade receivables	12	408,667,449	402,674,116
(b) Cash & bank balances	13	108,574,128	287,886,514
(c) Short-term loans and advances	14	40,830,610	37,364,528
<b>TOTAL</b>		<b>595,783,357</b>	<b>764,965,137</b>

See accompanying notes forming part of the financial statements

1-28

In terms of our report attached

**For and on behalf of the Board of Directors**

For **Deloitte Haskins & Sells**

Chartered Accountants

**G. Sankaranarayanan**  
(Chairman)

**Sudhir Nadkarni**  
(Director)

**G.K Subramaniam**  
(Partner)

**Prabhakar Dalal**  
(Director)

**Dhan Tata**  
(CEO & CFO)

**Megha Sekharan**  
(Company Secretary)

**Mumbai**

Date : April 27, 2017

**TATA CAPITAL FOREX LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**

Particulars	Note No.	For the year ended	For the year ended
		Mar 31, 2017	March 31, 2016
		Amount (in Rs)	Amount (in Rs)
<b>I</b> Income from forex services	15	119,552,559	132,100,370
<b>II</b> Other income	16	47,141,314	48,455,704
<b>III Total revenue (I + II)</b>		<b>166,693,873</b>	<b>180,556,074</b>
<b>IV Expenses</b>			
Employee benefits expense	17	75,253,412	76,306,910
Finance cost	18	34,749,493	36,371,461
Other operating expenses	19	59,633,587	67,433,900
Depreciation and amortisation expenses	10	2,812,366	3,635,876
<b>Total expenses</b>		<b>172,448,858</b>	<b>183,748,147</b>
<b>V Loss before exceptional items and Tax (III - IV)</b>		<b>(5,754,985)</b>	<b>(3,192,073)</b>
<b>VI Exceptional items</b>			
Service tax input credit disallowance (Refer note 25)		-	9,253,131
<b>VII Loss before tax (V - VI)</b>		<b>(5,754,985)</b>	<b>(12,445,204)</b>
<b>VIII Tax expense</b>		-	-
<b>IX Loss after Tax (VII-VIII)</b>		<b>(5,754,985)</b>	<b>(12,445,204)</b>
<b>X Earnings per share (Face value of Rs.10/- each):</b>			
Basic and diluted (in Rs)		(0.53)	(1.19)
Weighted average number of equity shares		10,933,969	10,433,969
Face Value Per Share (in Rs )		10	10

See accompanying notes forming part of the financial statements

1-28

In terms of our report attached

**For and on behalf of the Board of Directors**

For **Deloitte Haskins & Sells**

Chartered Accountants

**G. Sankaranarayanan**  
(Chairman)

**Sudhir Nadkarni**  
(Director)

**Prabhakar Dalal**  
(Director)

**Dhan Tata**  
(CEO & CFO)

**G.K Subramaniam**  
Partner

**Megha Sekharan**  
(Company Secretary)

**Mumbai**

Date : April 27, 2017

**TATA CAPITAL FOREX LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

Particulars	For the year ended Mar 31, 2017	For the year ended March 31, 2016
	Amount ( in Rs)	Amount ( in Rs)
<b>A. Cash flow from operating activities</b>		
Profit before taxes	(5,754,985)	(12,445,204)
<b>Adjustments for :</b>		
Bad debts	12,064	2,224,764
Write back of provision for doubtful debts/advances	(252,140)	(2,614,367)
Provision for doubtful debts/advances	3,308,995	3,768,683
Depreciation and amortisation	2,812,366	3,635,876
Finance cost	34,749,493	36,371,461
Interest on fixed deposit	-	(126,466)
(Profit)/Loss on sale of fixed assets	(22,000)	38,973
Provision for leave encashment	1,240,493	973,946
Net unrealised exchange loss	348,828	(369,134)
<b>Operating profit before working capital changes</b>	<b>36,443,114</b>	<b>31,458,532</b>
<b>Adjustments for :</b>		
(Increase) in trade receivables	(9,531,126)	(26,900,926)
(Increase) in loans and advances	(3,881,969)	(429,588)
(Decrease) / Increase in current liabilities and provisions	(111,546,642)	122,461,067
<b>Cash from operations</b>	<b>(88,516,623)</b>	<b>126,589,085</b>
Taxes Paid	(1,475,513)	(4,894,024)
<b>A. Cash flow (used in)/from operating activities</b>	<b>(89,992,136)</b>	<b>121,695,061</b>
<b>B. Cash flow used in investing activities</b>		
Purchase of fixed assets	(2,383,165)	(3,870,203)
Proceed from sale of fixed assets	22,000	87,380
Interest on fixed deposit	-	126,466
<b>B. Cash flow used in investing activities</b>	<b>(2,361,165)</b>	<b>(3,656,357)</b>
<b>C. Cash flow from financing activities</b>		
Interest on short-term borrowings	(32,647,760)	(36,624,201)
Short-term borrowings repaid	(401,222,563)	(505,000,000)
Short-term borrowings received	342,200,000	532,097,898
Issue of Equity Shares	5,000,000	-
<b>C. Cash flow used in financing activities</b>	<b>(86,670,323)</b>	<b>(9,526,303)</b>
<b>Net (Decrease) / Increase in cash and cash equivalents</b>	<b>(179,023,624)</b>	<b>108,512,401</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>287,827,608</b>	<b>179,315,209</b>
<b>Cash and cash equivalents as at the end of the year (Refer Note below)</b>	<b>108,803,984</b>	<b>287,827,608</b>

**Note 1 :**

	For the year ended Mar 31, 2017	For the year ended March 31, 2016
	Amount ( in Rs )	Amount ( in Rs )
Cash on hand	27,026,647	34,386,078
Balances with banks in current accounts	81,547,481	253,500,436
<b>Cash and cash equivalents (Refer Note 13)</b>	<b>108,574,128</b>	<b>287,886,514</b>
Effect of exchange rate changes	229,856	(58,906)
<b>Cash and cash equivalents as restated</b>	<b>108,803,984</b>	<b>287,827,608</b>

See accompanying notes forming part of the financial statements

1-28

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**  
Chartered Accountants

**G. Sankaranarayanan**  
(Chairman)

**Sudhir Nadkarni**  
(Director)

**Prabhakar Dalal**  
(Director)

**Dhan Tata**  
(CEO & CFO)

**G.K Subramaniam**  
Partner

**Megha Sekharan**  
(Company Secretary)

**Mumbai**

Date : April 27, 2017

## **TATA CAPITAL FOREX LIMITED**

### **Notes to the Financial Statement for the Year Ended March 31, 2017**

#### **BACKGROUND**

1. The Company was incorporated as Private Limited Company on November 07, 2006. The Company was converted into a Public Company pursuant to becoming a wholly owned Subsidiary of Tata Capital Limited w.e.f. August 25, 2010. The Company received the fresh Certificate of Incorporation consequent upon change of name on conversion to Public Limited Company from the Registrar of Companies, Tamil Nadu, Chennai, Andaman and Nicobar Islands on November 03, 2010. The Company is in the business of providing money changing related services. The name of the Company has been changed from T T Holdings & Services Limited to Tata Capital Forex Limited w.e.f August 29, 2013.

#### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

##### **2. SIGNIFICANT ACCOUNTING POLICIES:**

###### **(i) Basis for preparation of accounts**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 (the "Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

###### **(ii) Use of Estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

###### **(iii) Revenue Recognition**

Revenue on foreign exchange services is recognised at the time of purchase and sale. Revenue reflects margin made on business volume. Profit or loss on purchase and sale of foreign exchange by the Company in its capacity as Full Fledged Money Changer (FFMC) are accounted as a part of the revenue. Revenue from other income is accounted on accrual basis.

###### **(iv) Fixed Assets**

###### **(a) Tangible:**

Fixed assets are stated at cost, which comprises purchase consideration and other directly attributable cost of bringing the assets to its working condition for the intended use, less accumulated depreciation/amortization.

**(b) Intangible:**

Intangible assets other than goodwill are stated at cost less amortisation.

Expenses on software support and maintenance are charged to Statement of Profit and Loss during the period in which such costs are incurred.

**(c) Capital work in progress and Capital advances:**

Costs of assets not ready for use at the balance sheet date are disclosed under Capital work in progress. Capital advances given towards acquisition of fixed assets are grouped under long term loans and advances.

**(v) Depreciation**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets of the Company has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Act.

All capital assets with individual value less than Rs. 5,000 are depreciated fully in the month in which they are purchased.

Depreciation over useful life of the assets are:

<b>Asset</b>	<b>Estimated useful life</b>	<b>As per Schedule II of Companies Act 2013</b>
Office equipment	5 years	5 years
Plant & machinery	4 years	15 years
Furniture & fixtures	Higher of 10 years or rate determined based on period of lease	10 years
Leasehold improvements	Lease period	As per lease period
Computer equipment	3 years	3 years
Software	3 years	10 years

**(vi) Foreign Currency Revaluation**

Transactions in foreign currency are recorded at exchange rate prevailing at the time of the transactions and exchange differences are dealt with in Statement of Profit and Loss as at every Balance Sheet date.

Profit or Loss on purchase and sale of foreign exchange by the Company in its capacity as full fledged money changer are accounted as part of Income from Forex Services.

## **(vii) Taxes on Income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provision of the Income Tax Act, 1961 and the other applicable tax laws.

Deferred tax corresponds to the net effect of tax on all timing differences, which occur as a result of items being allowed for income tax purposes during a year different from when they were recognised in the financial statements.

Deferred tax is recognised on the timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit & Loss.

## **(viii) Service Tax Input Credit**

Service tax input credit is accounted for in the books in the period in which the underlying services received is accounted and when there is reasonable certainty in availing/utilizing the credits.

## **(ix) Business Segment**

The Company has been operating only in one segment viz. money changing services and the operations have been carried out within India. Hence, the disclosures required under Accounting Standard (AS) 17 on Segment Reporting have not been made.

## **(x) Provisions, Contingent liabilities and Contingent assets.**

Provisions are recognized when the Company has present obligations, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of obligation.

Such provisions are not discounted to their present values and are determined based on the best estimates required to settle the obligations at the balance sheet date. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.

## **(xi) Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense

or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

## **(xii) Employee Benefits**

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences and long term service awards.

### **(a) Defined-contribution plans**

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognised as an expense in the Statement of Profit and Loss in the year in which they occur. These contributions to Provident fund are administered by the Regional Provident Fund Commissioner.

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

### **(b) Defined- benefit plans**

For defined benefit plans in the form of gratuity fund, 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 the Statement of Profit and Loss in 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, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

### **(c) Short term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (1) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (2) in case of non-accumulating compensated absences, when the absences occur.

**(d) Long term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

**(xiii) Impairment of assets**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in estimate of recoverable amount.

**(xiv) Cash and Cash equivalent**

Cash comprises cash on hand and foreign currency adjusted with mark to market as on the balance sheet date.

**(xv) Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated based on the available information.

**(xvi) Insurance**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.



**TATA CAPITAL FOREX LIMITED**

**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**

**3. Share Capital**

Particulars	As at March 31, 2017	As at March 31, 2016
	Amount (in Rs)	Amount (in Rs)
<b>Authorised</b> 20,000,000 Equity shares (Previous year : 20,000,000 shares ) of Rs. 10 each	200,000,000	200,000,000
	<b>200,000,000</b>	<b>200,000,000</b>
<b>Issued, subscribed and paid up</b> 10,933,969 Equity shares (Previous year : 10,433,969 shares ) of Rs.10 each	109,339,690	104,339,690
<b>Total</b>	<b>109,339,690</b>	<b>104,339,690</b>

**3 (a). Reconciliation of number of shares outstanding**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Opening share capital</b> Equity face value Rs. 10/- fully paid up	10,433,969	10,433,969
<b>Issued during the year</b>	500,000	-
<b>Closing share capital</b> Equity face value Rs. 10/- fully paid up	10,933,969	10,433,969

**3 (b). Investment by Tata Capital Limited (Holding Company) and its nominees**

Name of company	Particulars of issue	No. of shares	Amount (in Rs)
Tata Capital Limited (Holding Company)	Closing Balance as on 31.03.15	10,433,969	104,339,690
	Closing Balance as on 31.03.16	10,433,969	104,339,690
	Closing Balance as on 31.03.17	10,933,969	109,339,690

**3 (c). List of shareholders holding more than 5% shares as at**

Name of shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Tata Capital Limited and its nominees	10,933,969	100%	10,433,969	100%

**3 (d). I.** The holders of Equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by the shareholder at the annual general meeting except in case of interim dividend. The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held.

**II.** In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of preferential amount. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

**4. Reserves and surplus**

Particulars	As at April 1, 2016	Loss during the year	As at March 31, 2017	As at March 31, 2016
	Amount ( in Rs )	Amount ( in Rs )	Amount (in Rs)	Amount (in Rs)
(a) General reserve	1,373,413	-	1,373,413	1,373,413
(b) (Deficit) in the Statement of Profit and Loss	(98,333,094)	(5,754,985)	(104,088,079)	(98,333,094)
<b>Total</b>	<b>(96,959,681)</b>	<b>(5,754,985)</b>	<b>(102,714,666)</b>	<b>(96,959,681)</b>

**TATA CAPITAL FOREX LIMITED**

**NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS**

**5. Long-term provisions**

Particulars	As at March 31, 2017	As at March 31, 2016
	Amount (in Rs)	Amount (in Rs)
Provision for gratuity (net)	49,975	392,275
<b>Total</b>	<b>49,975</b>	<b>392,275</b>

**6. Short-term borrowings**

Particulars	As at March 31, 2017	As at March 31, 2016
	Amount (in Rs)	Amount (in Rs)
<b>(a) Loans repayable on demand</b>		
<b>Unsecured</b>		
Bank overdraft as per books	21,699,669	32,222,232
<b>(b) Inter corporate deposits from holding company (unsecured) (Refer Note 22)</b>	301,500,000	350,000,000
<b>Total</b>	<b>323,199,669</b>	<b>382,222,232</b>

**7. Trade payables**

Particulars	As at March 31, 2017	As at March 31, 2016
	Amount (in Rs)	Amount (in Rs)
(a) Payable to service providers	231,287,705	342,978,748
(b) Accrued employee benefit expenses	537,152	5,749,793
(c) Payable to related parties (Refer Note 22)		
Tata Capital Financial Services Limited	2,731,196	2,783,770
<b>Total</b>	<b>234,556,053</b>	<b>351,512,311</b>

Note - The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below :

**7(a). Outstanding dues of micro enterprises and small enterprises**

Particulars	As at March 31, 2017	As at March 31, 2016
	Amount (in Rs)	Amount (in Rs)
(a) Principal amount and interest thereon remaining unpaid at the end of year	-	-
(b) Interest paid including payment made beyond appointed day during the year	-	-
(c) Interest due and payable for delay during the year	-	-
(d) Amount of interest accrued and unpaid as at year end	-	-
(e) The amount of further interest due and payable even in the succeeding year	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**TATA CAPITAL FOREX LIMITED****NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS****8. Other current liabilities**

<b>Particulars</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
	<b>Amount (in Rs)</b>	<b>Amount (in Rs)</b>
(a) Payable to TT Logistics and Services Limited	12,749,549	12,749,549
(b) Interest accrued and due on borrowings	2,101,733	-
(c) Others		
(i) Statutory remittances	2,369,428	2,930,406
(ii) Advance from customer	11,289,504	5,039,119
(iii) Payable on purchase of fixed assets	122,250	378,216
<b>Total</b>	<b>28,632,464</b>	<b>21,097,290</b>

**9. Short-term provisions**

<b>Particulars</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
	<b>Amount (in Rs)</b>	<b>Amount (in Rs)</b>
(a) Provision for leave encashment	2,431,669	2,072,517
(b) Provision for tax (Net of advance tax Rs.7,390,997/- (As at 31 March, 2016 Rs.7,390,997/-)	288,503	288,503
<b>Total</b>	<b>2,720,172</b>	<b>2,361,020</b>

## 10. Fixed assets

Amount (in Rs)

Particulars	Gross block					Accumulated depreciation and amortisation					Net block	
	Balance as at April 1, 2016	Reclassification	Additions	Disposals	Balance as at Mar 31, 2017	Balance as at April 1, 2016	Reclassification	Depreciation/ Amortisation for the period	Disposals	Balance as at Mar 31, 2017	As at Mar 31, 2017	As at March 31, 2016
	a	b	c	d	e=(a+b+c-d)	f	g	h	i	j=(f+g+h-i)	k=(e-j)	l=(a-f)
Leasehold improvements	10,208,052	-	-	-	10,208,052	3,683,995	-	1,323,666	-	5,007,661	5,200,391	6,524,057
<i>Previous year</i>	7,948,368	-	2,617,335	357,651	10,208,052	2,478,209	-	1,563,437	357,651	3,683,995	6,524,057	-
Furniture & fixtures	1,897,728	64,378	-	-	1,962,106	1,341,062	7,161	79,229	-	1,427,452	534,654	556,666
<i>Previous year</i>	2,209,219	-	85,047	396,538	1,897,728	1,657,046	-	70,414	386,398	1,341,062	556,666	-
Computer equipment	4,038,848	(11,130)	872,387	174,176	4,725,929	3,144,407	(1,077)	501,377	174,176	3,470,531	1,255,398	894,440
<i>Previous year</i>	5,891,014	-	1,062,736	2,914,902	4,038,848	5,435,582	-	606,558	2,897,732	3,144,407	894,440	-
Office equipment	5,326,268	(53,248)	1,254,812	201,294	6,326,538	3,748,908	(6,084)	904,996	201,294	4,446,526	1,880,012	1,577,360
<i>Previous year</i>	5,930,776	-	286,677	891,185	5,326,268	3,626,888	-	914,162	792,142	3,748,908	1,577,360	-
<b>TANGIBLE FIXED ASSETS</b>	<b>21,470,896</b>	<b>-</b>	<b>2,127,199</b>	<b>375,470</b>	<b>23,222,625</b>	<b>11,918,372</b>	<b>-</b>	<b>2,809,268</b>	<b>375,470</b>	<b>14,352,170</b>	<b>8,870,455</b>	<b>9,552,523</b>
<i>Previous year</i>	21,979,377	-	4,051,795	4,560,277	21,470,896	13,197,725	-	3,154,571	4,433,924	11,918,371	9,552,523	-
Software	2,464,831	-	-	-	2,464,831	2,461,733	-	3,098	-	2,464,831	-	3,098
<i>Previous year</i>	4,047,482	-	-	1,582,651	2,464,831	3,563,079	-	481,305	1,582,651	2,461,733	3,098	-
<b>INTANGIBLE FIXED ASSETS</b>	<b>2,464,831</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,464,831</b>	<b>2,461,733</b>	<b>-</b>	<b>3,098</b>	<b>-</b>	<b>2,464,831</b>	<b>-</b>	<b>3,098</b>
<i>Previous year</i>	4,047,482	-	-	1,582,651	2,464,831	3,563,079	-	481,305	1,582,651	2,461,733	3,098	-
<b>Total</b>	<b>23,935,727</b>	<b>-</b>	<b>2,127,199</b>	<b>375,470</b>	<b>25,687,456</b>	<b>14,380,105</b>	<b>-</b>	<b>2,812,366</b>	<b>375,470</b>	<b>16,817,001</b>	<b>8,870,455</b>	<b>9,555,621</b>
<i>Previous year</i>	26,026,859	-	4,051,795	6,142,928	23,935,727	16,760,804	-	3,635,876	6,016,575	14,380,105	9,555,621	-

**11. Long-term loans and advances - others (unsecured considered good)**

Particulars	As at March 31, 2017	As at March 31, 2016
	Amount (in Rs)	Amount (in Rs)
(a) Advance income tax (Net of provisions Rs.9,494,989/-) (As at 31 March, 2016 Rs.9,494,989/-)	28,840,715	27,365,201
(b) Loan to TCL Employees Welfare Trust	-	119,157
<b>Total</b>	<b>28,840,715</b>	<b>27,484,358</b>

**12. Trade receivables**

Particulars	As at March 31, 2017	As at March 31, 2016
	Amount (in Rs)	Amount (in Rs)
(a) Over six months (from the date of invoice)		
(i) Unsecured, considered good	2,558,925	3,481,573
(ii) Doubtful	7,400,693	4,878,881
	9,959,618	8,360,454
Less: Provision for doubtful debts	7,400,693	4,878,881
	2,558,925	3,481,573
(b) Others		
(i) Unsecured, considered good	406,108,524	399,192,543
<b>Total</b>	<b>408,667,449</b>	<b>402,674,116</b>

### 13. Cash and bank balances

Particulars	As at March 31, 2017	As at March 31, 2016
	Amount (in Rs)	Amount (in Rs)
(a) Cash on hand	27,026,647	34,386,078
(b) Balances with Banks In Current accounts	81,547,481	253,500,436
<b>Total</b>	<b>108,574,128</b>	<b>287,886,514</b>

Note I: Of the above, the balances that meet the definition of Cash and Cash Equivalents as per AS 3 (Cash Flow Statements) is Rs.10,85,74,128/- (Previous year Rs.28,78,86,514/-)

II. Cash on hand comprises foreign currency balances and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

III. The details of the Specific Bank Notes (SBN) held and transacted during the period 08th November, 2016 to 30th December, 2016 are as below (as per MCA Notification G.S.R. 307 (E) dated 30th March 2017.

Particulars	SBNs	Other Denomination Notes	Total
Opening Cash in hand as on 08th November, 2016 *	4,821,000	168,774	4,989,774
(+) Permitted receipts **	129,000	8,180,438	8,309,438
(-) Permitted payments ***	(20,500)	(6,199,593)	(6,220,093)
(-) Amounts deposited in Banks	(4,929,500)	(740,000)	(5,669,500)
<b>Closing cash in hand as on 30th December, 2016</b>	-	1,409,619	1,409,619

\* Includes net of Cash Sales amounting Rs. 104,000/- and encashment of Rs. 52,500/- made on 8th Nov 2016 after closure of books of accounts, therefore recorded on 9th Nov 2016

\*\* Not received towards any business transactions. Represents replacement of other denomination notes against SBNs held by employees.

\*\*\* Payment towards official fuel expenses of employees

### 14. Short term loans and advances

Particulars	As at March 31, 2017	As at March 31, 2016
	Amount (in Rs)	Amount (in Rs)
<b>Unsecured - considered good</b>		
(a) Deposits	19,022,525	19,366,155
(b) Prepaid expenses	3,895,735	4,229,813
(c) Advance to suppliers	605,153	-
(c) Cenvat credit receivable	71,271	755,838
(d) Receivable from related parties (Refer Note 22)		
TC Travel and Services Limited	5,379,049	907,006
Tata Capital Housing Finance Limited	5,000	-
(e) Others advances		
- Claim from TT Logistics and Services Limited (Refer Note No.24)	11,608,279	11,608,279
- Staff advances	243,598	497,437
<b>Unsecured - doubtful</b>		
(a) Deposits	48,569	48,569
(b) Others	535,043	-
<b>Total</b>	<b>583,612</b>	<b>48,569</b>
Less: Provision for doubtful advances & deposits	583,612	48,569
	-	-
<b>Total</b>	<b>40,830,610</b>	<b>37,364,528</b>

**TATA CAPITAL FOREX LIMITED****15. Income from forex services**

<b>Particulars</b>	<b>For the year ended Mar 31, 2017</b>	<b>For the year ended March 31, 2016</b>
	<b>Amount (in Rs)</b>	<b>Amount (in Rs)</b>
Income from sale of -		
(a) Currency	56,340,772	66,884,869
(b) Travelers cheque	2,176,107	1,712,016
(c) Travel cards	45,780,162	45,285,753
(d) Travelers cheque surrender	235,775	468,568
(e) Travel cards encashment	15,019,743	17,749,164
<b>Total</b>	<b>119,552,559</b>	<b>132,100,370</b>

Note : In line with established International practice, the income arising from the buying and selling of foreign currencies is included on the basis of margins achieved, since inclusion on the basis of their gross value would not be meaningful and potentially misleading for use as an indicator of the level of the company's business.

**16. Other income**

<b>Particulars</b>	<b>For the year ended Mar 31, 2017</b>	<b>For the year ended March 31, 2016</b>
	<b>Amount (in Rs)</b>	<b>Amount (in Rs)</b>
(a) Incentives	37,371,606	43,139,526
(b) Commissions	417,588	551,319
(c) Service charges	3,294,672	1,352,381
(d) Other income	6,057,448	3,412,478
<b>Total</b>	<b>47,141,314</b>	<b>48,455,704</b>

**17. Employee benefits expense**

<b>Particulars</b>	<b>For the year ended Mar 31, 2017</b>	<b>For the year ended March 31, 2016</b>
	<b>Amount (in Rs)</b>	<b>Amount (in Rs)</b>
(a) Salaries, wages and bonus	61,065,332	65,782,021
(b) Contribution to Provident fund and other funds (Refer Note No.21)	7,055,401	4,191,687
(c) Staff welfare expenses	7,132,679	6,333,202
<b>Total</b>	<b>75,253,412</b>	<b>76,306,910</b>

## TATA CAPITAL FOREX LIMITED

## NOTES TO AND FORMING PART OF FINANCIALS STATEMENTS

## 18. Finance cost

Particulars	For the year ended Mar 31, 2017	For the year ended March 31, 2016
	Amount (in Rs)	Amount (in Rs)
(a) Interest expense on:		
(i) Working capital demand loans	-	6,154,847
(ii) Inter-corporate deposits	34,749,493	30,216,614
<b>Total</b>	<b>34,749,493</b>	<b>36,371,461</b>

## 19. Other operating expenses

Particulars	For the year ended Mar 31, 2017	For the year ended March 31, 2016
	Amount (in Rs)	Amount (in Rs)
(a) Auditors' remuneration :		
(i) Statutory audit fees	800,000	800,000
(ii) Tax audit fees	100,000	100,000
(iii) Other services	5,248	20,000
(b) Books and periodicals	34,246	38,630
(c) Bank charges	2,404,738	2,955,561
(d) Business promotion	81,451	56,751
(e) Commission & brokerage	1,792,372	1,221,303
(f) Directors' sitting fees	340,650	380,000
(g) Insurance	736,736	604,577
(h) Information Technology expenses	432,360	2,568,314
(i) Legal and professional fees	4,541,085	5,169,614
(j) Electricity expenses	1,853,072	1,953,648
(k) Printing and stationery	1,124,422	1,249,536
(l) Rates, taxes & insurance	68,215	544,907
(m) Rent	19,777,847	20,198,257
(n) Bad debts	12,064	2,224,764
(o) Provision for doubtful debts/Advances	3,056,855	1,154,316
(p) Office maintenance	5,971,555	7,174,429
(q) Postage & telephone	2,525,292	2,409,038
(r) Travelling and conveyance	11,085,307	12,124,091
(s) Loss on sale / disposal of assets	-	38,973
(t) Cenvat credit	910,914	1,510,401
(u) Loss of stock (Refer Note No.26)	-	1,631,317
(v) Other expenses	1,979,158	1,305,473
<b>Total</b>	<b>59,633,587</b>	<b>67,433,900</b>



20. **Contingent Liabilities and Commitments:**

The Company has no contingent liabilities or contracts remaining to be executed on capital accounts and not provided for as at March 31, 2017 (As at March 31, 2016 - Nil).

21. **Employee benefits**

**Defined-Contribution Plans**

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. The Company offers its employees defined contribution plan in the form of provident fund and family pension fund. Provident fund and family pension fund cover all regular employees. While both, the employees and the Company pay predetermined contributions into the provident fund, contributions into the family pension fund are made only by the Company. The contributions are based on a certain proportion of the employee's salary.

The Company recognised charge of Rs. 3,206,431/- (Previous year ended March 31, 2016 Rs. 2,948,837/-) for provident fund and family pension fund contribution in the Statement Profit and Loss.

**Defined-Benefits Plans**

The Company offers its employees defined-benefit plans in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefit plans are typically based on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers all regular employees. Commitments are actuarially determined at year-end. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. On adoption of the Accounting Standard (AS 15) on "Employee Benefits", actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Statement Profit and Loss.

The following table sets out the Funded status of the Gratuity benefit scheme and the amount recognised in the Financial Statements

Particulars		2016-17 (Rs)	2015-16 (Rs)
<b>I</b>	<b>Change in Defined benefit obligation (DBO) during the year</b>		
	Opening defined benefit obligation	11,170,680	9,581,070
	Current Service Cost	938,680	813,930
	Interest Cost	873,510	727,200
	Acquisition Cost/(Credit)	(68,000)	-
	Actuarial Losses / (Gain)	(6,820,940)	564,530
	Benefits paid	(1,036,300)	(516,050)
	<b>Closing defined benefit obligation</b>	<b>5,057,630</b>	<b>11,170,680</b>
<b>II</b>	<b>Change in the fair value of assets during the year</b>		
	Opening fair value of plan assets	10,778,405	10,385,830
	Acquisition Adjustment	(68,000)	-
	Expected Return on Plan Assets	1,050,250	862,810
	Actuarial Gains / (Losses)	(9,907,970)	-
	Contributions by Employer	4,191,270	45,815
	Benefits paid	(1,036,300)	(516,050)
	<b>Closing Fair value of plan assets</b>	<b>5,007,655</b>	<b>10,778,405</b>
<b>III</b>	<b>Net Assets/(Liability) recognised in Balance Sheet</b>		
	Present value of defined benefit obligation	5,057,630	11,170,680
	Fair value of plan assets	5,007,655	10,778,405
	Funded status [Surplus / (Deficit)]	(49,975)	(392,275)
	Unrecognised past service costs	-	-
	<b>Net Asset/(Liability) recognised in the Balance Sheet</b>	<b>(49,975)</b>	<b>(392,275)</b>
<b>IV</b>	<b>Net Gratuity expense for the year</b>		
	Current service cost	938,680	813,930
	Interest costs	873,510	727,200
	Expected return on plan assets	(1,050,250)	(862,810)
	Actuarial (Gains) / Losses	3,087,030	564,530
	<b>Total Gratuity expense recognised in the Statement of Profit and Loss (Refer Note 17)</b>	<b>3,848,970</b>	<b>1,242,850</b>

<b>Particulars</b>	<b>2016-17 (Rs)</b>	<b>2015-16 (Rs)</b>
<b>Assumptions :</b>		
Discount Rate	7.50%	8.20%
Expected Rate of Return on Plan Assets	8.50%	8.50%
Salary Escalation Rate	5% p.a	7.50% p.a for first 5 years and 5% thereafter.
Mortality tables	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate
Withdrawal rate	0 - 2 years: 10% 3 - 4 years: 5% 5 - 9 years: 2.5% 10 and more: 1%	0 - 2 years: 10% 3 - 4 years: 5% 5 - 9 years: 2.5% 10 and more: 1%

<b>Composition of plan assets is as follows:</b>	<b>2016-17 Percentage</b>	<b>2015-16 Percentage</b>
Government bonds	64.31%	55.92%
Equity mutual funds	7.71%	8.91%
Bonds / Debentures	25.12%	29.89%
Others (including assets under scheme of Insurance)	2.86%	5.28%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

<b>Experience adjustment</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>
Experience Gain/(Loss) adjustments on Plan Liabilities	6,823,710	(762,470)	205,460	74,670	249,970
Experience Gain/(Loss) adjustments on Plan Assets	(9,907,970)	-	238,660	4,560	79,640
Actuarial Gain/(Loss) due to change on assumption	2,770	197,940	(1,079,600)	580,220	(248,780)
Defined benefit obligation at the end of the period	(5,057,630)	(11,170,680)	(9,581,070)	(7,807,370)	(2,393,870)
Plan Assets at the end of the year	5,007,655	10,778,405	10,385,830	9,295,430	3,721,590
<b>Funded Status</b>	<b>(49,975)</b>	<b>(392,275)</b>	<b>804,760</b>	<b>1,488,060</b>	<b>1,327,720</b>

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimates of future salary increases considered takes into account the inflation, seniority, promotion, increments and other relevant factors. The contributions expected to be made by the Company during the financial year 2017-18 is Rs. 1,020,000/-.

## **22. Disclosure as required by Accounting Standard (AS) 18 on “Related Party Disclosures”**

### **A) List of related party and relationships**

#### **Ultimate Holding Company**

Tata Sons Limited

#### **Holding Company**

Tata Capital Limited

#### **Subsidiaries of Tata Capital Limited**

(with whom transactions have been entered into during the current year)

1. Tata Capital Financial Services Limited
2. Tata Securities Limited
3. TC Travel and Services Limited
4. Tata Capital Housing Finance Limited
5. Tata Cleantech Capital Limited

#### **Subsidiaries of Tata Sons Limited**

(with whom transactions have been entered into during the current year)

1. Tata AIG General Insurance Company Limited
2. Tata Consulting Engineers Limited (formerly TCE Consulting Engineers Limited)
3. Tata Industries Limited
4. Tata Petrodyne Limited
5. Tata Consultancy Services Limited
6. Tata Business Support Services Limited
7. Tata Advanced System Limited
8. Tata Autocomp System Limited
9. Tata Sky Limited
10. Infiniti Retail Limited
11. Ardent Properties Private Limited
12. Automotive Stampings & Assemblies Limited.
13. CMC Limited
14. Indian Rotorcraft Limited
15. Nova Integrated Systems Limited
16. Taj Air Limited
17. Tata Sikorsky Aerospace Limited (Formerly Tata Aerospace Systems Limited)
18. Tata Advanced Materials Limited
19. Tata Housing Development Company Limited
20. Tata Lockheed Martin Aerostructure Limited
21. Tata Sia Airlines Limited
22. Viom Networks Limited
23. Tata Toyo Radiator Limited
24. Tata Value Homes Limited
25. Taj Air Metrojet Aviation Limited
26. Tata Boeing Aerospace Limited

27. Advinus Therapeutics Limited
28. Tata Unistore Limited (Formerly known as Tata Industrial Services Limited)
29. TASEC Limited (Formerly known as TAS-AGT Systems Limited)
30. Tata Teleservices Limited

**Key Management Personnel**

Mr. Dhan Tata (Chief Executive Officer)

**B) Transactions with related parties:**

<b>Sr. No</b>	<b>Party Name</b>		<b>Nature of transactions</b>	<b>2016-17</b>	<b>2015-16</b>
1	Tata Sons Limited	A)	Services rendered #	8,455,191	12,227,771
		B)	Funds received for services rendered	8,174,419	12,237,305
		C)	Outstanding receivable for service rendered	438,892	158,120
		D)	Rent Paid	3,915,490	3,758,133
		E)	Other expenses	132,883	102,576
		F)	Deposit	2,990,000	2,990,000
		G)	Amount payable	-	-
2	Tata Capital Limited	A)	Services rendered #	11,114,234	9,460,976
		B)	Funds received for services rendered	11,031,562	(9,516,886)
		C)	Outstanding receivable for services rendered	82,870	198
		D)	ICDs received	342,200,000	525,000,000
		E)	ICDs repaid	390,700,000	405,000,000
		F)	Interest Paid	34,749,493	30,216,614
		G)	Reimbursement of Expenses	75,980	-
		H)	Amount payable	301,500,000	350,000,000

<b>Sr. No</b>	<b>Party Name</b>		<b>Nature of transactions</b>	<b>2016-17</b>	<b>2015-16</b>
3	Tata Capital Financial Services Limited	A)	Services rendered #	920,476	1,707,146
		B)	Funds received for Services rendered	880,296	1,709,143
		C)	Outstanding receivable for services rendered	40,180	-
		D)	Reimbursement of IT expenses	-	-
		E)	Amount Payable for IT expenses	-	-
		D)	Reimbursement of other expenses	10,373,909	9,828,203
		E)	Amount Payable for other expenses	2,731,196	2,783,770
4	Tata Securities Limited	A)	Services rendered #	743,765	927,090
		B)	Funds received for services rendered	978,290	737,564
		C)	Outstanding receivable for services rendered	-	234,525
5	TC Travel & Services Limited	A)	Commission Expense	-	884
		B)	Commission payable	-	884
		C)	Services rendered #	149,477	853,778
		D)	Funds received for services rendered	156,723	883,328
		E)	Outstanding (Paid) for services rendered	279,883	243,087
		F)	Services received	1,536,460	2,174,408
		G)	Funds Paid for services received	1,424,423	1,823,930
		H)	Outstanding Payable	192,840	561,451
		I)	Reimbursement of Expenses	7,632,246	210,973
		J)	Services rendered - others	811,654	1,118,864
		K)	Outstanding receivable	5,379,049	1,118,864
6	Tata Capital Housing Finance Limited	A)	Recovery of expenses	5,000	-
		B)	Outstanding receivable	5,000	-
7	Tata Cleantech Capital Limited	A)	Reimbursement of expenses	-	16,416
		B)	Funds paid for services received	-	16,416
8	Tata AIG General Insurance Co Limited	A)	Services rendered #	512,031	1,001,676
		B)	Funds received for services rendered	523,104	1,143,326
		C)	Amount payable	18,166	7,093

<b>Sr. No</b>	<b>Party Name</b>		<b>Nature of transactions</b>	<b>2016-17</b>	<b>2015-16</b>
9	Tata Consulting Engineers Limited	A)	Services rendered #	129,068,728	119,442,612
		B)	Funds received for services rendered	150,018,148	88,932,285
		C)	Outstanding receivable for services rendered	12,497,241	33,446,661
10	Tata Industries Limited	A)	Services rendered #	1,960,185	2,627,637
		B)	Funds received for services rendered	1,908,429	2,753,739
		C)	Outstanding receivable for services rendered	115,321	63,565
11	Tata Petrodyne Limited	A)	Services rendered #	-	382,830
		B)	Funds received for services rendered	-	382,830
		C)	Outstanding receivable for services rendered	-	-
12	Tata Consultancy Services Limited	A)	Services rendered including handling charges #	3,728,465,098	4,890,510,722
		B)	Funds received for services rendered	3,890,484,863	4,729,693,485
		C)	Outstanding receivable for services rendered	138,053,622	300,073,387
		D)	Services received	1,681,309	1,414,687
		E)	Funds Paid for services received (Net)	1,093,760	1,537,058
		F)	Amount Payable	667,695	80,145
13	Tata Business Support Services Limited	A)	Services rendered #	6,242,474	4,057,055
		B)	Funds received for services rendered	7,674,258	2,924,925
		C)	Outstanding receivable for services rendered	-	1,431,784
		D)	Services Received	234,702	473,081
		E)	Funds Paid for services received	234,702	416,048
		F)	Amount Payable	-	57,033

<b>Sr. No</b>	<b>Party Name</b>		<b>Nature of transactions</b>	<b>2016-17</b>	<b>2015-16</b>
14	Tata Advanced System Limited	A)	Services rendered #	13,795,391	40,276,956
		B)	Funds received for services rendered	13,840,964	40,862,125
		C)	Outstanding receivable for services rendered	201,103	246,676
15	Tata Autocomp System Limited	A)	Services rendered #	12,506,545	7,542,707
		B)	Funds received for services rendered	12,681,315	7,842,533
		C)	Outstanding receivable for services rendered	976,358	1,151,128
16	Tata Sky Limited	A)	Services rendered #	1,685,975	1,662,622
		B)	Funds received for services rendered	1,873,005	1,486,700
		C)	Outstanding receivable for services rendered	-	-
		C)	Amount Payable	311,108	124,078
17	Infiniti Retail Limited	A)	Services rendered #	249,653	-
		B)	Funds received for services rendered	249,653	-
		C)	Outstanding receivable for services rendered	-	-
18	Ardent Properties Private Limited	A)	Services rendered #	-	179,216
		B)	Funds received for services rendered	-	179,216
		C)	Outstanding receivable for services rendered	-	-
19	Automotive Stampings & Assemblies Ltd	A)	Services rendered #	704,263	982,533
		B)	Funds received for services rendered	704,263	982,533
		C)	Outstanding receivable for services rendered	-	-
20	CMC Limited	A)	Services rendered #	373,936	33,049,439
		B)	Funds received for services rendered	153,777	34,709,485
		C)	Outstanding receivable for services rendered	373,936	153,777



<b>Sr. No</b>	<b>Party Name</b>		<b>Nature of transactions</b>	<b>2016-17</b>	<b>2015-16</b>
21	Indian Rotorcraft Limited	A)	Services rendered #	-	780,272
		B)	Funds received for services rendered	-	836,772
		C)	Outstanding receivable for services rendered	-	-
22	Nova Integrated Systems Limited	A)	Services rendered #	65,558	859,347
		B)	Funds received for services rendered	65,558	859,347
23	Taj Air Limited	A)	Services rendered #	909,255	1,649,000
		B)	Funds received for services rendered	1,000,851	1,557,404
		C)	Outstanding receivable for services rendered	-	91,596
24	Tata Sikorsky Aerospace Limited (formerly known as Tara Aerospace Systems Limited)	A)	Services rendered #	1,829,582	391,956
		B)	Funds received for services rendered	1,829,582	391,956
		C)	Outstanding receivable for services rendered	-	-
25	Tata Advanced Materials Limited	A)	Services rendered #	-	-
		B)	Funds received for services rendered	-	-
		C)	Outstanding receivable for services rendered	206	206
26	Tata Housing Development Company Ltd	A)	Services rendered #	1,061,966	2,599,574
		B)	Funds received for services rendered	1,061,966	2,599,574
		C)	Outstanding receivable for services rendered	-	-
27	Tata Lockheed Martin Aerostructure Limited	A)	Services rendered #	982,930	3,948,353
		B)	Funds received for services rendered	982,930	3,948,353
		C)	Outstanding receivable for services rendered	-	-

<b>Sr. No</b>	<b>Party Name</b>		<b>Nature of transactions</b>	<b>2016-17</b>	<b>2015-16</b>
28	Tata SIA Airlines Limited	A)	Services rendered #	4,972,030	2,829,911
		B)	Funds received for services rendered	4,946,177	3,124,969
		C)	Outstanding receivable for services rendered	101,286	75,433
29	Viom Networks Limited (ceased to be a subsidiary and is an associate w.e.f. 21.04.2016)	A)	Services rendered #	-	2,057,970
		B)	Funds received for services rendered	-	2,057,970
		C)	Outstanding receivable for services rendered	-	-
30	Tata Toyo Radiator Limited	A)	Services rendered #	2,459,976	2,437,981
		B)	Funds received for services rendered	2,745,693	2,099,970
		C)	Outstanding receivable for services rendered	85,515	371,232
31	Tata Value Homes Limited	A)	Services rendered #	-	25,560
		B)	Funds received for services rendered	-	25,560
32	Taj Air Metrojet Aviation Limited	A)	Services rendered #	300,631	412,492
		B)	Funds received for services rendered	300,631	412,492
33	Tata Boeing Aerospace Limited	A)	Services rendered #	2,610,430	-
		B)	Funds received for services rendered	2,472,642	-
		C)	Outstanding receivable for services rendered	137,788	-

<b>Sr. No</b>	<b>Party Name</b>		<b>Nature of transactions</b>	<b>2016-17</b>	<b>2015-16</b>
34	Advinus Therapeutics Limited	A)	Services rendered #	855,200	-
		B)	Funds received for services rendered	855,200	-
		C)	Outstanding receivable for services rendered	-	-
35	Tata Unistore Limited (Previously known as Tata Industrial Services Limited.)	A)	Services rendered #	756,247	3,553,604
		B)	Funds received for services rendered	756,247	3,553,604
		C)	Outstanding receivable for services rendered	-	-
36	TASEC Limited (formerly TAS-AGT Systems Limited)	A)	Services rendered #	50,415	-
		B)	Funds received for services rendered	50,415	-
37	Tata Teleservices Limited	A)	Services rendered #	33,810	-
		B)	Funds received for services rendered	33,810	-
		C)	Services Received	541,482	-
		D)	Funds Paid for services received	541,482	-
38	Key Management Personnel	A)	Remuneration paid ##	9,477,340	8,843,096

# - Services rendered and reimbursement of costs includes amounts billed to customers on account of amounts payable to service provider.

## - In view of inadequacy of profits, the Shareholders of the Company at the Annual General Meeting held on June 18, 2013 approved of the terms of remuneration of Mr. Dhan Tata in accordance with Schedule XIII of the Companies Act, 1956. The Ministry of Corporate Affairs has vide its Circular No.07/2015 dated April 10, 2015 clarified that a Managerial Person may continue to receive remuneration for his remaining term in accordance with the terms and conditions approved by the Company as per relevant provisions of Schedule XIII of Companies Act, 1956, even if the part of his tenure falls after April 1, 2014.

### 23. Earnings per share:

Particulars	2016-17 (Rs.)	2015-16 (Rs.)
Loss after tax	(5,754,985)	(12,445,204)
Weighted average number of equity shares used in computing basic earnings per share	10,933,969	10,433,969
Face value of equity shares	10	10
<b>Basic and Diluted earnings per share</b>	<b>(0.53)</b>	<b>(1.19)</b>

### 24. Promoters Claim

Claim on erstwhile promoters is recognised on the basis of overstatement of Debtors pertaining to pre acquisition period. The company is in discussion with the promoters for settlement of claims.

### 25. Service tax input credit disallowance

During the previous year, pursuant to Service tax audit was conducted by The Commissioner of Service Tax, Audit Commissionerate, Bangalore, for the period October 2010 to March 2015, a demand of Rs. 9,253,131/- was raised on the Company on account of input credit disallowance along with the interest and penalty thereon and the same was fully discharged during the year ended 31<sup>st</sup> March 2016.

### 26. Embezzlement of foreign currency

During the previous year, a case of embezzlement of foreign currency amounting to Rs. 1,631,317/- (equivalent to USD 25,175) was identified in one of the branches of the Company and the same had been charged off in the Statement of Profit & Loss account during the year ended 31<sup>st</sup> March 2016.

27. The Current Liabilities of the Company exceed its current assets by Rs.31,036,171/- at March 31, 2017. The Company believes it is in a position to raise requisite resources to meet its financial liabilities, failing which, Tata Capital Limited, the Holding Company has provided a confirmation to provide additional financial support to Tata Capital Forex Limited, for an aggregated amount of Rs 31,036,171.

28. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**For and on behalf of the Board of Directors**

**G. Sankaranarayanan**  
(Chairman)

**Prabhakar Dalal**  
(Director)

**Sudhir Nadkarni**  
(Director)

**Dhan Tata**  
(CEO & CFO)

**Megha Sekharan**  
(Company Secretary)

Mumbai

Date : April 27, 2017