

# TML DRIVELINES LIMITED

2014 – 15

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
TML DRIVELINES LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **TML DRIVELINES 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, its profit and its cash flows for the year ended on that date.

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

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.

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.
- (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) In our opinion, there are no financial transactions or matters that may have an adverse effect on the functioning of the Company.
- (f) 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.
- (g) 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 21 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.

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

MOHAMMED BENGALI  
Partner  
(Membership No. 105828)

Place: Mumbai  
Date:

## **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) In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) All the fixed assets were physically verified during the year by the Management. According to the information and explanations given to us, the discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.

(ii) In respect of its inventories:

- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals;
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iii) 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.

(iv) In our opinion, the Company has an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services and 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, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act.

(vi) According to the information and explanations given to us, the Central Government, under section 148(1) of the Companies Act, 2013, in respect of the services rendered by the Company, has not prescribed the maintenance of cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended.

(vii) According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Duty of

customs, Duty of excise, Value added tax, Cess and any other material statutory dues applicable to it with the appropriate authorities.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and any other material statutory dues that were in arrears for a period of more than six months from the date they became payable.
- (c) Details of dues of Income tax, Sales tax, Wealth tax, Service tax, duty of Customs, duty of Excise, Value added tax or Cess which have not been deposited as on 31<sup>st</sup> March 2015 on account of any disputes, are given below:

<b>Name of 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 (Rs In Lakhs)</b>
VAT Act	Sales Tax	Jt Commissioner Sales Tax (Appeal)	2004-05	33.91
VAT Act	Sales Tax	Dy Commissioner Sales Tax	2005-06	1.11
VAT Act	Sales Tax	Jt Commissioner Sales Tax (Appeal)	2005-06	36.44
VAT Act	Sales Tax	Dy Commissioner Sales Tax	2007-08	482.12
VAT Act	Sales Tax	Dy Commissioner Sales Tax	2008-09	377.83
VAT Act	Sales Tax	Jt. Commissioner Sales Tax	2008-09	19.26
VAT Act	Sales Tax	Dy Commissioner Sales Tax	2009-10	269.28
Central Excise Act	Excise Duty	CESTAT	2000-01	556.46
Central Excise Act	Excise Duty	Commissioner	2001-02	332.75
Central Excise Act	Excise Duty	Jharkhand High Court	2001-02	4.42
Central Excise Act	Excise Duty	CESTAT	2001-02	22.20
Central Excise Act	Excise Duty	CESTAT	2001-02 to 2007-08	1,703.62
Central Excise Act	Excise Duty	Commissioner	2001-02, to 2007-08	1,373.50
Central Excise Act	Excise Duty	CESTAT	2001-02 to 2008-09	126.03
Central Excise	Excise Duty	CESTAT	2004-05	56.30

<b>Name of 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 (Rs In Lakhs)</b>
Act				
Central Excise Act	Excise Duty	CESTAT	2008-09 to 2012-13	1,852.20
Central Excise Act	Excise Duty	CESTAT	2007-08	2,750.00
Central Excise Act	Excise Duty	Commissioner	2001-02, to 2002-03	286.99
Income Tax Act	Income Tax and/or Fringe Benefit Tax	Income Tax Appellate Tribunal	2004-05	52.58
Income Tax Act	Income Tax and/or Fringe Benefit Tax	Income Tax Appellate Tribunal	2006-07 to 2007-08	9.03
Income Tax Act	Income Tax and/or Fringe Benefit Tax	CIT (Appeals)	2004-05 To 2007-08	21.65
Income Tax Act	Income Tax and/or Fringe Benefit Tax	CIT (Appeals)	2010-11	64.64

- (c) There are no amounts that are due to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) In our opinion, the Company does not have any accumulated losses at the end of the financial year. Further, the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year;
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks. The Company has not issued any debentures;
- (x) 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;
- (xi) According to the information and explanations given to us, the Company has not availed any term loans during the year. Therefore, the provisions of paragraph 3(xi) of CARO are not applicable to the Company;

- (xii) 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:

**TML DRIVELINES LIMITED**  
Balance Sheet as at March 31, 2015

(₹ in lakhs)

	Note	Page	As at March 31, 2015	As at March 31, 2014
<b>I. EQUITY AND LIABILITIES</b>				
<b>(1) Shareholders' Funds</b>				
(a) Share Capital	2	4	7,700.00	7,700.00
(b) Reserves and Surplus	3	5	<u>70,925.56</u>	<u>68,557.60</u>
			<b>78,625.56</b>	<b>76,257.60</b>
<b>(2) Non-current Liabilities</b>				
(a) Deferred Tax Liabilities (Net)	4	6	4,393.43	4,982.93
(b) Other Long-term Liabilities	5	7	844.93	121.88
(c) Long-term provisions	6	7	<u>2,924.80</u>	<u>2,459.22</u>
			<b>8,163.16</b>	<b>7,564.03</b>
<b>(3) Current Liabilities</b>				
(a) Trade Payables	7	7	6,532.76	6,813.35
(b) Other Current Liabilities	8	7	2,400.45	2,138.31
(c) Short-term Provisions	9	7	<u>3,400.64</u>	<u>1,550.31</u>
			<b>12,333.85</b>	<b>10,501.97</b>
<b>TOTAL</b>			<u><b>99,122.57</b></u>	<u><b>94,323.60</b></u>
<b>II. ASSETS</b>				
<b>(1) Non-current Assets</b>				
(a) Fixed Assets				
(i) Tangible Assets	10	8	52,768.47	49,616.76
(ii) Intangible Assets	11	9	3,216.43	6,773.70
(iii) Capital Work-in-progress			6,987.41	6,429.03
(iv) Intangible Assets under Development			<u>624.65</u>	<u>998.92</u>
			<b>63,596.96</b>	<b>63,818.41</b>
(b) Long-term Loans and Advances	12	10	<u>4,667.33</u>	<u>5,615.27</u>
			<b>68,264.29</b>	<b>69,433.68</b>
<b>(2) Current Assets</b>				
(a) Current Investments	13	11	2,500.00	2,500.00
(b) Inventories	14	12	4,804.60	3,843.21
(c) Cash and Bank Balances	15	13	4,025.94	11,526.24
(d) Short-term loans and advances	16	13	18,419.14	3,166.81
(e) Other Current Assets	17	13	<u>1,108.60</u>	<u>3,853.66</u>
			<b>30,858.28</b>	<b>24,889.92</b>
<b>TOTAL</b>			<u><b>99,122.57</b></u>	<u><b>94,323.60</b></u>
<b>III. Significant Accounting Policies</b>	1	API-APII		
<b>IV. Notes forming part of the financial statements</b>	21-35	16-20		

In terms of our report attached  
For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

For and on behalf of the Board

**M SAMPATH KUMAR**  
Chief Executive Officer

**S B BORWANKAR**  
Chairman

**MOHAMMED BENGALI**  
Partner  
Mumbai, \_\_\_\_\_

**GURVINDER SINGH AHUJA**  
Chief Financial Officer

**ABHIJIT A GAJENDRAGADKAR**  
Director

**VISPI PATEL**  
Company Secretary

**H K SETHNA**  
Director

**P K CHOBE**  
Director

**N S KULKARNI**  
Director

**Dr A K JINDAL**  
Director

**Dr VAIJAYANTI PANDIT**  
Director

**RAKESH MAKHIJA**  
Director

Mumbai, \_\_\_\_\_

**TML DRIVELINES LIMITED**  
**Statement of Profit & Loss for the year ended March 31, 2015**

(₹ in lakhs)

Particulars	Note	Page	2014-15	2013-14
I. Revenue from Operations (Gross)	18 (1)	14	52665.01	40211.79
Less: Excise duty			(91.16)	(97.15)
Revenue from Operations (net)			52573.85	40114.64
II. Other Income	18 (2)	14	1545.64	2212.48
III. <b>Total Revenue (I + II)</b>			<b>54119.49</b>	<b>42327.12</b>
IV. Expenses :				
(a) Changes in Inventories of unbilled cost	25	16	(86.86)	(618.45)
(b) Employee Benefits expense	19	15	17758.95	15478.56
(c) Depreciation and Amortisation expense	11(A)	9	9694.05	9024.24
(d) Other expenses	20	15	19595.67	15996.46
(e) Expenditure Transferred to Capital and other Accounts			(63.45)	(464.83)
<b>Total Expenses</b>			<b>46898.36</b>	<b>39415.98</b>
V. <b>Profit Before Exceptional items, Extraordinary Items and Tax (III - IV)</b>			<b>7221.13</b>	<b>2911.14</b>
VI. Exceptional Items				
(a) Exceptional Items - Employee Separation Cost			973.88	622.13
VII. <b>Profit Before Extra Ordinary Items and Tax (V - VI)</b>			<b>6247.25</b>	<b>2289.01</b>
VIII. Extraordinary Items			-	-
IX. <b>Profit / (Loss) Before Tax from continuing operations (VII - VIII)</b>			<b>6247.25</b>	<b>2289.01</b>
X. Tax Expense :				
(a) Current Tax			2151.90	521.40
(b) Deferred Tax.....( Refer Note 4(b) )			(589.50)	(119.20)
			<b>1562.40</b>	<b>402.20</b>
XI. <b>Profit after tax for the year from continuing operations (IX - X)</b>			<b>4684.85</b>	<b>1886.81</b>
XII. <b>Earnings Per Equity Share - Basic &amp; Diluted ( Refer Note 23 )</b>			<b>6.08</b>	<b>2.45</b>
Face Value Rs. 10 per share				
XIII. <b>Significant Accounting Policies</b>	1	API-APII		
XIV. <b>Notes forming part of the financial statements</b>	21-35	16-20		

For and on behalf of the Board

In terms of our report attached  
For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**M SAMPATH KUMAR**  
Chief Executive Officer

**S B BORWANKAR**  
Chairman

**MOHAMMED BENGALI**  
Partner  
Mumbai, \_\_\_\_\_

**GURVINDER SINGH AHUJA**  
Chief Financial Officer

**ABHIJIT A GAJENDRAGADKAR**  
Director

**H K SETHNA**  
Director

**VISPI PATEL**  
Company Secretary

**P K CHOBE**  
Director

**N S KULKARNI**  
Director

**Dr A K JINDAL**  
Director

**Dr VAIJAYANTI PANDIT**  
Director

**RAKESH MAKHIJA**  
Director

Mumbai, \_\_\_\_\_

**TML DRIVELINES LIMITED**  
Cash Flow Statement for the year ended March 31, 2015

(₹ in lakhs)

	2014-15	2013-14
<b>A. Cash flow from Operating Activities</b>		
Profit after tax	4684.85	1886.81
Adjustments for:		
Depreciation / Amortisation	9694.05	9024.24
Loss / (Profit) on sale of assets (net)	(24.66)	(21.65)
Profit on sale of investments (net)	-	(482.12)
Wealth tax	2.22	0.89
Asset Written Off	186.16	
Tax expense	1562.40	402.20
Interest / Dividend (net)	(1545.64)	(1730.36)
Exchange differences (unrealised)	(80.97)	30.96
	<b>9793.56</b>	<b>7224.16</b>
Operating Profit before Working Capital changes	<b>14478.41</b>	<b>9110.97</b>
Adjustments for:		
Other Current Assets and Non Current Assets	324.23	(4194.92)
Inventories	(961.39)	(764.86)
Trade Payables & Other Liabilities	805.11	1965.87
Short-term & Long-term provisions	676.27	(67.45)
	<b>844.22</b>	<b>(3061.36)</b>
	<b>844.22</b>	<b>(3061.36)</b>
Cash generated from operations	<b>15322.63</b>	<b>6049.61</b>
Direct taxes paid (net)	<b>(2395.12)</b>	<b>(2599.02)</b>
Net Cash from Operating Activities	<b>12927.51</b>	<b>3450.59</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of fixed assets	<b>(8642.95)</b>	<b>(11308.16)</b>
Sale of fixed assets	76.90	76.77
Investments in Mutual Fund (made) / sold (net)	-	9438.56
(Increase) / Decrease in short term Inter-corporate deposits	<b>(15975.00)</b>	8920.00
Fixed deposits made / realised (net)	3250.00	500.00
Interest received	1538.89	1733.64
Net Cash (used in) / from Investing Activities	<b>(19752.16)</b>	<b>9360.81</b>
<b>C. Cash Flow from Financing Activities</b>		
Dividend paid (including Dividend tax)	<b>(675.65)</b>	<b>(3153.02)</b>
Net Cash used in Financing Activities	<b>(675.65)</b>	<b>(3153.02)</b>
Net (Decrease) / Increase in Cash and cash equivalents	<b>(7500.30)</b>	<b>9658.38</b>
Cash and cash equivalents (Opening Balance) (Refer Note 15)	<b>11526.24</b>	<b>1867.86</b>
Cash and cash equivalents (Closing Balance) (Refer Note 15)	<b>4025.94</b>	<b>11526.24</b>

Previous year's figures have been restated, wherever necessary, to conform to this year's classification.

In terms of our report attached  
For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

For and on behalf of the Board

**M SAMPATH KUMAR**  
Chief Executive Officer

**S B BORWANKAR**  
Chairman

**MOHAMMED BENGALI**  
Partner  
Mumbai, \_\_\_\_\_

**GURVINDER SINGH AHUJA**  
Chief Financial Officer

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Director

**VISPI PATEL**  
Company Secretary

**H K SETHNA**  
Director

**P K CHOBE**  
Director

**N S KULKARNI**  
Director

**Dr A K JINDAL**  
Director

**Dr VAIJAYANTI PANDIT**  
Director

**RAKESH MAKHIJA**  
Director

Mumbai, \_\_\_\_\_

**TML DRIVELINES LIMITED**  
**Notes forming part of the financial statements**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) BASIS OF PREPARATION**

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 the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**(b) USE OF ESTIMATES**

The preparation of financial statements requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the period presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

**(c) FIXED ASSETS**

**Tangible Assets:**

Fixed Assets are stated at cost of acquisition or construction less depreciation. All cost relating to the acquisition and installation of Fixed Assets are capitalised and include financing cost relating to borrowed funds attributable to construction or acquisition of fixed assets, upto the date the asset is ready for intended use and further adjusted for exchange differences relating to long-term foreign currency borrowings, where applicable, attributable to depreciable capital asset.

**Intangible Asset:**

The product development cost incurred on new products will be recognized as an intangible asset, when feasibility has been established, the company has committed technical, financial and other resources to complete the development, and it is probable that asset will generate probable future benefits.

**(d) IMPAIRMENT OF ASSETS**

The carrying value of the 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 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.

**(e) DEPRECIATION AND AMORTISATION**

**Tangible Assets :**

Depreciation on tangible 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.:

• Buildings -	28 years
• Plant & Machinery -	8 - 20 years
• Furniture & Fixtures -	15 years
• Vehicles -	4 years
• Office Equipments -	5 years
• Computers and other IT assets -	4-6 years
• Water System and Sanitation -	20 years

**Intangible Assets:**

Intellectual Property Rights are amortized over a period of 84 months based on units of production method. The Intellectual Property rights related to Forge Division are amortised over a period of 3 years based on the estimated useful life.

Software in excess of ₹ 25,000 is amortized over a period of sixty months or on the basis of estimated useful life whichever is lower.

Product development cost are amortised over a period of 36 months to 120 months or on the basis of actual production to planned production volume over such period after commencement of commercial production of the underlying product.

Goodwill on acquisition is amortised over a period of 4 years. The customer contract rights are amortised over a period of 10 years based on the requirements of Accounting Standard 26 - Intangible Assets, as the contract life is perpetual in nature.

**(f) INVESTMENTS**

Long term investments are stated at cost less other than temporary diminution in value, if any. Current investments are stated at lower of cost and fair value. Fair value of investments in mutual funds are determined on a portfolio basis.

**(g) INVENTORIES**

Inventories are valued at lower of cost or net realisable value. Cost is ascertained on a moving weighted average basis. Unbilled cost (i.e. conversion cost incurred but not billed to customers) is valued on full absorption cost basis.

**(h) REVENUE RECOGNITION**

Sales comprises of Income from rendering of Services which gets recognised when the services are delivered to the customer and are recognised net of discounts. Sales are presented gross of excise duty and net of other indirect taxes and trade discounts, wherever applicable.

**TML DRIVELINES LIMITED**  
**Notes forming part of the financial statements**

**(i) EMPLOYEE BENEFITS**

Employee benefits are dealt with in the following manner:

- (a) Contributions to Provident, Superannuation and Gratuity funds are made to the recognised funds of Tata Motors Limited and charged to the Statement of Profit and Loss.
- (b) The liability of Superannuation (for employees who are covered under the Defined Benefit Scheme), Gratuity, Compensated Absences, Bhavishya Kalyan Yojna, Post Retirement Medical Benefit and Ex-gratia is ascertained by an independent actuarial valuation. During interim periods such liabilities are as per management estimates.
- (c) The net present value of compensation payable to employees who have opted for retirement under the early separation scheme is charged to the Statement of Profit and Loss in the year of separation.

**(j) BORROWING COSTS**

Interest and other costs relating to borrowing of funds are recognised as an expense in the period in which they are incurred, unless activities that are necessary to prepare the qualifying assets for its intended use are in progress.

**(k) 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 income 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 carry forward of losses are recognised if there is virtual certainty 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 realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date

Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income to realize such assets

**(l) PROCESS WARRANTY EXPENSES**

The estimated liability for process warranties is recorded when sale of services are provided to Tata Motors Limited, and will be restricted to processing related issues. These estimates are established using historical information on the nature, frequency of warranty claims and management estimates regarding possible future incidence based on corrective actions on process failures.

**(m) TRANSACTIONS IN FOREIGN CURRENCY**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are restated at period end exchange rates. Exchange differences arising on settlement of transactions and restatement are accounted for in the following manner:-

- i) Differences relating to short-term monetary items are recognised as income or expense in the year in which they arise.
- ii) Differences relating to long-term foreign currency borrowings taken for the acquisition of depreciable capital asset are adjusted in the carrying cost of Fixed Assets.

**(n) SEGMENT REPORTING**

**(i) Business Segment**

The Company has considered business segment as the primary segment. The Company is engaged in the activities related to manufacture of axles, gear boxes and spare parts thereof, which in the context of Accounting Standard 17 [AS – 17] is considered as the only business segment.

**(ii) Geographical segment**

The Company sells its products / services primarily within India. The conditions prevailing in India being uniform no separate geographical segment disclosure is considered necessary.

**(o) PROVISIONS & 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

**TML DRIVELINES LIMITED**  
Notes forming part of the financial statements

(₹ in lakhs)

**2. SHARE CAPITAL**

**Authorised :**

100,000,000 Equity Shares of ₹ 10 each  
(March 31, 2014: 100,000,000 Equity Shares of ₹ 10 each)

**Issued, subscribed and fully paid :**

77,000,000 Equity Shares of ₹ 10 each \*  
(March 31, 2014: 77,000,000 Equity Shares of ₹ 10 each)

As at March 31, 2015	As at March 31, 2014
10000.00	10000.00
<b>10000.00</b>	<b>10000.00</b>
7700.00	7700.00
<b>7700.00</b>	<b>7700.00</b>

\*  
77,000,000 Equity Shares (March 31, 2014: 77,000,000 Equity Shares) held by Tata Motors Limited, the holding company.

(a) **Reconciliation of number and amount of shares:**

(i) **Authorised :**

Number of shares / Share Capital at the beginning of the year

Number of shares / Share Capital at the end of the year

(ii) **Issued, subscribed and fully paid :**

Number of shares / Share Capital at the beginning of the year

Number of shares / Share Capital at the end of the year

As at March 31, 2015		As at March 31, 2015		As at March 31, 2014		As at March 31, 2014	
Nos. in Lakhs	₹ in Lakhs	Nos. in Lakhs	₹ in Lakhs	Nos. in Lakhs	₹ in Lakhs	Nos. in Lakhs	₹ in Lakhs
1000.00	10000.00	1000.00	10000.00	1000.00	10000.00	1000.00	10000.00
<b>1000.00</b>	<b>10000.00</b>	<b>1000.00</b>	<b>10000.00</b>	<b>1000.00</b>	<b>10000.00</b>	<b>1000.00</b>	<b>10000.00</b>
770.00	7700.00	770.00	7700.00	770.00	7700.00	770.00	7700.00
<b>770.00</b>	<b>7700.00</b>	<b>770.00</b>	<b>7700.00</b>	<b>770.00</b>	<b>7700.00</b>	<b>770.00</b>	<b>7700.00</b>

(b) **Shares in the Company held by each shareholder holding more than 5 percent shares**  
(Equity Shares of ₹ 10 each)

(a) Tata Motors Limited

As at March 31, 2015		As at March 31, 2014	
Nos. in Lakhs	% Holding	Nos. in Lakhs	% Holding
770.00	100%	770.00	100%
<b>770.00</b>	<b>100%</b>	<b>770.00</b>	<b>100%</b>

**Rights, preferences and restrictions attached to Shares**  
**Equity Shares of Rs. 10 each**

- i) In respect of every Equity share (whether fully paid or partly paid), voting right shall be in the same proportion as the capital paid upon such Equity share bears to the total paid up Equity capital of the Company.
- ii) The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Further, the Board of Directors may also announce an interim dividend.
- iii) In the event of liquidation, the shareholders of Equity shares are eligible to receive the remaining assets of the Company after distribution of all preferential amounts. in proportion to their shareholdings.

**TML DRIVELINES LIMITED**  
Notes forming part of the financial statements

3. RESERVES AND SURPLUS	As at March 31, 2014	Additions	Deductions	As at March 31, 2015
(a) Securities Premium Account	2,654.58 (2,654.58)	-	-	2,654.58 (2,654.58)
(b) General Reserve	27,129.39 (27,129.39)	-	-	27,129.39 (27,129.39)
(c) Surplus in statement of Profit and Loss [Refer (i) below]	38,773.63 (37,562.47)	4,684.85 (1,886.81)	2,316.89 (675.65)	41,141.59 (38,773.63)
	<u>68,557.60</u> (67,346.44)	<u>4,684.85</u> (1,886.81)	<u>2,316.89</u> (675.65)	<u>70,925.56</u> (68,557.60)

	2014-15		2013-14	
	Additions	Deductions	Additions	Deductions
(i) Changes in Surplus of Profit and Loss :				
(a) Profit for the year	4,684.85	-	1,886.81	-
(b) Proposed Dividend	-	1,925.00	-	577.50
(c) Tax on Proposed Dividend	-	391.89	-	98.15
	<u>4,684.85</u>	<u>2,316.89</u>	<u>1,886.81</u>	<u>675.65</u>

Figures in brackets relate to previous year

**TML DRIVELINES LIMITED**  
Notes forming part of financial statements

**4. DEFERRED TAX LIABILITIES**

(a) Major components of deferred tax arising on account of timing differences are :

	As at March 31, 2015	As at March 31, 2014
<b>(₹ in lakhs)</b>		
<b>Liabilities:</b>		
Depreciation	(4649.80)	(5083.29)
Product Development Cost	(553.80)	(508.15)
	(5203.60)	(5591.44)
<b>Assets:</b>		
Employee Separation Scheme	389.77	174.69
Stamp Duty & Other Expenses	48.56	98.14
Employee Benefits / Expenses allowable on payment basis	371.84	335.68
	810.17	608.51
<b>Net Deferred Tax Liability (Net)</b>	(4393.43)	(4982.93)

(b) Deferred Tax charge / (credit) for the period

	2014-15	2013-14
Opening Deferred Tax Liability .....	(4982.93)	(5102.13)
Less : Closing Deferred Tax Liability .....	(4393.43)	(4982.93)
Deferred Tax charge / (credit) for the year .....	(589.50)	(119.20)

(c) Tax expense :

	2014-15	2013-14
(i) Current Tax	2151.90	521.40
(ii) Deferred Tax	(589.50)	(119.20)
	1562.40	402.20

**TML DRIVELINES LIMITED**  
Notes forming part of financial statements

(₹ in lakhs)

**5. Other Long-term Liabilities**

(a) Pension - Employee Separation Scheme

As at March 31, 2015	As at March 31, 2014
844.93	121.88
<b>844.93</b>	<b>121.88</b>

**6. Long - Term Provisions**

(a) Provision for employee benefits  
(Refer Note 26)

As at March 31, 2015	As at March 31, 2014
2924.80	2459.22
<b>2924.80</b>	<b>2459.22</b>

**7. Trade Payables**

(a) Micro, Small and Medium Enterprises (Refer Note 31)  
(b) Trade Payables\*

As at March 31, 2015	As at March 31, 2014
359.24	180.48
6173.52	6632.87
<b>6532.76</b>	<b>6813.35</b>
2545.26	2579.04
22.51	24.11

\* Includes payable to;  
Tata Motors Limited - Holding Company  
Tata Technologies Limited - Fellow Subsidiary

**8. Other Current Liabilities**

(a) Pension - Employee Separation Scheme  
(b) Statutory dues (Excise duty/VAT/Service Tax/TDS etc)  
(c) Liability for capital expenditure\*  
(d) Liability for retention  
(e) Advance Received from Customers

\* TAL Manufacturing Solutions Limited - Fellow Subsidiary

As at March 31, 2015	As at March 31, 2014
258.78	42.35
363.97	279.27
854.86	1072.56
868.50	671.04
54.34	73.09
<b>2400.45</b>	<b>2138.31</b>
149.88	107.92

**9. Short-term provisions**

(a) Provision for employee benefits (Refer Note 26)  
(b) Proposed Dividends  
(c) Provision for Tax on Proposed Dividends  
(d) Provision for Tax (Net)  
(Net of advance tax ₹ 14,477.81 lakhs, As at March 31, 2014 ₹ 14,477.81 lakhs)  
(e) Provision for Warranty (Refer Note 33)

As at March 31, 2015	As at March 31, 2014
266.72	539.04
1925.00	577.50
391.89	98.15
334.02	335.62
483.01	-
<b>3400.64</b>	<b>1550.31</b>

**TML DRIVELINES LIMITED**  
Notes forming part of the financial statements

**10. Tangible Assets**

(₹ in lakhs)

FIXED ASSETS	Cost as at April 1, 2014	Additions / Adjustments	Deductions / Adjustments	Cost as at March 31, 2015	Accumulated depreciation / amortisation up to April 1, 2014	Depreciation for the period	Deductions / Adjustments	Accumulated depreciation / amortisation up to March 31, 2015	Net Book Value as at March 31, 2015
<b>[I] Owned Assets :</b>									
(a) Buildings	3,533.94 (3,063.57)	789.16 (470.37)	- -	4,323.10 (3,533.94)	816.81 (617.13)	199.45 (199.68)	-	1,016.26 (816.81)	3,306.84 (2,717.13)
(b) Plant & Machinery and Equipment [ Refer 2(i) & 2(ii) below ]	90,556.85 (85,208.56)	8,602.41 (7,186.69)	1,990.94 (1,838.40)	97,168.32 (90,556.85)	44,928.90 (41,300.57)	5,497.09 (5,393.29)	1,782.58 (1,764.96)	48,643.41 (44,928.90)	48,524.91 (45,627.97)
(c) Furniture & Fixtures	193.11 (170.08)	1.28 (24.75)	13.87 (1.72)	180.52 (193.11)	88.33 (69.52)	13.48 (19.36)	13.20 (0.55)	88.61 (88.33)	91.91 (104.78)
(d) Vehicles	220.63 (244.17)	32.49 (13.95)	68.03 (37.49)	185.09 (220.63)	115.56 (97.54)	37.53 (46.20)	44.80 (28.18)	108.29 (115.56)	76.80 (105.07)
(e) Office Equipments [Refer 3 below]	452.53 (399.16)	14.66 (54.66)	6.98 (1.29)	460.21 (452.53)	133.07 (108.99)	193.13 (24.75)	4.22 (0.67)	321.98 (133.07)	138.23 (319.46)
(f) Computers and other IT assets	401.35 (294.17)	6.17 (107.18)	51.08 -	356.44 (401.35)	193.40 (138.39)	50.29 (55.01)	46.22 -	197.47 (193.40)	158.97 (207.93)
(g) Water System and Sanitation	33.91 (29.51)	11.82 (4.40)	- -	45.73 (33.91)	12.20 (10.31)	2.34 (1.89)	- -	14.54 (12.20)	31.19 (21.71)
<b>[II] Assets given on Lease:</b>									
Plant & Machinery and Equipment	582.98 (497.69)	- (85.29)	49.60 -	533.38 (582.98)	70.27 (73.38)	25.16 (26.31)	1.67 (29.42)	93.76 (70.27)	439.62 (512.71)
<b>Total</b>	<b>95,975.30</b> (89,906.91)	<b>9,457.99</b> (7,947.29)	<b>2,180.50</b> (1,878.90)	<b>1,03,252.79</b> (95,975.30)	<b>46,358.54</b> (42,415.83)	<b>6,018.47</b> (5,766.49)	<b>1,892.69</b> (1,823.78)	<b>50,484.32</b> (46,358.54)	<b>52,768.47</b> (49,616.76)

- Notes :
- 1) Figures in brackets relate to previous year
  - 2)(i) Includes Plant & Machinery having Gross block of ₹ 1776.68 lakhs (As at March 31, 2014: ₹ 2050.90 lakhs) and Net Block of ₹ 53.18 lakhs (As on March 31, 2014: ₹ 47.81 lakhs) held for disposal
  - 2)(ii) Depreciation for the period includes loss of ₹ 46.19 lakhs (2013-14 ₹ 274.80 lakhs) on assets held for disposal
  - 3) 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. 130.73 lakhs 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 37.84 lakhs consequent to the change in the useful life of the assets from 20 to 5 years.
  - 4) For assets given on lease, the renewal of lease agreement is in progress.

**TML DRIVELINES LIMITED**  
Notes forming part of the financial statements

**11. Intangible Assets**

(₹ in lakhs)

FIXED ASSETS	Cost as at April 1, 2014	Additions / Adjustments	Deductions / Adjustments	Cost as at March 31, 2015	Accumulated depreciation / amortisation up to April 1, 2014	Depreciation / Amortisation for the period	Deductions / Adjustments	Accumulated depreciation / amortisation up to March 31, 2015	Net Book Value as at March 31, 2015
<b>Intangible Assets</b>									
(a) Computer Software #	634.35 (432.55)	118.50 (201.80)	5.88 -	746.97 (634.35)	285.14 (193.83)	97.67 (91.31)	5.69 -	377.12 (285.14)	369.85 (349.21)
(b) Intellactual property rights other intangibles #	17,870.60 (17,870.60)	- -	- -	17,870.60 (17,870.60)	14,984.80 (12,589.01)	2,801.49 (2,395.79)	- -	17,786.29 (14,984.80)	84.31 (2,885.80)
(c) Product Development cost *	143.76 -	- (143.76)	- -	143.76 (143.76)	0.61 -	6.38 (0.61)	- -	6.99 (0.61)	136.77 (143.15)
(d) Customer contract Rights #	1,809.00 (1,809.00)	- -	- -	1,809.00 (1,809.00)	180.90 -	180.90 (180.90)	- -	361.80 (180.90)	1,447.20 (1,628.10)
(e) Goodwill #	2,356.58 (2,356.58)	- -	- -	2,356.58 (2,356.58)	589.14 -	589.14 (589.14)	- -	1,178.28 (589.14)	1,178.30 (1,767.44)
<b>Total</b>	<b>22,814.29</b> (22,468.73)	<b>118.50</b> (345.56)	<b>5.88</b> -	<b>22,926.91</b> (22,814.29)	<b>16,040.59</b> (12,782.84)	<b>3,675.58</b> (3,257.75)	<b>5.69</b> -	<b>19,710.48</b> (16,040.59)	<b>3,216.43</b> (6,773.70)

Notes:

- Figures in brackets relate to previous year
- \* Internally generated Intangible Assets
- # Other than Internally generated Intangible Assets

**11(A). Depreciation & Amortisation expense for the year ended:**

	March 31, 2015 (₹ in lakhs)	March 31, 2014 (₹ in lakhs)
Depreciation Tangible Assets (Note 10)	6,018.47	5,766.49
Depreciation / Amortisation Intangible Assets (Note 11)	3,675.58	3,257.75
Total Depreciation & Amortisation expense	9,694.05	9,024.24

**TML DRIVELINES LIMITED**  
Notes forming part of the financial statements

(₹ in lakhs)

**12. Long - term Loans and Advances (Unsecured, considered good)**

- (a) Loans and advances to employees.
- (b) Capital Advances\*
- (c) Advance Income Tax  
(Net of provision ₹ 32,696.44 lakhs, As at March 31, 2014 ₹ 30,537.14 lakhs)
- (d) Others

As at March 31, 2015	As at March 31, 2014
209.31	355.26
235.68	1323.96
4170.61	3930.52
51.73	5.53
<b>4667.33</b>	<b>5615.27</b>
-	<b>43.95</b>

\* TAL Manufacturing Solutions Limited - Fellow Subsidiary

**TML DRIVELINES LIMITED**  
**Notes forming part of the financial statements**

(₹ in lakhs)

**13. Current Investments**

**I. Current Investments - Non trade (at lower of cost and fair value)**  
**Investments in Mutual Fund - Unquoted**

	As at March 31, 2015	As at March 31, 2014
	1500.00	1500.00
	1000.00	1000.00
	<b>2500.00</b>	2500.00

No.of units	Face Value Per unit	Description
7,08,682.40 (7,08,682.40)	10	ICICI Prudential Flexible Income Plan - Growth
55,43,360.16 (55,43,360.16)	10	Kotak Floater Short Term Growth

**TML DRIVELINES LIMITED**  
**Notes forming part of the financial statements**

(₹ in lakhs)

**14. Inventories**

- (a) Stores and spare parts
- (b) Consumable tools
- (c) Unbilled Cost

<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>2668.55</b>	1921.86
<b>1120.56</b>	992.72
<b>1015.49</b>	928.63
<b>4804.60</b>	<b>3843.21</b>

**TML DRIVELINES LIMITED**  
Notes forming part of the financial statements

(₹ in lakhs)

**15. Cash and Bank Balances**

**Cash and cash equivalents**

- (a) Cash on hand
- (b) Current Account with banks
- (c) Bank Deposits with upto 3 months maturity

As at March 31, 2015	As at March 31, 2014
0.40	0.44
25.54	25.80
<b>4000.00</b>	11500.00
<b>4025.94</b>	<b>11526.24</b>

**16. Short-term loans and advances (Unsecured, considered good)**

- (a) Inter Corporate Deposits (Refer Note 28B (XVII))\*
- (b) Loans and advances to employees
- (c) Balances with government authorities (Excise duty/Service Tax etc)
- (d) Advances to suppliers and contractors
- (e) others

\* Maximum Outstanding during the period

As at March 31, 2015	As at March 31, 2014
<b>16475.00</b>	500.00
<b>127.93</b>	100.21
<b>1320.05</b>	1275.81
<b>493.63</b>	1287.14
<b>2.53</b>	3.65
<b>18419.14</b>	<b>3166.81</b>
<b>21910.00</b>	21915.00

**17. Other Current Assets**

- (a) Interest accrued on deposits / loans
- (b) Prepaid expenses
- (c) Deposit with others

As at March 31, 2015	As at March 31, 2014
<b>55.98</b>	49.23
<b>552.62</b>	54.43
<b>500.00</b>	3750.00
<b>1108.60</b>	<b>3853.66</b>

**TML DRIVELINES LIMITED**  
**Notes forming part of the financial statements**

(₹ in lakhs)

**18. Total Revenue**

**1. Revenue from Operations**

- (a) Sale of Services
- (b) Other operating revenues (Refer 1 below)
- Revenue from Operations (Gross)
- Less: Excise duty
- Revenue from Operations (Net)

	2014-15	2013-14
	<b>51582.38</b>	38996.40
	<b>1082.63</b>	1215.39
	<b>52665.01</b>	40211.79
	<b>(91.16)</b>	(97.15)
	<b>52573.85</b>	40114.64
	<b>1545.64</b>	1716.19
	-	14.17
	-	482.12
	<b>1545.64</b>	2212.48

**2. Other income**

- (a) Interest income (Refer 2 below)
- (b) Dividend income
- (c) Profit on sale of current investments

	2014-15	2013-14
	<b>519.09</b>	754.57
	<b>28.47</b>	21.65
	<b>88.44</b>	80.37
	<b>177.66</b>	123.10
	<b>1360.58</b>	1593.09

1. Includes :

- (i) Scrap Sales
- (ii) Profit on Sale of Assets held for Disposal
- (iii) Lease rental of Plant & Machinery

2. Includes:

- (i) Interest Income on Deposits with Banks
- (ii) Interest Income on Inter Corporate Deposits

# TML DRIVELINES LIMITED

## Notes forming part of the financial statements

(₹ in lakhs)

### 19. Employee Benefits Expense

- (a) Salaries, wages and bonus etc
- (b) Contribution to provident and other funds
- (c) Staff welfare expenses (Refer 1 below)

	2014-15	2013-14
	15470.88	13585.67
	1643.37	1537.43
	644.70	355.46
	<b>17758.95</b>	<b>15478.56</b>

### 20. Other Expenses

- (a) Processing charges
- (b) Consumption of stores and spare parts
- (c) Power and fuel
- (d) Rent
- (e) Repairs to buildings
- (f) Repairs to plant, machinery, etc.
- (g) Insurance
- (h) Freight, transportation, port charges, etc.
- (i) Warranty Charges (Refer Note 33)
- (j) Expenditure on Corporate Social Responsibility
- (k) Works operation and other expenses (Refer 2 below)

	2014-15	2013-14
	8.42	61.80
	5860.16	4603.84
	6114.50	4795.13
	500.54	500.54
	168.96	149.77
	520.19	387.78
	74.53	79.96
	130.28	66.98
	505.80	-
	301.77	-
	5410.52	5350.66
	<b>19595.67</b>	<b>15996.46</b>

- 1. Includes:-
  - (i) Provisions for other employee benefit schemes
- 2. Includes:-
  - (i) Auditors' Remuneration -
    - Audit Fees
    - In other Capacities -
    - Tax Audit Fees
    - Other Services
 [Transfer Pricing, Sec 35(2AB), DPT 4]
  - (ii) Share of Expenses for common services facilities
  - (iii) Foreign Exchange Fluctuation (Profit) / Loss (net)
  - (iv) Loss on Sale of Assets

	2014-15	2013-14
	460.27	197.05
	22.00	22.00
	5.00	5.00
	3.13	-
	3150.33	3101.17
	(40.76)	126.30
	3.80	-

**TML DRIVELINES LIMITED**  
Notes forming part of the financial statements

21. Contingent liabilities, commitments (to the extent not provided for):

I) The Company is involved in the following appellate and judicial proceeding matters arising in the course of conduct of the Company's business. Few of the proceedings, in respect of matters under litigation, are in early stages and in other cases, the claims are indeterminate.

Claims against the company not acknowledged as debts:

- Provision not made for Income tax matters in dispute in respect of disallowances ₹ 1041.99 lakhs (As at March 31, 2014: ₹ 603.04 lakhs)
- Excise matters in appeal in respect of valuation disputes etc ₹ 9252.62 lakhs (As at March 31, 2014: ₹ 4615.43 lakhs)
- Claim on Excise duty matter where issue was decided in favour of the company for which department in further appeal ₹ 4.42 lakhs (As at March 31, 2014 : ₹ 4.42 lakhs)
- Sales Tax : ₹ 1219.95 Lakhs (As at March 31, 2014: ₹ 43.12 lakhs)

The management believes that the claims made are untenable and is contesting them. As of the reporting date, the management is unable to determine the ultimate outcome of these matters. However, in the event the revenue authorities succeed with enforcement of their assessments, the company may be required to pay some or all of the asserted claims and the consequential interest and penalties, which could reduce net profit and could have a material adverse effect on the net profit in the respective reporting period

II) Estimated amount of contracts remaining to be executed on capital account and not provided for: ₹ 6929.19 lakhs (As at March 31, 2014: ₹ 11477.57 lakhs) Net of advances of ₹ 235.70 lakhs (As at March 31, 2014: ₹ 1323.96 lakhs)

22. Foreign exchange currency exposures not covered by derivative instruments as on March 31, 2015

Currency	Amount (Foreign currency in Lakhs)	Amount ₹ in Lakhs
Creditors payable on account of other foreign currency expenditure	EUR 3.04	204.34
	(EUR 4.10)	(337.88)
	USD 5.92	370.22
	(USD 0.51)	(30.61)
	Nil	Nil
	(JPY 271.80)	(17.59)

[Figures in brackets are for the previous year]

23. Earnings per share:

	<u>Apr-Mar'15</u>	<u>Apr-Mar'14</u>
(a) Profit after Tax (₹ in Lakhs)	4684.85	1886.81
(b) Number of Ordinary shares for EPS (Nos.)	77000000	77000000
(c) Nominal value per Ordinary Share (₹)	10	10
(d) Earnings Per Share (Basic & Diluted) (₹)	6.08	2.45

24. The Company has entered into agreement with Tata Motors Limited, permitting the Company to use Tata Motors's land and factory buildings for its operations and for sharing common services and facilities. Fixed rentals for Land and Factory building are charged to the Statement of Profit and Loss. The said agreement is renewable in every five years.

25. Change in Inventory of unbilled cost:

	<u>Apr-Mar'15</u> ₹ in Lakhs	<u>Apr-Mar'14</u> ₹ in Lakhs
Balance at the beginning of the period	928.63	310.18
Less: Balance at the end of the period	1015.49	928.63
Change in Unbilled Cost	<b>-86.86</b>	-618.45



## TML DRIVELINES LIMITED

### Notes forming part of the financial statements

27. The Company is engaged in the activities related to manufacture of axles, gear boxes and spare parts thereof. These in the context of Accounting Standard 17 on segment reporting, as specified in the Companies (Accounting Standards) Rules, 2006 are considered to constitute one single primary segment. Further there is no reportable secondary segment i.e Geographical Segment.

28 Related Party disclosures for the year ended March 31, 2015 (With whom the company had transactions during the year)

#### A Related Party and their relationship

Tata Motors Ltd.		Holding Company
TAL Manufacturing Solutions Limited	}	Fellow subsidiaries
Tata Technologies Limited		
Tata Daewoo Commercial Vehicle Co. Limited		
Tata Marcopolo Motors Limited		
Mr S K Morri*	}	Key Managerial Personnel
Mr. Gurvinder Singh Ahuja		
Mr. Vispi Patel		

\* Manager under the Companies Act, 2013

**TML DRIVELINES LIMITED**  
**Notes forming part of the financial statements**

<b>B Transactions during the year:-</b>	<b>(₹ in Lakhs)</b>			
	<b>Holding Company</b>	<b>*Fellow Subsidiaries</b>	<b>Key Managerial Personnel</b>	<b>Total</b>
(i) Sale of Services ***#	<b>90,517.30</b> (68,720.07)	-	-	<b>90,517.30</b> (68,720.07)
(ii) Interest Received	<b>1,350.91</b> (1,593.09)	<b>9.67</b>	-	<b>1,360.58</b> (1,593.09)
(iii) Rent paid***	<b>562.41</b> (562.41)	-	-	<b>562.41</b> (562.41)
(iv) Purchase of Materials	<b>716.31</b> (823.33)	-	-	<b>716.31</b> (823.33)
(v) Sale of Products	-	<b>13.17</b>	-	<b>13.17</b>
(vi) Purchase of Fixed Assets****###	<b>18.88</b> -	<b>623.32</b> (654.96)	-	<b>642.20</b> (654.96)
(vii) Purchase of Services ***+	<b>4,675.10</b> (4,653.71)	<b>236.12</b> (164.97)	-	<b>4,911.22</b> (4,818.68)
(viii) Receiving of Services	-	-	<b>90.29</b> (99.37)	<b>90.29</b> (99.37)
(ix) Reimbursements Received	<b>2,262.97</b> (2,545.80)	-	-	<b>2,262.97</b> (2,545.80)
(x) Reimbursements Made	<b>6,144.20</b> (4,893.25)	-	-	<b>6,144.20</b> (4,893.25)
(xi) Transfer of Research & Development	<b>573.82</b> -	-	-	<b>573.82</b> -
(xii) Inter Corporate Deposit Given	<b>48,435.00</b> (36,420.00)	<b>800.00</b>	-	<b>49,235.00</b> (36,420.00)
(xiii) Inter Corporate Deposit Received Back	<b>33,260.00</b> (45,340.00)	-	-	<b>33,260.00</b> (45,340.00)
(xiv) Dividend Paid	<b>577.50</b> (2,695.00)	-	-	<b>577.50</b> (2,695.00)
(xv) Lease Rental***	<b>99.37</b> (90.31)	-	-	<b>99.37</b> (90.31)
(xvi) ED transferred	<b>15,994.67</b> (11,703.44)	-	-	<b>15,994.67</b> (11,703.44)
(xvii) Outstanding balance as at March 31,2015				-
Amount Payable++	<b>2,545.26</b>	<b>172.38</b>	-	<b>2,717.64</b>
(Balance as at March 31,2014)	(2,579.04)	(132.04)	-	(2,711.08)
Amount Receivable	-	-	<b>1.90</b>	<b>1.90</b>
(Balance as at March 31,2014)	-	-	(2.16)	(2.16)
Advances Given	-	-	-	-
(Balance as at March 31,2014)	-	(43.95)	-	(43.95)
Amount Receivable in respect of ICD placed	<b>15,675.00</b>	<b>800.00</b>	-	<b>16,475.00</b>
(Balance as at March 31,2014)	(500.00)	-	-	(500.00)
# Note: Includes Excise Duty paid on despatches of goods processed	<b>38,923.86</b> (29,715.87)	-	-	<b>38,923.86</b> (29,715.87)

\* Transactions and balances shown under Fellow Subsidiaries relate to TAL Manufacturing Solutions Ltd., Tata Technologies limited, Tata Daewoo Commercial Vehicle Co. Ltd & Tata Marcopolo Motors Limited

\*\*\* Includes service tax paid ₹ 447.92 lakhs (Previous year: ₹ 463.22 lakhs) & service tax received of ₹ 184.56 lakhs (Previous year : ₹ 185.92 lakhs)

### Includes purchase of Fixed Assets from TAL Manufacturing Solutions Ltd. - ₹ 563.56 Lakhs (Previous year: ₹ 579.25 lakhs), Tata Technologies limited - ₹ 59.76 (Previous year: ₹ 75.70 lakhs) Lakhs and Tata Motors Limited - Rs. 18.88 Lakhs (Previous year: Nil)

+ Includes purchase of services from Tata Technologies limited - ₹ 236.11 Lakhs (Previous year: ₹ 185.37 lakhs)

++ Includes amount payable to TAL Manufacturing Solution Ltd. - ₹ 149.88 Lakhs (Previous year: ₹ 107.92 lakhs) and Tata Technologies limited - ₹ 22.50 Lakhs (Previous year: ₹ 24.12 lakhs)

**TML DRIVELINES LIMITED**  
**Notes forming part of the financial statements**

	<b>2014-15</b>	<b>2013-14</b>
	<b><u>₹ in Lakhs</u></b>	<b><u>₹ in Lakhs</u></b>
<b>29</b> C.I.F. value of imports (Rupees in lakhs)		
Machinery Spares and Tools	878.89	944.22
Capital Goods & Services	3,026.13	3,255.87

- The company has taken the view that spares and components, the value and percentage of Imported and Indigenous raw materials and components consumed, covers only such items as go directly into production.

<b>30</b> Expenditure in foreign currency		
Consultancy charges	106.15	2.88
Other matters	-	-

**31** Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006". No interest is paid or payable as on March 31,2015.

	<b>2014-15</b>	<b>2013-14</b>
	<b><u>₹ in Lakhs</u></b>	<b><u>₹ in Lakhs</u></b>
<b>32 Expenditure Incurred on Research &amp; Development</b>		
a) Revenue Expenditure - Charged to Profit & Loss Account	408.46	102.77
b) Revenue Expenditure - Capitalised	33.32	464.83
c) Capital Expenditure	137.73	1056.31

	<b>2014-15</b>	<b>2013-14</b>
	<b><u>₹ in Lakhs</u></b>	<b><u>₹ in Lakhs</u></b>
<b>33 Details of Provision</b>		
<b>Service warranty</b>		
Opening balance	Nil	
Add: Provision for the year (net)	505.80	Nil
Less: Payments	22.79	
Closing balance	<u>483.01</u>	

**34** The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

**35** Figures for the previous period/year have been regrouped/reclassified to confirm to the current year classification.