TAL Manufacturing Solutions Limited

Annual Financial Statements

For the year ended March 31, 2018

B S R & Co. LLP
Chartered Accountants

7th & 8th floor, Business Plaza,
Westin Hotel Campus,
36/3-B, Koregaon Park Annex,
Mundhwa Road, Ghorpadi,
Pune - 411001, India

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INDEPENDENT AUDITOR'S REPORT

To the Members of
TAL Manufacturing Solutions Limited

Report on the Audit of the Indian Accounting Standards ('Ind AS') Financial Statements

We have audited the accompanying Ind AS financial statements of **TAL Manufacturing Solutions Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under Section 133 of the Act.

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS 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.

B S R & Co. LLP
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Chartered Accountants

TAL Manufacturing Solutions Limited
Independent Auditor's Report – 31 March 2018 *(continued)*

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

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

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 March 2018, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31 March 2017 prepared in accordance with Ind AS included in these Ind AS financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated 30 June 2017 expressed an unmodified opinion.

Our opinion is not modified in respect of this matter.

B S R & Co. LLP
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TAL Manufacturing Solutions Limited

Independent Auditor's Report – 31 March 2018 *(continued)*

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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.

(b) In our opinion, proper books of account as required by the 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

(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 Ind AS financial statements – Refer Note 31 to the financial statements;

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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TAL Manufacturing Solutions Limited

Independent Auditor's Report – 31 March 2018 *(continued)*

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November 2016 to 30th December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/ W-100022

Guha

Siddhartha Guha
Partner
Membership no.: 124042

Place: Pune
Date: 21 April 2018

TAL Manufacturing Solutions Limited
Annexure A to the Independent Auditor's Report – 31 March 2018

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2018, we report that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) The Company has a program of physical verification of its fixed assets, by which its fixed assets are verified once every two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. Accordingly, certain fixed assets were physically verified by the management in the current year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

   (c) In respect of immovable properties of land that have been taken on lease and disclosed as other non-current assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement. In respect of immovable property of building, the said building disclosed as property, plant and equipment in the financial statement has been constructed on land in respect of which the Company has lease rights. The title deeds of the immovable properties are held in the name of the Company.

2. The inventory, except goods-in-transit and inventory lying with certain third parties, has been physically verified by the management during the year. For inventory lying with third parties as at the year end, written confirmations have been obtained by the management. In our opinion, the frequency of such verification is reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

3. The Company has not granted any loans, secured or unsecured, to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

4. According to the information and explanations given to us, the Company has not granted any loans, made any investments, or provided any guarantees or security to which the provisions of section 185 and 186 of the Act apply. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

5. The Company has not accepted any deposits in accordance with the provisions of sections 73 to 76 of the Act and the rules made there under.

6. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 148(1) of the Companies Act, 2013 in respect of manufacture of products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

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TAL Manufacturing Solutions Limited
Annexure B to the Independent Auditor's Report – 31 March 2018
(continued)

7. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income tax, Sales tax, Value added tax, Service tax, Duty of Customs, Duty of Excise, Goods and Services Tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income tax, Sales tax, Value added tax, Service tax, Duty of Customs, Duty of Excise, Goods and Services Tax and other statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income tax, Service tax, Sales tax, Value added tax, Duty of Customs, Duty of Excise and Goods and Services Tax which have not been deposited by the Company with the appropriate authorities on account of any disputes except those mentioned below:

Name of the statute	Nature of the dues	Amount Rs. in lakhs	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	118.69	2010-11	Income tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	55.73	2013-14	Income tax Appellate Tribunal
Central Sales Tax Act, 1956	Sales Tax	12.22	2006-07	Deputy Commissioner of Sales Tax, Pune

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to its banks. The Company did not have any outstanding loans or borrowings to financial institutions, government or any debentures during the year.

9. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year.

10. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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TAL Manufacturing Solutions Limited
Annexure B to the Independent Auditor's Report – 31 March 2018 *(continued)*

11. In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as per the Act.

13. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year.

15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year.

16. In our opinion and according to the information and explanations given to us, the Company is not required to register under section 45-IA of the Reserve Bank of India, 1934.

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/ W-100022

Guha

Siddhartha Guha
Partner
Membership no.: 124042

Place: Pune
Date: 21 April 2018

TAL Manufacturing Solutions Limited

Annexure B to the Independent Auditor's Report – 31 March 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls with reference to financial statements of the Company as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

B S R & Co. LLP
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Chartered Accountants

TAL Manufacturing Solutions Limited

Annexure B to the Independent Auditors' Report – 31 March 2018 *(continued)*

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/ W-100022

Siddhartha Guha
Partner
Membership no.: 124042

Place: Pune
Date: 21 April 2018

TAL Manufacturing Solutions Limited
Balance Sheet as at March 31, 2018

	Note No.	As at March 31, 2018	As at March 31, 2017
			Rs. In lakhs
I. ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	4	27,715.97	30,153.55
(b) Capital Work-in-Progress		1,036.43	653.72
(c) Intangible assets	5	49.43	218.55
(d) Financial Assets			
(i) Loans	6	-	63.03
(ii) Other Financial Assets	11	23.80	-
(e) Deferred Tax Assets (net)	18(a)	503.66	-
(f) Other Non-Current Assets	7	3,060.12	2,527.39
Total Non-Current Assets		**32,389.41**	**33,616.24**
(2) Current assets			
(a) Inventories	8	9,455.68	8,251.50
(b) Financial Assets:			
(i) Trade Receivables	9	6,461.40	9,060.04
(ii) Cash and Cash Equivalents	10	16.12	28.87
(iii) Loans	6	-	24.70
(c) Current Tax Assets (Net)	18(c)	-	-
(d) Other Current Assets	12	1,128.24	1,390.23
		17,061.44	**18,755.34**
Disposal group classified as held for sale	36	**4,469.55**	**564.10**
Total Current Assets		**21,530.99**	**19,319.44**
TOTAL ASSETS		**53,920.40**	**52,935.68**
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share Capital	13	11,500.00	11,500.00
(b) Other Equity *	14	(1,213.98)	(2,520.48)
Total Equity		**10,286.02**	**8,979.52**

** Includes other comprehensive income relating to discontinued operation amounting to ₹ 14.81 lakhs as at March 31, 2018*

	Note No.	As at March 31, 2018	As at March 31, 2017
Liabilities			
(2) Non-current liabilities			
(a) Financial Liabilities:			
(i) Borrowings	15	4,865.21	4,468.40
(ii) Other Financial Liabilities	16	-	51.14
(b) Provisions	17	410.60	1,161.11
(c) Deferred Tax Liabilities (Net)	18(a)	-	3.96
(d) Other Non Current Liabilities	19	20,971.01	19,708.61
Total Non-Current Liabilities		**26,246.82**	**25,393.22**
(3) Current liabilities			
(a) Financial Liabilities:			
(i) Borrowings	20	2,040.74	8,305.88
(ii) Trade Payables	21	6,380.14	4,988.83
(iii) Other Financial Liabilities	16	1,714.84	1,332.48
(b) Provisions	17	181.04	735.41
(c) Current Tax Liabilities (Net)	18(c)	35.49	29.00
(d) Other Current Liabilities	19	2,573.18	3,171.34
		12,925.43	**18,562.94**
Disposal group liability directly associated with the assets held for Sale	36	4,462.13	-
Total Current Liabilities		**17,387.56**	**18,562.94**
Total Liabilities		**43,634.38**	**43,956.16**
TOTAL EQUITY AND LIABILITIES		**53,920.40**	**52,935.68**

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS 2-43

In terms of our report attached.

For B S R & CO. LLP
Chartered Accountants
Firm Registration number - 101248 W/W-100022

SIDDHARTHA GUHA
Partner
M. No. 124042

Place: Pune
Date: 21 April 2018

For and on behalf of the Board

GANESH RAGHAVAN, MD & CEO
DIN - 00079279

R.S.THAKUR, Chairman
DIN - 00020126

PADMINI KHARE KAICKER, Director
DIN - 00296388

AJIT SHAH, Director
DIN - 02396765

SATISH BORWANKAR, Director
DIN - 01793948

RAJESH KHATRI, Director
DIN - 03620093

BANMALI AGARWALA
DIN - 00120029

SATISH PRADHAN, Director
DIN - 00175969

SANTANU SIL, Chief Financial Officer
PAN - AEIPS9449F

JAGDISH SHIRKE, Company Secretary
PAN - AZNPS1380H

Place: Pune
Date: 21 April 2018

B S R & Co. LLP, 7th, 8th Floor, Business Plaza, Westin Hotel Campus, 36/3-B, Koregaon Park Annex, Mundhwa Road, Ghorpadi, Pune-411001, India, Chartered Accountants

Tal Manufacturing Solutions Ltd. TAL

TAL Manufacturing Solutions Limited
Statement of Profit and Loss for the year ended March 31, 2018

Rs. In lakhs

	Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I.	Revenue from operations	22	33,758.23	22,883.33
II.	Other income	23	197.64	1,178.73
III.	**Total Income (I+II)**		**33,955.87**	**24,062.06**
IV.	**Expenses:**			
	(a) Cost of materials consumed	24	14,696.70	10,771.66
	(b) Changes in inventories of finished goods, work-in-progress	25	(1,693.22)	(595.50)
	(c) Employee benefits expense	26	3,498.11	2,284.75
	(d) Finance costs	27	812.15	773.63
	(e) Depreciation and amortisation expense	28	3,067.84	2,739.71
	(f) Other expenses	29	8,536.23	4,018.22
	(g) Expenditure transferred to capital and other accounts		(24.19)	-
	Total expenses (IV)		**28,893.62**	**19,992.47**
V.	**Profit before tax from continuing operations (III-IV)**		**5,062.25**	**4,069.59**
VI.	**Tax expense:**			
	(a) Current tax (MAT for the year)		1,140.25	-
	(b) Deferred tax (Including MAT credit entitlement)		(483.43)	-
	Total tax expense (VI)		**656.82**	
VII	**Profit for the year from continuing operations (V-VI)**		**4,405.43**	**4,069.59**
VIII	Loss from discontinued operations before tax	36	(3,955.32)	(2,880.87)
IX	Tax credit of discontinued operations		(890.92)	-
X	**Loss from discontinued operations (after tax)(VIII - IX)**		**(3,064.40)**	**(2,880.87)**
XI	**Profit for the year (VII + X)**		**1,341.03**	**1,188.72**
XII	**Other comprehensive (loss)/income(OCI) :**			
	(A) Items that will not be reclassified subsequently to statement of profit and loss:			
	(a) Remeasurement of defined benefit plans (net)		(58.72)	11.45
	(b) Tax effect of remeasurement of defined benefit plans		20.23	(3.96)
	Total Other comprehensive (loss)/income for the year (XII)		**(38.49)**	**7.49**
XIII	**Total comprehensive income/(loss) for the year (XI+XII)**		**1,302.54**	**1,196.21**
	Earnings per equity share (for continuing operations) :			
	(i) Basic (Nominal Value per share Rs.10)	Rs.	3.80	Rs. 3.55
	(ii) Diluted (Nominal Value per share Rs.10)	Rs.	3.80	Rs. 3.55
	Earnings per equity share (for discontinuing operations) :			
	(i) Basic (Nominal Value per share Rs.10)	Rs.	(2.66)	Rs. (2.52)
	(ii) Diluted (Nominal Value per share Rs.10)	Rs.	(2.66)	Rs. (2.52)
	Earnings per equity share (for discontinued and continuing operations) :			
	(i) Basic (Nominal Value per share Rs.10)	Rs.	1.13	Rs. 1.03
	(ii) Diluted (Nominal Value per share Rs.10)	Rs.	1.13	Rs. 1.03

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS 2-43

In terms of our report attached.

For B S R & CO. LLP
Chartered Accountants
Firm Registration number - 101248 W/W-100022

SIDDHARTHA GUHA
Partner
M. No. 124042

For and on behalf of the Board

GANESH RAGHAVAN, MD & CEO
DIN - 00079279

R.S.THAKUR, Chairman
DIN - 00020126

PADMINI KHARE KAICKER, Director
DIN - 00296388

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DIN - 00120029

SATISH PRADHAN, Director
DIN - 00176969

SANTANU SIL, Chief Financial Officer
PAN - AEIPS9449F

JAGDISH SHIRKE, Company Secretary
PAN - AZNPS1380H

Place: Pune
Date: 21 April 2018

Place: Pune
Date: 21 April 2018

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Tal Manufacturing Solutions Ltd. TAL

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TAL Manufacturing Solutions Limited
Cash Flow Statement for the year ended March 31, 2018

Rs. In lakhs

		For the year ended March 31, 2018		For the year ended March 31, 2017	
A.	**Cash flows from operating activities:**				
	Profit / (Loss) before tax		**1,106.93**		**1,188.72**
	Adjustments for:				
	Depreciation and amortization (Continuing and discountinued operation)	3,812.39		3,133.47	
	Interest expense (net) (Continuing and discountinued operation)	874.19		961.52	
	(Gain)/Loss on fair valuation of forward contracts	69.94		112.84	
	Re-imbursement of expenditure in excess of expenditure incurred on purchase of property, plant and equipment	14.02		(1,124.03)	
	Amortisation of Cash received from Customer for acquiring property, plant and equipment	(2,268.81)		(2,200.47)	
	(Profit)/Loss on disposal of property, plant and equipment	(721.95)		9.07	
			1,779.78		**892.40**
	Cash flows from operating activities before working capital changes		**2,886.71**		**2,081.12**
	Inventories	(2,660.68)		(734.86)	
	Trade receivables	1,779.20		(2,085.74)	
	Loans	2.94		12.85	
	Other non current financial assets	(23.80)		-	
	Other non current assets	(88.97)		81.87	
	Other current assets	(510.28)		107.35	
	Trade payables	2,795.29		(1,486.26)	
	Other financial liabilities	790.77		(24.05)	
	Current and Non-Current provisions	534.55		91.28	
	Other current and non current liabilities	3,892.48		1,765.44	
			6,511.50		**(2,272.12)**
	Cash generated from operations		**9,398.21**		**(191.00)**
	Income tax paid (net)		(214.67)		(6.36)
	Net cash from/(used in) operating activities		**9,183.54**		**(197.36)**
B.	**Cash flows from investing activities:**				
	Proceeds from disposal of property, plant and equipment	750.47		7.51	
	Purchase of property, plant and equipment and Intangible Assets	(3,365.43)		(3,643.50)	
	Net cash from/(used in) investing activities		**(2,614.94)**		**(3,635.99)**
C.	**Cash flows from financing activities:**				
	Interest paid	(884.00)		(951.98)	
	Proceeds/(Repayments) of Short term borrowings	(6,092.95)		2,262.98	
	Proceeds/(Repayment) non-current borrowings from Banks	396.81		2,503.00	
	Net cash from/(used in) financing activities		**(6,580.14)**		**3,814.00**
D.	**Net increase/(decrease) in cash and cash equivalents**		**(11.54)**		**(19.35)**
	Cash and cash equivalents at the beginning of the year		28.87		48.22
	Cash and cash equivalents at the end of the year		17.33		28.87

Note:

1 Figures in the brackets represents outflow of Cash and cash equivalents.

2 Cash and Cash equivalents comprises of :

Rs in lakhs

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Cash on hand	1.59	1.07	1.26
Cheques, drafts on hand and Remittances in transit	-	-	20.99
Balances with Bank	15.74	27.80	25.97
	17.33	**28.87**	**48.22**

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS 2-43
In terms of our report attached.

For B S R & CO. LLP
Chartered Accountants
Firm Registration number - 101248 W/W-100022

SIDDHARTHA GUHA
Partner
M. No. 124042

SANTANU SIL, Chief Financial Officer
PAN - AEIPS9449F

JAGDISH SHIRKE, Company Secretary
PAN - AZNPS1380H

Place: Pune
Date: 21 April 2018

For and on behalf of the Board

GANESH RAGHAVAN, MD & CEO
DIN - 00079279

R.S.THAKUR, Chairman
DIN - 00020126

PADMINI KHARE KAICKER, Director
DIN - 00296388

AJIT SHAH, Director
DIN - 02396765

SATISH BORWANKAR, Director
DIN - 01793948

RAJESH KHATRI, Director
DIN - 03620093

BANMALI AGARWALA
DIN - 00120029

SATISH PRADHAN, Director
DIN - 00175969

Place: Pune
Date: 21 April 2018

B S R & Co. LLP 7th, 8th Floor, Business Plaza, Westin Hotel Campus 36/3-B, Koregaon Park Annex Mundhwa Road Ghorpadi Pune-411001 India Chartered Accountants

Tal Manufacturing Solutions Ltd. TAL

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TAL Manufacturing Solutions Limited
Statement of Changes in Equity for the year ended March 31, 2018

a. Equity Share Capital

Particualrs	Note	Rs. In lakhs
Balance as at April 1, 2016		11,500.00
Changes in equity share capital during the year 2016-17	13	-
Balance as at March 31, 2017		**11,500.00**
Changes in equity share capital during the year 2017-18	13	-
Balance as at March 31, 2018		**11,500.00**

b. Other Equity

Rs. In Lakhs

Particualrs	Retained Earnings
Balance as at April 1, 2016	**(3,692.45)**
Profit for the year	1,188.72
Other comprehensive income	
Remeasurement of defined benefit plans, net of tax effect	7.49
Reversal of tax on defined benefit plans	(24.24)
Total other comprehensive income for the year, net of income tax	1,171.97
Balance as at March 31, 2017	**(2,520.48)**
Profit for the year	1,341.03
Other comprehensive income	
Remeasurement of defined benefit plans, net of tax effect	(38.49)
Reversal of tax on defined benefit plans	3.96
Total other comprehensive income for the year, net of income tax	1,306.50
Balance as at March 31, 2018	**(1,213.98)**

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS 2-43

In terms of our report attached.

For and on behalf of the Board

For B S R & CO. LLP
Chartered Accountants
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SIDDHARTHA GUHA
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Tal Manufacturing Solutions Ltd. TAL

B S R & Co. LLP
7th, 8th Floor, Business Plaza, Westin Hotel Campus 36/3-B, Koregaon Park Annex, Mundhwa Road, Ghorpadi Pune-411001 India
Chartered Accountants

1. Corporate Information

TAL Manufacturing Solutions Limited ("the Company") was incorporated on March 13, 2000 and is engaged in the business of designing and building machine tools, material handling systems, test rigs, painting systems, assembly & process lines, robotic welding solutions, fixtures & tooling, fluid power solutions and aerospace solutions. During the year, pursuant to a proposed restructuring of the Company, the management is committed to a plan to sell it's Non-Aerospace business to its parent company.

2. Significant Accounting Policies

A. Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of Companies Act, 2013, (the 'Act') and other relevant provision of the Act.

B. Basis of preparation of Financial Statements

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative financial instruments), net defined benefit (asstes) / liabilities, assets held for sale those are measured at fair value, Fair value less defined benefit, Fair value less cost of sales at the end of each reporting period. Historical cost is generally based on the fair value of the considerations given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:
• Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
• Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
• Level 3 inputs are unobservable inputs for the asset or liability.

The accounting policies are consistently applied by the Company during the year and are consistent with those used in previous year.

The financial statements are presented in Indian rupees, which is the functional currency of the Company and disclosed in Rupees in lakhs unless otherwise stated.

The financial statements were authorised for issue by the Company's Board of Directors on April 21, 2018.

C. Significant Accouting Policies

(a) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue includes Excise Duty but excludes Sales Tax and Value Added Tax and Goods and Services Tax.

<u>Sale of goods</u>
The Company recognizes revenue when the goods (including scrap) are delivered and titles have passed, at which time all the following conditions are satisfied:
i) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
ii) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
iii) the amount of revenue can be reliably measured;
iv) it is probable that future economic benefits will flow to the entity and
v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

<u>Rendering of services</u>
Income from services is recognized as and when services are rendered and the related costs are incurred.

<u>Income from Commission</u>
Commission is recognized based on terms of arrangement with parties.

<u>Income from Interest</u>
Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset's net carrying amount on initial recognition.

<u>Amortisation of cash received from customer</u>
Revenues from agreements in scope of Appendix C: *Transfer of Assets from Customers* to Ind AS 18: *Revenue* is recognised in accordance with the terms of the agreement with respective customers. If the agreement does not specify a period, the revenue is recognised on straight line basis over the average useful life of the constructed/acquired items of property, plant and equipment used for the purpose of providing ongoing service.

<u>Export benefits</u>
Export Benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

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(b) **Revenue from Construction Contracts**

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the balance sheet date, determined with reference to the proportion that contract costs incurred on contracts for work performed up to the reporting date bear to the estimated total contract costs. For construction contracts entered into with effect from June 1, 2013 the stage of completion is determined based on technical estimates of completion of physical proportion of contract work.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately as allowance for foreseeable loss.

When contract costs incurred to date on construction contracts plus recognized profits (less recognized losses) exceeds progress billings to contract customers, the balance is shown as amount due from contract customers. When progress billings to contract customers exceed contract costs incurred plus recognized profits (less recognized losses), the balance is shown as amount due to contract customers.

(c) **Leasing**

At the inception of a lease, the lease arrangement is classified either as a finance lease or an operating lease, based on the substance of the lease arrangement. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets taken on finance lease

Assets held under finance leases are initially recognized as an asset and a lease obligation at the lower of the fair value of the asset and the present value of minimum lease payments. Subsequent to initial recognition, the assets are accounted for inn accordance with accounting policy of Property, Plant and Equipment. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Minimum lease payments are apportioned between finance expense and reduction of the outstanding lease obligation. Finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease obligation. Finance expense is recognized immediately in the Statement of Profit or Loss, unless they are directly attributable to qualifying asset, in which case they are capitalized in accordance with the policy on borrowing costs.

Assets taken on operating lease

Rental expenses from operating leases are generally recognized in profit or loss on a straight-line basis over the term of the lease, unless the payments are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(d) **Foreign Currency**

Transactions in currencies other than the Company's functional currency are recognized at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date. Non-monetary assets and liabilities denominated in a foreign currency are translated using the exchange rate prevailing at the date of initial recognition (in case measured at historical cost) or at the rate prevailing at the date when the fair value is determined (in case measured at fair value).

Foreign exchange differences are recognized in profit or loss in the period in which they arise except for exchange difference on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest cost on those foreign currency borrowings.

(e) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted. Other borrowing costs are recognised as on expense in the period in which they are incurred.

(f) **Government grants**

Government grants are not recognized until there is reasonable assurance that the Company will comply with conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

(g) **Employee Benefits**

(i) Short-term Employee Benefits:

A liability is recognized for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefit that is expected to be paid in exchange for that service.

(ii) Post-Employment Benefits:

A. Defined Contribution Plans:

Payments to defined contribution retirement benefit schemes viz. Company's Provident Fund Scheme and Superannuation Fund are recognized as an expense when the employees have rendered the service entitling them to the contribution.

Superannuation: Employees who are members of the defined benefit superannuation plan are entitled to benefits depending on the years of service and last salary drawn by employees. Employees covered by this plan are prospectively entitled to benefits computed on a basis that ensures that the annual cost of providing the pension benefits would not exceed 15 percent of salary, and therefore, defined contribution plan.

Provident fund: The employees of the Company are entitled to receive benefits in respect of 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 percent of employees' salary). The contributions as specified under the law are made to the provident fund and pension fund administered by the Trust managed by the Holding Company. The Company recognizes such contributions as an expense when incurred.

B. Defined Benefit plans:

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements, comprising actuarial gains and losses, the effect of changes to asset ceiling (if applicable) and the return on plan assets (excluding net interest), is recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in the Statement of Profit or Loss in the period of plan amendment.

Defined benefit costs comprising service cost (including current and past service cost and gains and losses on curtailments and settlements) and net interest expense or income is recognized in profit or loss.

The defined benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Gratuity:

The Company has an obligation towards gratuity plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment in an amount equivalent to 15 to 30 days salary depending upon the number of completed year of service payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to gratuity fund established as trust.

(iii) Other Long-term Employee Benefits:

Compensated absences:

The liability for earned leave is not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method with actuarial valuations being carried out at each balance sheet date. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

Post-retirement Medicare Scheme:

Under this Scheme, employees are entitled medical benefits for ten to twenty years from the date of retirement depending on their grade at the time of retirement. Employees separated from the Company as part of an early separation scheme, on medical grounds, or due to permanent disablement are also covered.

Bhavishya Kalyan Yojana (BKY):

The benefits of the plan accrue to an eligible employee at the time of death or permanent disablement, while in service, either as a result of an injury or as certified by the Company's Medical Board. The monthly payment to dependents of the deceased/disabled employee under the plan equals 50 percent of the salary drawn at the time of death or accident or a specified amount, whichever is more till the retirement age of the employee.

(iv) In respect of defined benefit plan and long term employee benefits, the Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation carried out at each balance sheet date using the projected unit credit method.

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(h) **Taxation**

Income tax expense comprises of current tax and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from Profit before Tax as reported in the Statement of Profit & Loss because of items of income or expense that are taxable or deductable in other years and items that are never taxable or deductable. The current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax is also recognized in respect of brought forward unabsorbed tax depreciation. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and brought forward unabsorbed tax depreciation to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on taxes (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Current tax and deferred tax for the period

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

(i) **Property, Plant and Equipment**

Property, plant and equipment held for use in production or supply of goods or services or for administrative purposes are stated at cost less accumulated depreciation/amortization less accumulated impairment, if any. The cost of Property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.
Cost of self constructed items of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.
Capital work-in-progress for production, supply of administrative purposes is carried at cost less accumulated impairment loss, if any, until construction and installation are complete and the asset is ready for its intended use comprising direct cost, related incidental expenses and attributable interest.

Depreciation is recognized (other than on capital work-in-progress) on a straight line basis over the estimated useful lives of assets. Depreciation on assets acquired/ purchased, sold/discarded during the year is provided on a pro-rata basis from the date of each addition till the date of sale/retirement.
The estimated useful lives of assets are stated below:

Nature of Assets	Useful Life
Building	30 Years
Plant & Machinery	2 - 15 Years (as applicable)
Office Equipment	5 Years
Furniture & Fixtures	15 Years
Tools and Fixtures	3 Years
Vehicles	5 Years

The useful lives indicated above are different from the useful lives indicated in schedule II of the Companies Act, 2013.

The economic useful lives of assets is assessed based on a technical evaluation, taking into account the nature of assets, the estimated usage of assets, the operating conditions of the assets, past history of replacement, anticipated technological changes, maintenance history, etc.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment, determined as the difference between the sales proceeds and the carrying amount of the asset, is recognized in the Statement of Profit or Loss.

(j) **Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization. Amortization is recognized on a straight line basis over their estimated useful life as stated below which reflects the pattern in which the asset's economic benefits are consumed -

Nature of Assets	Useful Life
Software	3 Years
Technical Knowhow	5 Years
Product Development	2-4 Years

The estimated useful life, the amortization method and the amortization period are reviewed at the end of each reporting period, with effect of any change in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the profit or loss when the asset is derecognized.

(k) Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of individual asset, the Company estimates the recoverable amount of the cash generating unit to which an individual asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing, value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit or Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognized immediately in the Statement of Profit or Loss.

(l) Inventories

Inventories are valued at lower of cost and net realizable value after providing for obsolescence and other losses where considered necessary.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, stores and spare parts and packing materials : cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Finished goods and work in progress : cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis. Value of finished goods includes excise duty where ever applicable.

Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and costs necessary to make the sale.

(m) Provisions and Contingent liabilities:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material). Provisions are reviewed at the each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed to the same line item in the Statement of Profit and Loss wherein the original provision was charged as an expense.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

(n) Product Warranty Expenses

The estimated liability for product warranties is recorded when products are sold. Provision for product warranty is recognized for the best estimates of the average cost involved for replacement/repair etc. of the product sold till the balance sheet date. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on corrective actions on product failures. The estimates for accounting of warranties are reviewed and revisions are made as required.

(o) Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or liabilities on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Statement of Profit and Loss.

Tal Manufacturing Solutions Ltd. TAL

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Financial assets

Classification and subsequent measurement

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

These include trade receivables, loans, deposits, balances with banks, and other financial assets with fixed or determinable payments.

Impairment

At each Balance Sheet date, the Company assesses whether a financial assets (other than that at fair value) is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for trade receivables that does not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the lifetime expected credit losses if the credit risk on financial assets has increased significantly since initial recognition.

Derecognition

The Company derecognizes financial asset when the contractual right to the cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income, if any, is recognized in the Statement of Profit or Loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of the financial asset.

Financial liabilities

Classification

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received net of direct issue costs.

Subsequent measurement

Financial liabilities (that are not held for trading or not designated at fair value through profit or loss) are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based in the effective interest method.

Effective interest method is a method of calculating amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Foreign exchange gains and losses

Financial liabilities denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in the Statement of Profit or Loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at fair value through profit or loss, the foreign exchange component forms part of the fair value gains or losses and is recognized in the Statement of Profit and Loss.

Derecognition

Financial liabilities are derecognized when, and only when, the obligations are discharged, cancelled or have expired. An exchange with a lender of a debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and a recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability derecognized and the consideration paid or payable is recognized in the Statement of Profit or Loss.

(p) **Derivative financial instruments**

The Company enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and subsequently remeasured at their fair value at the end of each reporting period. The resulting gain or loss is recognized in the Statement of Profit or Loss immediately. The Company has not designated any derivative financial instrument in a hedge relationship.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives where the risk and characteristics are not closely related to the host contracts and the host contracts are not measured at fair value through profit or loss.

(q) **Earnings per share**

The Company reports basic and diluted earnings per share (EPS) in accordance with Ind AS 33 "Earnings per Share". Basic EPS is computed by dividing the net profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the net profit or loss attributable to ordinary equity holders of the parent entity by weighted average number of equity shares outstanding during the year as adjusted for the effects of the effects of all dilutive potential ordinary shares dilutive potential equity shares (except where the results are anti-dilutive).

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(r) **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and unencumbered, highly liquid bank and other balances (with original maturity of three months or less) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(s) **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.

Cash and cash equivalents presented in cash flow statement consists of cash in hand and unencumbered, highly liquid bank and other balances that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(t) **Discontinued Operation**

A discontinued operation is component of the Company's business, the operation and cash flows of which can be clearly distinguished from those of the rest of the business and which represents a separate major line of business or geographical area of operations and is a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.
Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.
When an operation is classified as a discontinued operation, comparative statement of profit and loss is re-presented as if the operation had been discontinued from the start of comparative period.

(r) **Operating Cycle**

Based on the nature of the products / 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.

D. Standards issued but not yet effective.

The Company is not yet required to adopt the following standards which are issued but not yet effective.
Ind AS 115 Revenue from contracts with customers : IND AS 115 is effective for annual period begining on or after 1 April 2018.

The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. According to the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard establishes a five step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or the industry.

The Company is still in the process of assessing the impact of the application of IND AS 115 on the Company's financial statements, including on additional disclosures required.

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Notes forming part of the Financial Statements (Continued)

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2, the Management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see Note 3.2 below), that the Management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

<u>Deferred tax on unabsorbed losses and depreciation</u>

The Company has a history of tax losses and has accumulated business losses under the tax laws aggregating to Rs. 12,212.43 lakhs as at March 31, 2018. While the Company has forecasted profits effective FY2018 based on the approved forecasts/budgets, considering the history of tax losses and proposed restructuring the management has concluded that the realisation of an existing deferred tax asset is not probable.

<u>Cash received from customer for acquiring property, plant and equipment</u>

The Company has received cash from customers which must only be used only to construct or acquire items of property, plant and equipment to provide the customers with ongoing access to supply of goods. The management has assessed that these agreements are within the scope of Appendix C: Transfer of Assets from Customers to Ind AS 18: Revenue. The management has assessed that the constructed/acquired items of property, plant and equipment meets the definition of an asset and has accordingly recognised the items of property, plant and equipment at its cost in accordance with Ind AS 16. Further, the Company has identified only one service i.e. providing respective customers with ongoing access to a supply of goods.

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

<u>Useful lives of property, plant and equipment</u>

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the currently year, the directors have determined that no changes are required to the useful lives of assets.

<u>Discount rate - defined benefit obligation</u>

The Company's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded.

<u>Provision for warranty</u>

The Company offers 12 to 48 months warranties for its customers. The management estimates the related provision for warranty claims based on historical warranty claim information and based on management's estimate for aerospace business, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior year. Factors that could impact the estimated claim information includes success of the Company's productivity and quality initiatives.

<u>Revenue from construction contract</u>

The revenue from construction contract have been estimated reliably based on the stage of completion determined through technical estimates by competent authority. Revenue and costs are recognized by reference to the stage of completion of the contract activity at the balance sheet date after considering the allowances towards foreseeable losses.

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4. PROPERTY, PLANT AND EQUIPMENT

Rs. In lakhs

Particulars	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Total
Balance as at April 1, 2017	**6,089.21**	**30,136.51**	**192.32**	**42.43**	**792.16**	**37,252.63**
Additions during the year	268.32	1,205.08	145.76	35.99	191.82	1,846.97
Transfer of assets held for sale during previous year to continuing operations	-	1,276.77	-	-	0.37	1,277.14
Reclassified as held for sale as part of disposal group	(16.36)	(2,798.58)	(106.81)	(12.36)	(336.50)	(3,270.61)
Disposal during the year	-	(17.36)	(20.75)	(30.06)	(112.76)	(180.93)
Balance as at March 31, 2018	**6,341.17**	**29,802.42**	**210.52**	**36.00**	**535.09**	**36,925.20**
Accumulated depreciation						
Balance as at April 1, 2017	**1,294.68**	**5,286.40**	**90.50**	**28.84**	**398.66**	**7,099.08**
Depreciation for the year (refer note 28)	207.03	3,346.94	31.70	2.15	116.59	3,704.41
Transfer of assets held for sale during previous year to continuing operations	-	754.84	-	-	0.37	755.21
Elimination on reclassification as held for sale as part of disposal group	(8.45)	(1,905.24)	(67.75)	(6.94)	(194.91)	(2,183.29)
Elimination on disposal for the year	-	(8.76)	(20.75)	(23.92)	(112.75)	(166.18)
Balance as at March 31, 2018	**1,493.26**	**7,474.18**	**33.70**	**0.13**	**207.96**	**9,209.23**
Net carrying amount as at March 31, 2018	**4,847.91**	**22,328.24**	**176.82**	**35.87**	**327.13**	**27,715.97**
Gross Carrying Amount (Cost)						
Balance as at April 1, 2016	**5,804.72**	**26,940.37**	**158.98**	**38.46**	**790.52**	**33,733.05**
Additions during the year	284.49	6,371.08	49.59	8.55	112.76	6,826.47
Reclassified as held for sale	-	(3,131.79)	(16.25)	-	(110.03)	(3,258.07)
Disposal during the year	-	(43.15)	-	(4.58)	(1.09)	(48.82)
Balance as at March 31, 2017	**6,089.21**	**30,136.51**	**192.32**	**42.43**	**792.16**	**37,252.63**
Accumulated depreciation						
Balance as at April 1, 2016	**1,095.76**	**5,177.03**	**87.65**	**26.20**	**378.15**	**6,764.79**
Depreciation for the year (refer note 28)	198.92	2,709.33	18.53	7.22	126.50	3,060.50
Elimination on reclassification as held for sale	-	(2,572.40)	(15.68)	-	(105.89)	(2,693.97)
Elimination on disposal for the year	-	(27.56)	-	(4.58)	(0.10)	(32.24)
Balance as at March 31, 2017	**1,294.68**	**5,286.40**	**90.50**	**28.84**	**398.66**	**7,099.08**
Net carrying amount as at March 31, 2017	**4,794.53**	**24,850.11**	**101.82**	**13.59**	**393.50**	**30,153.55**

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Notes forming part of the Financial Statements (*Continued*)

5. INTANGIBLE ASSETS

Rs. In lakhs

Intangible assets	Computer Software	Technical Know how	Product Development	Total
Gross Carrying Amount (Cost)				
Balance as at April 1, 2017	**494.34**	**11.00**	**165.88**	**671.22**
Additions during the year	38.69	-	58.66	**97.35**
Reclassified as held for sale as part of disposal group	(230.27)	(11.00)	(224.54)	**(465.81)**
Disposal during the year	(185.76)	-	-	**(185.76)**
Balance as at March 31, 2018	**117.00**	**(0.00)**	**-**	**117.00**
Accumulated amortisation				
Balance as at April 1, 2017	**398.77**	**11.00**	**42.90**	**452.67**
Amortization for the year (refer note 28)	48.75	-	58.88	**107.63**
Elimination on reclassification as held for sale as part of disposal group	(194.19)	(11.00)	(101.78)	**(306.97)**
Elimination on disposal for the year	(185.76)	-	-	**(185.76)**
Balance as at March 31, 2018	**67.57**	**-**	**-**	**67.57**
Net carrying amount as at March 31, 2018	**49.43**	**-**	**-**	**49.43**
Gross Carrying Amount (Cost)				
Balance as at April 1, 2016	**488.76**	**342.55**	**32.85**	**864.16**
Additions during the year	122.62	-	133.03	**255.65**
Reclassified as held for sale	(117.04)	(331.55)	-	**(448.59)**
Disposal during the year	-	-	-	**-**
Balance as at March 31, 2017	**494.34**	**11.00**	**165.88**	**671.22**
Accumulated amortisation				
Balance as at April 1, 2016	**482.26**	**342.55**	**3.47**	**828.28**
Amortization for the year(refer note 28)	33.55	-	39.43	**72.98**
Elimination on reclassification as held for sale	(117.04)	(331.55)	-	**(448.59)**
Elimination on disposal for the year	-	-	-	**-**
Balance as at March 31, 2017	**398.77**	**11.00**	**42.90**	**452.67**
Net carrying amount as at March 31, 2017	**95.57**	**-**	**122.98**	**218.55**

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Notes forming part of the Financial Statements (*Continued*)

6. LOANS	As at March 31, 2018	Rs. In lakhs As at March 31, 2017
Non-current		
Loans other than to related parties		
Unsecured, considerd good:		
(a) Loans to employees	-	63.03
Total Non-Current	**-**	**63.03**
Current		
Loans other than to related parties		
Unsecured, considerd good:		
(a) Loans to employees	-	24.70
Total Current	**-**	**24.70**

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Notes forming part of the Financial Statements (*Continued*)

7. OTHER NON-CURRENT ASSETS
(Unsecured and considered good unless otherwise stated) **Rs. In lakhs**

		As at March 31, 2018	As at March 31, 2017
(a)	Capital Advances	549.47	32.38
(b)	VAT, other taxes recoverable and dues from Government		
	Considered good	555.41	566.26
	Considered doubtful	114.15	114.57
		669.56	680.83
	Less: Provision for doubtful VAT, other taxes recoverable and dues from Government	(114.15)	(114.57)
		555.41	566.26
(c)	Advance income tax (Net of provisions of Rs. 1,167.43 lakhs (March 31, 2017 - Rs. 896.76 lakhs)	251.76	279.98
(d)	Advance paid under protest to Government Authorities	87.26	12.33
(e)	Prepaid expenses	39.01	9.94
(f)	Prepaid Rental on Operating Lease of land	1,433.62	1,449.99
(g)	Security Deposits	1.50	34.42
(h)	Claims Receivable	142.09	142.09
	Total	**3,060.12**	**2,527.39**

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Notes forming part of the Financial Statements (*Continued*)

		As at March 31, 2018	As at March 31, 2017
			Rs. In lakhs
8.	**INVENTORIES** (Lower of Cost or Net Realisable Value)		
	(a) Raw materials and components	4,078.66	4,626.50
	(b) Work-in-progress	1,432.34	1,206.19
	(c) Finished goods	2,148.60	1,356.54
	(e) Stores and Spares	1,796.08	1,062.27
	Total	**9,455.68**	**8,251.50**

Notes:

1. Above includes Goods-in-transit :		
(i) Raw materials and components	1,493.93	1,065.43
(ii) Stores and spares	158.32	95.03
(iii) Finished goods	308.78	203.01
Total	**1,961.03**	**1,363.47**

2. The cost of inventories recognised as an expense includes Rs. Nil (March 31, 2017 - Rs. 266.13 lakhs) in respect of write down of inventory to net realisable value.

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Rs. In lakhs

9. TRADE RECEIVABLES
(Unsecured, considered good unless otherwise stated)

	As at March 31, 2018	As at March 31, 2017
Current		
-Considered good	6,461.40	9,060.04
-Considered doubtful	0.77	395.30
Less: Allowance for doubtful debts	(0.77)	(395.30)
Total Current	**6,461.40**	**9,060.04**

The average credit period on sales of goods and rendering of services generally ranges from 7 days to 120 days. No interest is charged on overdue trade receivables. Before accepting any new customer, the Company uses an internal credit analysis system to assess the potential customers credit quality and defines credit limits by customers. Of the trade receivables balances as at March 31, 2018, Rs. 6,102.05 lakhs (As at March 31, 2017 - Rs. 7,731.98 lakhs) were due from the top 2 customers of the Company who individually represent more than 5% of the total balance of trade receivables at the respective year end. There are no other customers who individually represent more than 5% of the total balance of trade receivables.

Transferred Receivables

During the year, the Company discounted trade receivables with an aggregate carrying amount of Rs. Nil. (As at March 31, 2017 - Rs. 1,498.70 lakhs) to a bank. If the trade receivables are not paid at maturity, the bank has the right to request the Company to pay the unsettled balance. As the Company has not transferred the significant risk and rewards relating to these trade receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured short term borrowing (Refer Note 20).

As at the end of the reporting period, the carrying amount of trade receivables that have been transferred but have not been derecognised and the associated liabilities are as follows :

Rs in lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Total Transferred receivables	-	288.12
Associated secured borrowing (Refer Note 20)	-	288.12

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Rs in lakhs

10. CASH AND CASH EQUIVALENTS

	As at March 31, 2018	As at March 31, 2017
(a) Cash on hand	0.38	1.07
(b) Balances with banks		
(i) In Current accounts	9.18	22.31
(ii) In Cash credit accounts	6.56	5.49
	16.12	**28.87**

Disclosure on Specified Bank Notes (SBNs)

In the previous year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Note (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016, as provided in table below :

Rs in lakhs

Particulars	SBNs *	Other	Total
Closing cash on hand as on November 8, 2016	**2.47**	**0.19**	**2.66**
(+) Permitted receipts during the period	-	0.03	0.03
(-) Permitted payments during the period	-	5.18	5.18
(-) Amount deposited in banks during the period	2.47	-	2.47
(+) Cash Withdrawal from bank during the period	-	5.66	5.66
Closing cash on hand as on December 30, 2016	-	**0.70**	**0.70**

** For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no S.O. 3407(E), dated November 8, 2016.*

Note :

Closing cash on hand as on November 8, 2016 includes cash with employees of Rs 0.32 lakhs held as imprest cash.

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Notes forming part of the Financial Statements (*Continued*)

Rs. In lakhs

11. OTHER FINANCIAL ASSETS	As at March 31, 2018	As at March 31, 2017
Non-current		
(a) Balances with Bank held as margin money against bank gurantee	23.80	-
Total	**23.80**	**-**

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Notes forming part of the Financial Statements (*Continued*)

12. OTHER CURRENT ASSETS

(Unsecured and considered good unless otherwise stated)

Rs. In lakhs

	As at March 31, 2018	**As at March 31, 2017**
(a) Advance to Suppliers	80.39	170.32
(b) Amount due from Customer in respect of contract work		
Considered Good	-	466.30
Considered Doubtful	-	890.10
	-	1,356.40
Less: Provision for doubtful Construction In Progress	-	(890.10)
	-	466.30
(c) Goods and Services Tax recoverable from government	87.35	239.27
(d) Prepaid Expenses	159.49	85.06
(e) Prepaid Rental on Operating Lease of land	16.37	16.37
(f) Prepayment to gratuity fund	-	94.11
(g) Export Incentive Receivable	784.64	300.16
(h) Claims Recoverable	-	18.64
Total	**1,128.24**	**1,390.23**

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Rs. In lakhs

13. Equity Share Capital

	As at March 31, 2018	As at March 31, 2017
(a) Authorised:		
120,000,000 Equity shares of ₹10 each (as at March 31, 2017: 120,000,000 Equity shares of ₹10 each)	12,000.00	12,000.00
Total	**12,000.00**	**12,000.00**
(b) Issued, Subscribed and fully paid up:		
115,000,000 Equity shares of ₹10 each (as at March 31, 2017 : 115,000,000 Equity shares of ₹10 each)	11,500.00	11,500.00
Total	**11,500.00**	**11,500.00**

(c) Reconciliation of number of shares and amount outstanding at the beginning and the end of the year :	As at March 31, 2018 No. of shares	As at March 31, 2018 Rs. In Lakhs	As at March 31, 2017 No. of shares	As at March 31, 2017 Rs. In Lakhs
Equity Shares				
No. of shares outstanding at the beginning of the year	115,000,000	11,500.00	115,000,000	11,500.00
Add: Additional shares issued during the year	-	-	-	-
Less: Shares forfeited/ Bought back during the year	-	-	-	-
No. of equity shares outstanding at the end of the year	**115,000,000**	**11,500.00**	**115,000,000**	**11,500.00**

(d) Number of shares held by each shareholder holding more than 5 percent of the issued share capital :	As at March 31, 2018		As at March 31, 2017	
	% Holding of Equity shares	No. of shares	% Holding of Equity shares	No. of shares
(i) Equity shares :				
Tata Motors Limited	99.99%	114,999,930	99.99%	114,999,930

Notes:

1. 115,000,000 (As at March 31, 2017 - 115,000,000) equity shares are held by the holding company and its nominees.
2. The Company has a single class of equity shares. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion to their shareholding.
3. The Company do not have any securities convertible into equity or preference shares as at March 31, 2018 and March 31, 2017.

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Notes forming part of the Financial Statements (*Continued*)

14. Other Equity

Rs in lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	**(2,520.48)**	**(3,692.45)**
Net Profit for the year	1,341.03	1,188.72
Other Comprehensive income arising from measurement of defined benefit obligation net of income tax	(34.53)	(16.75)
Total	**(1,213.98)**	**(2,520.48)**

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TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements (*Continued*)

	As at March 31, 2018	As at March 31, 2017
		Rs in lakhs
15. FINANCIAL LIABILITIES - BORROWING		
Non-current		
Secured - at amortised cost		
Term Loan from Banks	4,865.21	4,468.40
Total	**4,865.21**	**4,468.40**

Notes:

1. Term Loan from bank is secured by hypothecation by way of exclusive charge on all the moveable Plant and Machinery at the "Generic facility" at Nagpur.
2. Term loan carries interest rate of HDFC Bank's base rate plus a spread of 100 bps.
3. Terms of repayment of Term Loan of Rs. 5,500 lakhs is as below for borrowing outstanding as at March 31, 2018 and March 31, 2017 :

FY 2019	- 15% (Four quarterly instalments of 3.75% of the facility each)
FY 2020	- 15% (Four quarterly instalments of 3.75% of the facility each)
FY 2021	- 20% (Four quarterly instalments of 5% of the facility each)
FY 2022	- 25% (Four quarterly instalments of 6.25% of the facility each)
FY 2023	- 25% (Four quarterly instalments of 6.25% of the facility each)

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Rs in lakhs

16. OTHER FINANCIAL LIABILITIES	As at March 31, 2018	As at March 31, 2017
Non-current		
Employee Pension	-	51.14
Total-Non-Current	**-**	**51.14**
Current		
(a) Current maturities of long term loan from banks	618.75	-
(b) Interest accrued but not due on Borrowings	45.20	55.00
(c) Payable for Purchase of Property, Plant and Equipment	639.19	1,158.88
(d) Foreign Currency forward contracts not designated in hedged accounting relationship	1.05	68.89
(e) Employee Pension	-	49.71
(f) Other claims payable	410.65	-
Total-Current	**1,714.84**	**1,332.48**

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Notes forming part of the Financial Statements (*Continued*)

Rs in lakhs

17. PROVISIONS	**As at March 31, 2018**	**As at March 31, 2017**
Non-current		
(a) Provision for Employee benefit obligations		
- Provision for post-employment medical benefits	1.80	125.10
- Provision for pension	-	667.04
- Provision for other employee benefits	42.64	120.55
(b) Provision - Others		
- Provision for Warranty (Refer note below)	366.16	248.42
Total-Non-Current	**410.60**	**1,161.11**
Current		
(a) Provision for Employee benefit obligations		
- Provision for compensated absences	71.75	374.14
- Provision for post-employment medical benefits	0.19	11.42
- Provision for other defined benefit plans	-	1.02
- Provision for gratuity	2.98	-
- Provision for pension	-	61.99
- Provision for other employee benefits	2.91	7.42
	77.83	455.99
(b) Provision - Others		
- Provision for Warranty (Refer note below)	103.21	102.43
- Provision for Potential Statutory Liabilities (Refer note below)	-	176.99
- Provision for Other Contingencies (Refer note below)	-	-
	103.21	279.42
Total-Current	**181.04**	**735.41**

Details of provisions and movements in each class of provisions as required by the Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets (Ind AS - 37) : -

The Company has made provision for various contractual and statutory obligations based on its assessments of the amount it estimates to incur to meet such obligations, details of which are given below.

Rs in lakhs

A. Warranty :

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Carrying amount of provision as at the beginning of the year	350.85	171.61
Provision made during the year	389.05	231.40
Provision used during the year	(33.88)	(59.69)
Unused provision reversed during the year	(169.47)	-
Effect of unwinding of discount of long term warranty	(6.07)	(7.53)
Transfer to liabilties associated with assets held for sale	(61.11)	-
Carrying amount of provision as at the end of the year	**469.37**	**350.85**
Current	103.21	102.43
Non Current	366.16	248.42

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Notes forming part of the Financial Statements (Continued) Rs in lakhs

B. Potential Statutory Liabilities :

Particulars	As at March 31, 2018	As at March 31, 2017
Carrying amount of provision as at the beginning of the year	176.99	185.00
Provision made during the year	28.69	57.73
Provision used during the year	(4.35)	(65.74)
Unused provision reversed during the year	(7.65)	-
Transfer to liabilties associated with assets held for sale	(193.68)	-
Carrying amount of provision as at the end of the year	-	**176.99**
Current	-	176.99
Non Current	-	-

C. Other Contingencies :

Particulars	As at March 31, 2018	As at March 31, 2017
Carrying amount of provision as at the beginning of the year	-	27.00
Provision made during the year	-	-
Provision used during the year	-	10.38
Unused provision reversed during the year	-	16.62
Carrying amount of provision as at the end of the year	-	-
Current	-	-
Non Current	-	-

Brief description of the nature of obligation and the expected timing of any resulting outflow of economic benefits:

i Provision for Product Warranty :

A provision is recognised for expected warranty claims on sale of products based on past experience of the level of repairs and returns. The provision is based on the average claims during the previous 12 to 48 months (as applicable). For products in respect of which claim history is not available, the provision represents management's best estimate to cover expected warranty claims.

ii Provision for Potential Statutory Liabilities :

Provision is made for certain potential statutory liabilities expected to be settled within one period based on the assessments in process.

iii Provision for Other Contingencies :

Provision is made for certain estimated costs for project expected to be settled within one period.

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TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements (*Continued*)

Rs in lakhs

18 (a).

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax (liability)/ asset		
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of Property, Plant and Equipment	1,027.00	781.00
	1,027.00	**781.00**
Tax effect of items constituting deferred tax asset		
Nature of timing difference		
Provision for employee benefits	-	125.52
Provision for doubtful debts / advances/ Construction contracts and Others	183.00	484.50
Unabsorbed depreciation carried forward	1,078.00	167.02
	1,261.00	**777.04**
MAT Credit Entitlement	**249.33**	
Net Deferred Tax (Liability)/ Asset	**503.66**	**(3.96)**
Recognised in Other Comprehensive Income	20.23	(3.96)
Recognised in Statement of Profit and Loss	483.43	-

18 (b). Deferred tax asset on unabsorbed losses has been recognised to the extent of deferred tax liabilities since it is probable that the asset will be realised. The Company has not recognised deferred tax asset on unused tax losses aggregating to Rs. 12,212.43 lakhs as at March 31, 2018,the gross amount and expiry dates of losses available for carry forward are as follows:

Rs in lakhs

Particulars	**Expiring within 5 Years**	**Expiring within 6 -10 Years**	**Unlimited**	**Total**
Business losses for which a deferred tax is not recognised	6,509.58	2,620.30	-	9,129.88
Unabsorbed depreciation for which a deferred tax is not recognised on account of pending tax litigations	-	-	3,082.55	3,082.55
As at March 31, 2018	**6,509.58**	**2,620.30**	**3,082.55**	**12,212.43**
Business losses for which a deferred tax is not recognised	6509.58	2620.30	-	9,129.88
Unabsorbed depreciation for which a deferred tax is not recognised	-	-	7,241.07	7,241.07
As at March 31, 2017	**6509.58**	**2,620.30**	**7,241.07**	**16,370.95**

Notes

(i) Unabsorbed depreciation is allowed to be carried forward for an umlimited year as per the provisions of the Income Tax Act, the year-wise unutilised amounts of which has been disclosed above as "Unlimited".

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Rs in lakhs

18 (c). CURRENT TAX LIABILITIES	As at March 31, 2018	As at March 31, 2017
Current Tax Liabilities		
Provision for tax (Net of advance of Rs. 242.84 lakhs (March 31, 2017 - Rs. Nil)	35.49	29.00
	35.49	**29.00**

Note :

Income taxes relating to continuing operations :

Income tax recognised in statement of profit or loss

Rs. in lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Current tax		
In respect of current year	249.33	-
In respect of prior years	-	-
	249.33	-
Deferred tax (Including MAT credit entitlement)		
In respect of current year	(483.43)	-
	(483.43)	-
Total income tax expense / (gain) recognised in the current year relating to continuing operations	**(234.10)**	-

The income tax expense for the year can be reconciled to accounting profit as follows -

Rs. in lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Profit/(loss) before tax from continuing operations	5,062.25	4,069.60
Income tax calculated at 34.61% (2016-17 : 34.61%)	1,751.94	1,408.41
Effect of tax offsets not recognised as deferred tax assets	(1,517.84)	(1,408.41)
Income tax expense recognised in profit or loss (relating to continuing operations)	234.10	-

TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements (*Continued*)

19. OTHER LIABILITIES	As at March 31, 2018	As at March 31, 2017
		Rs in lakhs
Non Current		
(a) Cash received from Customer for acquiring Property, Plant and Equipment	20,971.01	19,708.61
Total Non Current	**20,971.01**	**19,708.61**
Current		
(a) Advances received from Customer	-	660.66
(b) Statutory dues, withholding tax and other statutory obligation	19.10	183.09
(c) Cash received from Customer for acquiring Property, Plant and Equipment	2,554.08	2,259.81
(d) Amount Due to Customer in respect of Contract work	-	16.16
(e) Other claims payable	-	51.62
Total Current	**2,573.18**	**3,171.34**

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Notes forming part of the Financial Statements (*Continued*)

20. CURRENT BORROWING	As at March 31, 2018	As at March 31, 2017
		Rs in lakhs
A. Loans and advances from other than related parties		
(a) Loans repayable on demand from Banks (Secured, at amortised cost) (Refer note 1 below)		
Cash Credit and Working Capital Demand Loan	2,040.74	6,941.45
(b) Other loans from Banks (Secured, at amortised cost)(Refer note 1 below)		
Buyer's Credit	-	1,076.31
(c) Amount due on factoring (Secured, at amortised cost)(Refer note 9) (Refer note 2 below)	-	288.12
Total	**2,040.74**	**8,305.88**

Note:

1. Cash credit and Buyer's credit from banks are secured by hypothecation by way of first charge on stock of raw material, work-in-progress, stores, spares, finished goods and book debts.
2. Factored receivable is secured by first charge on trade receivable subject to factoring arrangement.

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Rs in lakhs

21. TRADE PAYABLES		**As at March 31, 2018**	**As at March 31, 2017**
Trade Payables			
(a)	- total outstanding dues of Micro Small and Medium Enterprises	-	2.29
(b)	- total outstanding dues of creditors other than Micro Enterprises and Small enterprises	6,380.14	4,986.54
	Total	**6,380.14**	**4,988.83**

Note:

The average credit period on purchase of goods or services is 60 days. No interest is charged by the creditors for the credit period. The Company has financial risk management policies inplace to ensure that all payables are paid within the pre-agreed credit term.

TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements (*Continued*)

22. Revenue From Operations

		Rs in lakhs
	For the year ended March 31, 2018	**For the year ended March 31, 2017**
(a) Sale of Products	29,757.28	20,072.60
(b) Other operating revenues		
(i) Export Incentive	1,162.49	406.02
(ii) Amortisation of Cash received from Customer for acquiring Property, Plant and Equipment	2,268.81	2,200.47
(iii) Sale of Scrap	569.65	204.24
Total	**33,758.23**	**22,883.33**

23. Other income

		For the year ended March 31, 2018	Rs in lakhs For the year ended March 31, 2017
	Interest Income	-	28.15
	Other Non-Operating Income		
(a)	Profit on sale of Fixed Assets (Net)	-	0.44
(b)	Sundry Credit balances, provisions and advances from customers no longer required written back (Net)	59.90	4.79
(c)	Net foreign exchange gains	115.58	21.23
(d)	Re-imbursement of expenditure in excess of expenditure incurred on purchase of property, plant and equipment	14.02	1,124.03
(e)	Miscellaneous Income	8.14	0.09
	Total	**197.64**	**1,178.73**

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TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements (*Continued*)

24. Cost of Material Consumed

	For the year ended March 31, 2018	For the year ended March 31, 2017
		Rs in lakhs
(a) Raw Material consumed - Including processing charges for the year ended March 31, 2018 Rs. 5.39 lakhs. (For the year ended March 31, 2017 Rs. 2.38 lakhs)	14,696.70	10,771.66
Total	**14,696.70**	**10,771.66**

TAL MANUFACTURING SOLUTIONS LIMITED

Notes forming part of the Financial Statements (*Continued*)

25. Changes in Inventories of Finished Goods and Work in Progress **Rs in lakhs**

	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening Stock :		
Finished Goods	938.12	467.77
Work In Progress	949.60	824.45
	1,887.72	**1,292.22**
Closing Stock :		
Finished Goods	2,148.60	938.12
Work In Progress	1,432.34	949.60
	3,580.94	**1,887.72**
	(1,693.22)	**(595.50)**

26. Employee cost

		Rs in lakhs
	For the year ended March 31, 2018	**For the year ended March 31, 2017**
(a) Salaries and Wages	2,991.04	1,959.68
(b) Contribution to provident fund and other funds	147.06	79.28
(c) Staff Welfare Expenses	360.01	245.79
Total	**3,498.11**	**2,284.75**

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TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements (*Continued*)

27. Finance costs

	For the year ended March 31, 2018	For the year ended March 31, 2017
		Rs in lakhs
(a) Interest expense on:		
- Borrowings	812.15	766.10
- Unwinding of discount on warranty provision	-	7.53
Total	**812.15**	**773.63**

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Notes forming part of the Financial Statements (*Continued*)

28. Depreciation and Amorisation Expense

		Rs in lakhs
	For the year ended March 31, 2018	**For the year ended March 31, 2017**
(a) Depreciation on Property, Plant and Equipment pertaining to continuing operation (Refer Note 4)	3,042.09	2,666.73
(b) Amortisation of Intangible assets (Refer Note 5)	25.75	72.98
Total depreciation and amotisation on continuing operation	**3,067.84**	**2,739.71**
Depreciation on Property, Plant and Equipment pertaining to discontinued operation (Refer Note 4, 5 and 36)	744.55	393.77
Total depreciation and amotisation expenses	**3,812.39**	**3,133.48**

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Notes forming part of the Financial Statements (*Continued*)

29. Other expenses

Rs In lakhs

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Consumption of stores and spare parts	2,996.60	1,953.61
(b) Power and fuel	499.08	406.44
(c) Rent	16.37	16.37
(d) Insurance	60.46	37.52
(e) Travelling and Conveyance	147.31	123.94
(f) Freight Outward	487.22	222.66
(g) Payment to Statutory Auditors*		
- For Statutory Audit	38.23	37.22
- For Tax Audit	1.26	0.88
- For Other Services	0.11	0.50
- For Reimbursement of Expenses	0.45	0.54
	40.05	39.14
(h) Provision for doubtful debts and advances (net)	53.61	(31.12)
(i) Product Warranty	233.75	139.36
(j) Cost of Services Procured	340.53	236.13
(l) Loss on sale of Fixed Assets (Net)	2.50	-
(m) Late Delivery Charges (Refer Note 30)	2,347.49	63.56
(n) Miscellaneous Expenses	1,311.26	810.60
Total	8,536.23	4,018.22

*Note - The above excludes amount paid to statutory auditors allocated to discontinuing operations. The overall payment to statutory auditors are as follows :-

- For Statutory Audit	42.02	38.75
- For Tax Audit	1.38	1.50
- For Other Services	0.35	0.50
- For Reimbursement of Expenses	0.50	0.54
Total	44.25	41.29

Payment to statutory auditor includes paid to predecessor auditors amounting to Rs. 14.87 lakhs

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Notes forming part of the Financial Statements

30. Product Liability

As per agreements with its customers, the Company shall be liable to compensate them for damages (permitted by law) by reasons attributable to Company's acts or omissions. The damages shall be determined as follows:

(a) for Boeing, the contractual liability under applicable agreements/contracts are limited upto maximum cumulative amount of USD 100 million (Equivalent to Rs. 65,170 lakhs) except liability towards third party injury or loss. The parent company has given a corporate guarantee of USD 100 million (Equivalent to Rs. 65,170 lakhs) for the same valid upto the period applicable in the contracts.

(b) for RUAG, the annual aggregate contractual liability is limited to USD 10 million (Equivalent to Rs. 6,517 lakhs) for first four years and USD 25 million per annum in any subsequent year. The parent company has given a corporate guarantee of USD 10 million valid upto 31st March, 2018.

Additionally, Company is also liable to compensate its customers for any delay in production and quality discrepancies which impacts customers manufacturing processes and its delivery obligations towards the ultimate customers. During the year, Company has paid INR 2,347.49 lakhs (2016 : INR 63.56 lakhs) on account of delay in production and supply of its products.

31. Contingent Liabilities:

(a) Income Tax Demand - Rs. 174.41 lakhs (March 31, 2017 - Rs. 435.69 lakhs).
The Company has received total demands aggregating to Rs. 174.41 lakhs (March 31, 2017 - Rs. 435.69 lakhs) for assessment years 2010-11 and 2013-14 consequent to disallowance of certain amounts claimed as deduction by the Company for the purpose of Computation of taxable income. The Company has filed appeals before the Commissioner of Income Tax (Appeals) and the Income Tax Appellate Tribunal, which are correctly pending.

(b) Sales Tax Matters - Rs. 149.94 lakhs (March 31, 2017 - Rs. 928.55 lakhs)
Sales tax matters relating to pending 'C' forms and refund claims.

(c) Claims against the Company not acknowledged as debts :
- Claim by a supplier of Rs. 7.81 lakhs (March 31, 2017 - Rs. 12.27 lakhs)

(d) Bonus related to period April 2014 to March 2015 pursuant to the notification dated 01.01.2016 not provided for - Rs. 29.47 lakhs (March 31, 2017 - Rs. 29.47 lakhs).

Future cash outflows in respect of above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities. The management is of the opinion that the matters would be resolved in favour of the Company.

32. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance):

i) Tangible assets Rs. 6,961.64 lakhs (March 31, 2017 – Rs. 1,231.22 lakhs).
ii) Intangible assets Rs. 28.64 lakhs (March 31, 2017 – Rs. 0.25 lakhs).

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33. Related Party Disclosures

a) Name of related party and nature of relationship where control exists:

Nature of relationship	Name of the related party
Holding Company	Tata Motors Limited
Fellow Subsidiaries where transactions exists	TML Drivelines Ltd (upto 31 Mar. 17)
	Tata Marcopolo Motors Ltd.
	Tata Technologies Ltd.
Key Management Personnel	Mr. Santanu A. Sil (Chief Financial Officer)
	Mr. Ganesh Raghavan (Managing Director & CEO) (w.e.f. November 02, 2017)
	Mr. R. K. Khatri (Executive Director & CEO) (Upto March 31, 2017)
	Mr. Jagdish Shirke (Company Secretary)

b) **Related Party Transactions:**

Nature of Transactions	Holding Company	Companies under common control with the Company (Fellow Subsidiaries)	Key Management Personnel
	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
Purchase of Goods	1.72 (-)	- (-)	- (-)
Purchases of Intangible assets	- (-)	- (63.82)	- (-)
Services received #	451.61 (488.60)	86.02 (48.35)	- (-)
Late Delivery Charges	7.81 (17.32)	7.02 (12.64)	- (-)
Sale of Goods – Gross (Refer footnote ii)	1,671.47 (3,147.63)	32.24 (515.67)	- (-)
License fees for premises	293.17 (275.80)	- (-)	- (-)
Services rendered # (Refer footnote ii)	34.43 (125.14)	6.72 (23.41)	- (-)
Advance received in respect of contract work/sale of products	14.99 (2.30)	- (-)	- (-)
Inter Corporate deposit Repaid	- (500.00)	- (-)	- (-)
Interest paid	- (24.33)	- (-)	- (-)
Remuneration (Refer footnote iii)	- (-)	- (-)	131.02 (231.35)
Amount outstanding as at the end of the year			
- Receivable	55.77 (239.85)	30.15 (60.12)	- (-)
- Payable	- (3.39)	27.88 (13.06)	- (-)
- Customer Advance	4.95 (6.21)	- (-)	- (-)

Includes reimbursement of expenses.

c) Details of Material Related Party Transactions with companies under common control (Fellow Subsidiaries) with the Company:

Rs. In Lakhs

Nature of Transactions	TML Drivelines Ltd	Tata Marcopolo Motors Ltd.	Tata Technologies Ltd.
Services received	- (-)	- (-)	86.02 (48.35)
Sale of Goods – Gross (Refer Footnote ii)	- (253.53)	- (262.14)	32.09 (-)
Services rendered (Refer Footnote ii)	- (3.42)	- (19.99)	- (-)
Late delivery charges	- (12.64)	- (-)	- (-)
Purchase of Intangible asset	- (-)	- (-)	- (63.82)

Footnotes:

i Amounts in bracket are in respect of previous year ended March 31, 2017.

ii Sale of Goods- Gross Sales and Services rendered includes billing done in respect of construction contracts for which revenue is recognized in the Statement of Profit and Loss on percentage completion method.

iii The remuneration includes post employement benefits of Rs. 2.79 lakhs (March 31, 2017 - Rs. 2.72 lakhs) and short term benefits of Rs. 3.94 lakhs (March 31, 2017 - Rs. 3.80 lakhs) for the key managerial personnel calculated on a proportionate basis. The remuneration excludes pension payable to Ex - Managing Director which was approved after his retirement.

34. Earnings per Share (EPS):

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Profit attributable to share holders from continuing operations (Rs. In Lakhs)	4,366.94	4,077.08
b) Loss attributable to share holders from discontinued operations (Rs. In Lakhs)	(3,064.40)	(2,880.87)
c) Profit attributable to share holders from continued and discontinued operations (Rs. In Lakhs)	1,302.54	1,196.21
d) Weighted average number of Equity Shares		
- Basic	115,000,000	115,000,000
- Diluted	115,000,000	115,000,000
Nominal value of equity share (In Rs.)	10	10
Earnings per share for continuing operations (In Rs.)		
- Basic	3.80	3.55
- Diluted	3.80	3.55
Earnings per share for discontinuing operations (In Rs.)		
- Basic	(2.66)	(2.52)
- Diluted	(2.66)	(2.52)
Earnings per share for discontinued and continuing operations (In Rs.)		
- Basic	1.13	1.03
- Diluted	1.13	1.03

Note : There is no dilution to basic EPS since there is no outstanding potentially dilutive equity shares.

TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements

35. Disclosure under Ind AS 11 - Construction Contracts

Rs. in lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Aggregate amount of construction costs incurred plus recongnised profits (less recognised losses) to date	5,556.10	5,480.81
Retentions held by customers for contract work	207.06	240.95
Advances received from customers for contract work	348.04	364.28

Methods used to determine the contract revenue recognised and stage of completion of contracts in progress - Refer Note 2 (C)(b).

Note - All above contracts are part of division which has been classified as discontinued operations as at the year end.

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36. Disclosures under Ind AS-105 : Non Current Assets held for sale and Discontined operations.

Pursuant to the proposed restructuring of the Company, the management is committed to a plan to sell the Non-Aerospace business comprising of IMS, FPS, Robotics and MTD divisions to its parent company. Accordingly all assets and liabilities of the Non-Aerospace business are classified as "Held for Sale" and are carried at their carrying value which is lower than the net realisable value (consideration agreed with buyer).

A. The result of the discontinued operation

	For the year ended March 31, 2018	For the year ended March 31, 2017
Loss for the period from discontinued operations		
Revenue	3,460.13	8,983.96
Other Income	805.50	(44.28)
	4,265.63	**8,939.68**
Depreciation	744.55	393.77
Other Items debited to profit or loss	7,476.40	11,426.78
Loss before tax	**(3,955.32)**	**(2,880.87)**
Attributable income tax credit	(890.92)	-
Loss from discontinued operations (after tax)	**(3,064.40)**	**(2,880.87)**

B. Cash flows from/(used in) discontinued operations

Net cash used in operating activities	(5,269.85)	(3,198.57)
Net cash flows from investing activities	573.03	(175.53)
Net cash flows used in financing activities	(62.04)	(187.15)
Net Cash inflows/(used in)	**(4,758.85)**	**(3,561.25)**

C. Assets and liabilities of the disposal group held for sale.

Particulars	**March 31, 2018** **Amount (in Lakhs)**
Property, Plant and Equipment	1,274.23
Capital Work-in-Progress	16.01
Financial Assets	66.36
Other Non-Current Assets	45.12
Inventories	1,456.50
Trade Receivables	819.43
Cash and Cash Equivalents	1.20
Loans	18.44
Other Current Assets	772.26
Disposal group classified as held for sale	**4,469.55**
Borrowings	172.19
Provisions	1,898.15
Trade Payables	1,403.98
Other Financial Liabilities	14.37
Other Current Liabilities	973.44
Disposal group liability directly associated with the assets held for Sale	**4,462.13**

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37. Financial Instruments

37.1 Capital management

The Company' objective when managing capital are to safeguard their ability to continue as going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce cost of capital. The capital structure of the Company consists of net debt (borrowings as detailed in notes 15, 16 and 20 offset by cash and bank balances) and total equity.

The Company's risk management committee reviews the capital structure of the Company on annual basis before annual operating plan and long term product and strategic investment plans. As a part of the review, the committee considers the cost of capital and risk associated with each class of capital. The Company's policy is aimed at combination of short-term and long-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The Company has a target gearing ratio of 70% - 150% determined as the proportion of net debt to total equity. The gearing ratio at March 31, 2018 of 73.44% (see below) was below the target range.

Gearing Ratio

The gearing ratio at end of the reporting year was as follows.

Rs. in Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Debt *	7,569.90	12,829.28
Cash and bank balances	(16.12)	(28.87)
Net Debt	**7,553.78**	**12,800.41**
Total equity	**10,286.02**	**8,979.52**
Net debt to equity ratio	**73.44%**	**142.55%**

* Debt is defined as long-term and short-term borrowings as described in notes 15, 16 and 20.

37.2 Categories of Financial Instrument

The following is the summary of financial instruments and their carrying amounts and fair values at the end of the reporting year :

Rs. in lakhs

Particulars	Carrying Amount		Fair Value	
Financial Assets measured at amortised cost:	**As at March 31, 2018**	**As at March 31, 2017**	**As at March 31, 2018**	**As at March 31, 2017**
Non Current assets:				
Loans to Employees	-	63.03	-	63.03
Other Financial Asset	23.80	-	23.80	-
Current assets:				
Trade Receivables	6,461.40	9,060.05	6,461.40	9,060.05
Cash and Cash Equivalent	16.12	28.87	16.12	28.87
Loans to Employees	-	24.70	-	24.70
Financial Assets measured at fair value through statement of profit and loss				
Current assets:				
Asset on account of outstanding forward contract	-	-	-	-
Total Financial Assets	**6,501.32**	**9,176.65**	**6,501.32**	**9,176.65**

Particulars	Carrying Amount		Fair Value	
Financial Liabilities measured at amortised cost:	**As at March 31, 2018**	**As at March 31, 2017**	**As at March 31, 2018**	**As at March 31, 2017**
Non Current Liabilities:				
Borrowings	4,865.21	4,468.40	4,865.21	4,468.40
Other Financial Liabilities	-	51.14	-	51.14
Current Liabilities:				
Borrowings	2,040.74	8,305.88	2,040.74	8,305.88
Trade Payables	6,380.14	4,988.83	6,380.14	4,988.83
Other Financial Liabilities	1,713.79	1,332.48	1,713.79	1,332.48
Financial Liabilities measured at fair value through statement of profit and loss				
Current Liabilities:				
Liabilities on account of outstanding forward contract	1.05	-	1.05	-
Total Financial Liabilities	**15,000.93**	**19,146.73**	**15,000.93**	**19,146.73**

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37.3 Financial Risk Management Framework

The Company has a Risk Committee to assess and monitor the degree and magnitude of risk related to market risk, credit risk and liquidity risk. The Company to minimise the effects of these risks takes foreign exchange forward contracts as per the approved policy of the board of directors. The compliance of the policies and exposure limits is reviewed by the internal auditors on continuous basis. The Company does not enter into or trade financial instruments for speculative purposes.

The treasury function provides services to the business, co-ordinates access to financial markets, monitors and manages financial risk relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company's activities expose it to a variety of financial risks: market risk, liquidity risk and market risk. In order to
manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

37.4 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company enters into forward foreign exchange contracts to hedge the exchange rate risk arising out of export of aerospace products and on the import of components from different countries.

37.5 Foreign Currency Risk Management

The Company undertakes transaction denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts.

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using forward contracts in line with its risk management policies.

The Carrying amounts of the Companies Foreign Currency denominated monetary assets and monitory liabilities at the end of reporting year are as follows:

As at March 31, 2018 **(Figures in lakhs)**

Particulars	INR equivalent	USD	GPB	EURO	JPY
Trade receivable	4,595.90	70.03	-	0.39	-
Trade payable	4,764.93	65.20	0.18	2.93	425.10
Other financial liabilities	555.74	7.04	-	1.20	-

As at March 31, 2017

Particulars	INR equivalent	USD	GPB	EURO	JPY
Trade receivable	6,055.02	93.36	-	-	-
Trade payable	2,770.13	33.98	0.13	8.02	0.21

The Company enters into forward contracts to cover foreign currency payments related to certain purchase of materials. The Company also uses forward contracts to hedge foreign currency receivables on a case by case basis.

(a) Foreign currency sensitivity Analysis

The Company is mainly exposed to US dollar currency.

The following table details the Company's sensitivity to a 2.5% increase and decrease in the rupees against the relevant foreign currency.

2.5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only the outstanding foreign currency denominated foreign currency items and adjusts their translation at the year end for a 2.5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where rupees weakens by 2.5% against relevant currency. For a 2.5% strengthening of the rupees against the relevant currency there would be a comparable impact on the profit or equity and the balances below would be negative.

(Rs. In Lakhs)

Particulars	Currency Impact (USD)	
	INR equivalent	As at March 31, 2017
Impact on Profit or Loss for the year		
Weakening of rupees	5.27	96.27
Strengthening of rupees	(5.27)	(57.76)

This is mainly attributable to exposure outstanding on USD receivable and payables of the Company at the end of reporting year.

The Company's sensitivity to foreign currency has increased during the current year mainly due to increase in export of Aerospace parts.

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(b) Interest rate risk Management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's variable rate short-term debt obligations and long-term borrowings in India rupees. All of Company's short-term and long-term borrowings are at variable interest rates.

(i) Interest rate sensitivity analysis

The sensitivity analysis have been determined based on exposure to floating interest rates liabilities. The analysis is prepared assuming the amount of the liability outstanding at the end of reporting year was outstanding for the whole year. 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Increase/decrease of 25 basis points in interest rates at the balance sheet date would result in an impact of (decrease/ increase in profit before tax) of Rs. 17.26 Lakhs and Rs. 31.94 Lakhs on income for the years ended March 31, 2018 and March 31, 2017 respectively.

The Company's sensitivity to interest rates has increased during the current year mainly due to increase in variable debt instruments.

37.6 Credit Risk Management

Credit risk is the risk that counterparty will default on its contractual obligations under a financial instrument or customer contract, leading to a financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits and other financial instruments. The Company has adopted a practice of dealing with credit worthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company generally transacts with entities that are rated equivalent of investment grade and above.

This information is supplied by independent rating agencies where available and, if not available the company uses other relevant information and records to ensure the creditworthiness of its major customers.

Trade receivable consists of the large number of customers spread across diverse industries and geographical areas. Ongoing receivable revaluation is performed on regular intervals as a measure of risk mitigation.
In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks provided by the companies.

Trade receivables

Credit quality of a customer (primarily aftermarket) is assessed by the management and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

At March 31, 2018, the Company had 2 customers (March 31, 2017: 4 customers) that owed the Company more than Rs. 200 lakhs each and accounted for approximately 96 percent (March 31, 2017: 85 percent) of all the receivables outstanding. There was no single customer that exceed 20 percent of gross receivables at any time during the year ended March 31, 2018 and March 31, 2017 except for two customers from aerospace business having gross receivables approximately 96 percent of gross trade receivable (March 31, 2017: 65 percent).

Cash and cash equivalents and other financial assets

The Company maintains its cash and cash equivalents and deposits with bank having good reputation and high quality credit rating.

The Company uses a practical expedient by computing the expected credit loss allowance for trade receivable based on a specific identification of expected lifetime credit loss.

Movement in expected credit loss

Particulars	Rs. in lakhs	
	INR equivalent	As at March 31, 2017
Balance as at beginning of the year	1,399.98	1,395.29
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses		
- on receivables originated during the year	-	-
- on other receivables	24.58	50.88
Amounts recovered during the year	(59.58)	(46.19)
Balance at end of the year (Comprises of Rs. 1,250.05 lakhs pertaining to discontinued operations	1,364.98	1,399.98

37.7 Commodity Price Risk

The Company does not enter into long term purchase contracts (purchase orders are generally for one year). Majority of the materials are imported for Aerospace business and are procured from customer directed sources. The increase or decrease due to commodity prices of other businesses are subject to negotiation with customers for price adjustment. It is therefore possible that the impact of price increase on the Company is not fully transferred to its customers.
The pricing arrangement with Holding Company for long term supply of parts also covers commodity fluctuation risk.

37.8 Liquidity Risk Management

Ultimate responsibility of liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of Company's short term, medium term and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate banking facilities and borrowing facilities by continuously monitoring focused and actual cash flows. In addition Company also has the support of its shareholders as and when the need arises.

Table below sets out details of additional undrawn financing facilities that the Company has at its disposal to further reduce liquidity risk.

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Financing facilities

Rs. in lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured Non fund based facilities		
Amount Used	-	1,010.26
Amount Not used	-	3,489.74
	-	**4,500.00**
Secured Non fund based facilities		
Amount Used	19,810.86	1,399.79
Amount Not used	11,839.14	5,750.21
	31,650.00	**7,150.00**
Unsecured fund based facilities		
Amount Used	-	2,319.90
Amount Not used	-	180.10
	-	**2,500.00**
Secured short term borrowing		
Amount Used	2,040.74	4,621.56
Amount Not used	7,959.26	2,878.44
	10,000.00	**7,500.00**
Secured long term borrowing with various maturity dates upto FY 2023		
Amount Used	5,483.96	4,468.40
Amount Not used	16.04	1,031.60
	5,500.00	**5,500.00**

Maturities of Financial Liabilities

The following tables analyses the Company's non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables below are contractual undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Rs. in lakhs

Contractual maturities of Financial Liabilities	Due in 1st Year	Due in 2nd Year	Due in 3rd to 5th Year	Due after 5th Year	Total
March 31 2018					
Non Derivative Liabilities					
Borrowings	2,040.74	825.00	3,712.50	327.71	6,905.95
Trade Payables	6,380.14	-	-	-	6,380.14
Other Financial Liabilities	1,714.84	-	-	-	1,714.84
Total	**10,135.72**	**825.00**	**3,712.50**	**327.71**	**15,000.93**

Contractual maturities of Financial Liabilities	Due in 1st Year	Due in 2nd Year	Due in 3rd to 5th Year	Due after 5th Year	Total
March 31 2017					
Non Derivative Liabilities					
Borrowings	8,305.88	825.00	3,300.00	343.40	12,774.28
Trade Payables	4,988.83	-	-	-	4,988.83
Other Financial Liabilities	1,332.48	16.80	27.03	7.31	1,383.62
Total	**14,627.19**	**841.80**	**3,327.03**	**350.71**	**19,146.73**

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The Company enter into forward contracts to manage its exposure in foreign exchange rate. The following table analyses the Company's derivative financial instruments into relevant maturity groupings based on the remaining period as at the respective year end to the contractual maturity date.

Rs. in lakhs

Contractual maturities of Financial Assets & Liabilities	Due in 1st Year	Due in 2nd Year	Due in 3rd to 5th Year	Due after 5th Year	Total
Derivative Liabilities					
March 31 2018	1.05	-	-	-	1.05
March 31, 2017	68.89	-	-	-	68.89
Derivative Assets					
March 31 2018	-	-	-	-	-
March 31, 2017	-	-	-	-	-

37.10 Fair Value Measurements :

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 – If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2018 and March 31, 2017:

Rs. in Lakhs

Particulars	Total	Fair value measurement at the end of		
		Level 1	Level 2	Level 3
Liability on account of outstanding forward contracts				
March 31 2018	1.05	-	1.05	-
March 31, 2017	68.89	-	68.89	-
Asset on account of outstanding forward contracts				
March 31 2018	-	-	-	-
March 31, 2017	-	-	-	-

Valuation Technique

Discounted cash flows - future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate reflects the credit risk of various counterparties and benchmark interest rate curves of the respective currencies.

Valuation processes

The Company obtains and relies on the confirmations received form banks, which are also the counterparties. Independent valuations are not obtained.

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38. Segment information

38.1 Products and services from which reportable segments derive their revenues

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. No operating segments have been aggregated in arriving at the reportable segments.
The Company's reportable segments under Ind AS 108 is Aerospace business unit (ABU) engaged in manufacture and sale of aerospace components.

Intergrated Manufacturing Solutions (IMS) engaged in the execution of turnkey projects, Fluid Power Solutions (FPS) engaged the manufacture and sale of automotive parts, Robotics (RAA) engaged in manufacturing and sale of Industrial robots and Machine Tools Division of the Company were discontinued. The Segment information reported below does not include any amounts for discontinued operation which are described in more details in Note 36.

Geographical Information on Revenue and Non Current Assets

The Company operates in two principle geographical areas - India (county of domicile) and USA.

The revenues from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below -

Particulars	Renenue from external customers		Non-current assets	
	Year ended March 31, 2018	Year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017
India	3,814.85	3,054.91	32,389.41	33,616.24
USA	17,883.01	15,194.03	-	-
Germany	12,060.38	4,634.38	-	-

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39. Disclosure under section 22 of the Micro and Medium Enterprises Development Act, 2006 (MSME Act)

Rs. in Lakhs

Sl No	Particulars	As at March 31, 2018	As at March 31, 2017
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	5.41
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	0.56	0.01
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	0.56	0.01
(vi)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	0.56	-

Notes:

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

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40. Details of Employee Benefits as required by Ind AS-19 on Employee Benefits are as follows-:

A) Defined Contribution Plans

The Company operates defined contribution retirement benefit plans for all qualifying employees. The assets of the plan are held seperately under the control of trustees managed by the Holding Company.

The total expense recognised in the Statement Profit or Loss of Rs. 257.74 lakhs (for the year ended March 31, 2017 - Rs. 212.26 lakhs) represents contributions payable to these plans by the Company at rates specified in the rules of the plan.

B) Defined Benefit Plans:

These plans typically expose to actuarial risks such as interest rate risk and salary risk.

Interest Risk	A decrese in Bond interest rate will increase the planned liability. However this will be partially offset by an increase in the return on the plan's debt investments.
Salary Risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such an increase in the salary of the plan participants will increase the plan's liability.

The principal assumptions used for the purposes of the acturial valuations for defined benefit schemes are as below :

Sl No	Particulars	A. Gratuity		B. BKY	
		Valuations as at		Valuations as at	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
a.	Discount Rate	7.70%	7.50%	7.70%	7.50%
b.	Expected rates of salary increase				
	Workers	6.00%	5.00%	6.00%	5.00%
	Staff	6.00%	8.00%	6.00%	8.00%
c.	Rate of return on planned assets	7.50%	7.50%	NA	NA

Sl No	Particulars	C. Superannuation		D. Medicare Scheme	
		Valuations as at		Valuations as at	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
a.	Discount Rate	6.75%	6.75%	7.70%	7.30%
b.	Expected rates of salary increase				
	Workers	NA	NA	NA	NA
	Staff	NA	NA	NA	NA
c.	Rate of return on planned assets	NA	NA	NA	NA

Quatitative sensitivity analysis for significant assumptions are as follows

Significant acturial assumptions for the determination of the defined obligations are discount rate and expected salary increase.

Rs. In lakhs

	Gratuity	Super-annuation	BKY	Medicare Scheme
	Year ended March 31, 2018	Year ended March 31, 2018	Year ended March 31, 2018	Year ended March 31, 2018
Increase/(Decrease) in present value of defined benefit obligation as at the end of the year				
(i) 1% increase in discount rate	(7.95)	NA	(3.46)	(0.42)
(ii) 1% decrease in discount rate	9.16	NA	3.96	0.52
(iii) 1% increase in rate of salary escalation	8.97	NA	0.79	NA
(iv) 1% decrease in rate of salary escalation	(8.01)	NA	(0.73)	NA

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change as compared to the prior period.

	Category of Planned Assets	As at March 31, 2018	As at March 31, 2017
a	Securities with quoted market price in an active market	100.00%	100.00%
b	Other securities	-	-

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Amounts recognised in statement of Profit and Loss in respect of these defined benefit plans are as follows:

Rs in lakhs

Particulars	Gratuity		Superannuation		BKY		Post Employment Medical Benefits	
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
Service Cost :								
Current Service Cost	25.29	61.98	-	-	6.48	10.40	0.20	2.56
Past service cost and (gain)/loss from settlements	1.68	-	-	-	-	-	-	-
Net interest expense/(income)	(0.74)	(3.15)	-	-	2.58	9.11	0.35	16.54
Components of defined benefit costs recognised in profit or loss	**26.23**	**58.83**	**-**	**-**	**9.06**	**19.51**	**0.55**	**19.10**
Remeasurement on the net defined benefit liability :								
Return on plan assets (excluding amount included in net interet expenses.)	21.23	(28.25)	-	-	-	-	-	-
Acturial (gains)/losses arising from changes in financial assumptions	3.65	31.16	-	-	(2.10)	4.64	8.13	(30.21)
Acturial (gains)/losses arising from experience adjustments	23.47	(0.37)	6.30	0.40	(7.89)	(13.36)	4.39	21.90
Components of defined benefit costs recognised in other comprehensive income	**48.35**	**2.54**	**6.30**	**0.40**	**(9.99)**	**(8.72)**	**12.52**	**(8.31)**
Total	**74.58**	**61.37**	**6.30**	**0.40**	**(0.93)**	**10.79**	**13.07**	**10.79**

Notes

i. The current service cost and the net interest expense for the year are included in the "employee benefits expense" line item in the Statement of profit and loss.

ii. The remeasurement of the net defined benefit liability is included in Other Comprehensive Income.

iii. The Company has recongnised Rs. 58.72 lakhs (debit) (March 31, 2017 - Rs. 11.72 lakhs (debit)) in the Statement of Profit and Loss as Other comprehensive income being the estimated net period cost relatable to the Company's share of the defined benefit obligation recognised in the Balance Sheet.

Tal Manufacturing Solutions Ltd. TAL

B S R & Co. LLP 7th 8th Floor Business Plaza Westin Hotel Campus 36/3-B Koregaon Park Annex Mundhwa Road Ghorpadi Pune-411001 India Chartered Accountants

TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements

The net liability disclosed above relates to funded and unfunded plans are as follows :

Rs in lakhs

Particulars	Gratuity			Superannuation			BKY			Post Employment Medical Benefits		
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Present Value of funded defined benefit obligation	115.21	1,025.44	995.27	-	1.02	0.90	44.24	120.72	117.70	3.02	212.87	211.33
Fair value of plan assets	112.23	1,119.55	918.59	-	-	-	-	-	-	-	-	-
Net Liability/(Asset) arising from defined benefit obligation	**2.98**	**(94.11)**	**76.68**	-	**1.02**	**0.90**	**44.24**	**120.72**	**117.70**	3.02	212.87	211.33
Less: Obligation to be borne by the holding company										-	76.35	86.53
Net Liability/(Asset) arising from defined benefit obligation recognised in the balance sheet										**3.02**	**136.52**	**124.80**

The amount recognised in Balance Sheet and movement in net defined benefit obligations are as follows :

Rs in lakhs

Particulars	Gratuity		Superannuation		BKY		Post Employment Medical Benefits	
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
Present value of defined benefit obligation at the beginning of the year	106.56	995.27	-	0.90	35.85	117.70	4.86	211.33
Current service cost	25.29	61.98	-	-	6.48	10.40	0.20	2.56
Interest cost	9.50	74.15	-	0.06	2.58	9.11	0.35	16.54
Remeasurement(gains)/losses			-					
Acturial (gains)/losses arising from changes in financial assumptions	(8.98)	31.16	-	-	(10.52)	4.64	(0.12)	21.90
Acturial (gains)/losses arising from experience adjustments	(12.70)	(0.37)	-	0.06	12.74	(13.36)	(2.27)	(30.21)
Benefits paid	(4.46)	(136.75)	-	-	(2.89)	(7.77)	-	(9.25)
Present value of defined benefit obligation as at Balance Sheet date	**115.21**	**1,025.44**	-	**1.02**	**44.24**	**120.72**	3.02	212.87
Less: Obligation to be borne by the holding company							-	76.35
Present value of defined benefit obligation recognised as at the Balance Sheet date							**3.02**	**136.52**

TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements

Movements in the fair value of the plan assets are as follows.

Rs. in lakhs

Particulars	Gratuity		Superannuation	
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
Fair value of plan assets at the beginning of the year	116.34	918.59	-	-
Interest income	8.56	77.30	-	-
Return on plan assets excluding amounts included in net interest expense	(8.21)	28.25	-	-
Contributions from the employer	-	232.16	-	-
Benefits paid	(4.46)	(136.75)	-	-
Fair value of plan assets as at Balance Sheet date	**112.23**	**1,119.55**	-	-

The major categories of plan assets as percentage to total plan

Rs. in lakhs

Particulars	Gratuity		Superannuation	
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
Debt securities	100.00%	74.38%	0.00%	0.00%
Balances with banks	0.00%	25.62%	0.00%	0.00%

The expected rate of return on plan assets is based on market expectation, at the beginning of the period, for returns on major categories of plan assets over the entire life of the related obligation.

The investment pattern given below is of the Trust which is a common trust for the Company and its Holding Company and other subsidiaries of the Holding Company:

Particulars	Gratuity		Superannuation	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
Central Govt Securities	4.14%	11.93%	0.00%	0.00%
PSU Bonds	73.78%	19.46%	0.00%	0.00%
Private Sector Bonds	7.00%	18.21%	0.00%	0.00%
State Loans (RBI Guaranteed)	0.00%	0.00%	0.00%	0.00%
Mutual Funds (G Sec based)	0.00%	0.00%	0.00%	0.00%
Special Deposit with Banks	0.00%	0.00%	0.00%	0.00%
Balances with Banks & Others	0.00%	25.62%	0.00%	0.00%
SAIL Cent Guaranteed Bonds	0.00%	0.00%	0.00%	0.00%
State Government Bonds	15.08%	24.78%	0.00%	0.00%

Contributions expected to be paid to the plan during the next financial year (Rs. in lakhs)	44.56	84.95	Nil	Nil

Associated Risks for Defined Benefit Plans

1) Interest rate risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

2) Salary inflation risk: Higher than expected increases in salary will increase the defined benefit obligation.

Possible reasons for experience Gains or Losses on Plan Assets:

1) If the actual attrition, retirement or mortality experience turns out to be higher or lower than expected based on the assumptions made at the start of the accounting period, it would lead to an Actuarial Gain or Loss on Plan Liabilities.

2) If the salary increases are higher or lower than expected based on the assumption made at the start of the accounting period, it would lead to an Actuarial Gain or Loss on Plan Liabilities.

3) If the actuarial assumptions of salary increase, attrition rate and discount rate change from one valuation year to another, it may lead to Actuarial Gain or Loss on Plan Liabilities

Possible reasons for experience Gains or Losses on Plan Assets:

Return on plan assets greater/(lesser) than discount rate. For example, if the discount rate was 8% and the fund actually earned 7% , it would result in an actuarial loss on assets.

TAL Manufacturing Solutions Limited

Notes forming part of the Financial Statements

41. The Company has received Rs. 31,728.42 lakhs from customers which must only be used only to construct or acquire items of property, plant and equipment to provide the customers with ongoing access to supply of goods. In accordance with Appendix C: *Transfer of Assets from Customers* to Ind AS 18: *Revenue*, the Company is recognising revenue over the average useful life of the constructed/acquired items of property, plant and equipment used for the purpose of providing ongoing service. The unamortised balance is carried forward as "Cash received from customer for acquiring property, plant and equipment" under "Note 19". The items of property, plant and equipment are in accordance with Note 2(C)(i) and (j).

42. The comparative financial information of the Company for the year ended 31 March 2017 prepared in accordance with Ind AS included in these Ind AS financial statements have been audited by the predecessor auditor.

43. Previous period's figures have been regrouped/ restated wherever necessary to conform with this period's classification.

For B S R & CO. LLP
Chartered Accountants
Firm Registration number - 101248 W/W-100022

SIDDHARTHA GUHA
Partner
M. No. 124042

Place: Pune
Date: 21 April 2018

Director

Director

Tal Manufacturing Solutions Ltd.
TAL

B S R & Co. LLP
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Chartered Accountants