

# Tata Motors Insurance Broking & Advisory Services Limited

2014 – 15

# Deloitte Haskins & Sells LLP

Chartered Accountants  
Indiabulls Finance Centre  
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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TATA MOTORS INSURANCE BROKING & ADVISORY SERVICES LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **TATA MOTORS INSURANCE BROKING & ADVISORY SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on 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 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 we have obtained 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 give 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 31<sup>st</sup> March, 2015, 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 the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2015, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report 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.

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- (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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 23 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts 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.
3. As required by the Regulation 29(6) of the Insurance Regulatory and Development Authority (Insurance Brokers) Regulations, 2013 ("IRDA Regulations"), we have issued a separate certificate dated May 4, 2015 on compliance by the Company of the IRDA Regulations to the extent applicable to the Company during the year.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No.117366W / W100018)



**MOHAMMED BENGALI**  
Partner  
(Membership No. 105828)

Place: Mumbai

Date: 4<sup>th</sup> May, 2015

**ANNEXURE TO THE INDEPENDENT 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/ results during the year, clauses (ii), (v) and (vi) of paragraph 3 of the Order are not applicable to the Company.
- (ii) In respect of the Company's fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with the programme of verification which provides for physical verification of all the fixed assets once in three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (iii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. Therefore, the provisions of paragraphs 3 (iii) (a) and 3 (iii) (b) of the Order are not applicable to the Company;
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. The nature of the Company's business is such that it does not involve purchase of inventories and sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system;
- (v) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no amounts undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Service tax, Cess

and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable except for the instance given below:

<b>Name of Statute</b>	<b>Nature of dues</b>	<b>Amount Involved (Rs.)</b>	<b>Period to which the Amount Relates</b>	<b>Due Date</b>
Employees' State Insurance	ESIC Monthly Contribution	6,323	August' 14	21-Sep-14

(c) Details of dues of service tax which have not been deposited as on March 31, 2015 on account of any disputes are given below:

<b>Statute</b>	<b>Nature of dues</b>	<b>Forum where dispute is pending</b>	<b>Period to which the amount relates</b>	<b>Amount involved</b>
Finance Act, 1994	Service Tax	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	July 2003 to October 2005	207,100/-

(d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

- (vi) The Company does not have accumulated losses at the end of the financial year and the Company has incurred cash losses during the financial year covered by the audit but has not incurred cash losses during the immediately preceding financial year;
- (vii) In our opinion and according to the information and explanations given to us, there were no dues payable to the financial institutions and banks. The Company has not issued any debentures. Therefore, the provisions of paragraph 3 (ix) of the Order are not applicable to the Company;
- (viii) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions;

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- (ix) According to the information and explanations given to us, the Company has not availed any term loan. Therefore, the provisions of paragraph 3 (xi) of the Order are not applicable to the Company;
- (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 has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No.117366W / W100018)



MOHAMMED BENGALI  
Partner  
(Membership No. 105828)

Place: Mumbai

Date: 4th May 2015

# Tata Motors Insurance Broking & Advisory Services Limited

Balance Sheet as at March 31, 2015

	Note No.	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholder's Funds</b>			
(a) Share Capital	"2"	25,000,000	25,000,000
(b) Reserves and Surplus	"3"	40,765,556	87,876,323
		<b>65,765,556</b>	<b>112,876,323</b>
<b>2 Non-current Liabilities</b>			
Long-term Provisions	"4"	6,177,000	5,196,225
<b>3 Current Liabilities</b>			
(a) Short-term Borrowings	"5"	33,000,000	-
(b) Trade Payables	"6"	32,733,658	25,620,335
(c) Other Current Liabilities	"7"	16,500,817	13,028,854
(d) Short-term Provisions	"4"	3,701,000	298,775
		<b>85,935,475</b>	<b>38,947,964</b>
<b>TOTAL</b>		<b>157,878,031</b>	<b>157,020,512</b>
<b>II. ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed Assets	"8"		
(i) Tangible Assets		1,579,960	2,825,207
(ii) Intangible Assets		1,725,624	438,937
(ii) Intangible Assets under development		11,475,000	-
		<b>14,780,584</b>	<b>3,264,144</b>
(b) Deferred Tax Assets (Net)	"9"	17,530,933	14,757,728
(c) Long Term Loans & Advances	"10"	66,592,165	53,743,426
(d) Other Non-Current Assets	"11"	1,072,411	-
		<b>99,976,093</b>	<b>71,765,298</b>
<b>2 Current Assets</b>			
(a) Current Investments	"12"	8,691,817	35,979,306
(b) Trade Receivables	"13"	22,206,254	26,942,243
(c) Cash and Cash Equivalents	"14"	16,232,254	10,976,882
(d) Short Term Loans & Advances	"15"	6,566,400	6,493,200
(e) Other Current Assets	"16"	4,205,213	4,863,583
		<b>57,901,938</b>	<b>85,255,214</b>
<b>TOTAL</b>		<b>157,878,031</b>	<b>157,020,512</b>

Notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

*Mohammed Bengali*

Mohammed Bengali  
Partner

Mumbai, 4th May 2015

*Shyam Mani*  
Director

Tarun Samant  
Chief Executive & Principal Officer

Mumbai, 4th May 2015

*V B Somaiya*  
Director

Veena Wadkar  
Chief Financial Officer



**Tata Motors Insurance Broking & Advisory Services Limited**

**Statement of Profit and Loss for the year ended March 31, 2015**

	Note No.	Year ended March 31, 2015 Rupees	Year ended March 31, 2014 Rupees
I. Revenue from Operations	"17"	92,010,687	340,682,946
II. Other Income	"18"	3,273,550	7,575,465
III. Total Revenue (I + II)		95,284,237	348,258,411
IV. Expenses :			
(a) Employee Cost / Benefits Expense	"19"	85,816,521	64,148,608
(b) Finance Cost		872,219	-
(c) Depreciation and Amortisation Expenses	"8"	1,879,913	950,963
(d) Other Expenses	"20"	56,411,694	289,966,145
Total Expenses		144,780,347	355,065,716
V. Profit / (Loss) Before Extraordinary Items and Tax (III-IV)		(49,496,110)	(6,807,305)
VI. Extraordinary Items			
(a) Prior Period Expense	"21"	387,862	-
VII Profit / (Loss) Before Tax (V - VI)		(49,883,972)	(6,807,305)
VIII Tax Expense :			
(a) Deferred Tax		(2,773,205)	(1,310,876)
(b) Short / (Excess) Provision for tax relating to prior years		-	22,354
Net Tax Expense		(2,773,205)	(1,288,522)
Profit / (Loss) for the year (VII-VIII)		(47,110,767)	(5,518,783)
IX I. Earnings Per Equity Share :			
Basic and Diluted Earning Per Share (Nominal Value per share Rs. 10)	"25"	(18.84)	(2.21)
II. Earning per equity share (excluding extraordinary items) Basic and Diluted Earning Per Share (Nominal Value per share Rs. 10)		(18.69)	(2.21)

Notes forming part of the financial statements

"1-29"

In terms of our report attached

For and on behalf of the Board

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

Shyam Mani  
Director

V B Somaiya  
Director

Mohammed Bengali  
Partner

Tarun Samant  
Chief Executive & Principal Officer

Veena Wadkar  
Chief Financial Officer

Mumbai, 4th May 2015

Mumbai, 4th May 2015

## Cash Flow Statement for the year ended March 31, 2015

	Year ended March 31, 2015 Rupees	Year ended March 31, 2014 Rupees
<b>A. Cash flows from Operating Activities</b>		
Net Profit / Net (Loss) before tax as per Statement of Profit and Loss	(49,883,972)	(6,807,305)
<b>Adjustments for:</b>		
Depreciation	1,679,913	950,963
Provision for doubtful debts	8,665,688	4,922,663
(Profit) / Loss on redemption of investments (net)	(2,812,511)	(3,095,983)
(Profit) / Loss on sale of Fixed Assets (net)	50,499	(800)
Interest Expense	872,219	-
Interest Income	(461,039)	(462,867)
<b>Operating Profit / (Loss) before Working Capital changes</b>	<b>(41,889,203)</b>	<b>(4,493,329)</b>
<b>Changes in Working Capital</b>		
Adjustment for increase / decrease in operating assets / liabilities		
Trade receivables	(3,929,699)	61,190,784
Other Current & Non-Current Assets	(3,761,209)	(1,410,235)
Trade Payables	7,113,323	(74,965,269)
Other Current Liabilities	3,471,963	(5,514,614)
Provisions	4,383,000	882,000
<b>Cash flow (used in) / from Operations</b>	<b>(34,811,825)</b>	<b>(24,310,663)</b>
Taxes (Paid) / Refund	(8,694,359)	(2,810,614)
<b>Net Cash flow (used in) / from Operating Activities</b>	<b>(43,306,184)</b>	<b>(27,121,277)</b>
<b>B. Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets	(13,272,652)	(1,707,138)
Sale of Fixed Assets	25,803	800
Interest received	580,624	334,341
Purchase / Advance for Investments (Mutual Fund Units)	(68,500,000)	(145,200,001)
Sale of Investments (Mutual Fund Units)	98,600,000	140,274,498
<b>Net Cash flow (used in) / from Investing Activities</b>	<b>17,433,775</b>	<b>(6,297,500)</b>
<b>C. Cash Flows from Financing Activities</b>		
Proceeds from Inter Corporate Deposit (repayable on demand) (net of repayments)	33,000,000	-
Interest paid	(872,219)	-
Dividend Paid	-	(5,000,000)
Dividend Tax Paid	-	(849,750)
<b>Net Cash flow (used in) / from Financing Activities</b>	<b>32,127,781</b>	<b>(5,849,750)</b>
<b>Net Cash Inflow / (Outflow) in Cash and Cash Equivalents</b>	<b>6,255,372</b>	<b>(39,268,527)</b>
Cash and Cash Equivalents as at beginning of the year	5,976,882	45,245,409
<b>Cash and Cash Equivalents as at end of year</b>	<b>12,232,254</b>	<b>5,976,882</b>
<b>Composition of Cash and Cash Equivalents</b>		
Cash in Hand	17,471	5,292
Balances with Banks		
in Current Accounts	12,212,923	5,961,590
in Cheque in hand	1,860	10,000
<b>Cash and cash equivalents as per Note No 14</b>	<b>12,232,254</b>	<b>5,976,882</b>

Notes forming part of the financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP  
Chartered AccountantsMohammed Bengali  
Partner

For and on behalf of the Board

  
Shyam Mani  
Director  
Tarun Samant  
Chief Executive & Principal Officer  
V B Somaiya  
Director  
Veena Wadkar  
Chief Financial Officer

## TATA MOTORS INSURANCE BROKING & ADVISORY SERVICES LIMITED

### Notes forming part of Financial Statements

#### Note "1" - Significant Accounting Policies

##### A. BACKGROUND

Tata Motors Insurance Broking & Advisory Services Limited ("TMIBASL" or "the Company" – Erstwhile – Tata Motors Insurance Services Limited) was incorporated in July 1997 under the Companies Act, 1956.

TMIBASL is Direct General Insurance Broker having license for the period from May 13, 2014 to May 12, 2017.

##### B. SIGNIFICANT ACCOUNTING POLICIES

###### i. Basis of Preparation

- a. 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 read with Rule 7 of the Companies (Accounts) Rules 2014) and relevant provisions of the Companies Act, 2013 ('the 2013 Act'). 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.
- b. The Company has incurred losses during the year ended March 31, 2015 and the accumulated losses have significantly eroded Company's Net Worth. However, the Company has financial and business support of its holding company. Accordingly, the accounts of the Company have been prepared on a going concern basis, which is dependent on the financial and business support of the holding company as aforesaid and the long term growth plans.

###### ii. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future years.

###### iii. Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand 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.

###### iv. 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.

###### v. Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation/ amortisation and impairment losses, if any.

Cost includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring the asset to the site and in the working condition for its intended use. Examples of directly attributable expenses included in the cost are delivery and handling costs, installation, legal services and consultancy services.

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## TATA MOTORS INSURANCE BROKING & ADVISORY SERVICES LIMITED

### Notes forming part of Financial Statements

Intangible assets under development:

Expenditure on Software development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

#### vi. Depreciation and amortisation

Depreciation 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 has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

- Vehicles - 4 years
- Computers - 4 years
- Mobile handsets are depreciated fully in the year of purchase.
- Assets costing Rs. 5,000 or less are fully depreciated in the year of purchase.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

- Website development cost is amortised over three years.
- Software cost is amortised over five years.

#### vii. Impairment of assets

The carrying values of assets forming part of any cash generating units at each balance sheet are reviewed for impairment at each balance sheet date. If any indication for such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on an appropriate discount factor.

#### viii. Revenue Recognition

The Company earns brokerage from insurance companies on insurance policies placement and revenue therefore is recognised from the risk start date when the policy placement is substantially completed and accepted and the ultimate collection thereof is reasonably certain. Income is stated net of service tax.

Interest income is accrued evenly over the year on the instrument.

#### ix. Employee Benefits

##### (a) Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering all regular employees. Benefits under the defined plans are typically based on years of service and the employee's compensation (generally immediately before separation). Expenses for defined-benefit gratuity payable to employees is computed as at the balance sheet date by independent actuary in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of expected future payments, with consideration for calculated future salary increases, utilising 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 an actuarial basis. This liability is not externally funded.

##### (b) Superannuation

The Company has defined contribution superannuation plan. The contribution to superannuation fund is at the option of the Employee. Contributions towards superannuation are to be paid into a Superannuation fund. The Company recognises such contributions as

## TATA MOTORS INSURANCE BROKING & ADVISORY SERVICES LIMITED

### Notes forming part of Financial Statements

an expense when incurred. The Company has no further obligation beyond this contribution. The Company contributes up to 15% of the eligible employees' salary to the trust every year. The Superannuation contribution is paid to the superannuation Fund of Tata Motors Limited.

#### (c) Provident Fund

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). The Provident Fund under the law is paid to the provident fund set up by Tata Motor Limited and Pension contributions are paid to the Regional Provident Fund Commissioner. The Company's payment to the defined contribution plan is reported as expense during the period in which the employees perform the services that the payment covers.

#### (d) Compensated absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation.

### x. Investments

Long term Investments are carried at cost less provision for diminution other than temporary, in value of such investments, if any.

Current investments are stated at cost or fair value whichever is lower.

Cost includes the purchase and related expenses such as brokerage and stamp duties. The difference between the cost and the redemption / sale proceeds net of expenses is recognised in the Statement of Profit and Loss.

For calculation of profit / loss on investment, cost is calculated on weighted average basis. Dividend income is accounted when the right to receive the income is established.

### xi. 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 provisions of the Income Tax Act, 1961 and other applicable tax laws

Deferred tax is recognized, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carried forward of losses are recognized if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise such losses.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date

Minimum Alternate tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as assets if there is convincing evidence supporting the Company's expectations of future economic benefits in the form of adjustment against discharge of normal tax liability.

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## **TATA MOTORS INSURANCE BROKING & ADVISORY SERVICES LIMITED**

### **Notes forming part of Financial Statements**

**xii. Lease**

Leases are classified as operating lease where significant portion of risks and reward of ownership of assets acquired under lease are retained by the lessor. Lease rentals for such leases are charged to Statement of Profit and Loss on a straight-line basis over the lease term.

**xiii. Provisions and Contingencies**

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

**xiv. Service tax input credit**

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

**xv. Operating Cycle**

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

# Tata Motors Insurance Broking & Advisory Services Limited

## Notes forming part of Financial Statements

	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
<b>Note No. "2"</b>		
<b>Share Capital</b>		
<b>Authorised:</b>		
189,000,000 (as at March 31, 2015: 189,000,000) Equity Shares of Rs.10 each	1,890,000,000	1,890,000,000
	<b>1,890,000,000</b>	<b>1,890,000,000</b>
<b>Issued, subscribed &amp; paid up:</b>		
2,500,000 (as at March 31, 2015: 2,500,000) Equity Shares of Rs.10 each fully paid-up	25,000,000	25,000,000
	<b>25,000,000</b>	<b>25,000,000</b>
<b>Notes :-</b>		
(A) The Company has issued only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the board of director's is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company the holder of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. Distribution will be in proportion of equity shares held by the shareholders.		
(B) All the above equity shares are held by Tata Motors Limited (the holding company) and its nominees		
<b>Note No. "3"</b>		
<b>Reserves and Surplus</b>		
(i) <b>General Reserve :</b>	8,090,000	6,090,000
(ii) <b>Surplus / (Deficit) in Statement of Profit &amp; Loss</b>		
Opening balance	81,786,323	87,305,106
Add: Profit / (Loss) for the year	(47,110,767)	(5,518,783)
Closing balance	<b>34,675,556</b>	<b>81,786,323</b>
	<b>40,765,556</b>	<b>87,876,323</b>
<b>Note No. "4"</b>		
<b>Long - Term Provisions</b>		
<b>Provision for employee benefits :</b>		
Provision for Gratuity (unfunded)	3,613,000	3,143,708
Provision for Long Term Services Awards	135,000	215,000
Provision for Compensated Absences (unfunded)	2,429,000	1,837,517
	<b>6,177,000</b>	<b>5,196,225</b>
<b>Short term provisions</b>		
<b>Provision for employee benefits :</b>		
Provision for Gratuity (unfunded)	2,621,000	116,292
Provision for Long Term Services Awards	13,000	29,000
Provision for Compensated Absences (unfunded)	1,067,000	153,483
	<b>3,701,000</b>	<b>298,775</b>
<b>Note No. "5"</b>		
<b>Short-term Borrowings</b>		
Unsecured Loans and Advance from Related Party (repayable on demand)	33,000,000	-
	<b>33,000,000</b>	<b>-</b>
<b>Note No. "6"</b>		
<b>Trade Payables</b>	32,733,658	25,620,335
	<b>32,733,658</b>	<b>25,620,335</b>
<b>Note:-</b>		
The Company has sought confirmation from "suppliers" regarding their status under Micro Small and Medium Enterprises Development Act, 2006. Based on the information available with company, there are no amounts unpaid as at 31st March 2015		
<b>Note No. "7"</b>		
<b>Other Current Liabilities</b>		
Statutory dues	2,813,449	1,554,717
Employee Benefit (Superannuation and Bonus)	12,421,128	9,774,000
Income received in advance (Unearned Income)	299,241	-
Others	966,999	1,700,137
	<b>16,500,817</b>	<b>13,028,854</b>

**Tata Motors Insurance Broking & Advisory Services Limited**

**Notes forming part of Financial Statements**

Note No. "g"

**Fixed Assets**

Particulars	Gross Book Value				Accumulated Depreciation			Net Book Value		Rupees
	Opening Balance as at April 1, 2014	Additions	Disposals	Closing Balance as at March 31, 2015	Opening Balance as at April 1, 2014	Depreciation /Amortisation expenses for the year	Disposals	Closing Balance as at March 31, 2015	As at March 31, 2015	As at March 31, 2014
<b>(i) Tangible Assets</b>										
Leasehold Improvement	304,768	-	-	304,768	304,768	-	-	304,768	-	-
Office Equipments	1,227,452	292,087	172,242	1,347,297	432,269	686,837	95,940	1,023,166	324,131	795,183
Furniture Fixtures	9,558	-	-	9,558	570	575	-	1,145	8,413	8,988
Computer	161,511	5,565	-	167,076	84,872	33,082	-	117,954	49,122	76,639
Motor Vehicle	3,141,482	-	-	3,141,482	1,197,085	746,103	-	1,943,188	1,198,294	1,944,397
<b>Total Tangible Assets (A)</b>	<b>4,844,771</b>	<b>297,652</b>	<b>172,242</b>	<b>4,970,181</b>	<b>2,019,564</b>	<b>1,466,597</b>	<b>95,940</b>	<b>3,390,221</b>	<b>1,579,960</b>	<b>2,825,207</b>
<b>(ii) Intangible Assets</b>										
Website Development	162,746	-	-	162,746	98,381	54,243	-	152,624	10,122	64,365
Software	425,484	1,500,000	-	1,925,484	50,912	159,070	-	209,982	1,715,502	374,572
<b>Total Intangible Assets (B)</b>	<b>588,230</b>	<b>1,500,000</b>	<b>-</b>	<b>2,088,230</b>	<b>149,293</b>	<b>213,313</b>	<b>-</b>	<b>362,606</b>	<b>1,725,624</b>	<b>438,937</b>
<b>Intangible Assets under development (C)</b>	<b>-</b>	<b>11,475,000</b>	<b>-</b>	<b>11,475,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,475,000</b>	<b>-</b>
<b>Grand Total (A)+(B)+(C)</b>	<b>5,433,001</b>	<b>13,272,652</b>	<b>172,242</b>	<b>18,533,411</b>	<b>2,168,857</b>	<b>1,679,910</b>	<b>95,940</b>	<b>3,752,827</b>	<b>14,780,584</b>	<b>3,264,144</b>
Previous Year	4,140,771	1,707,138	414,908	5,433,001	1,632,802	950,963	414,908	2,168,857	3,264,144	2,507,969



**Tata Motors Insurance Broking & Advisory Services Limited**

**Notes forming part of Financial Statements**

**Note No. "9"**

**Deferred tax assets (Net)**

	As at March 31, 2015 Rupees	As at March 31, 2014 Rupees
Depreciation	8,851,450	9,624,351
Unabsorbed depreciation carried forward	377,912	377,912
Employee benefits / expenses allowable on payment basis	2,239,458	1,504,935
Allowance for bad and doubtful debts	6,062,113	3,250,530
<b>Net deferred tax asset</b>	<b>17,530,933</b>	<b>14,757,728</b>

**Note No. "10"**

**Long Term Loans & Advances**

**(i) Unsecured and considered good**

(a) Advance Income Tax (net of provision)	61,203,664	52,509,305
(b) MAT Credit entitlement	1,231,121	1,231,121
(c) Deposits	4,157,380	3,000
	<b>66,592,165</b>	<b>53,743,426</b>

**(ii) Unsecured and considered doubtful**

Income Tax Receivable	-	453,293
Less : Provision for doubtful receivable	-	453,293
	-	-
	<b>66,592,165</b>	<b>53,743,426</b>

**Note No. "11"**

**Other Non-Current Assets**

**Unsecured and Considered good**

Accrued Interest	72,411	-
Restricted Bank Deposits	1,000,000	-
	<b>1,072,411</b>	-

*Note - Includes Fixed Deposit of Rs. 1,000,000/- under lien with Insurance Regulatory & Development Authority*

**Note No. "12"**

**Current Investments**

**Other (at Cost or Fair Value whichever is lower)**

Investment in Mutual Funds: Unquoted	Face Value	Units		
HDFC Liquid Fund - Direct Plan - Growth Option	10	34,606.83 (114,468.87)	939,929	2,775,763
Birla Sun Life Saving Fund - Growth - Direct Plan	100	3,684.86 (67,518.79)	984,507	15,979,335
Kotak Liquid Scheme Plan A - Direct Plan - Growth	1,000	160.84 (1,496.39)	422,023	3,747,228
Kotak Treasury Advantage Fund - Direct Plan - Growth	10	53,624.80 (93,934.45)	1,171,601	1,881,666
ICICI Prudential Money Market Fund - Direct Plan - Growth	100	3,753.65 (9,222.81)	876,167	1,567,517
ICICI Prudential Flexible Income - Direct Plan - Growth	10	5,727.84 (43,260.04)	1,497,590	10,047,797
			<b>5,691,817</b>	<b>35,979,306</b>
<b>Advance for Investments</b>				
Birla Sun Life Saving Fund - Growth - Direct Plan			2,000,000	-
HDFC Liquid Fund - Direct Plan - Growth Option			1,000,000	-
			<b>3,000,000</b>	-
			<b>8,691,817</b>	<b>35,979,306</b>
<b>Net Asset Value</b>			<b>8,842,015</b>	<b>37,392,427</b>

Note : Figures in bracket relate to units as on March 31, 2014

## Notes forming part of Financial Statements



# Tata Motors Insurance Broking & Advisory Services Limited

## Notes forming part of Financial Statements

	Year ended March 31, 2015 Rupees	Year ended March 31, 2014 Rupees
<b>Note No. "17"</b>		
<b>Revenue From Operation</b>		
Brokerage Income	92,010,687	340,588,271
Advisory Fees	-	94,675
	<b>92,010,687</b>	<b>340,682,946</b>
<b>Note No. "18"</b>		
<b>Other Income</b>		
Net gain on sale of current investments	2,812,511	3,095,983
Interest on Fixed deposit with bank	461,039	462,867
Interest on Income Tax refund	-	4,015,302
Miscellaneous Income	-	513
Profit on sale of Fixed Assets	-	800
	<b>3,273,550</b>	<b>7,575,465</b>
<b>Note No. "19"</b>		
<b>Employee Costs / Benefit Expenses</b>		
Salary, bonus and wages	77,076,541	57,986,148
Contribution to Provident and Other Funds	4,207,580	3,002,277
Gratuity Expenses (Unfunded)	1,759,058	769,923
Staff Welfare Expenses	2,773,342	2,390,260
	<b>85,816,521</b>	<b>64,148,608</b>
<b>Note No. "20"</b>		
<b>Other Expenses</b>		
Rent	16,969,776	16,443,398
Electricity & Water Charges	935,690	883,455
Rates and Taxes	28,887	42,884
Insurance Premium	2,043,489	3,761,632
Repairs and Maintenance (Other than on buildings and plant & machinery)	1,310,779	1,003,856
Travelling & Conveyance Expenses	7,972,609	9,969,550
Legal & Professional Charges	6,738,825	6,892,587
Auditors' Remuneration (Refer Note 26)	856,706	570,000
Transaction Processing Charges	-	235,188,234
Allowance for bad & doubtful debts	8,665,688	4,922,663
Loss on sale of Fixed Assets (net)	50,499	-
IT Support Expense	3,499,044	2,412,693
Communication	1,789,086	1,049,479
Employee Training	1,051,819	289,500
Penalty	1,316	2,500,000
Miscellaneous Expenses	4,497,481	4,036,214
	<b>56,411,694</b>	<b>289,966,145</b>

# TATA MOTORS INSURANCE BROKING & ADVISORY SERVICES LIMITED

## Notes forming part of Financial Statements

### 21. Prior Period Expense

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Housing Loan Subsidy to employees	387,862	-
<b>Total</b>	<b>387,862</b>	<b>-</b>

22. During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company has revised its useful life for Office Equipment from 20 years to 5 years. Accordingly, the Company has fully depreciated the carrying value of Office Equipments, net of residual value, where the remaining useful life was determined to be NIL as on April 1, 2014, and has adjusted an amount of Rs. 27,782 by debiting to Statement of Profit & Loss account. The depreciation expense in the Statement of Profit and Loss for the year is higher by Rs 551,501/- consequent to the change in the useful life of the assets.

23. Contingent liabilities in respect of service tax claims against the Company not acknowledged as debt Rs. 207,100 (Previous year: Rs. 199,400).

24. The Company has received a license from the IRDA to act as a Direct Broker identified in the Insurance Regulatory and Development Authority (Insurance Brokers) Regulations, 2002 effective from May 13, 2014. Apart from insurance broking activities, the Company does not have any other business segments. Also, in absence of separate geographical segments, segment information as required by the Accounting Standard (AS) 17 on "Segment Reporting" has not been furnished.

### 25. Particulars of earnings per share (EPS)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Net Profit / (Loss) attributable to equity shareholders - Rs.	(47,110,767)	(5,518,783)
Weighted average number of equity shares outstanding for calculation of Basic EPS for the year	2,500,000	2,500,000
Weighted average number of equity shares outstanding for calculation of Diluted EPS for the year	2,500,000	2,500,000
Nominal value of shares - Rs.	10.00	10.00
Earnings per share – Basic and Diluted - Rs.	(18.84)	(2.21)

### Earnings Per Share (excluding extraordinary item)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Net Profit / (Loss) for the year	(47,110,767)	(5,518,783)
(Add) / Less: Extraordinary items (net of tax)	387,862	-
Profit / (loss) for the year attributable to the equity shareholders, excluding extraordinary items	(46,722,905)	-
Weighted average number of equity shares outstanding for calculation of Basic EPS for the year	2,500,000	2,500,000
Weighted average number of equity shares outstanding for calculation of Diluted EPS for the year	2,500,000	2,500,000
Nominal value of shares - Rs.	10.00	10.00
Earnings per share – Basic and Diluted - Rs.	(18.69)	(2.21)

# TATA MOTORS INSURANCE BROKING & ADVISORY SERVICES LIMITED

## Notes forming part of Financial Statements

### 26. Auditors' remuneration

Particulars	Amount (Rs.)	
	Year ended March 31, 2015	Year ended March 31, 2014
Audit fees	5,00,000	500,000
Tax audit fees	50,000	50,000
Other matters	2,40,000	20,000
Reimbursement of expenses	66,706	-
<b>Total *</b>	<b>8,56,706</b>	<b>570,000</b>

\*Excluding Service Tax Rs.59,328 (Previous year: Rs 70,452) claimed as input credit.

### 27. Defined benefit plan / Long term Compensated absences - As per actuarial valuation as on March 31, 2015

Amount (Rs.)

S. No.	Particulars	Gratuity				
		2015	2014	2013	2012	2011
I	<b>Component of employer expenses</b>					
	Current Service Cost	1,559,000	682,605	360,033	317,033	153,686
	Interest Cost	297,000	213,847	108,375	85,650	-
	Expected return on plan assets	-	-	-	-	-
	Actuarial (Gains) /Losses	1,176,000	(126,529)	888,405	(198,256)	(121,617)
	<b>Total expenses recognised in the Statement of Profit and Loss</b>	<b>3,032,000</b>	<b>769,923</b>	<b>1357,000</b>	<b>204,427</b>	<b>32,069</b>
ii	<b>Actual Contribution and Benefit Payments</b>					
	Actual benefit payments	58,000	141,923	-	-	-
	Actual Contribution	-	-	-	-	-
iii	<b>Net liability recognised in Balance Sheet</b>					
	Present Value of Defined Benefit Obligation	6,234,000	3,260,000	2,632,000	1,275,000	1,007,652
	Fair Value of plan assets	-	-	-	-	-
	Experience adjustment on plan liabilities	-	-	-	-	-
	Experience adjustment on plan assets	-	-	-	-	-
	<b>Net liability recognised in the Balance Sheet</b>	<b>(6,234,000)</b>	<b>(3,260,000)</b>	<b>(2,632,000)</b>	<b>(1,275,000)</b>	<b>(1,0007,652)</b>
iv	<b>Change in Defined Benefit Obligations (DBO)</b>					
	Present Value of DBO at the beginning of the year	3,260,000	2,632,000	1,275,000	1,007,652	-
	Current Service Cost	1,559,000	682,605	360,033	317,033	153,686
	Acquisitions/ Transfer in	-	-	-	62,921	975,583
	Interest cost	297,000	213,847	108,375	85,650	-
	Actuarial (Gains) /Losses	1,176,000	(126,529)	888,405	(198,256)	(121,617)
	Benefits paid	(58,000)	(141,923)	-	-	-
	<b>Present Value of DBO</b>	<b>6,234,000</b>	<b>3,260,000</b>	<b>2,632,000</b>	<b>1,275,000</b>	<b>1,007,652</b>
V	<b>Actuarial Assumptions</b>					
	Discount rate (%)	8.00%	9.20%	8.35%	8.50%	8.50%
	Expected Return on plan assets (%)	N/A	N/A	N/A	N/A	N/A
	Salary escalation	10% For First Two Years and 7.5% thereafter	10% For First Five Years and 7.5% thereafter	10% For First Two Years and 7.5% thereafter	7.5% For First Five Years and 5% thereafter	7.5% For First Five Years and 5% thereafter
	Mortality	Indian Assured	Indian Assured	Indian Assured	LIC (1994-96)	LIC (1994-96) Ultimate

# TATA MOTORS INSURANCE BROKING & ADVISORY SERVICES LIMITED

## Notes forming part of Financial Statements

		Lives Mortality (2006-08)	Lives Mortality (2006-08)	Lives Mortality (2006-08)	Ultimate	
Amount (Rs.)						
S. No.	Particulars	Compensated Absences				
		2015	2014	2013	2012	2011
I	<b>Component of employer expenses</b>					
	Current Service Cost	341,000	374,891	336,350	245,211	1,176,119
	Interest Cost	170,000	135,657	69,101	81,537	-
	Expected return on plan assets	-	-	-	-	-
	Actuarial (Gains) /Losses	1,288,000	15,186	882,650	60,862	27,269
	<b>Total expenses recognised in the Statement of Profit and Loss</b>	<b>1,799,000</b>	<b>525,734</b>	<b>1,288,101</b>	<b>387,610</b>	<b>1,203,388</b>
ii	<b>Actual Contribution and Benefit Payments</b>					
	Actual benefit payments	294,000	318,734	634,101	433,729	27,269
	Actual Contribution	-	-	-	-	-
iii	<b>Net liability recognised in Balance Sheet</b>					
	Present Value of Defined Benefit Obligation	3,496,000	1,991,000	1,784,000	1,130,000	1,176,119
	Fair Value of plan assets	-	-	-	-	-
	Experience adjustment on plan liabilities	-	-	-	-	-
	Experience adjustment on plan assets	-	-	-	-	-
	<b>Net liability recognised in the Balance Sheet</b>	<b>(3,496,000)</b>	<b>(1,991,000)</b>	<b>(1,784,000)</b>	<b>(1,130,000)</b>	<b>(1,176,119)</b>
iv	<b>Change in Defined Benefit Obligations (DBO)</b>					
	Present Value of DBO at the beginning of the year	1,991,000	1,784,000	1,130,000	1,176,119	-
	Current Service Cost	341,000	374,891	336,350	245,211	1,176,119
	Acquisitions/ Transfer in	-	-	-	-	-
	Interest cost	170,000	135,657	69,101	81,537	-
	Actuarial (Gains) /Losses	1,288,000	15,186	882,650	60,862	27,269
	Benefits paid	294,000	(318,734)	(634,101)	(433,729)	(27,269)
	<b>Present Value of DBO</b>	<b>3,496,000</b>	<b>1,991,000</b>	<b>1,784,000</b>	<b>1,130,000</b>	<b>1,176,119</b>
V	<b>Actuarial Assumptions</b>					
	Discount rate (%)	8.00%	9.20%	8.35%	8.50%	8.50%
	Expected Return on plan assets (%)	N/A	N/A	N/A	N/A	N/A
	Salary escalation	10% For First Two Years and 7.5% thereafter	10% For First Five Years and 7.5% thereafter	10% For First Two Years and 7.5% thereafter	7.5% For First Five Years and 5% thereafter	7.5% For First Five Years and 5% thereafter
	Mortality	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

### (a) Defined Contribution Plan

The Company's contribution to defined contribution plan aggregated Rs. 4,207,580 (Previous year Rs. 3,002,277) for the year ended March 31, 2015 has been recognised in the Statement of Profit and Loss in note no 19.

## TATA MOTORS INSURANCE BROKING & ADVISORY SERVICES LIMITED

### Notes forming part of Financial Statements

- (b) The assumptions of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

#### 28. Related party disclosures

Names of related parties and description of relationship:

a. Where control exists - Holding Company - Tata Motors Limited

b. Fellow subsidiaries (with whom the Company has transactions) - Sheba Properties Ltd

Nature of Transaction	Holding Company	Fellow Subsidiary
	Tata Motors Limited	Sheba Properties Ltd
1. Interest on Inter Corporate Deposit	- (-)	872,219 (-)
2. Inter Corporate Deposit received during the year	- (-)	50,500,000 (-)
3. Expenses	347,790 (254,582)	- (-)
4. Inter Corporate Deposit repaid during the year	- (-)	17,500,000 (-)
5. Closing Balance outstanding as at March 31, 2015	66,210 (67,794)	33,000,000 (-)

#### Sub Notes:

1. The reimbursement of expenses has not been considered for reporting related party transactions.
2. Figures in brackets relate to the previous year.


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


Signature to note 1 to 29

For and on behalf of the Board

  
Shyam Mani  
Director

  
Tarun Samant  
Chief Executive & Principal Officer

  
V B Somaiya  
Director

  
Veena Wadkar  
Chief Financial Officer

Place: Mumbai

Date: 4<sup>th</sup> May, 2015