

**TATA CAPITAL FOREX LIMITED**  
(Formerly 'T T HOLDINGS & SERVICES LIMITED')  
**Annual Report 2013-14**

## DIRECTORS' REPORT

**TO THE MEMBERS OF  
TATA CAPITAL FOREX LIMITED  
(FORMERLY 'T T HOLDINGS & SERVICES LIMITED')**

The Directors present their Eighth Annual Report and the Audited Statement of Accounts for the Financial Year ("FY") ended March 31, 2014.

### 1. BACKGROUND AND OPERATIONS

Tata Capital Forex Limited ("TCFL" or "Company") is a wholly owned subsidiary of Tata Capital Limited ("TCL"). The Company holds a 'Full Fledged Money Changer' licence from the Reserve Bank of India ("RBI") and has a network of 25 licensed locations spread across 15 cities in the country. The principal business of the Company is money changing by way of foreign currency, traveller's cheques and travel card products. The said license which was valid till April 30, 2014, has been put up for renewal and in the interim, the Company is authorized to carry on operations.

With a view to improving its business potential, the Company, during the year relocated its branches at Coimbatore, Fort in Mumbai and Jaipur. The Company is also in the process of setting up an additional branch in Vashi, Navi Mumbai. As a result of not winning the bid for continuation of its counter at Bengaluru International Airport, the license for this location has been surrendered along with the licenses for three other locations viz. Vadodara, Jodhpur and Pimpri-Pune, where the Company's business did not pan out as anticipated.

The largest share of the Company's revenue is from corporate customers. Business activity across industry had been subdued through the year due to depressed economic and political conditions. Coupled with this downturn, the Company continues to have to contend with aggressive pricing from competitors especially from banks that have become active players in the foreign exchange business. While volumes were 9.46% lower at USD 182.03 million (Previous Year: USD 201.07 million), the Company achieved a very marginal growth in revenue. Certain additional cost pressures, arising from employee costs, upgradation of IT platform and certain one-time provisioning arising from pre-acquisition accounting have resulted in the Company having had to suffer a significant loss during the year.

The Company retained its pre-eminent position amongst the country's highest sellers of American Express Traveller's cheques and also strengthened its position in selling co-branded Axis Bank travel cards, being amongst the top three sellers of these cards in India. The focus on customer acquisition continued and the Company added a further 513 customers during the year. As of March 2014, the Company was servicing 1,396 Corporate customers.

During the year under review, TCFL has recorded an Income of ₹ 15.66 crore (Previous Year: ₹ 15.97 crore) and reported a Loss of ₹ 5.96 crore (Previous Year: Loss of ₹ 0.60 crore).

### 2. OUTLOOK

Economic and business environment is showing trends of recovery and travel spends by Corporates are expected to improve. With the focus on customer acquisition and attention given to cost rationalization, it is expected that the Company should be able to recoup its losses in FY 2015.

### 3. FINANCIAL RESULTS

The performance of the Company in FY 2013-14 is summarized below: (₹ in crore)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Total Income	15.66	15.97
Total Expenditure	21.66	16.47
<b>Net Profit / (Loss) before tax</b>	<b>(6.00)</b>	<b>(0.50)</b>
Provision for Tax (including deferred tax)	0.04	(0.10)
<b>Net Profit / (Loss) after tax</b>	<b>(5.96)</b>	<b>(0.60)</b>
Balance brought forward from Previous Year	0.60	1.20
Amount available for Appropriation	(5.36)	0.60
Appropriations	Nil	Nil
<b>Surplus/(Loss) carried to Balance Sheet</b>	<b>(5.36)</b>	<b>0.60</b>

**4. DIVIDEND**

In view of the loss incurred by the Company in FY 2013-14 and taking into consideration the future business plans of the Company, the Board of Directors do not recommend any dividend for the year on the equity share capital of the Company.

**5. SHARE CAPITAL**

The Authorised Share Capital of the Company is ₹ 11,00,00,000 consisting of 1,10,00,000 Equity Shares of ₹ 10/- each and the Subscribed and Paid-up Share Capital of the Company is ₹ 10,43,39,690 consisting of 1,04,33,969 Equity Shares of ₹ 10/- each.

**6. FINANCE**

The Company has met its fund requirements through equity infusion from TCL and to enable further expansion of the business, the Company has arrangements in place with banks for meeting its working capital requirements.

**7. CHANGE OF NAME**

The name of the Company was changed from 'T T Holdings & Services Limited' to 'Tata Capital Forex Limited' with effect from August 29, 2013, after statutory requirements were duly complied with.

**8. HUMAN RESOURCES**

The employee strength of the Company as on March 31, 2014 was 136. The Company recognizes the value of its human capital and is continuously upgrading the skill levels of its workforce in key areas such as foreign exchange management and regulatory compliances. Towards this end, the Company exposed its front end sales teams to experiential sales training and also conducted for its Branch Managers a comprehensive program to provide them with an all round perspective of business.

**9. COMPLIANCE**

The Company has taken relevant steps to remedy any non-compliances based on concurrent audit reports and has complied with all the applicable statutory / regulatory provisions of the Companies Act, 1956, the Companies Act, 2013, the FEMA regulations and the regulations / circulars / guidelines / notifications issued by RBI, from time to time.

During the year, RBI carried out inspections at the Company's branches at Andheri in Mumbai, Cunningham Road, Bengaluru and Dadar, Mumbai. The Company has taken steps to implement the recommendations of the RBI in its inspection reports, under the overall guidance of the Board.

**10. DEPOSITS**

The Company has not accepted any public deposits during the year under review.

**11. ACCOUNTS AND ACCOUNTING STANDARDS**

The Company adheres to the Accounting Standards issued by The Institute of Chartered Accountants of India ("ICAI") in the preparation of its financial statements and has not adopted a treatment different from that prescribed in any Accounting Standard issued by ICAI and the Companies (Accounting Standards) Rules, 2006, as amended from time to time.

**12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

In view of the nature of the activities carried out by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988, relating to conservation of energy and technology absorption are not applicable to the Company.

Details of foreign exchange earnings and outgo during the year under review are, as under:

(Amount in ₹)

Sr No.	Particulars	Year ended March 31, 2014	Year ended March 31, 2013
1.	Earnings	8,917,705	1,44,69,608
2.	Outgo (On travelling expenses)	NIL	NIL

### 13. DIRECTORS

In accordance with the provisions of the Companies Act, 2013, Mr. Praveen P Kadle is liable to retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

### 14. MANAGER

The appointment of Mr. Dhan Tata as Manager of the Company for a period of five years with effect from February 1, 2013, had been approved by the Board of Directors at its Meeting held on February 25, 2013 and by the Members at the Annual General Meeting of the Company held on June 18, 2013. Mr. Dhan Tata's remuneration for FY 2013-14 is as prescribed under Para C of Section II of Part B of Schedule XIII to the Companies Act, 1956 (read with the Provisos thereto).

It was decided at the Nomination and Remuneration Committee Meeting held on April 25, 2014 and at the Board Meeting held on May 5, 2014, to pay Incentive Remuneration of ₹ 1,53,938 to Mr. Dhan Tata for FY 2013-14. With this, the total remuneration of Mr. Dhan Tata for FY 2013-14 is ₹ 72,91,468.

The terms and conditions, inter alia, of the appointment and remuneration of Mr. Dhan Tata, as per the Agreement dated July 29, 2013, executed by the Company and Mr. Dhan Tata, is as given below:

Remuneration	Salary - ₹ 2,00,000/- per month upto a maximum of ₹ 3,00,000/- per month. The annual increments which will be effective 1st April each year, will be decided by the Board or any Committee thereof and will be merit based and take into account the Company's performance as well. Commission, if any, or Incentive Remuneration not exceeding ₹ 50,00,000/- to be paid based on certain performance criteria and such other parameters as laid down by the Board or Committee thereof, as may be considered appropriate from time to time. In addition, benefits, perquisites and allowances as per the Agreement.
Minimum Remuneration	Where in any financial year during the currency of the tenure of the Manager, the Company has no profits or its profits are in-adequate, the Company will pay remuneration for a period not exceeding 3 years by way of Salary, Benefits, Perquisites and Allowances and Incentive Remuneration as specified above.
Term & Termination	The Agreement with Mr. Dhan Tata may be terminated by Mr. Dhan Tata giving three months notice of such termination or the Company paying three months remuneration in lieu of such notice.
Stock Options	As at March 31, 2014, Mr. Dhan Tata held 1,16,210 Equity Shares of TCL, the holding company, acquired under the Employee Stock Option/Purchase Scheme ("ESOP Scheme") of TCL. In addition to the above, Mr. Dhan Tata has 31,112 vested options, of which 15,556 options can be exercised upto August 2015 and the remaining 15,556 can be exercised upto August 2016. Further, he has 15,555 unvested options which will vest in August 2014 and can be exercised upto August 2017, for purchase of Equity Shares of TCL under the ESOP Scheme.
Other Terms	The said terms and conditions also include clauses pertaining to adherence with the Tata Code of Conduct, including no conflict of interest with the Company, non-compete and maintenance of confidentiality.

### 15. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems commensurate with its current size and business to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance of laws and regulations. The internal control system is supported by the internal audit process and will continue to be commensurate with growth in business activity.

The Company also has a monthly concurrent audit mechanism to provide the Management with continuous feedback on the operations at its branches vis-à-vis the regulatory framework and the Standard Operating Procedures set up by the Company to undertake its business.

### 16. CORPORATE GOVERNANCE

A summary of the Corporate Governance measures adopted by the Company is given below:

- i. The Company recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others.

- ii. The Board comprises three Non-Executive Directors ("NED") viz. Mr. Praveen P Kadle, (Chairman), Mr. Govind Sankaranarayanan and Mr. Shailesh H Rajadhyaksha.
- iii. During FY 2013-14, five Board Meetings were held on May 3, 2013, July 25, 2013, October 23, 2013, January 27, 2014 and February 20, 2014. Board meetings were held atleast once in three months and the time - gap between any two consecutive meetings did not exceed four months.
- iv. None of the NEDs drew any remuneration from the Company in the nature of salary, benefits, bonuses, pensions, etc. during FY 2013-14. None of the Directors were paid sitting fees.
- v. The Board has constituted Committees with specific terms of reference to focus on specific issues and ensure expedient resolution of diverse matters. These are the Audit Committee and Nomination and Remuneration Committee. The Company Secretary is the Secretary of all the aforementioned Committees.
- vi. The Audit Committee of the Board comprises Mr. Govind Sankaranarayanan, (Chairman), Mr. Praveen P Kadle and Mr. Shailesh H Rajadhyaksha, all of whom are financially literate and have relevant finance and/or audit exposure. Besides the Members of the Audit Committee, meetings of the Audit Committee are attended by the Business Head, Chief Executive Officer, Statutory Auditors, Internal Auditor, Principal Officer and the Company Secretary. The Internal Audit function is carried out by the Chief Internal Auditor of the group and reports to the Chairman of the Audit Committee to ensure independence of operations. During FY 2013-14, seven Meetings of the Audit Committee were held on May 3, 2013, July 25, 2013, September 19, 2013, October 23, 2013, December 4, 2013, January 27, 2014 and March 3, 2014.
- vii. The Nominations Committee of the Board comprises Mr. Praveen P Kadle (Chairman), Mr. Govind Sankaranarayanan and Mr. S H Rajadhyaksha. The role of Nominations Committee is to identify Directors to be inducted on the Board of the Company, from time to time and also to evaluate whether the members of the Board of Directors adhere to the 'fit and proper' criteria prescribed by Reserve Bank of India.

In terms of the requirements of the Companies Act, 2013, the Board of Directors combined the separate Nomination Committee and the Remuneration Committee into a single committee named 'Nomination and Remuneration Committee'. The said committee comprises Mr. S H Rajadhyaksha (Chairman), Mr. Praveen P Kadle and Mr. Govind Sankaranarayanan. The role of the Committee is in line with that prescribed under Companies Act, 2013 and as required by the Master Circular issued by the Reserve Bank of India for money changing activities.

- viii. The Board has adopted the following policies for the Company:
  - a) Tata Code of Conduct
  - b) Know Your Customer & Anti Money Laundering & Combating of Financing of Terrorism Policy and Guidelines on Prevention of Money Laundering Activities
  - c) Whistle Blower Policy
  - d) Risk Management Policy
  - e) Guidelines on Composition of Board of Directors, Committees of the Board and Retirement Age of Directors, etc.
- ix. TCL has signed the Tata Brand Equity and Business Promotion ("BEBP") Agreement with Tata Sons Limited on behalf of its subsidiaries including TCFL, for subscribing to the BEBP Scheme. The Company abides by the Tata Code of Conduct and the norms for using the Tata Brand identity.
- x. Mr. Amit Dutta is the Compliance Officer of the Company.
- xi. The Corporate Identity Number of the Company is U65921MH2006PLC238745 and website of the Company is [www.tatacapital.com](http://www.tatacapital.com).

## 17. AUDITORS

Messrs Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad ("DHS") (ICAI Firm Registration Number 117365W) who are the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting ("AGM") and are eligible for re-appointment.

DHS were appointed as the Statutory Auditors of the Company at the Extraordinary General Meeting of the Company held on June 28, 2011, for FY 2011-12. At the conclusion of the ensuing AGM of the Company, DHS would have completed a period of three years as Auditors of the Company. As per the provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, it is proposed to re-appoint

DHS as the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next AGM of the Company.

The Company has received a letter from DHS to the effect that their appointment, if made, would be in accordance with Section 139 of the Companies Act, 2013 and that, they are not disqualified for such appointment within the meaning of Section 141 of the Companies Act, 2013.

#### **18. PARTICULARS OF THE EMPLOYEES**

Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended from time to time) and forming part of the Directors' Report for the year ended March 31, 2014, is provided in an Annexure forming part of this Report.

#### **19. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representation received from the Operating Management, confirm that:

- i. in the preparation of the annual accounts for the financial year ended March 31, 2014, the applicable accounting standards have been followed and that there are no material departures;
- ii. they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the loss of the Company for that year;
- iii. they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
- iv. they have prepared the annual accounts of the Company on a 'going concern' basis.

#### **20. REPORT UNDER THE PREVENTION OF SEXUAL HARASSMENT ACT**

There were no complaints received under the Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### **21. ACKNOWLEDGEMENTS**

The Directors would like to place on record their gratitude for the valuable guidance and support received from the Reserve Bank of India and to convey their appreciation to the holding company viz. TCL, the Company's bankers, customers, channel partners and other business associates for the continuous support and encouragement given by them to the Company. The Directors also wish to extend their appreciation to all the employees for their teamwork and support in a difficult year.

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

**Praveen P Kadle**  
Chairman

Mumbai, May 5, 2014

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF TATA CAPITAL FOREX LIMITED

(Formerly known as T T Holdings & Services 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 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the 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. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("CARO" / "the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
- (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

**JoePretto**  
Partner  
(Membership No. 77491)

Mumbai, May 5, 2014



## ANNEXURE TO THE AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business/activities/result/transactions etc., clauses (ii), (viii), (x), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix), (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services. The activities of the Company do not involve purchases of inventory and sale of goods. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) To the best of our knowledge and according to the information and explanations given to us, there are no contracts or arrangements particulars of which needed to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
- (vi) According to the information and explanations given to us, the Company has not accepted deposits from the public during the period covered by our audit report. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any court or any other Tribunal in this regard in the case of the Company.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Securities Transaction Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of the Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Securities Transaction Tax, Cess and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.
  - (c) According to information and explanation given to us, there are no dues of Income-tax, Wealth Tax, Service Tax, Cess which have not been deposited on account of any dispute.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. According to the information and explanations given to us, the Company has not borrowed any sum from financial institutions or borrowed any sum by issue of debentures.

- (x) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xi) 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 has been noticed or reported during the year.

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

**JoePretto**  
Partner  
(Membership No. 77491)

Mumbai, May 5, 2014

**BALANCE SHEET AS AT MARCH 31, 2014**

Amount (in ₹)

	Note No.	As at March 31, 2014	As at March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	3	<b>104,339,690</b>	104,339,690
(b) Reserves and Surplus	4	<b>(53,654,564)</b>	5,944,618
<b>2 Current Liabilities</b>			
(a) Short-Term Borrowings	5	<b>341,970,689</b>	241,616,335
(b) Trade Payables	6	<b>131,978,696</b>	125,856,894
(c) Other Current Liabilities	7	<b>17,094,243</b>	13,866,717
(d) Short-Term Provisions	8	<b>1,421,193</b>	1,294,343
<b>TOTAL</b>		<b>543,149,947</b>	<b>492,918,597</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets	9		
(i) Tangible Assets		<b>9,506,128</b>	11,325,540
(ii) Intangible Assets		<b>930,384</b>	587,691
(b) Long-Term Loans and Advances	10	<b>20,714,446</b>	19,313,209
(c) Other Non-Current Assets	11	<b>1,488,060</b>	1,326,750
<b>2. Current Assets</b>			
(a) Trade Receivables	12	<b>332,270,268</b>	284,871,559
(b) Cash and Bank Balances	13	<b>130,402,882</b>	138,775,935
(c) Short-Term Loans and Advances	14	<b>47,837,779</b>	36,717,913
<b>TOTAL</b>		<b>543,149,947</b>	<b>492,918,597</b>
See Accompanying notes Forming Part of the Financial Statements	1-25		

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**  
Chartered Accountants

**G. Sankaranarayanan**  
(Director)

**Praveen P. Kadle**  
(Chairman)

**Joe Preto**  
Partner

**Dhan Tata**  
(Manager)

**Shailesh H. Rajadhyaksha**  
( Director)

Mumbai  
Date : May 05, 2014

**Raina Bhansali**  
(Company Secretary)

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

Amount (in ₹)

	Note No.	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
<b>I</b> Income from Forex Services	15	130,200,796	134,882,421
<b>II</b> Commission, Incentives and Other Income	16	26,396,484	24,860,723
<b>III Total Revenue (I + II)</b>		<b>156,597,280</b>	<b>159,743,144</b>
<b>IV Expenses :</b>			
Employee Benefits Expense	17	72,791,978	63,547,412
Finance Cost	18	24,552,842	29,148,260
Other Operating Expenses	19	115,612,205	68,743,212
Depreciation and Amortisation Expenses	9	3,632,584	3,229,495
<b>Total Expenses</b>		<b>216,589,609</b>	<b>164,668,379</b>
<b>V Loss Before Tax (III - IV)</b>		<b>(59,992,329)</b>	<b>(4,925,235)</b>
<b>VI Tax Expense:</b>			
Current Tax		-	-
Deferred Tax		-	1,088,864
Fringe Benefit Tax (Relating to Previous Years)		(393,147)	-
<b>Total Tax Expense</b>		<b>(393,147)</b>	<b>1,088,864</b>
<b>VII Loss For The Year (V - VI)</b>		<b>(59,599,182)</b>	<b>(6,014,099)</b>
<b>VIII Earnings Per Share</b>			
Basic and Diluted (in ₹)		<b>(5.71)</b>	(0.58)
Weighted Average Number of Equity Shares		<b>10,433,969</b>	10,433,969
Face Value Per Share (in ₹)		<b>10</b>	10
See Accompanying notes Forming Part of the Financial Statements	1-25		

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**  
Chartered Accountants

**G. Sankaranarayanan**  
(Director)

**Praveen P. Kadle**  
(Chairman)

**Joe Pretto**  
Partner

**Dhan Tata**  
(Manager)

**Shailesh H. Rajadhyaksha**  
( Director)

Mumbai  
Date : May 05, 2014

**Raina Bhansali**  
(Company Secretary)

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**

Amount (in ₹)

	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
<b>A CASH FLOW (USED IN) / FROM OPERATING ACTIVITIES</b>		
Loss Before Taxes	(59,992,329)	(4,925,235)
<b>Adjustments For :</b>		
Provision For Doubtful Debts (Written back) / Written off	(387,456)	893,093
Provision For Doubtful Advances	10,154,947	–
Depreciation	3,632,584	3,229,495
Interest Cost	24,552,842	29,148,260
Loss on Sale of Fixed Assets	207,192	28,559
Provision For Leave Encashment	1,480,110	1,265,587
Net Unrealised Exchange Loss	378,643	162,263
<b>Operating Profit Before Working Capital Changes</b>	<b>(19,973,467)</b>	<b>29,802,022</b>
<b>Adjustments For :</b>		
Trade Receivables	(47,011,253)	74,754,307
Loans and Advances	(21,436,122)	(8,506,039)
Current Liabilities and Provisions	8,389,215	(6,005,810)
<b>Cash (Used in) / From Operations</b>	<b>(80,031,627)</b>	<b>90,044,480</b>
Taxes Paid	(1,401,237)	(1,517,762)
<b>CASH FLOW (USED IN) / FROM OPERATING ACTIVITIES</b>	<b>(81,432,864)</b>	<b>88,526,718</b>
<b>B CASH FLOW (USED IN) INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2,690,159)	(2,296,862)
Proceed from Sale of Fixed Assets	327,101	35,000
<b>CASH FLOW (USED IN) INVESTING ACTIVITIES</b>	<b>(2,363,058)</b>	<b>(2,261,862)</b>
<b>C CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>		
Interest on Short-term borrowings	(24,552,842)	(29,148,260)
Working Capital Loan	189,526,907	(143,798,947)
Bank Overdraft	827,447	(1,134,921)
Inter-Corporate Deposits Received	–	440,000,000
Inter-Corporate Deposits Repaid	(90,000,000)	(350,000,000)
<b>CASH FLOW FROM / ( USED IN) FINANCING ACTIVITIES</b>	<b>75,801,512</b>	<b>(84,082,128)</b>
<b>Net (Decrease) / Increase In Cash and Cash Equivalents</b>	<b>(7,994,410)</b>	<b>2,182,728</b>
<b>Cash and Cash Equivalents as at the Beginning of the Year (Refer Note 1)</b>	<b>138,775,935</b>	<b>136,755,470</b>
<b>Cash and Cash Equivalents as at the close of the Year (Refer Note 1)</b>	<b>130,781,525</b>	<b>138,938,198</b>

Note 1 - Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money-market instruments. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts.

Amount (in ₹)

	<b>For the Year Ended March 31, 2014</b>	<b>For the Year Ended March 31, 2013</b>
Cash on Hand	59,172,956	87,724,334
Balances with Banks in Current Accounts	71,229,926	51,051,601
<b>Cash and Cash Equivalents</b>	<b>130,402,882</b>	<b>138,775,935</b>
Effect of Exchange Rate Changes	378,643	162,263
<b>Cash and Cash Equivalents as Restated</b>	<b>130,781,525</b>	<b>138,938,198</b>

**See Accompanying Notes Forming Part of  
Financial Statements**

**1-25**

In terms of our report attached

For and on behalf of the Board of Directors

**For Deloitte Haskins & Sells**  
Chartered Accountants

**G. Sankaranarayanan**  
(Director)

**Praveen P. Kadle**  
(Chairman)

**Joe Pretto**  
Partner

**Dhan Tata**  
(Manager)

**Shailesh H. Rajadhyaksha**  
( Director)

Mumbai  
Date : May 05, 2014

**Raina Bhansali**  
(Company Secretary)

## Notes to the financial statement for the year ended March 31, 2014

### 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 notified under Section 211(3C) of the Companies Act, 1956 (the "1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (the "2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable.

##### ii) Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods. Examples of such estimates include provision for employee benefit plans and provision for income taxes.

##### 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

###### **Tangible:**

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

###### **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.

###### **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 and amortisation

Depreciation on tangible fixed assets is provided on straight-line method at the rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956 or over the estimated useful life of the asset, whichever is higher.

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

Depreciation rates used by the Company are:

Furniture and fixtures	10.00% or over period of lease
Computer equipment	33.33%
Office equipment	10.00%
Vehicles	23.75%
Building	4.00%

Purchased software/software products are amortised over the period the benefit expected to accrue. Depreciation on pro rata basis has been provided for all acquisitions during the year.

**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 other Income.

**vii) Taxation**

***Income tax***

The Company's income taxes include current tax on the Company's taxable profits and deferred tax. Current tax is measured on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred tax assets and liabilities are measured using enacted tax rates and tax regulations or those that have been substantively enacted at the balance sheet date.

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 assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.

The carrying amount of deferred tax assets is reassessed at each balance sheet date, based Upon management's judgment as to whether their realisation is considered as reasonably certain.

**viii) 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.

**ix) 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 recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.

**x) Earnings Per Share**

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the



weighted average number of shares considered for deriving earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

**xi) Employee Benefits**

**(i) Short Term**

Short term employee benefits are recognized as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

Compensated absences which accrue to employees are expected to be encashed or availed in same financial year that the leaves accrue. These are reported as expenses during the year in which the employees perform the services that the benefit covers

**(ii) Long Term**

The Company has both defined-contribution and defined-benefit plans. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

**(a) 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. These comprise of contributions to the employees' provident fund and family pension fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers. Actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Statement of Profit and Loss.

**(b) Defined-benefit plans**

An expense for defined-benefit gratuity is calculated as at the balance sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. 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.

Actuarial gains and losses are accounted in the Statement Profit and Loss.

**xii) 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.

## NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

### 3. SHARE CAPITAL

Amount (in ₹)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
<b>AUTHORISED</b>		
11,000,000 Equity Shares (Previous Year : 11,000,000 shares ) of ₹ 10 each	110,000,000	110,000,000
	<b>110,000,000</b>	<b>110,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
10,433,969 Equity Shares (Previous Year : 10,433,969 shares ) of ₹ 10 each	104,339,690	104,339,690
<b>Total</b>	<b>104,339,690</b>	<b>104,339,690</b>

#### 3(a). Reconciliation of Number of Shares Outstanding

Amount (in ₹)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
<b>Opening Share Capital</b>		
Equity Face Value ₹ 10/- Fully Paid Up	10,433,969	10,433,969
<b>Adjustments During the Year</b>	-	-
<b>Closing Share Capital</b>		
Equity Face Value ₹ 10/- Fully Paid Up	10,433,969	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 ₹)
Tata Capital Limited (Holding Company)	Opening Balance as on 01.04.12	10,433,969	104,339,690
	Closing Balance as on 31.03.13	10,433,969	104,339,690
	Closing Balance as on 31.03.14	10,433,969	104,339,690

#### 3(c). List of Shareholders Holding More Than 5% Shares as at

Name of Shareholder	As at 1st April, 2013		As at 31st March, 2014	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Tata Capital Limited and its Nominees	10,433,969	100%	10,433,969	100%
Name of Shareholder	As at 1st April, 2012		As at 31st March, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Tata Capital Limited and its Nominees	10,433,969	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.
- 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

Amount (in ₹)

PARTICULARS	As at March 31, 2013	Addition	Deductions/ Adjustments	As at March 31, 2014
(a) General Reserve	1,373,413	-	-	1,373,413
(b) Surplus / (Deficit) in the Statement of Profit and Loss	4,571,205	(59,599,182)	-	(55,027,977)
<b>Total</b>	<b>5,944,618</b>	<b>(59,599,182)</b>	<b>-</b>	<b>(53,654,564)</b>

**5. SHORT TERM BORROWINGS**

Amount (in ₹)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
<b>(a) Loans Repayable on Demand</b>		
<b>Secured</b>		
(i) From Banks		
Working Capital Demand Loan (Refer Note Below)	317,455,759	127,928,852
<b>Unsecured</b>		
(i) From Banks		
Bank Overdraft as per Books	24,514,930	23,687,483
<b>(b) Loans and Advances From Holding Company (Unsecured)</b> (Repayable on Demand)	–	90,000,000
<b>Total</b>	<b>341,970,689</b>	<b>241,616,335</b>

**Note :** Loan from Bank is Secured against Hypothecation of Current Assets in nature of Trade Receivables, Cash and Bank Balances

**6. TRADE PAYABLES**

Amount (in ₹)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
(a) Payable to Service Providers	121,248,712	118,189,767
(b) Accrued Employee Benefit Expenses	6,593,194	2,806,995
(c) Payable to Related Parties		
Tata Capital Limited	242,012	1,275,271
Tata Capital Financial Services Limited	2,784,986	3,584,861
TC Travel and Services Limited	1,109,792	–
<b>Total</b>	<b>131,978,696</b>	<b>125,856,894</b>

**7. OTHER CURRENT LIABILITIES**

Amount (in ₹)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
(a) Statutory Remittances	4,217,532	919,248
(b) Payable to TT Logistics and Services Limited	12,749,549	12,754,009
(c) Others	127,162	193,460
<b>Total</b>	<b>17,094,243</b>	<b>13,866,717</b>

**8. SHORT TERM PROVISIONS**

Amount (in ₹)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
(a) Provision for Leave encashment	1,132,690	612,693
(b) Provision for Tax (Net of Advance Taxes)	288,503	681,650
<b>Total</b>	<b>1,421,193</b>	<b>1,294,343</b>

**9. FIXED ASSETS**

Amount (in ₹)

Particulars	Gross Block			Accumulated Depreciation and Amortisation				Net Block	
	Balance as at April 1, 2013	Additions	Disposals	Balance as at March 31, 2014	Balance as at April 1, 2013	Depreciation / Amortisation for the Year	Disposals	Balance as at March 31, 2014	As at March 31, 2014
<b>TANGIBLE FIXED ASSETS</b>									
Previous Year	24,295,794	1,723,599	2,411,803	23,607,590	12,970,254	3,008,718	1,877,510	14,101,462	9,506,128
Leasehold Improvements	20,544,424	3,935,034	183,664	24,295,794	10,262,364	2,827,995	120,105	12,970,254	11,325,540
Previous Year	5,691,226	1,050,212	409,817	6,331,621	1,431,846	747,300	293,050	1,886,096	4,445,525
Furniture & Fixtures	4,765,941	925,285	-	5,691,226	642,176	789,670	-	1,431,846	4,259,380
Previous Year	4,710,477	143,944	772,794	4,081,627	4,196,299	61,186	699,795	3,557,690	523,937
Computer Equipment	4,580,539	129,938	-	4,710,477	4,109,505	86,794	-	4,196,299	514,178
Previous Year	7,732,099	72,300	418,180	7,386,219	4,688,227	1,594,775	395,043	5,887,959	1,498,260
Office Equipment	5,536,831	2,195,268	-	7,732,099	3,351,031	1,337,196	-	4,688,227	3,043,872
Previous Year	6,161,992	457,143	811,012	5,808,123	2,653,882	605,457	489,622	2,769,717	3,038,406
Previous Year	5,477,449	684,543	-	6,161,992	2,072,292	581,590	-	2,653,882	3,508,110
Vehicles	-	-	-	-	-	-	-	-	-
Previous Year	183,664	-	183,664	-	87,360	32,745	120,105	-	-
<b>INTANGIBLE FIXED ASSETS</b>									
Previous Year	3,083,013	966,560	-	4,049,573	2,495,323	623,866	-	3,119,189	930,384
Software	2,890,652	192,361	-	3,083,013	2,093,822	401,500	-	2,495,322	587,691
Previous Year	3,083,013	966,560	-	4,049,573	2,495,323	623,866	-	3,119,189	930,384
Previous Year	2,890,652	192,361	-	3,083,013	2,093,822	401,500	-	2,495,322	587,691
<b>Total</b>	<b>27,378,807</b>	<b>2,690,159</b>	<b>2,411,803</b>	<b>27,657,163</b>	<b>15,465,577</b>	<b>3,632,584</b>	<b>1,877,510</b>	<b>17,220,651</b>	<b>10,436,512</b>
Previous Year	23,435,076	4,127,395	183,664	27,378,807	12,356,186	3,229,495	120,105	15,465,576	11,913,231

**10. LONG-TERM LOANS AND ADVANCES - OTHERS (UNSECURED CONSIDERED GOOD)** Amount (in ₹)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
Advance Payment of Income Tax, Net of Provision	20,595,289	19,194,052
Loan to TCL Employees Welfare Trust	119,157	119,157
<b>Total</b>	<b>20,714,446</b>	<b>19,313,209</b>

**11. OTHER NON CURRENT ASSETS** Amount (in ₹)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
Gratuity Asset (Net)	1,488,060	1,326,750
<b>Total</b>	<b>1,488,060</b>	<b>1,326,750</b>

**12. TRADE RECEIVABLES** Amount (in ₹)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
(a) Over Six Months (From the Due Date for Payment)		
(i) Unsecured, Considered Good	8,939,885	6,846,456
(ii) Doubtful	2,522,760	2,910,216
	11,462,645	9,756,672
Less: Provision for Doubtful Debts	2,522,760	2,910,216
	8,939,885	6,846,456
(b) Others		
(i) Unsecured, Considered Good	323,330,383	278,025,103
<b>Total</b>	<b>332,270,268</b>	<b>284,871,559</b>

**13. CASH AND BANK BALANCES** Amount (in ₹)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
(a) Cash on Hand	59,172,956	87,724,334
(b) Balances with Banks		
In Current Accounts	71,229,926	51,051,601
<b>Total</b>	<b>130,402,882</b>	<b>138,775,935</b>

**Note** 1) Cash on Hand includes Foreign Currency Balances, Encashed Travelers Cheque and Travel Card not surrendered  
2) All the above Balances meet the Definition of Cash and Cash Equivalents as per AS 3 Cash Flow Statement.

**14. SHORT TERM LOANS AND ADVANCES**

Amount (in ₹)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
<b>Unsecured - Considered Good</b>		
(a) Deposits	28,065,909	25,417,909
(b) Prepaid Expenses	2,161,448	2,008,785
(c) Advance to Suppliers	3,057,368	8,951,250
(d) Others Advances		
– Receivable From Citi Bank NA	2,605,244	–
– Claim from TT Logistics and Services Limited	10,348,280	203,975
– Staff Advances	825,870	135,994
– Capital Advances	773,660	–
<b>Unsecured - Doubtful</b>		
(a) Receivable From Citi Bank NA	10,154,947	–
Less: Provision for doubtful advances	10,154,947	–
	–	–
<b>Total</b>	<b>47,837,779</b>	<b>36,717,913</b>

**15. INCOME FROM FOREX SERVICES**

Amount (in ₹)

PARTICULARS	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
Income from Sale of -		
(a) Currency	94,810,159	100,548,197
(b) Travelers Cheque	4,493,918	6,019,201
(c) Travel Cards	17,292,786	17,652,258
(d) Travelers Cheque Surrender	4,511,880	4,211,053
(e) Travel Cards Encashment	9,092,053	6,451,712
<b>Total</b>	<b>130,200,796</b>	<b>134,882,421</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. COMMISSIONS, INCENTIVES & OTHER INCOME**

Amount (in ₹)

PARTICULARS	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
(a) Incentives	18,069,501	16,708,493
(b) Commissions	1,299,205	1,533,669
(c) Service Charges & Other Income	6,640,322	6,618,561
(d) Provision for doubtful debts written back	387,456	–
<b>Total</b>	<b>26,396,484</b>	<b>24,860,723</b>

**17. EMPLOYEE BENEFITS EXPENSE**

Amount (in ₹)

PARTICULARS	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
(a) Salaries, Wages and Bonus	66,333,235	58,096,627
(b) Contribution to Provident Fund and Other Funds	3,853,801	3,103,669
(c) Staff Welfare Expenses	2,604,942	2,347,116
<b>Total</b>	<b>72,791,978</b>	<b>63,547,412</b>

**18. FINANCE COST**

Amount (in ₹)

PARTICULARS	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
(a) Interest Expense on:		
(i) Working Capital Demand Loans	21,522,703	21,313,500
(ii) Inter-Corporate Deposits	3,030,139	7,834,760
<b>Total</b>	<b>24,552,842</b>	<b>29,148,260</b>

**19. OTHER OPERATING EXPENSES**

Amount (in ₹)

PARTICULARS	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
(a) Auditors' Remuneration :		
i) Statutory Audit Fees	700,000	700,000
ii) Tax Audit Fees	100,000	100,000
iii) Other Services	280,000	25,000
(b) Books and Periodicals	48,882	42,105
(c) Bank Charges	3,996,053	3,346,318
(d) Business Promotion	817,319	184,791
(e) Commission & Brokerage	1,525,588	5,080,910
(f) Insurance	505,058	686,705
(g) IT Expenses	7,495,241	–
(h) Legal and Professional Fees	10,602,856	6,562,861
(i) Airport License Fees	9,407,593	12,129,863
(j) Electricity Expenses	1,685,445	1,493,668
(k) Other Expenses	6,975,233	332,366
(l) Printing and Stationery	2,082,088	1,472,328
(m) Rates, Taxes & Insurance	678,459	235,404
(n) Rent	20,523,548	16,107,774
(o) Provision for Doubtful Debts	10,154,947	893,093
(p) Service Provider's Charges - Staff on Deputation	2,831,327	4,167,052
(q) Office Maintenance	6,213,658	4,747,749
(r) Postage & Telephone	4,094,412	3,850,901
(s) Travelling and Conveyance	13,830,466	6,555,765
(t) Prior period item (Refer Note 21)	10,856,840	–
(u) Loss on Sale / Disposal of Assets	207,192	28,559
<b>Total</b>	<b>115,612,205</b>	<b>68,743,212</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, 2014 (As at March 31, 2013 - Nil).

## 21. PRIOR PERIOD ITEM- RATE DIFFERENCE WRITTEN OFF (INCLUDED IN OTHER OPERATING EXPENSES)

The company had recognized higher operating income during the previous years on account of foreign exchange rates relating to currency debtors which is now rectified and accounted for as Prior Period Item (Expense).

## 22. 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 by only the Company. The contributions are based on a certain proportion of the employee's salary.

The Company recognised charge of ₹ 2,925,271/- (Previous year ended March 31, 2013 ₹ 2,539,970/-) 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

Amount (in ₹)

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
<b>Change in Defined benefit obligation (DBO) during the year</b>		
Opening Defined benefit obligation	2,393,870	1,575,890
Current Service Cost	634,950	484,180
Interest Cost	152,810	111,280
Acquisition Cost / (Credit)	6,248,040	817,410
Actuarial Losses / (Gain)	(654,890)	(1,190)
Benefits Paid	(967,410)	(593,700)
Closing Defined benefit obligation	<b>7,807,370</b>	<b>2,393,870</b>
<b>Change in the Fair value of assets during the year</b>		
Opening Fair value of plan assets	3,720,620	3,173,710
Acquisition Adjustment	6,248,040	–
Expected Return on Plan Assets	275,770	243,560
Actuarial Gains / (Losses)	5,530	79,640
Contributions by Employer	–	–
Benefits paid	(954,530)	(593,700)
<b>Closing Fair value of plan assets</b>	<b>9,295,430</b>	<b>3,720,620</b>



Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
<b>Net Assets/(Liability) recognised in Balance Sheet</b>		
Present value of defined benefit obligation	7,807,370	2,393,870
Fair value of plan assets	9,295,430	3,720,620
Funded status [Surplus / (Deficit)]	1,488,060	1,326,750
Unrecognised past service costs	–	–
<b>Net Asset/(Liability) recognised in the Balance Sheet</b>	<b>1,488,060</b>	<b>1,326,750</b>
<b>Net Gratuity expense for the year</b>		
Current service cost	634,950	484,180
Interest costs	152,810	111,180
Expected return on plan assets	(275,770)	(244,530)
Actuarial (Gains) / Losses	(659,450)	(80,830)
<b>Total Gratuity expense recognised in the Statement of Profit and Loss</b>	<b>(147,460)</b>	<b>270,000</b>
<b>Assumptions :</b>		
Discount Rate	9.30%	8.00%
Expected Rate of Return on Plan Assets	8.50%	8.50%
Salary Escalation Rate	7.50% p.a for first 5 years and 5% thereafter.	7.50% p.a for first 5 years and 5% thereafter.
Mortality tables	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (1994-96) 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%

Composition of plan assets is as follows:	Percentage
Government bonds	0.00%
PSU bonds	0.00%
Equity mutual funds	0.00%
Others (including assets under scheme of Insurance)	100.00%
<b>Total</b>	<b>100.00%</b>

Experience adjustment	2013-14	2012-13	2011-12	2010-11
Experience Gain/(Loss) adjustments on Plan Liabilities	74,670	249,970	(101,890)	–
Experience Gain/(Loss) adjustments on Plan Assets	4,560	79,640	–	–
Actuarial Gain/(Loss) due to change on assumption	580,220	(248,780)	57,800	–
Defined benefit obligation at the end of the period	(7,807,370)	(2,393,870)	(1,575,890)	(1,932,030)
Plan Assets at the end of the period	9,295,430	3,720,620	3,173,710	2,197,660
<b>Funded Status</b>	<b>1,488,060</b>	<b>1,326,750</b>	<b>1,597,820</b>	<b>265,630</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 2014-15 is ₹ Nil.

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

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

Related Party	Relationship
Tata Sons Limited	Ultimate Holding Company.
Tata Capital Limited	Holding Company.

**Subsidiaries of Tata Capital Limited (with whom transactions have been entered into during the current year)**

Tata Capital Financial Services Limited
Tata Securities Limited
TC Travel and Services Limited

**Subsidiaries of Tata Sons Limited (with whom transactions have been entered into during the current year)**

Tata AIG General Insurance Company Limited
Tata Consulting Engineers Limited (formerly TCE Consulting Engineers Limited)
Tata Industries Limited
Tata Petrodyne Limited
Tata Consultancy Services Limited
e-Nxt Financials Limited
Drive India Enterprises Solutions Limited
Tata Business Support Services Limited
Tata International Limited
Tata Advance System Limited
Tata Autocomp System Limited
Tata Sky Limited
Tata Tele Services Limited
Infiniti Retail Limited

**Key Management Personnel**

Mr. Dhan Tata

**B) Transactions carried out with related parties referred in A above, in ordinary Course of business:**

Amount (in ₹)

Sr. No	Party Name		Nature of transactions	2013-14	2012-13
1	Tata AIG General Insurance Co Limited	A)	Services rendered #	2,938,310	3,941,936
		B)	Funds received for services rendered #	2,566,832	4,033,944
		C)	Outstanding receivable for services rendered #	385,854	14,336
		D)	Amount payable #	40	–

Sr. No	Party Name		Nature of transactions	2013-14	2012-13
2	Tata Capital Limited	A)	Services rendered #	6,093,619	4,948,970
		B)	Funds received for services rendered #	5,680,952	5,096,338
		C)	Outstanding receivable for services rendered #	609,096	196,429
		D)	ICDs received #	–	44,000,000
		E)	ICDs repaid #	90,000,000	35,000,000
		F)	Interest Paid #	3,030,139	7,834,760
		G)	Reimbursement of Expenses #	2,867,619	1,275,271
		H)	Amount payable #	242,012	1,275,271
3	Tata Capital Financial Services Limited	A)	Services rendered #	8,826,123	6,613,964
		B)	Funds received for Services rendered #	9,114,948	8,626,131
		C)	Outstanding receivable #	–	897,921
		D)	Reimbursement of Expenses #	5,727,553	7,665,277
		E)	Amount Payable	2,784,986	3,584,861
4	Tata Sons Limited	A)	Services rendered #	14,197,955	7,975,582
		B)	Funds received for services rendered #	14,788,845	7,016,157
		C)	Outstanding receivable for service rendered #	368,535	959,425
		D)	Rent Paid	4,996,034	495,000
		E)	Deposit	2,990,000	990,000
5	Tata Securities Limited	A)	Services rendered #	584,187	3,830,150
		B)	Funds received for services rendered #	427,310	3,830,150
		C)	Outstanding receivable for services rendered #	156,877	–
6	TC Travel & Services Limited	A)	Commission Expense	940	189,156
		B)	Commission payable	123,425	122,485
		C)	Services Rendered #	6,120,711	3,917,078
		D)	Funds received for services rendered #	7,954,020	2,049,318
		E)	Outstanding receivable for services rendered #	34,451	1,867,760
		F)	Services received	2,626,532	407,345
		G)	Funds Paid for services received	1,516,740	407,345
		H)	Outstanding Payable #	1,109,792	–
7	Tata Consulting Engineers Limited	A)	Services rendered #	86,114,085	58,975,850
		B)	Funds received for services rendered #	83,306,348	58,384,123
		C)	Outstanding receivable for services rendered #	3,997,387	1,189,650

Sr. No	Party Name		Nature of transactions	2013-14	2012-13
8	Tata Industries Limited	A)	Services rendered #	4,023,102	2,086,847
		B)	Funds received for services rendered #	3,396,938	2,159,428
		C)	Outstanding receivable for services rendered #	752,782	126,618
9	Tata Petrodyne Limited	A)	Services rendered #	3,852,441	3,880,886
		B)	Funds received for services rendered #	3,638,586	3,880,886
		C)	Outstanding receivable for services rendered #	213,855	–
10	Tata Consultancy Services Limited	A)	Services rendered including handling charges #	450,148,307	2,660,039,695
		B)	Funds received for services rendered #	380,013,385	2,739,451,545
		C)	Outstanding receivable for services rendered #	153,004,779	82,865,004
		D)	Services received #	7,705,378	–
		E)	Amount Payable #	1,446,649	–
11	e-Nxt Financials Limited	A)	Services rendered #	378,610	269,020
		B)	Funds received for services rendered #	126,597	269,020
		C)	Services Received	3,065,974	280,337
		D)	Amount Payable	1,244,404	280,337
12	Drive India Enterprises Solutions Limited	A)	Services rendered #	294,778	–
		B)	Funds received for services rendered #	294,778	–
		C)	Services Received #	–	5,500
		D)	Amount Payable #	–	–
13	Tata Business Support Services Limited	A)	Services rendered #	234,707	–
		B)	Funds received for services rendered #	234,707	–
		C)	Outstanding receivable for services rendered #	–	–
14	Tata International Limited	A)	Services rendered #	140,563	–
		B)	Funds received for services rendered #	140,563	–
		C)	Outstanding receivable for services rendered #	–	–
15	Tata Advanced System Limited	A)	Services rendered #	3,508,066	908,337
		B)	Funds received for services rendered #	2,118,281	908,337
		C)	Outstanding receivable for services rendered #	1,389,785	–
16	Tata Autocomp System Limited	A)	Services rendered #	3,791,557	–
		B)	Funds received for services rendered #	3,698,442	–
		C)	Outstanding receivable for services rendered #	93,115	–

Sr. No	Party Name		Nature of transactions	2013-14	2012-13
17	Tata Sky Limited	A)	Services rendered #	2,544,738	2,761,142
		B)	Funds received for services rendered #	2,214,803	3,061,142
		C)	Outstanding receivable for services rendered #	29,935	-
		D)	Amount Payable	-	300,000
18	Tata Tele Services Limited	A)	Services rendered #	83,317	277,657
		B)	Funds received for services rendered #	83,317	277,657
		C)	Outstanding receivable for services rendered #	-	-
19	Infiniti Retail Limited	A)	Services rendered #	2,422,368	-
		B)	Funds received for services rendered #	2,422,368	-
		C)	Outstanding receivable for services rendered #	-	-
20	Mr. Rajan Bhat (Key Management Personnel)	A)	Remuneration paid	-	6,286,774
21	Mr. Dhan Tata (Key Management Personnel)	A)	Remuneration paid	7,291,468	-

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

## - In view of the inadequacy of profit as computed under section 349 of The Companies Act 1956 ("Act"), the shareholders of the company at the general meeting held on June 18, 2013 approved of the terms of remuneration of Mr. Dhan Tata in accordance with Schedule XIII of the Act.

#### 24. Earnings per share:

Amount (in ₹)

Particulars	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
Loss after tax	(5,95,99,182)	(60,14,099)
Weighted average number of equity shares used in computing basic earnings per share	1,04,33,969	1,04,33,969
Face value of equity shares	10	10
<b>Basic and Diluted earnings per share</b>	<b>(5.71)</b>	<b>(0.58)</b>

25. 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

**Praveen P. Kadle**  
(Chairman)

**G. Sankaranarayanan**  
(Director)

**Shailesh H. Rajadhyaksha**  
(Director)

**Raina Bhansali**  
(Company Secretary)

**Dhan Tata**  
(Manager)

Mumbai  
Date : May 5, 2014